

LASALLE COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD
OTTAWA, ILLINOIS

Financial Report

November 30, 2008

CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	2-6
Statement of Net Assets – Proprietary Fund	7
Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary Fund	8
Statement of Cash Flows-Proprietary Fund	9
Statements of Assets, Liabilities, And Fund Balance	10
Statements of Revenues, Expenditures, And Changes in Fund Balance	11
Notes to Financial Statements	13-15

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of assets, liabilities, and fund balances of the LaSalle County Emergency Telephone System Board as of November 30, 2008, and the related statements of revenues, expenditures and changes in fund balance for the years then ended. These financial statements are the responsibility of the Emergency Telephone System Board's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the LaSalle County Emergency Telephone System Board as of November 30, 2007, were audited by other auditors whose report dated January 15, 2008, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

It is our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LaSalle County Emergency Telephone System Board at November 30, 2008, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

Sidgwick, Collier, Van Osdel & Co., Ltd.

Mendota, Illinois
June 1, 2009

**LASALLE COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD**
Management's Discussion and Analysis – Unaudited
November 30, 2008

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, 2008, 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 revenues were more than total expenses, on the accrual basis of accounting, by \$242,930, for the year. All of the increase is attributed to the Board's business type activities.

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 (proprietary and fund statements) including notes to the financial statements, and required supplementary information. The basic financial statements include three kinds of statements that present different views of the Emergency Telephone System Board:

- The Statement of Net Assets provides information on proprietary statements and are on the accrual basis method of accounting. The statements present an aggregated view of the Emergency Telephone System Board.
- The focus of proprietary fund financial statements is on major funds.
- The fund statements are presented on an accrual basis of accounting, the method the Board uses for internal accounting.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the governmental-wide and fund financial 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 proprietary statements, fund financial statements, and notes (referred to as "the basic financial statements").

**LASALLE COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD**
Management's Discussion and Analysis – Unaudited
November 30, 2008

Basis of Accounting

The Board has elected to report the financial statements using the accrual basis of accounting, which is generally accepted accounting principles. Accrual basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues and expenses. And, related assets and liabilities are recorded when they occur rather than from cash transactions. Depreciation expense on capital assets are reported in the proprietary and fund statements.

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 Proprietary Fund Statements of Net Assets and the Statement of Activities:

The Proprietary Fund Statement of Net Asset's includes all the Board's net assets and how they have changed. The difference between the Board's assets and liabilities, are another way to measure the Board's overall financial position. The current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Fund Net Assets. The Net Asset statements include 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 assets are an indicator of whether its financial position is improving or deteriorating, respectively.

In the Statement of Net Assets and the Statement of Activities, the Board's has only business type of activities: Business-type activities- The Board charges fees to help it cover all or most of the cost of certain services it provides. The Board's fee income and expenses is reported here.

The Fund Financial Statements

Funds are required by state law and by bond covenants. The Board can establish other funds to control and manage monies for particular purposes or to show that it is properly using certain revenues. The Board has only a proprietary fund.

- Proprietary funds – When the Board charges customers for the services it provides-whether to outside customers or to other units of the County-these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Board's enterprise funds are business-type funds. We provide more detail and additional information, such as cash flows, for proprietary funds.

**LASALLE COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD**
Management's Discussion and Analysis – Unaudited
November 30, 2008

Changes in Net Assets – Modified Accrual Basis

For the year ended November 30, 2008, net assets of the Emergency Telephone System Board (resulting from accrual basis transactions) changed as follows:

	Business-Type Activities		Total Percentage Change
	2008	2007	2007-2008
Revenues			
General revenues			
Service Fees	\$ 329,293	\$ 369,321	-11%
Investment income	<u>17,550</u>	<u>24,393</u>	<u>-28%</u>
Total Revenues	<u>346,843</u>	<u>393,714</u>	<u>-12%</u>
Expenditures			
General government			
Administrative expenses	<u>103,913</u>	<u>194,724</u>	<u>-47%</u>
Total Expenditures	<u>103,913</u>	<u>194,724</u>	<u>-47%</u>
Change in net assets	242,930	198,990	22%
Total net assets-beginning	<u>682,407</u>	<u>483,417</u>	<u>41%</u>
Total net assets-ending	<u>\$ 925,337</u>	<u>\$ 682,407</u>	<u>36%</u>

