

**EMERGENCY TELEPHONE SYSTEM
BOARD OF DUPAGE COUNTY**

A Component Unit of DuPage County, Illinois

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended November 30, 2018

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

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INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and Members of the Board
Emergency Telephone System Board of DuPage County
DuPage County, Illinois
Wheaton, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Emergency Telephone System Board of DuPage County, a component unit of DuPage County as of and for the year ended November 30, 2018, and the related notes to the financial statements, which collectively comprise Emergency Telephone System Board of Dupage County'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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 over financial reporting relevant to the Emergency Telephone System Board of DuPage County'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 Emergency Telephone System Board of DuPage County'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 opinions.

To the Honorable Chairman and Members of the Board
Emergency Telephone System Board of DuPage County
DuPage County, Illinois

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Emergency Telephone System Board of DuPage County as of November 30, 2018 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the Emergency Telephone System Board of DuPage County adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective December 1, 2017. Our opinions are not modified with respect to this matter.

As discussed in Note I, the financial statements present only the Emergency Telephone System Board of DuPage County and do not purport to, and do not present fairly the financial position of DuPage County, Illinois, as of November 30, 2018, and the changes in its financial position and, where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2019 on our consideration of the Emergency Telephone System Board of DuPage County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Emergency Telephone System Board of DuPage County's internal control over financial reporting and compliance.

Oak Brook, Illinois
May 22, 2019

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended November 30, 2018

As management of the Emergency Telephone System Board of DuPage County ("DuPage ETSB" or the "Board"), we offer readers of DuPage ETSB's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended November 30, 2018. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements following this section.

DuPage ETSB was established pursuant to Section 15.4 of the Local Government Emergency Telephone System Act, 50/ILCS 750/15.4 on April 4, 1989 to implement, operate, upgrade, and maintain an enhanced 9-1-1 emergency telephone system.

DuPage ETSB exercises its power through a twelve-member governing board appointed by the DuPage County Board Chairman for three-year terms. DuPage ETSB has oversight of the enhanced 9-1-1 system used by residents of DuPage County and municipalities in areas of Cook, Kane, and Will Counties, excluding the cities of Aurora and Naperville.

Due to the significance of DuPage ETSB's financial relationship with DuPage County, Illinois (the "County"), it is reported as a component unit in the County's Comprehensive Annual Financial Report.

FINANCIAL HIGHLIGHTS

- DuPage ETSB's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$40.9 million at November 30, 2018. Of this amount, \$22.5 million, or 55%, is restricted for maintenance of its operations in accordance with state statutes and enabling legislation.
- The Board's net position increased \$4.1 million during fiscal year 2018 primarily due to a legislative increase in the Equalization surcharge rate and to lower contractual services expenditures/expenses.
- DuPage ETSB made a \$1.7 million capital contribution toward the construction, maintenance, and leasing costs of the Addison Consolidated Dispatch Center Public Safety Answering Point.
- The Board was awarded a \$0.5 million grant from the State of Illinois (the "State") for reimbursement of Next Gen 9-1-1 call-handling equipment expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This narrative serves as an introduction to DuPage ETSB's financial statements. The reporting structure of the financial statements focuses on DuPage ETSB as a whole (government-wide) and individual funds to provide the reader with an overview of DuPage ETSB's finances and the ability to address relevant questions.

Government-Wide Financial Statements

The *Statement of Net Position and Governmental Funds Balance Sheet* presents information on DuPage ETSB assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference is reported as net position. The change in net position is useful for determining the improvement or deterioration of DuPage ETSB's financial position, although non-financial factors, such as

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended November 30, 2018

government rules and regulations, and the condition of DuPage ETSB capital assets, also need to be considered in the assessment of DuPage ETSB's overall financial health.

The Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Net Position presents information on how DuPage ETSB's net position changed during the current fiscal year. All changes in net position are reported at the time the underlying event occurs, regardless of the timing of related cash flows. As a result, revenues and expenses are reported in the statement for some transactions that provide cash flows only in future years, such as expenses for earned not used compensated absences and pension obligations.

Fund Financial Statements

The financial statements are organized into governmental funds that provide additional detail about DuPage ETSB's funds using the modified accrual basis of accounting, as described in Note I C to the Financial Statements. These statements focus on how cash and other financial assets can be readily converted into available resources and the balances remaining at fiscal year-end that are available for spending. This information is useful for determining which financial resources are available to finance DuPage ETSB's short term needs. The Board's individual funds are the General Fund, Special Revenue Fund, Equalization Fund, and PRMS Operations Fund.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information needed for a full understanding of the data presented in the Government-Wide and Fund Financial Statements.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended November 30, 2018

SUMMARY OF NET POSITION

Governmental Funds Balance Sheet and Statement of Net Position
November 30, 2018 and 2017

	Governmental Funds Total	Adjustments	Statement of Net Position	
			2018	2017*
Assets				
Current assets	\$ 25,583,910	\$ -	\$ 25,583,910	\$ 23,744,986
Capital assets, net of accumulated depreciation	-	18,398,270	18,398,270	14,092,154
Total Assets	25,583,910	18,398,270	43,982,180	37,837,140
Deferred outflows of resources	-	58,706	58,706	128,913
Total Assets and Deferred Outflows of Resources	\$ 25,583,910	\$ 18,456,976	\$ 44,040,886	\$ 37,966,053
Liabilities				
Current liabilities	2,763,370	-	2,763,370	\$ 823,888
Noncurrent liabilities	-	195,878	195,878	294,353
Total Liabilities	2,763,370	195,878	2,959,248	1,118,241
Deferred inflows of resources	1,674,555	(1,515,573)	158,982	4,374
Fund balances/Net Position				
Non-spendable	613,246	(613,246)	-	-
Restricted	20,532,739	1,991,647	22,524,386	22,751,284
Investment in capital assets	-	18,398,270	18,398,270	14,092,154
Total Fund Balance/Net Position	21,145,985	19,776,671	40,922,656	36,843,438
Total Liabilities, Deferred Inflows and Fund Balance/Net Position	\$ 25,583,910	\$ 18,456,976	\$ 44,040,886	\$ 37,966,053

