

**LASALLE COUNTY
JOINT EMERGENCY TELEPHONE
SYSTEM BOARD**

**OTTAWA, ILLINOIS
ANNUAL FINANCIAL REPORT**

NOVEMBER 30, 2019

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD
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For the Year Ended November 30, 2019

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the LaSalle County Joint Emergency Telephone System Board as of and for the year ended November 30, 2019, 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.

Auditors' 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 auditors' 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 have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Joint Emergency Telephone System Board as of November 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Comparative Data

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the LaSalle County Joint Emergency Telephone System Board, for the year ended November 30, 2018, which are presented for comparison purposes with the accompanying financial statements. In our report dated June 21, 2019, we expressed an unmodified opinion on the respective financial statements.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
May 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD
Management's Discussion and Analysis (Unaudited)

For the Year Ended November 30, 2019

Our discussion and analysis of the LaSalle County Joint Emergency Telephone System Board's financial performance provides an overview of the Board's financial activities for the year ended November 30, 2019. Please read it in conjunction with the LaSalle County Joint Emergency Telephone System Board's financial statements that begin on page 7.

FINANCIAL HIGHLIGHTS

- The LaSalle County Joint Emergency Telephone System Board (JETSB) revenues exceeded total expenditures by \$499,125 for the year ending November 30, 2019.
- The JETSB ended the year with a net position of \$2,660,301, compared to \$2,161,176 at November 30, 2018.

USING THIS REPORT

This 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 two parts: management's discussion and analysis (this section) and the basic financial statements (government-wide and fund statements) including notes to the financial statements.

The basic financial statements include:

- The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Fund Net Position and Statement 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 Systems Board.

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

Management's Discussion and Analysis: This Management's Discussion and Analysis represents 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 "notes to the basis financial statements").

Basis of Accounting

The Board has elected to report the financial statements using the accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues and expenses. Under the accrual 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 reported in the financial statements.

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD
Management's Discussion and Analysis (Unaudited)

For the Year Ended November 30, 2019

Reporting the LaSalle County Joint Emergency Telephone Board as a Whole

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

The Statements of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position

The Statement of Net Position includes all the Board's net position and how it has 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 Revenues, Expenses and Changes in Fund Net Position, the Board has only business-type 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.

FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE

Net Position-Accrual Basis

The Board's combined net position, resulting from accrual basis transactions, with comparison to prior year is as follows:

	Business-Type Activities		Total Percentage Change 2018-2019
	2019	2018*	
Assets			
Current and other assets	\$ 2,675,099	2,166,427	23%
Total assets	2,675,099	2,166,427	23%
Liabilities			
Current liabilities	14,798	5,251	182%
Net Position			
Unrestricted	\$ 2,660,301	2,161,176	23%

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD
Management's Discussion and Analysis (Unaudited)

For the Year Ended November 30, 2019

Changes in Net Position-Accrual Basis

For the year ended November 30, 2019, the net position of the LaSalle County Joint Emergency Telephone System Board (resulting from accrual basis transactions) changed as follows:

	Business-Type Activities		Total Percentage Change 2018-2019
	2019	2018*	
Revenues:			
General revenues:			
Service fees	\$ 1,458,929	1,503,398	-3%
Other income	-	1,320	-100%
Investment income	23,311	9,406	148%
Total revenues	1,482,240	1,514,124	-2%
Expenses:			
General government:			
Administrative expenses	983,115	739,636	33%
Change in net position	499,125	774,488	-36%
Total net position - beginning	2,161,176	1,695,044	27%
Prior period adjustment	-	(308,356)	100%
Total net position - beginning, restated	2,161,176	1,386,688	56%
Total net position - ending	\$ 2,660,301	2,161,176	23%

*The LaSalle County Joint Emergency Telephone System Board was required to record a prior period adjustment as of December 1, 2017 to transfer capital assets to the respective Public Service Answering Points due to the decertification of the LaSalle County ETSB.

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD
Management's Discussion and Analysis (Unaudited)

For the Year Ended November 30, 2019

FACTORS LIKELY TO HAVE A POTENTIAL IMPACT ON FINANCIAL POSITION

The LaSalle County JETSB operates a total of three Public Service Answering Points (PSAPs), one at Ottawa Police Department, one at LaSalle County Sheriff, and one at the Peru Police Department.

The LaSalle County Sheriff PSAP services the rural areas of the County, along with the smaller communities in the County.

The emergency call surcharge allocated to the LaSalle County JETSB from the State of Illinois increased during the year ended November 30, 2019 which will lead to increased revenues in the future.

CONTACTING THE JETSB'S FINANCIAL MANAGEMENT

This financial report is designed to provide financial statement users with a general overview of the JETSB's finances and to show the JETSB's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the JETSB at the LaSalle County Governmental Complex, 707 E. Etna Road, Ottawa, IL 61350.