**LASALLE COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD**
Management's Discussion and Analysis – Unaudited
November 30, 2008

A FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE

Net Assets—Accrual Basis

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

	Business-Type Activities		Total Percentage Change 2007-2008
	2008	2007	
<u>Assets</u>			
Current and other assets	\$ 924,090	\$ 681,004	36%
Capital Assets	<u>1,247</u>	<u>1,403</u>	-11%
Total Assets	925,337	682,407	36%
<u>Liabilities</u>			
Current liabilities	-0-	-0-	N/A
Total liabilities	-0-	-0-	N/A
<u>Net Assets</u>			
Invested in capital assets,			
Net of related debt	1,247	1,403	-11%
Unrestricted	<u>924,090</u>	<u>681,004</u>	36%
Total net assets	\$ 925,337	\$ 682,407	36%

**LASALLE COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD**
Management's Discussion and Analysis – Unaudited
November 30, 2008

Capital Assets – Accrual Basis

At November 30, 2008, the Emergency Telephone System Board had \$1,247 invested in capital assets, net of depreciation. See notes for more information on assets.

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

	Business Type Activities	
	Totals	2008
	2008	2007
Equipment	\$ 1,247	\$1,403
Net Capital Assets	<u>\$ 1,247</u>	<u>\$1,403</u>

LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD

Statement of Net Assets

Proprietary Fund

Year Ended November 30, 2008

	Business-type Activities Enterprise Funds	Total	
		2008	2007
<u>ASSETS</u>			
Current assets			
Cash	\$ 383,753	\$ 383,753	\$ 655,228
Investments	500,000	500,000	-0-
Accounts receivable	40,337	40,337	25,776
	<hr/>	<hr/>	<hr/>
Total current assets	924,090	924,090	681,004
Capital Assets			
Equipment	1,559	1,559	1,559
Accumulated depreciation	(312)	(312)	(156)
	<hr/>	<hr/>	<hr/>
Net capital assets	1,247	1,247	1,403
	<hr/>	<hr/>	<hr/>
Total assets	\$ 925,337	\$ 925,337	\$ 682,407
<u>LIABILITIES</u>			
Current liabilities:			
	\$ -0-	\$ -0-	\$ -0-
Total liabilities	-0-	-0-	-0-
	<hr/>	<hr/>	<hr/>
Invested in capital assets, net of related debt	1,247	1,247	1,403
Unrestricted	924,090	924,090	681,004
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 925,337	\$ 925,337	\$ 682,407

The Notes to Financial Statements are an integral part of this statement.

LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Fund

Year Ended November 30, 2008

	Business-type Activities Enterprise Funds		Total
	911 Service	2008	
Operating revenues			
Telephone surcharge	\$ 329,293	\$ 329,293	\$ 369,321
Total operating revenues	<u>329,293</u>	<u>329,293</u>	<u>369,321</u>
Operating expenses:			
Mapping	6,276	6,276	159,236
Consulting fees	15,275	15,275	12,000
Depreciation expense	156	156	156
Equipment and software	11,218	11,218	85
Meals & lodging	981	981	959
Salary reimbursement	39,039	39,039	11,585
Miscellaneous expense	10,573	10,573	341
Seminars & workshops	375	375	556
Dues & subscriptions	268	268	120
Office supplies	1,209	1,209	21
Mileage reimbursement	2,431	2,431	1,031
Benefits reimbursement	9,083	9,083	1,625
Maintenance contract	5,000	5,000	5,000
Insurance	2,029	2,029	2,009
Total operating expenses	<u>103,913</u>	<u>103,913</u>	<u>194,724</u>
Operating income (loss)	<u>225,380</u>	<u>225,380</u>	<u>174,597</u>
Nonoperating revenues (expenses)			
Interest revenue	<u>17,550</u>	<u>17,550</u>	<u>24,393</u>
Total nonoperating revenue (expenses)	<u>17,550</u>	<u>17,550</u>	<u>24,393</u>
Change in net assets	<u>242,930</u>	<u>242,930</u>	<u>198,990</u>
Total net assets-beginning	<u>682,407</u>	<u>682,407</u>	<u>483,417</u>
Total net assets-ending	<u>\$ 925,337</u>	<u>\$ 925,337</u>	<u>\$ 682,407</u>