* Prior year information has not been updated for the Board's implementation of GASB Statement No. 75 in fiscal year 2018.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended November 30, 2018

SUMMARY OF CHANGES IN NET POSITION

Overview of the Statement of Activities For the Years Ended November 30, 2018 and 2017

	2018		2017**	
	Governmental Funds	% of Revenues	Governmental Funds	% of Revenues
Revenues				
Charges for services	14,137,349	97.9	\$ 8,088,981	97.2
Investment income	220,760	1.5	126,134	1.5
Miscellaneous	83,487	.6	111,151	1.3
Total Revenues	<u>14,441,596</u>	<u>100.0</u>	<u>8,326,266</u>	<u>100.0</u>
Expenditures				
Current				
Public safety	7,970,122	55.2	11,145,233	133.8
Capital outlay	6,895,018	47.7	3,219,668	38.7
Total Expenditures	<u>14,865,140</u>	<u>103.0</u>	<u>14,364,901</u>	<u>172.5</u>
Change in Fund Balance	(423,544)	(3.0)	(6,038,635)	(72.5)
Adjustments*				
Depreciation	(2,808,418)		(2,831,611)	
Adjustment for unavailable revenue	322,986		157,182	
Adjustment for capitalized and retired assets	7,114,534		1,989,787	
Adjustment for compensated absences	(8,317)		(11,131)	
Adjustment for OPEB	433		-	
Adjustment for pensions	<u>(81,012)</u>		<u>(55,528)</u>	
Change in Net Position	<u>\$ 4,540,206</u>		<u>\$(751,301)</u>	

* Governmental funds report capital asset additions as expenditures, while governmental activities report depreciation expense, thereby, allocating the expenditures over the life of the capital assets. Additionally, capital assets transferred to other governmental units are reported at the capital asset's net value.

Accrued compensated absences and net pension liabilities are not reported in the governmental funds, as use of current resources are not required.

** Prior year information has not been updated for the Board's implementation of GASB Statement No. 75 in fiscal year 2018.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended November 30, 2018

FINANCIAL ANALYSIS OF GOVERNMENTAL ACTIVITIES

Net Position

At November 30, 2018, DuPage ETSB's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$40.9 million. Net investment in capital assets accounts for \$18.4 million, or 45%, of net position. Net investment in capital assets increased from prior year by \$4.3 million due to net capital asset additions of \$4.3 million during the current year.

Another part of DuPage ETSB's net position represents resources subject to restriction. These restricted resources are to be used for maintenance of the operations in accordance with state statutes and enabling legislation. Restricted net position accounted for \$22.5 million, or 55%.

As mentioned in a previous section of this narrative, the change in net position is useful in determining the status of DuPage's financial position. During the current fiscal year, net position for governmental activities increased \$4.5 million from prior fiscal year. This increase was primarily due to a legislative increase of \$0.63 in the surcharge rate from \$0.87 to \$1.50. This 72.4% increase was effective January 1, 2018 and accounted for \$5.9 million of the \$6.2 million increase in charges for services revenue.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds

At November 30, 2018, DuPage ETSB reported a combined fund balance of \$21.1 million. The combined fund balance decreased \$0.4 million, or 2.0%, from prior year fund balance. Of the current fiscal year end total, \$20.5 million is restricted and \$0.6 million is non-spendable for prepaid items.

Total revenues for all governmental funds for FY2018 were \$14.4 million, representing an increase of \$6.1 million, or 73.4%, from FY2017. Expenditures for all governmental funds for FY2018 were \$14.9 million, representing an increase of \$0.5 million, or 3.5%, from prior year.

The Equalization Fund, the Board's primary operating fund, is used to account for its governmental activities. At November 30, 2018, the fund balance of the Equalization Fund was \$20.5 million, an increase of \$7.6 million, or 59.4% from prior year. Approximately \$19.9 million of the fund balance is restricted. Equalization Fund revenues for FY2018 were \$14.3 million, representing an increase of \$6.2 million, or 76.8%, from FY2017's \$8.1 million.

The following points explain significant increases and decreases of Equalization revenues and expenses.

- Charges for services revenue increased \$6.0 million, or 74.5%, compared to FY2017 due to a legislative increase of \$0.63 in the surcharge rate from \$0.87 to \$1.50. This 72.4% increase was effective on January 1, 2018 and accounted for \$5.9 million of the \$6.0 million increase.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended November 30, 2018

- Total expenditures/expenses increased \$5.7 million from prior year expenditures/expenses of \$1.3 million. The significant increase was due to the combining of the previous wireline surcharge, collected locally, and wireless surcharges, collected at the State level, into one surcharge, the equalization surcharge, which is collected at the State level.
- Contractual expenses accounted for \$3.9 million, or 65.9%, of total FY2018 expenditures/expenses.

The Special Revenue Fund reported a fund balance of \$0.4 million at November 30, 2018. This amount represented a \$7.5 million decrease from prior year fund balance. This significant decrease is due to the "phasing-out" of wireless services. In response to declining wireline surcharge revenue, the State combined the wireline and wireless surcharges into one equalization surcharge. The Equalization Fund was established to account for the equalization surcharge fees. The fund balance is restricted in accordance with state statutes and enabling legislation.

The General Fund reported a fund balance of \$0.2 million at November 30, 2018, which represented a decrease of \$0.6 million, or 78.1%, compared to \$0.8 million at November 30, 2017. The decrease in fund balance is due to "phasing-out" wireline services in response to the State's elimination of the wireline surcharge due to declining revenues. The fund balance is restricted in accordance with state statutes and enabling legislation.

