

**LaSalle County Emergency
Telephone System Board**
Ottawa, Illinois

Annual Financial Report
November 30, 2013

LaSalle County Emergency Telephone System Board

Annual Financial Report November 30, 2013

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Independent Auditor's Report

To the Board of Directors
LaSalle County Emergency
Telephone System Board
Ottawa, Illinois

We have audited the accompanying financial statements of the business-type activities of the LaSalle County, Illinois Emergency Telephone System Board, as of and for the year ended November 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the LaSalle County, Illinois Emergency Telephone System Board, as of November 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Comparative Information

We have previously audited the LaSalle County, Illinois Emergency Telephone System Board's 2012 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated May 8, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended November 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

April 17, 2014
Mendota, Illinois

LaSalle County Emergency Telephone System Board

Management's Discussion and Analysis – Unaudited

Our discussion and analysis of the LaSalle County Emergency Telephone System Board's financial performance provides an overview of the Board's financial activities for the fiscal year ended November 30, 2013, within the limitations of the Board's accrual basis of accounting. Please read it in conjunction with the LaSalle County Emergency Telephone System Board's financial statements that begin on page 7.

FINANCIAL HIGHLIGHTS

- The LaSalle County Emergency Telephone System Board expenses exceed total revenue, on the accrual basis of accounting, by \$114,100, for the year.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Board's accrual basis of accounting.

Report Components

This report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements (business-type and fund statements) including notes to the financial statements, and required supplementary information. The basic financial statements include:

- The Statements of Net Position, Statements of Activities, and Statements of Cash Flows that represent the overall financial statements. They provide information on business-type activities and are shown on the accrual basis of accounting. These statements present an aggregated view of the Emergency Telephone System Board.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the business-type statements and provide expanded information and detail regarding the information reported in the statements.

Required Supplementary Information: This Management's Discussion and Analysis represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the business-type financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

Basis of Accounting

The Board has elected to report the financial statements using the accrual basis of accounting, which is in conformity with generally accepted accounting principles. Accrual basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues and expenses. Under this basis of accounting, revenues and expenses (along with related assets and liabilities) are recorded when they are earned or incurred rather than from cash transactions. Depreciation expense on capital assets is also reported in the proprietary and fund statements.

LaSalle County Emergency Telephone System Board

Management's Discussion and Analysis – Unaudited

Reporting the LaSalle County Emergency Telephone System Board as a Whole

The Emergency Telephone System Board's Entity Presentation:

This annual report includes all activities for which the LaSalle County Emergency Telephone System Board is fiscally responsible. These activities are defined as the LaSalle County Emergency Telephone System Board reporting entity.

The Statements of Net Position and the Statement of Activities:

The Statement of Net Position includes all the Board's net position and how they have changed. The difference between the Board's assets and liabilities provides a way to measure the Board's overall financial position. This statement includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private companies. Over time, increases and decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

In the Statement of Net Position and the Statement of Activities, the Board has only business type of activities. The Board charges fees to help it cover all or most of the cost of certain services it provides, and all fee income and expenses are reported in this statement.

Changes in Net position – Accrual Basis

For the year ended November 30, 2013, net position of the Emergency Telephone System Board (resulting from accrual basis transactions) changed as follows:

	Business-Type Activities		Total Percentage Change 2012-2013
	2013	2012	
Revenues			
General revenues:			
Service Fees	\$ 264,526	\$ 259,600	2%
Investment income	2,439	3,206	-24%
Total Revenues	266,965	262,806	2%
Expenditures			
General government:			
Administrative expenses	381,065	271,674	40%
Total Expenditures	381,065	271,674	40%
Change in net position	(114,100)	(8,868)	-1187%
Total net position-beginning	1,397,495	1,406,363	-1%
Total net position-ending	\$ 1,283,395	\$ 1,397,495	-8%

LaSalle County Emergency Telephone System Board

Management's Discussion and Analysis – Unaudited

Net Position—Accrual Basis

The Board's combined net position, resulting from the accrual basis transactions, is as follows:

	Business-Type Activities		Total Percentage Change
	2013	2012	
Assets			
Current and other assets	\$ 794,638	\$ 925,199	-14%
Capital Assets	488,757	472,296	3%
Total Assets	1,283,395	1,397,495	-8%
Liabilities			
Current liabilities	-	-	N/A
Total liabilities	-	-	N/A
Net Position			
Net investment in capital assets	488,757	472,296	3%
Unrestricted	794,638	925,199	-14%
Total net position	\$ 1,283,395	\$ 1,397,495	-8%

Capital Assets – Accrual Basis

At November 30, 2013, the Emergency Telephone System Board had \$472,296 invested in capital assets, net of accumulated depreciation. See the Note 3 in the notes to the financial statements for more information on capital assets.