The Notes to Financial Statements are an integral part of this statement.

LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD

Statement of Cash Flows Proprietary Fund

Year Ended November 30, 2008

	Business-type Activities Enterprise Funds		Total	
	911 Service	2008		2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 314,732	\$ 314,732	\$ 343,545	
Payments to suppliers	(88,482)	(88,482)	(182,983)	
Payments to employees	(15,275)	(15,275)	(11,585)	
Net cash provided by operating activities	<u>210,975</u>	<u>210,975</u>	<u>148,977</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers to other funds	-0-	-0-	-0-	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-0-	-0-	(1,559)	
Net cash provided by (used in) capital and related financing activities	<u>-0-</u>	<u>-0-</u>	<u>(1,559)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	17,550	17,550	24,393	
Net increase in cash and cash equivalents	210,975	210,975	147,418	
Balances, beginning of year	<u>655,228</u>	<u>655,228</u>	<u>483,417</u>	
Balances, end of year	<u>\$ 883,753</u>	<u>\$ 883,753</u>	<u>\$ 655,228</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income	\$ 225,380	\$ 225,380	\$ 174,597	
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	-0-	-0-	-0-	
Change in accounts receivable	-0-	-0-	-0-	
Depreciation expense	(14,561)	(14,561)	(25,776)	
	156	156	156	
Net cash provided by operating activities	<u>\$ 210,975</u>	<u>\$ 210,975</u>	<u>\$ 148,977</u>	

The Notes to Financial Statements are an integral part of this statement.

LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Statements of Assets, Liabilities, and Fund Balance
Proprietary Fund
Year Ended November 30, 2008

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current assets:		
Cash in bank	\$ 383,753	\$ 655,228
Investments	500,000	-0-
Accounts receivable	<u>40,337</u>	<u>25,776</u>
Total current assets	<u>924,090</u>	<u>681,004</u>
Fixed assets:		
Equipment	1,559	1,559
Less accumulated depreciation	<u>(312)</u>	<u>(156)</u>
Net fixed assets	<u>1,247</u>	<u>1,403</u>
Total assets	<u><u>\$ 925,337</u></u>	<u><u>\$ 682,407</u></u>
<u>FUND BALANCE</u>		
Invested in fixed assets	\$ 1,247	\$ 1,403
Fund balance	<u>924,090</u>	<u>681,004</u>
Total fund balance	<u><u>\$ 925,337</u></u>	<u><u>\$ 682,407</u></u>

The Notes to Financial Statements are an integral part of this statement.

LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Statements of Revenues, Expenditures and
Changes in Fund Balance
Year Ended November 30, 2008

	<u>2008</u>	<u>2007</u>
Revenues:		
Telephone surcharge	\$ 329,293	\$ 369,321
Interest income	<u>17,550</u>	<u>24,393</u>
 Total revenues	 <u>346,843</u>	 <u>393,714</u>
Expenses:		
Mapping	6,276	159,236
Consulting fees	15,275	12,000
Depreciation expense	156	156
Equipment and software	11,218	85
Office supplies	1,209	21
Miscellaneous expense	10,573	341
Seminars & workshops	375	556
Salary reimbursement	39,039	11,585
Maintenance contract	5,000	5,000
Meals & lodging	981	959
Mileage reimbursement	2,431	1,031
Dues & subscriptions	268	120
Benefits reimbursement	9,083	1,625
Insurance	<u>2,029</u>	<u>2,009</u>
 Total expenses	 <u>103,913</u>	 <u>194,724</u>
 Net Income	 <u>242,930</u>	 <u>198,990</u>
 Fund balance, beginning of year	 <u>682,407</u>	 <u>483,417</u>
 Fund balance, end of year	 <u>\$ 925,337</u>	 <u>\$ 682,407</u>

The Notes to Financial Statements are an integral part of this statement.