The PRMS Operations Fund was established in FY2018 to account for the operations of the multi-jurisdictional Police Report Management System. This fund did not report a fund balance, as the system is supported by the participating governmental agencies in the Police Report Management System.

BUDGET

The FY2018 budget for the Emergency Telephone System Board of DuPage County was adopted on November 28, 2017. DuPage ETSB's original total operating budget for expenditures was \$27.4 million. DuPage ETSB's actual revenues for FY2018 were in-line with the final budgeted estimate of \$14.7 million. Positive results in total expenditures of \$12.6 was due to lower contractual services expense of \$6.5 million, which was primarily the result of lower utility costs by \$2.3 million and lower repair and maintenance expense by \$2.3 million. Actual capital outlay expenditures were also \$5.0 million less than projected.

The accompanying financial statements include a *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual*. The Board's budgetary basis is discussed in the Notes to Required Supplementary Information.

IMPACT OF TECHNOLOGY AND THE FUTURE

While DuPage ETSB is affected by current economic conditions, changes in telecommunications technology can have a significant impact on its operations, as noted below.

- The State of Illinois is now funding the 9-1-1 trunking tariff. As a result, DuPage ETSB will realize an annual savings of approximately \$878,000.
- The consolidation of the PSAP's has eliminated 15 ancillary telephone contracts.
- The participating agencies in the DuPage Justice Information System will reimburse DuPage ETSB approximately \$1.6 million for costs incurred on the Records Management System. The PRMS Operations Fund has collected approximately \$1.5 million, or 91.1%, from the participating agencies during FY2019.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended November 30, 2018

- DuPage ETSB will also be reimburse approximately \$787,000 for maintenance costs over the next three years, and an additional \$2.3 million in maintenance costs, if the option to renew is approved in 2022.
- Wireline usage continues to decline as private residences drop hardlines for cellular, leaving only a small residential population, and businesses transition to Voice Over Internet Protocol digital systems.
- Projected monthly charges for services revenue of approximately \$1.1 million is anticipated through July 2020 due to the 72% increase in the equalization surcharge rate. If this rate continues, however, a portion of the increase may be allocated in the future to support the newly mandated NG9-1-1 state wide network. This allocated support could financially impact DuPage ETSB's five-year plan.
- Pending any additional mandates from the Federal Government and/or State Statutes, the two new facilities will provide DuPage ETSB with a seven-year infrastructure solution and a twenty-five-year facility solution, which will assist in stabilizing DuPage ETSB's budget for several years.

REQUESTS FOR INFORMATION

This financial narrative is written to provide a general overview of the Board's financial position for those interested in the Board's finances. Any questions concerning any of the information in this narrative, and/or requests for additional information are to be addressed to the Emergency Telephone System Board of DuPage County, 421 N. County Farm Road, Wheaton, Illinois 60187.

A complete set of financial statements is available on the DuPage County, Illinois website at www.dupageco.org/finance.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
As of November 30, 2018

	Governmental Funds					Adjustments (Note II.A.)	Governmental
	General Fund	Special Revenue Fund	Equalization Fund	PRMS Operations Fund	Total		Statement
							of Net Position
Assets							
Cash and investments	\$ 210,673	\$ 390,396	\$ 18,511,495	\$ 533,783	\$ 19,646,347	\$ -	\$ 19,646,347
Accounts receivable	-	5,828	28,298	-	34,126	-	34,126
Due from federal, state and other governmental units	-	516,141	3,549,293	1,224,757	5,290,191	-	5,290,191
Prepaid items	-	-	613,246	-	613,246	-	613,246
Capital assets not being depreciated	-	-	-	-	-	10,033,503	10,033,503
Capital assets being depreciated, net of accumulated depreciation	-	-	-	-	-	8,364,767	8,364,767
Total Assets	210,673	912,365	22,702,332	1,758,540	25,583,910	18,398,270	43,982,180
Deferred Outflows of Resources							
Deferred outflows related to IMRF	-	-	-	-	-	58,706	58,706
Total Assets and Deferred Outflows of Resources	\$ 210,673	\$ 912,365	\$ 22,702,332	\$ 1,758,540	\$ 25,583,910	\$ 18,456,976	\$ 44,040,886
Liabilities							
Accounts payable	\$ -	\$ -	\$ 459,161	\$ -	\$ 459,161	\$ -	\$ 459,161
Accrued payroll	-	-	30,823	-	30,823	-	30,823
Unearned revenue	-	-	-	1,611,097	1,611,097	-	1,611,097
Due to DuPage County	-	-	-	147,443	147,443	-	147,443
Other liabilities	-	-	7,744	-	7,744	-	7,744
Due to federal, state and other governmental units	-	-	507,102	-	507,102	-	507,102
Long-term liabilities, due within one year:							
Compensated absences	-	-	-	-	-	10,038	10,038
Long-term liabilities, due in more than one year:							
Compensated absences	-	-	-	-	-	21,840	21,840
Net pension liability - IMRF	-	-	-	-	-	128,408	128,408
Total OPEB Liability	-	-	-	-	-	35,592	35,592
Total Liabilities	-	-	1,004,830	1,758,540	2,763,370	195,878	2,959,248
Deferred Inflows of Resources							
Deferred inflows of resources related to IMRF	-	-	-	-	-	157,563	157,563
Deferred inflows of resources related to OPEB	-	-	-	-	-	1,419	1,419
Unavailable revenue	-	516,141	1,158,414	-	1,674,555	(1,674,555)	-
Total Deferred Inflows of Resources	-	516,141	1,158,414	-	1,674,555	(1,515,573)	158,982
Fund Balance/Net Position							
Fund Balance							
Nonspendable for prepaids	-	-	613,246	-	613,246	(613,246)	-
Restricted in accordance with state statutes and enabling legislation	210,673	396,224	19,925,842	-	20,532,739	1,991,647	22,524,386
Investment in capital assets	-	-	-	-	-	18,398,270	18,398,270
Total Fund Balance/Net Position	210,673	396,224	20,539,088	-	21,145,985	19,776,671	40,922,656
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 210,673	\$ 912,365	\$ 22,702,332	\$ 1,758,540	\$ 25,583,910	\$ 18,456,976	\$ 44,040,886