FINANCIAL STATEMENTS

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD**Statement A****Statement of Net Position****November 30, 2019**

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current assets:		
Cash in bank	\$ 1,668,214	1,583,820
Certificates of deposit	500,779	222,048
Accounts receivable	<u>506,106</u>	<u>360,559</u>
Total assets	<u>2,675,099</u>	<u>2,166,427</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	<u>14,798</u>	<u>5,251</u>
<u>Net Position</u>		
Unrestricted	<u>\$ 2,660,301</u>	<u>2,161,176</u>

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

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD

Statement B

Statement of Revenues, Expenses and Changes in Fund Net Position
For The Year Ended November 30, 2019

	2019	2018
Operating Revenues:		
Telephone surcharge	\$ 1,458,929	1,503,398
Expenses:		
Audit	4,200	7,100
Travel	224	3,807
Training	2,068	9,486
Rent	43,450	70
Utilities	2,694	4,703
Telephone	16,327	2,398
Internet	2,097	6,911
Radio circuits	65,822	2,771
Translation services	114	41,818
Conferences and meetings	-	450
Certifications	10,372	-
Maintenance	116,232	103,970
Consultant/professional services	11,452	70,355
Insurance	13,913	7,638
Miscellaneous expense	983	313
Furniture and fixtures	5,269	5,265
Benefit reimbursement	9,734	9,042
E911 coordinator salary	68,664	69,661
Telecommunicator salaries	390,000	325,000
Other salaries	6,115	4,181
New equipment/software	213,385	64,697
Total expenses	983,115	739,636
Operating income (loss)	475,814	763,762
Nonoperating income:		
Interest income	23,311	9,406
Other income	-	1,320
Total nonoperating income	23,311	10,726
Change in net position	499,125	774,488
Net position at beginning of year	2,161,176	1,695,044
Prior period adjustment	-	(308,356)
Net position at beginning of year, restated	2,161,176	1,386,688
Net position at end of year	\$ 2,660,301	2,161,176

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

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD**Statement C****Statement of Cash Flows**
For The Year Ended November 30, 2019

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,313,382	1,392,293
Payments to suppliers	<u>(973,568)</u>	<u>(777,954)</u>
Net cash provided by operating activities	<u>339,814</u>	<u>614,339</u>
Cash flows from investing activities:		
Interest and dividends	23,311	7,596
Purchase of certificate of deposit	<u>(278,731)</u>	<u>-</u>
Total cash flows from investing activities	<u>(255,420)</u>	<u>7,596</u>
Cash flows from non operating activities:		
Other income	<u>-</u>	1,320
Total cash flows from non operating activities	<u>-</u>	1,320
Net increase (decrease) in cash and cash equivalents	84,394	623,255
Cash and cash equivalents, beginning of year	<u>1,583,820</u>	<u>960,565</u>
Cash and cash equivalents, end of year	<u>\$ 1,668,214</u>	<u>1,583,820</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income	\$ 475,814	763,762
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Change in accounts receivable	(145,547)	(111,105)
Change in accounts payable	<u>9,547</u>	<u>(38,318)</u>
Net cash provided by operating activities	<u>\$ 339,814</u>	<u>614,339</u>

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

NOTES TO FINANCIAL STATEMENTS

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD
Notes to Basic Financial Statements

For the Year Ended November 30, 2019

Note 1: Summary of Significant Accounting Policies

These financial statements are presented on the accrual basis of accounting. This basis of accounting is 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 JETSB operates a total of three Public Service Answering Points (PSAPs). The three PSAPs that will be receiving funds from the LaSalle County JETSB under the intergovernmental agreement are the LaSalle County Sheriff's PSAP, which is owned, staffed and operated by the LaSalle County Sheriff's Department and is located at 707 East Etna Road, Ottawa, Illinois, the Ottawa Central Dispatch PSAP, which is owned, staffed and operated by the City of Ottawa and is located at 301 West Lafayette Street, Ottawa, Illinois, and the Peru PSAP (whose operations were transferred to the Illinois Valley Regional Dispatch upon the formation), which is owned, staffed and operated by the City of Peru and is located at 1503 Fourth Street, Peru, Illinois. The LaSalle County Sheriff PSAP remains open and services the rural areas of the County, along with the smaller communities in the County.

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 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 Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position, items are presented using the accrual basis of accounting. The 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. The basis reflects 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.

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD
Notes to Basic Financial Statements

For the Year Ended November 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt investments with an original maturity of three months or less when purchased.

D. Investments

Investments are stated at fair value. Certificates of deposit are stated at cost, which approximates fair value.

E. Net Position

Net position is generally 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. The JETSB is a flow-through entity and does not maintain capital assets. Therefore, there was no net investment in capital assets as of November 30, 2019.
- 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 does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD
Notes to Basic Financial Statements

For the Year Ended November 30, 2019

Note 2: Deposits

Statutes authorize the JETSB 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 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 Savings and Loan Insurance Corporation.

Custodial Credit Risk is the risk that in the event of a bank failure, the JETSB's deposits may not be returned to it. The JETSB has not adopted a formal investment policy addressing custodial credit risk.

The JETSB's deposits and certificates of deposits are required to be covered by federal depository insurance (FDIC) or by securities held by the pledging financial institution. The FDIC currently insures the first \$250,000 of the deposits at each financial institution. Deposit balances over \$250,000 are collateralized with securities held by the pledging financial institution.

At November 30, 2019, the carrying amount of the JETSB's deposits was \$1,668,214 and the bank balance was \$1,813,492, with all deposits exposed to custodial credit risk fully collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

Investments

At November 30, 2019, the JETSB's investments included \$500,779 invested in certificates of deposit.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The JETSB does not have a formal policy to address interest rate risk, but all certificates of deposit have remaining maturities of 12 months or less.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The JETSB does not have formal policy to address credit risk.

As of November 30, 2019, none of the JETSB's investments were exposed to credit risk.

LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD
Notes to Basic Financial Statements

For the Year Ended November 30, 2019

Note 3: Subsequent Events

Management evaluated subsequent events through May 15, 2020, the date the financial statements were available to be issued. No amounts were required to be recorded or disclosed in the financial statements as of November 30, 2019 as a result of events occurring between December 1, 2019 and May 15, 2020.