**LASALLE COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD**
Notes to Financial Statements
November 30, 2008

Note 1: Summary of Significant Accounting Policies

These financial statements are presented on a 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. In the Commission's financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified accrual basis of accounting unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Financial Reporting Entity

The LaSalle County Emergency Telephone System Board was authorized by a resolution of 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*.

B. Basis of Presentation

Fund Financial Statement

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Emergency Telephone System Board or meets the following criteria:

- a. At least 10 percent of the corresponding total for all funds of total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**LASALLE COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD
Notes to Financial Statements
November 30, 2008**

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

1. 911 Fund – Accounts for the activities of income from the emergency telephone system

Measurement Focus

In the government-wide Statement of Net Assets, the governmental activities are presented using the economic resources measurement focus, using the accrual basis of accounting.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the accrual basis of accounting, is used as appropriate.

- a. The proprietary fund utilizes “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net asset (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

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.

The financial statements are maintained during the year by the Board on a cash basis. At the end of the year, the financial statements are converted to the accrual basis by journal entries.

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.

**LASALLE COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD**
Notes to Financial Statements
November 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

In the Proprietary Statements the net assets are presented using the accrual basis of accounting. The basis recognized assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they occur and not when they result from cash transactions. Depreciation is reported in these statements. This basis is generally accepted accounting principles in the United States of America.

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.

Proprietary Statements

Capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Depreciation of all exhaustible capital assets arising from cash transactions is recorded as all allocated expense in the Statement of Revenues, Expenses, and Changes in Fund Net Assets with accumulated depreciation reflected in the Statement of Net Assets. 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

Fund Balance Classification

Proprietary Statements

Fund Balance is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt-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 assets-Consists of net assets 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 assets-All other net assets that do not meet the definitions of “restricted” or “invested in capital assets, net of related debt.”

**LASALLE COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD**
Notes to Financial Statements
November 30, 2008

Note 2: Cash and Investments

Permitted Deposits and Investments – Statutes authorize the government to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standards rating services, and the Illinois Public Treasurer's Investment Pool.

Custodial Credit Risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board does not have a deposit policy for custodial credit risk. At November 30, 2008, the carrying amount of the Board's deposits was \$883,753 and the bank balance was \$883,804. The deposits are categorized in accordance with custodial credit risk factors created by governmental reporting standards as follows:

	Book Balance	Bank Balance
Category #3:	\$ -0-	\$ -0-
Category #2:	383,753	383,804
Category #1:	<u>500,000</u>	<u>500,000</u>
	<u><u>\$ 883,753</u></u>	<u><u>\$ 883,804</u></u>

Category #3: Uncollateralized;

Category #2: Collateralized with securities held by the pledging financial institution;

Category #1: FDIC Insured

Note 3: General Fixed Assets

Capital asset activity for the fiscal year ended November 30, 2008, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Assets				
Equipment	<u>\$ 1,559</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,559</u>
Total Non-Depreciable Assets	<u>1,559</u>	<u>-0-</u>	<u>-0-</u>	<u>1,559</u>
Accumulated Depreciation				
Equipment	<u>156</u>	<u>156</u>	<u>-0-</u>	<u>312</u>
Total Accumulated Depreciation	<u>156</u>	<u>156</u>	<u>-0-</u>	<u>312</u>
Total Fixed Assets, Net	<u><u>\$ 1,403</u></u>	<u><u>\$312</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 1,247</u></u>