See accompanying notes to financial statements.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/NET POSITION
For the Year Ended November 30, 2018

	Governmental Funds					Governmental Activities	
	General Fund	Special Revenue Fund	Equalization Fund	PRMS Operations Fund	Total	Adjustments (Note II.B.)	Statement of Activities
Revenues							
Charges for services	\$ -	\$ -	\$ 14,137,349	\$ -	\$ 14,137,349	\$ (73,941)	\$ 14,063,408
Investment income	-	74,543	146,217	-	220,760	-	220,760
Miscellaneous	64,111	-	19,376	-	83,487	396,927	480,414
Total Revenues	<u>64,111</u>	<u>74,543</u>	<u>14,302,942</u>	<u>-</u>	<u>14,441,596</u>	<u>322,986</u>	<u>14,764,582</u>
Expenditures/Expenses							
Current							
Public safety	579,663	1,506,082	5,884,377	-	7,970,122	(130,620)	7,839,502
Capital outlay	-	5,746,763	1,148,255	-	6,895,018	(6,895,018)	-
Depreciation	-	-	-	-	-	2,808,418	2,808,418
Total Expenditures/Expenses	<u>579,663</u>	<u>7,252,845</u>	<u>7,032,632</u>	<u>-</u>	<u>14,865,140</u>	<u>(4,217,220)</u>	<u>10,647,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(515,552)</u>	<u>(7,178,302)</u>	<u>7,270,310</u>	<u>-</u>	<u>(423,544)</u>	<u>4,540,206</u>	<u>4,116,662</u>
Other Financing Sources (Uses)							
Transfer in	-	-	359,811	-	359,811	(359,811)	-
Transfer out	(54,888)	(304,923)	-	-	(359,811)	359,811	-
Total Other Financing Sources (Uses)	<u>(54,888)</u>	<u>(304,923)</u>	<u>359,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(570,440)</u>	<u>(7,483,225)</u>	<u>7,630,121</u>	<u>-</u>	<u>(423,544)</u>	<u>4,540,206</u>	<u>4,116,662</u>
Fund Balance/Net Position (as restated) - Beginning of Year	<u>781,113</u>	<u>7,879,449</u>	<u>12,908,967</u>	<u>-</u>	<u>21,569,529</u>	<u>15,236,465</u>	<u>36,805,994</u>
Fund Balance/Net Position - End of Year	<u>\$ 210,673</u>	<u>\$ 396,224</u>	<u>\$ 20,539,088</u>	<u>\$ -</u>	<u>\$ 21,145,985</u>	<u>\$ 19,776,671</u>	<u>\$ 40,922,656</u>

See accompanying notes to financial statements.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Emergency Telephone System Board of DuPage County (the "Board") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

The Board was formed on April 4, 1989 for the purpose of the implementation, operation, upgrade, and maintenance of a 9-1-1 emergency telephone system for the DuPage County 9-1-1 service area. There are 12 Board Members (increased to 14 in January 2019), representing 6 different public agencies, all of whom are representatives of the Public Safety Agency 9-1-1 Systems Users. The Board was established in accordance with the Emergency Telephone System Act of the State of Illinois.

The Board is reported as a component unit of DuPage County, Illinois (the County) in the County's comprehensive annual financial report, since the County is financially accountable for the Board.

The Board is funded by monthly surcharges imposed on billed subscribers of network connections provided by telecommunications and wireless carriers.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through charges for services and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Board does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The Board reports the following funds, which are all major governmental funds:

General Fund - accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund - accounts for the resources used to acquire equipment for wireless emergency phone service.

Equalization Fund – accounts for the Emergency Telephone System Board equalization surcharge fees. The fees are remitted to the State of Illinois. The State is responsible for the cost of the CLEC 9-1-1 trunking costs and other administrative costs. The State then distributes the remaining surcharge to the 9-1-1 systems based on a population/zip code formula. The resources are used to acquire equipment for emergency phone service.

PRMS Operations Fund – accounts for the operations of the multi-jurisdictional police report management system, which is supported by charges to the participating governmental agencies.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented December 1, 2017.

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Telephone surcharges and user fees are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Intergovernmental aids and grants are recognized as revenues in the period the Board is entitled to the resources and the amounts are available. Amounts owed to the Board which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include public charges for services and interest. Other general revenues, such as miscellaneous revenues, are recognized when received in cash or when measurable and available under the criteria described above.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

The Board follows the investment policy of DuPage County. The County's investment policy follows Illinois State Statutes which authorizes the County to invest in deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The County's investment policy contains the following guidelines for allowable investments:

Custodial Credit Risk – Deposits – The County's investment policy requires some form of collateral to protect public deposits in a single financial institution if it were to default. All federally and non-federally insured institutions must fully collateralize deposits using instruments and collateral ratios of 105%.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Interest Rate Risk – The investment policy is designed to obtain a market average rate of return, taking into account investment risk constraints and cash flow needs.

Credit Risk – The investment policy allows the Treasurer to invest in any type of security allowed by Illinois Compiled Statutes. If the statutes are amended and one or more investments are no longer permissible, the investments will be allowed to mature or can be sold immediately at the Treasurer's discretion.

Concentration of Credit Risk – The County's investment policy requires diversification of the investment portfolio to eliminate the risk of loss resulting from over concentration in a specific issuer, maturity or class of securities. Concentration in short-term corporate obligations will not exceed 90% of the limit contained in Illinois law.

