

**LASALLE COUNTY  
JOINT EMERGENCY TELEPHONE  
SYSTEM BOARD**

**OTTAWA, ILLINOIS  
ANNUAL FINANCIAL REPORT**

**NOVEMBER 30, 2018**

**LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD**

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**For the Period Ended November 30, 2018**

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***INDEPENDENT AUDITORS' REPORT***



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### 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, 2018, 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, 2018, 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.

*Mack & Associates, P.C.*

Mack & Associates, P.C.  
Certified Public Accountants

Morris, Illinois  
June 21, 2019

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

# **LASALLE COUNTY JOINT EMERGENCY TELEPHONE SYSTEM BOARD**

## **Management's Discussion and Analysis (Unaudited)**

**For the Period Ended November 30, 2018**

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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, 2018. 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 revenues exceeded total expenditures by \$774,488 for the period ending 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 Period Ended November 30, 2018**

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**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:

	<u>Business-Type Activities</u>		<u>Total Percentage</u>
	<u>2018*</u>	<u>2017</u>	<u>Change</u>
			<u>2017-2018</u>
<u>Assets</u>			
Current and other assets	\$ 2,166,427	1,430,258	51%
Capital assets, net	-	308,356	-100%
Total assets	<u>\$ 2,166,427</u>	<u>1,738,614</u>	<u>25%</u>
<u>Liabilities</u>			
Accounts payable	\$ 5,251	43,570	-88%
Total liabilities	<u>\$ 5,251</u>	<u>43,570</u>	<u>-88%</u>
<u>Net Position</u>			
Net investment in capital assets	\$ -	308,356	-100%
Unrestricted	2,161,176	1,386,688	56%
Total net position	<u>\$ 2,161,176</u>	<u>1,695,044</u>	<u>27%</u>



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

**For the Period Ended November 30, 2018**

**Changes in Net Position-Accrual Basis**

For the period ended November 30, 2018, 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
	November 30, 2018*	November 30, 2017**	2017-2018
Revenues:			
General revenues:			
Service fees	\$ 1,503,398	679,636	121%
Other income	1,320	1,465	-10%
Investment income	9,406	2,369	297%
Total revenues	1,514,124	683,470	122%
Expenses:			
General government:			
Administrative expenses	739,636	239,624	209%
Total expenses	739,636	239,624	209%
Change in net position	774,488	443,846	74%
Other financing sources (uses):			
Transfer from participating ETSBs	-	1,251,198	-100%
Change in net position	774,488	1,695,044	-54%
Total net position - beginning	1,695,044	-	100%
Prior period adjustment	(308,356)	-	100%
Total net position - beginning, restated	1,386,688	-	100%
Total net position - ending	\$ 2,161,176	1,695,044	27%

\*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. See Note 3 for additional information.

\*\*During 2017, the LaSalle County ETSB and other ETSBs within the county decertified their individual ETSBs and became members of the LaSalle County Joint Emergency Telephone System Board. The new entity was created on July 1, 2017. As a result, financial activity from 2017 is limited to the five month period from July 1, 2017 to November 30, 2017.

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

**For the Period Ended November 30, 2018**

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**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, 2018 which will lead to increased revenues in the future.

## ***BASIC FINANCIAL STATEMENTS***

**Statement of Net Position**  
**November 30, 2018**

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<u>Assets</u>	
Current assets:	
Cash in bank	\$ 1,583,820
Certificates of deposit	222,048
Accounts receivable	<u>360,559</u>
Total assets	<u>2,166,427</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	<u>5,251</u>
<u>Net Position</u>	
Unrestricted	<u>2,161,176</u>
Total net position	<u>\$ 2,161,176</u>

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

**Statement of Revenues, Expenses and Changes in Fund Net Position  
For The Period Ended November 30, 2018**

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Operating Revenues:	
Telephone surcharge	\$ 1,503,398
Total revenues	<u>1,503,398</u>
Expenses:	
Audit	7,100
Legal	3,807
Travel	739
Training	70
Rent	4,703
Utilities	2,398
Telephone	6,911
Internet	2,771
Radio circuits	41,818
Conferences and meetings	450
Education and training	8,747
Maintenance	103,970
Consultant/professional services	70,355
Insurance	7,638
Miscellaneous expense	313
Furniture and fixtures	5,265
Benefit reimbursement	9,042
E911 coordinator salary	69,661
Telecommunicator salaries	325,000
Other salaries	4,181
New equipment/software	64,697
Total expenses	<u>739,636</u>
Operating income (loss)	<u>763,762</u>
Nonoperating income:	
Interest income	9,406
Other income	1,320
Total nonoperating income	<u>10,726</u>
Change in net position	774,488
Net position at beginning of year	1,695,044
Prior period adjustment	<u>(308,356)</u>
Net position at beginning of year, restated	<u>1,386,688</u>
Net position at end of year	<u><u>\$ 2,161,176</u></u>

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

**Statement of Cash Flows****For The Period Ended November 30, 2018**


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Cash flows from operating activities:	
Receipts from customers	\$ 1,392,293
Payments to suppliers	<u>(777,954)</u>
Net cash provided by operating activities	<u>614,339</u>
Cash flows from investing activities:	
Interest and dividends	<u>7,596</u>
Total cash flows from investing activities	<u>7,596</u>
Cash flows from non operating activities:	
Other income	<u>1,320</u>
Total cash flows from non operating activities	<u>1,320</u>
Net increase (decrease) in cash and cash equivalents	623,255
Cash and cash equivalents, beginning of year	<u>960,565</u>
Cash and cash equivalents, end of year	<u><u>1,583,820</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income	763,762
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Change in accounts receivable	(111,105)
Change in accounts payable	<u>(38,318)</u>
Net cash provided by operating activities	<u><u>\$ 614,339</u></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 Period Ended November 30, 2018**

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**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 JETS Board 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 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 Period Ended November 30, 2018**

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**Note 1: Summary of Significant Accounting Policies (continued)**

*C. Net Position*

Net position is displayed in two components:

- a. 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.
- b. Unrestricted net position - All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*D. 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.

**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’s deposits and certificates of deposits were 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.

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

**For the Period Ended November 30, 2018**

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**Note 2: Deposits – (continued)**

At November 30, 2018, the carrying amount of the JETSB's deposits was \$1,583,820 and the bank balance was \$1,712,596, and all deposits exposed to custodial credit risk are fully collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

**Note 3: Prior Period Adjustment**

During the year ended November 30, 2017, the LaSalle County ETSB and other local ETSBs within the county decertified their individual ETSBs and became members of the JETSB. As a result of the decertification, the capital assets of the individual ETSBs were transferred to the JETSB. However, the legal counsel of the JETSB determined that there was not any legal transfer of such assets approved by the corporate authorities of the individual ETSBs or the JETSB. It was also determined that these capital assets are to be included in the financial statements of the respective municipalities, rather than the JETSB because it is a flow-through entity. As a result, the net position of business-type activities has been reduced by \$308,356 as of December 1, 2017.

**Note 4: Expenditures in Excess of Appropriations**

Expenditures exceeded budgeted amounts by \$363,664 for the year ended November 30, 2018. The excess is largely attributable to telecommunicator salary reimbursements to the participating PSAPs that were not included in the budget.

**Note 5: Subsequent Events**

Management evaluated subsequent events through June 21, 2019, 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, 2018 as a result of events occurring between December 1, 2018 and June 21, 2019.