Business Type Activities Capital Assets – Accrual Basis (Net of accumulated depreciation)

	Business Type Activities	
	Totals	
	2013	2012
Equipment	\$ 488,757	\$ 472,296
Net Capital Assets	\$ 488,757	\$ 472,296

LaSalle County Emergency Telephone System Board

Statements of Net Position

November 30, 2013

	2013	2012
ASSETS		
Current assets:		
Cash in bank	\$ 61,594	\$ 174,158
Investments	707,851	730,554
Accounts receivable	25,193	20,487
Total current assets	794,638	925,199
Capital assets:		
Equipment	882,893	707,545
Less accumulated depreciation	(394,136)	(235,249)
Net capital assets	488,757	472,296
Total assets	1,283,395	1,397,495
 NET POSITION		
Net investment in capital assets	488,757	472,296
Unrestricted	794,638	925,199
Total net position	\$ 1,283,395	\$ 1,397,495

LaSalle County Emergency Telephone System Board

Statements of Activities

Year Ended November 30, 2013

	2013	2012
Operating Revenues:		
Telephone surcharge	\$ 264,526	\$ 259,600
Total revenues	264,526	259,600
Expenses:		
Mapping	89,490	43,957
Consulting fees	19,600	23,795
Depreciation expense	158,887	117,765
Telephone	2,739	1,426
Office supplies	401	1,083
Miscellaneous expense	2,318	1,644
Seminars & workshops	1,185	1,764
Salary reimbursement	59,931	60,478
Maintenance contract	28,270	6,259
Meals & lodging	1,588	2,199
Mileage reimbursement	1,719	2,929
Dues & subscriptions	451	222
Benefits reimbursement	5,292	4,812
Insurance	4,348	3,192
New equipment/software	4,846	149
Total expenses	381,065	271,674
Operating Income	(116,539)	(12,074)
Nonoperating income:		
Interest income	2,439	3,206
Net income	(114,100)	(8,868)
Net position, beginning of year	1,397,495	1,406,363
Net position, end of year	\$ 1,283,395	\$ 1,397,495

LaSalle County Emergency Telephone System Board

Statements of Cash Flows

Year Ended November 30, 2013

	Total	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 259,820	\$ 268,848
Payments to suppliers	(222,178)	(153,909)
Net cash provided by operating activities	<u>37,642</u>	<u>114,939</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers to other funds	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(175,348)	(316,877)
Net cash used in capital and related financing activities	<u>(175,348)</u>	<u>(316,877)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	2,439	3,206
Net increase (decrease) in cash and cash equivalents	(135,267)	(198,732)
Cash and cash equivalents, beginning of year	904,712	1,103,444
Cash and cash equivalents, end of year	<u>\$ 769,445</u>	<u>\$ 904,712</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income	\$ (116,539)	\$ (12,074)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Change in accounts receivable	(4,706)	9,248
Depreciation expense	158,887	117,765
Net cash provided by operating activities	<u>\$ 37,642</u>	<u>\$ 114,939</u>

LaSalle County Emergency Telephone System Board

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

These financial statements are presented on the accrual basis of accounting. This basis of accounting is accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity

The LaSalle County Emergency Telephone System Board was authorized by a resolution of the LaSalle County Board of Commissioners in January 2005.

The LaSalle County Emergency Telephone System Board shall be the overseer of the Enhanced 9-1-1 Project. It will ensure, but not be limited to, the timely implementation of the Enhanced 9-1-1 Project and administer the funds that will be generated from telephone surcharges beginning January 2005.

The Board's financial reporting entity is composed of the following:

Governmental Unit: LaSalle County Emergency Telephone System Board

In determining the financial reporting entity, the Board complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement 39 and 61.

B. Basis of Presentation

Measurement Focus

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Under the accrual basis, all major revenues are recorded when susceptible to accrual (both measurable and available), and expenditures are recorded at the time liabilities are incurred.

In the Statements of Net Position and the Statements of Activities, items are presented using the accrual basis of accounting. This basis recognizes assets and revenues when earned and liabilities and expenses when incurred, regardless of when they result from cash transactions. Depreciation expense is reported in these statements. This basis reflects generally accepted accounting principles in the United States of America.

LaSalle County Emergency Telephone System Board

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

As a result of the use of the accrual basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for good or services received but not yet paid, and accrued expenses and liabilities) are recorded in these financial statements.

Capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, while accumulated depreciation is reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Machinery, furniture, and equipment	5 years
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Net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

Note 2: Deposits and Investments

Deposits

Statutes authorize the County to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public

LaSalle County Emergency Telephone System Board

Notes to Financial Statements

Note 2: Deposits and Investments (Continued)

Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved April 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of November 30, 2013, the Board's bank balance was \$771,002 and \$-0- of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

For financial statement purposes, the LaSalle County Emergency Telephone System Board shows certificates of deposit as temporary cash investments.

Note 3: Capital Assets

Capital asset activity for the fiscal year ended November 30, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Assets				
Equipment	\$ 707,545	\$175,348	\$ -	\$ 882,893
Total Depreciable Assets	707,545	175,348	-	882,893
Accumulated Depreciation				
Equipment	235,249	158,887	-	394,136
Total Accumulated Depreciation	235,246	158,887	-	394,136
Total Capital Assets, Net	\$ 472,296	\$16,461	\$ -	\$ 488,757