Custodial Credit Risk – Investments – The County's investment policy requires all securities to be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts. Investments are normally held by financial institutions or brokers under Trust agreements arising from Bond ordinances, subject to the custodial agreements of the ordinances.

See Note III for further information.

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Capital Assets

Government-Wide Statements – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method and a useful life of 3-10 years.

Fund Financial Statements – In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

5. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation, sick leave pay and compensatory time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation, sick leave and retention will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at November 30, 2018, are determined on the basis of current salary rates and include salary related payments.

6. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

7. Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or 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 definitions of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Equity Classifications (cont.)

Fund Statements – Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board that originally created the commitment.
- d. Assigned - includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Fund balance may be assigned by management or the Board for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

The Board considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Board would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes an adjustment between fund balance and net position. The details of this adjustment include the following items.

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Construction in progress	\$ 10,033,503
Equipment	38,832,457
Less: Accumulated depreciation	<u>(30,467,690)</u>
Combined Adjustment for Capital Assets	<u>\$ 18,398,270</u>
Deferred outflows of resources related to pensions are not recorded in the fund financial statements	<u>\$ 58,706</u>
Adjustment for compensated absences not recorded in the fund financial statements – due within one year	<u>\$ (10,038)</u>
Adjustment for compensated absences not recorded in the fund financial statements – due after one year	<u>\$ (21,840)</u>
Net pension liability is not recorded in the fund financial statements	<u>\$ (128,408)</u>
Total OPEB liability is not recorded in the fund financial statements	<u>\$ (35,592)</u>
Deferred inflow of resources related to pensions are not recorded in the fund financial statements	<u>\$ (157,563)</u>
Deferred inflow of resources related to OPEB are not recorded in the fund financial statements	<u>\$ (1,419)</u>
Revenue as a deferred inflow of resources in the fund financial statements for unavailable receivables	<u>\$ 1,674,555</u>

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes an adjustment between net changes in fund balances and changes in net position of governmental activities. The details of this difference are as follows:

Change in unavailable revenue	\$	322,986
Items capitalized are reported as operations expenditures in the general fund		7,114,534
Net pension liability and deferred outflows/inflows of resources related to pensions		(81,012)
Total OPEB liability and deferred outflows/inflows of resources related to pensions		433
Depreciation expense		(2,808,418)
Change in compensated absences		<u>(8,317)</u>
Total Adjustment to Arrive at the Change in Net Position of Governmental Activities	\$	<u>4,540,206</u>

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The Board maintains cash and investments which are administered by DuPage County. The carrying value and associated risks are as follows:

	<u>Carrying Value</u>	<u>Risk</u>
Deposits with financial institutions	740,869	Custodial credit Credit risk, interest rate risk
Money market mutual funds	8,684,913	Custodial credit risk, interest rate risk
US agency securities – implicitly implied	4,213,554	Custodial credit risk, interest rate risk
US Treasury securities	1,295,512	Custodial credit risk, interest rate risk
Corporate bonds	<u>4,711,499</u>	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Total deposits and investments	<u>\$ 19,646,347</u>	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of November 30, 2018, the US agency securities, US Treasury securities, and corporate bonds investments were measured using the market valuation method and Level 2 valuation inputs and the money market mutual funds were measured using the market valuation method and Level 1 valuation inputs.

Custodial Credit Risk

The FDIC, collateral coverage and safekeeping receipts applies to all County accounts, and therefore, the amount of insured funds is not determinable for the Board alone.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of November 30, 2018, investments were rated as follows:

	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
Corporate bonds	BBB+ to AA+	A3 to Aaa
Money market mutual funds	AAAm	Aaa-mf
US agency securities – implicitly guaranteed	AA+	Aaa

Concentration of Credit Risk

As of November 30, 2018, the Board's investment Portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Mortgage Corporation	US agency securities – implicitly implied	6.84%
Federal National Mortgage Association	US agency securities – implicitly implied	14.61%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of November 30, 2018, the ETSB's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Money market mutual funds	\$ 8,684,913	\$ 8,684,913	\$ -	\$ -	\$ -
US agency securities – implicitly implied	4,213,554	96,739	784,917	1,778,435	1,553,463
US Treasury securities	1,295,512	1,295,512	-	-	-
Corporate bonds	4,711,499	1,599,496	3,112,003	-	-
Total	<u>\$ 18,905,478</u>	<u>\$ 11,676,660</u>	<u>\$ 3,896,920</u>	<u>\$ 1,778,435</u>	<u>\$ 1,553,463</u>

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

Accounts receivable are expected to be collected within one year.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the Board reported unavailable revenue for unavailable telephone surcharge receivables.

C. CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Construction in Progress	\$ 3,023,590	\$ 7,009,913	\$ -	\$ 10,033,503
Total Capital Assets Not Being Depreciated	<u>3,023,590</u>	<u>7,009,913</u>	<u>-</u>	<u>10,033,503</u>
Capital assets being depreciated				
Equipment	<u>39,873,270</u>	<u>104,621</u>	<u>1,145,434</u>	<u>38,832,457</u>
Total Capital Assets Being Depreciated	<u>39,873,270</u>	<u>104,621</u>	<u>1,145,434</u>	<u>38,832,457</u>
Total Capital Assets	<u>42,896,860</u>	<u>7,114,534</u>	<u>1,145,434</u>	<u>48,865,960</u>
Less: Accumulated depreciation for Equipment	<u>28,804,706</u>	<u>2,808,418</u>	<u>1,145,434</u>	<u>30,467,690</u>
Total Accumulated Depreciation	<u>28,804,706</u>	<u>2,808,418</u>	<u>1,145,434</u>	<u>30,467,690</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,092,154</u>	<u>\$ 4,306,116</u>	<u>\$ -</u>	<u>\$ 18,398,270</u>

D. RESTATEMENT OF NET POSITION

Net position has been restated due to the implementation of GASB Statement No. 75.

Net Position – November 30, 2017 (as previously reported)	\$ 36,843,438
Less: Record the total OPEB liability as of November 30, 2017	<u>(37,444)</u>
Net Position – November 30, 2017 (as restated)	<u>\$ 36,805,994</u>

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE IV – OTHER INFORMATION

A. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The Board is self-insured, through DuPage County, for all of these risks, except for property, for which the Board carries separate insurance. These activities are accounted for and financed by the County in the Employee Life/Health Insurance Fund (an internal service fund) and the Liability Insurance Fund (a special revenue fund). Refer to the County statements for additional details.

B. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the Board is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Board's financial position or results of operations.

The Board has entered into the following Communication System Agreements:

	<u>Original Contract Date</u>	<u>Contract Amount</u>	<u>Less Payments</u>	<u>Amount Remaining</u>
Priority Dispatch	July 1, 2014	\$ 1,777,576	\$ 1,568,423	\$ 209,153
Motorola Solutions	September 12, 2017	<u>3,220,722</u>	<u>2,898,649</u>	<u>322,073</u>
Total		<u>\$ 4,998,298</u>	<u>\$ 4,467,072</u>	<u>\$ 531,226</u>

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE IV – OTHER INFORMATION (cont.)

C. EMPLOYEES' RETIREMENT SYSTEM

Illinois Municipal Retirement Fund

The County's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The County's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

The employees of the Board are pooled with the employees of DuPage County for purposes of actuarial valuation. As the Board is participating under the County's employer number, IMRF is considered to be a cost-sharing plan for the Board.

Plan description. IMRF has a two tier plan. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Under the employer number within Regular IMRF, both the County and ETSB contribute to the plan. The Regular IMRF plan is considered to be an agent multiple-employer plan through which cost-sharing occurs between the County and ETSB.

Contributions. As set by statute, Board employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the Board to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Board's actuarially determined contribution rate for calendar year 2017 was 11.73% percent of annual covered payroll. The Board also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2018

NOTE IV – OTHER INFORMATION (cont.)

C. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Fiduciary Net Position. Detailed information about the IMRF fiduciary net position as of December 31, 2017 is available in the separately issued DuPage County Comprehensive Annual Financial Report as of and for the year ended November 30, 2018.

Net pension liability/(asset). The net pension liabilities/(assets) were measured as of December 31, 2017, and the total pension liabilities used to calculate the net pension liabilities/(assets) were determined by an actuarial valuation as of that date.

Board's proportionate share of the collective net pension liability	\$ 128,408
County's proportionate share of the collective net pension liability	<u>43,456,662</u>
Total	<u>\$ 43,585,070</u>

The net pension liability was measured as of December 31, 2017. The Board's proportion of the net pension liability was based on the Board's share of contributions to IMRF for the fiscal year ended November 30, 2018, relative to the total contributions of the Board and County during that period. At November 30, 2018, the Board's proportion was 0.2946%. The Board's proportion at November 30, 2017 was 0.2239%.

Summary of significant accounting policies. For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2017 annual actuarial valuation included a 7.50% investment rate of return, (b) projected salary increases from 3.39% to 14.25%, including inflation, and (c) price inflation of 2.50%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE IV – OTHER INFORMATION (cont.)

C. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected real rate of return. The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	37.00%	8.30%	6.85%
International equities	18.00%	8.45%	6.75%
Fixed income	28.00%	3.05%	3.00%
Real estate	9.00%	6.90%	5.75%
Alternatives	7.00%		
Private equity		12.45%	7.35%
Hedge funds		5.35%	5.05%
Commodities		4.25%	2.65%
Cash equivalents	1.00%	2.25%	2.25%

Discount rate. The discount rate used to measure the total collective pension liability for IMRF was 7.50%, the same as the prior year. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Board's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Discount rate sensitivity. The following is a sensitivity analysis of the Board's proportionate share of the net pension liability / (asset) to changes in the discount rate. The table below presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.50% as well as what the Board's proportionate share of the net pension liability / (asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Board's proportionate share of the collective net pension liability/(asset)	\$ 355,303	\$ 128,408	\$ (57,636)

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE IV – OTHER INFORMATION (cont.)

C. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended November 30, 2018, the Board recognized pension expense of \$115,507. The Board reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 15,160	\$ -
Changes in assumptions	276	52,107
Net difference between projected and actual earnings on pension plan investments	-	105,456
Contributions subsequent to the measurement date	43,270	-
Total	<u>\$ 58,706</u>	<u>\$ 157,563</u>

The amount reported as deferred outflows and inflows of resources resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liabilities/(assets) for the year ending November 30, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$142,127) will be recognized in pension expense as follows:

Year Ending November 30	Amount
2019	\$ (23,172)
2020	(30,702)
2021	(44,436)
2022	(43,817)
Total	<u>\$ (142,127)</u>

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS

The Board provides postemployment health insurance benefits for retired employees through a cost-sharing defined benefit plan administered by the County.

Plan description. The Board's cost-sharing defined benefit OPEB plan, the Retiree Healthcare Plan, provides group health insurance plan coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. The plan is funded on a pay-as-you go basis and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Contributions and benefits provided. The Board provides continued healthcare and life insurance benefits for retirees and their dependents. Benefit provisions and contribution requirements are governed and may be amended through the County's personnel manual and union contracts. The plan provides coverage to active employees and retirees at blended premium rates, resulting in an other postemployment benefit for retirees, commonly referred to as an implicit rate subsidy. Retired employees are required to pay 100% of the premiums for such coverage. Additionally, the plan provides an explicit premium subsidy to certain employees who meet eligibility conditions and other coverage to certain employees as a function of their early retirement agreements.

Total OPEB liability. At November 30, 2018, the Board reported a liability for its proportionate share of the total OPEB liability of \$35,592. The liability was measured as of November 30, 2018, and was determined by an actuarial valuation as of November 30, 2017. The Board's proportion of the total OPEB liability was based on the Board's share of OPEB cost, as determined by the independent actuary, for the measurement year ended November 30, 2018. At November 30, 2018, the Board's proportion was 0.34%.

Actuarial assumptions and other inputs. The total OPEB liability in the November 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Healthcare participation rate	30% for currently participating employees; 10% for currently waiving employees
Healthcare cost trend rates	Initial rate of 6.50%, grading down to the ultimate trend rate of 5.00% in 2025
Retiree's share of benefit-related costs	100%

The discount rate was based on the High Quality 20 Year Tax-Exempt G.O. Bond rate.

Mortality rates were based on the RP-2014 Study, with rates improved generationally using MP-2017 Improvement Rates.

The actuarial assumptions used in the November 30, 2018 valuation were based on the results of an actuarial experience study conducted by the independent actuary.

Discount rate. At November 30, 2018, the discount rate used to measure the total OPEB Liability was a blended rate of 4.22%, which was a change from the November 30, 2017 rate of 3.59%. Since the plan is financed on a pay-as-you-go basis, the discount rate is based on the 20-year general obligation bond index.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22%) or 1-percentage-point higher (5.22%) than the current discount rate:

	1% Decrease (3.22%)	Discount Rate (4.22%)	1% Increase (5.22%)
Total OPEB liability	\$ 38,147	\$ 35,592	\$ 33,246

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (5.50% decreasing to 4.00%) or 1-percentage-point higher (7.50% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 4.00%)	Healthcare Cost Trend Rates (6.50% Decreasing to 5.00%)	1% Increase (7.50% Decreasing to 6.00%)
Total OPEB liability	\$ 32,310	\$ 35,592	\$ 39,391

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended November 30, 2019, the Board recognized OPEB expense of \$2,305. At November 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 1,419
Total	\$ -	\$ 1,419

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended November 30	Amount
2019	\$ (167)
2020	(167)
2021	(167)
2022	(167)
2023	(167)
Thereafter	(584)
Total	\$ (1,419)

REQUIRED SUPPLEMENTARY INFORMATION

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended November 30, 2018
 With Comparative Actual Amounts For The Year Ended November 30, 2017

	2018			Variance with Final Budget	2017
	Original Budget	Final Budget	Actual		
Revenues					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ 6,437
Miscellaneous	90,456	90,456	64,111	(26,345)	89,751
Total Revenues	90,456	90,456	64,111	(26,345)	96,188
Expenditures					
Public Safety					
Commodities					
Equipment	-	-	-	-	1,182
Other commodities	-	-	-	-	1,998
Total Commodities	-	-	-	-	3,180
Contractual Services					
Professional services	-	-	-	-	19,516
Utilities	24,540	24,540	9,517	15,023	25,983
Repairs and maintenance	566,872	566,872	566,872	-	714,523
Rentals	1,708	1,708	1,422	286	1,707
Other contractual services	5,305	5,305	1,852	3,453	226,851
Total Contractual Services	598,425	598,425	579,663	18,762	988,580
Capital Outlay					
Capital outlay	-	-	-	-	24,200
Total Capital Outlay	-	-	-	-	24,200
Total Public Safety	598,425	598,425	579,663	18,762	1,015,960
Total Expenditures	598,425	598,425	579,663	18,762	1,015,960
Excess (Deficiency) of Revenues Over (Under) Expenditures	(507,969)	(507,969)	(515,552)	(7,583)	(919,772)
Other Financing Sources (Uses)					
Transfer out	-	(55,000)	(54,888)	(112)	-
Total Other Financing Sources (Uses)	-	(55,000)	(54,888)	(112)	-
Net Change in Fund Balance	(507,969)	(562,969)	(570,440)	(7,695)	(919,772)
Fund Balance - Beginning of Year	781,113	781,113	781,113	-	1,700,885
Fund Balance - End of Year	\$ 273,144	\$ 218,144	\$ 210,673	\$ (7,695)	\$ 781,113

See independent auditors' report and accompanying notes to required supplementary information.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
 For the Year Ended November 30, 2018
 With Comparative Actual Amounts For The Year Ended November 30, 2017

	2018				2017
	Original Budget	Final Budget	Actual	Variance with Final Budget	
Revenues					
Investment income	\$ -	\$ -	\$ 74,543	\$ 74,543	\$ 95,630
Miscellaneous	-	-	-	-	21,400
Total Revenues	<u>-</u>	<u>-</u>	<u>74,543</u>	<u>74,543</u>	<u>117,030</u>
Expenditures					
Public Safety					
Contractual Services					
Professional services	354,011	354,011	201,595	152,416	336,592
Utilities	1,453,360	1,453,360	249,433	1,203,927	414,421
Repairs and maintenance	1,330,499	1,330,499	229,455	1,101,044	876,262
Other contractual services	<u>1,399,695</u>	<u>1,399,695</u>	<u>825,599</u>	<u>574,096</u>	<u>7,431,502</u>
Total Contractual Services	<u>4,537,565</u>	<u>4,537,565</u>	<u>1,506,082</u>	<u>3,031,483</u>	<u>9,058,777</u>
Capital Outlay					
Capital outlay	<u>7,344,322</u>	<u>7,039,322</u>	<u>5,746,763</u>	<u>1,292,559</u>	<u>2,965,931</u>
Total Capital Outlay	<u>7,344,322</u>	<u>7,039,322</u>	<u>5,746,763</u>	<u>1,292,559</u>	<u>2,965,931</u>
Total Public Safety	<u>11,881,887</u>	<u>11,576,887</u>	<u>7,252,845</u>	<u>4,324,042</u>	<u>12,024,708</u>
Total Expenditures	<u>11,881,887</u>	<u>11,576,887</u>	<u>7,252,845</u>	<u>4,324,042</u>	<u>12,024,708</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,881,887)</u>	<u>(11,576,887)</u>	<u>(7,178,302)</u>	<u>4,398,585</u>	<u>(11,907,678)</u>
Other Financing Sources (Uses)					
Transfer out	-	(305,000)	(304,923)	77	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(305,000)</u>	<u>(304,923)</u>	<u>77</u>	<u>-</u>
Net Change in Fund Balance	<u>(11,881,887)</u>	<u>(11,881,887)</u>	<u>(7,483,225)</u>	<u>4,398,662</u>	<u>(11,907,678)</u>
Fund Balance - Beginning of Year	<u>7,879,449</u>	<u>7,879,449</u>	<u>7,879,449</u>	<u>-</u>	<u>19,787,127</u>
Fund Balance - End of Year	<u>\$ (4,002,438)</u>	<u>\$ (4,002,438)</u>	<u>\$ 396,224</u>	<u>\$ 4,398,662</u>	<u>\$ 7,879,449</u>

See independent auditors' report and accompanying notes to required supplementary information.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - EQUALIZATION FUND
 For the Year Ended November 30, 2018
 With Comparative Actual Amounts For The Year Ended November 30, 2017

	2018			Variance with Final Budget	2017
	Original Budget	Final Budget	Actual		
Revenues					
Charges for services	\$ 13,897,834	\$ 13,897,834	\$ 14,137,349	\$ 239,515	\$ 8,088,981
Investment income	-	-	146,217	146,217	24,067
Miscellaneous	-	-	19,376	19,376	-
Total Revenues	<u>13,897,834</u>	<u>13,897,834</u>	<u>14,302,942</u>	<u>405,108</u>	<u>8,113,048</u>
Expenditures					
Public Safety					
Personnel Services					
Salaries	640,434	637,434	588,811	48,623	524,344
Benefits	<u>178,086</u>	<u>183,180</u>	<u>167,804</u>	<u>15,376</u>	<u>147,081</u>
Total Personnel Services	818,520	820,614	756,615	63,999	671,425
Commodities					
Equipment	127,000	181,458	112,073	69,385	132,005
Other commodities	<u>10,500</u>	<u>10,500</u>	<u>2,862</u>	<u>7,638</u>	<u>416</u>
Total Commodities	137,500	191,958	114,935	77,023	132,421
Contractual Services					
Professional services	182,104	200,105	154,487	45,618	-
Insurance	95,000	95,000	93,145	1,855	113,688
Utilities	1,890,529	1,890,529	797,579	1,092,950	52,738
Repairs and maintenance	1,143,797	1,189,678	29,401	1,160,277	3,667
Rentals	10,289	10,289	8,580	1,709	8,580
Travel expenditure	41,000	41,000	33,608	7,392	23,831
Training and education	119,300	119,300	20,705	98,595	17,503
Other contractual services	<u>5,901,790</u>	<u>5,780,814</u>	<u>3,875,322</u>	<u>1,905,492</u>	<u>70,843</u>
Total Contractual Services	9,383,809	9,326,715	5,012,827	4,313,888	290,850
Capital Outlay					
Capital outlay	<u>4,886,569</u>	<u>4,887,111</u>	<u>1,148,255</u>	<u>3,738,856</u>	<u>229,537</u>
Total Capital Outlay	4,886,569	4,887,111	1,148,255	3,738,856	229,537
Total Public Safety	<u>15,226,398</u>	<u>15,226,398</u>	<u>7,032,632</u>	<u>8,193,766</u>	<u>1,324,233</u>
Total Expenditures	<u>15,226,398</u>	<u>15,226,398</u>	<u>7,032,632</u>	<u>8,193,766</u>	<u>1,324,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,328,564)</u>	<u>(1,328,564)</u>	<u>7,270,310</u>	<u>8,598,874</u>	<u>6,788,815</u>
Other Financing Sources (Uses)					
Transfer in	-	-	359,811	359,811	-
Total Other Financing Sources (Uses)	-	-	359,811	359,811	-
Net Change in Fund Balance	<u>(1,328,564)</u>	<u>(1,328,564)</u>	<u>7,630,121</u>	<u>8,958,685</u>	<u>6,788,815</u>
Fund Balance - Beginning of Year	<u>12,908,967</u>	<u>12,908,967</u>	<u>12,908,967</u>	-	<u>6,120,152</u>
Fund Balance - End of Year	<u>\$ 11,580,403</u>	<u>\$ 11,580,403</u>	<u>\$ 20,539,088</u>	<u>\$ 8,958,685</u>	<u>\$ 12,908,967</u>

See independent auditors' report and accompanying notes to required supplementary information.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - PRMS OPERATIONS FUND
 For the Year Ended November 30, 2018
 With Comparative Actual Amounts For The Year Ended November 30, 2017

	2018				2017
	Original Budget	Final Budget	Actual	Variance with Final Budget	
Revenues					
Miscellaneous	\$ -	\$ 712,407	\$ -	\$ (712,407)	\$ -
Total Revenues	<u>-</u>	<u>712,407</u>	<u>-</u>	<u>(712,407)</u>	<u>-</u>
Expenditures					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	712,407	-	(712,407)	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 712,407</u>	<u>\$ -</u>	<u>\$ (712,407)</u>	<u>\$ -</u>

See independent auditors' report and accompanying notes to required supplementary information.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF BOARD'S PROPORTIONATE SHARE
 OF THE COLLECTIVE NET PENSION LIABILITY AND BOARD CONTRIBUTIONS
 Most Recent Four Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Board's proportion of the net pension liability	0.2946%	0.2239%	0.2188%	0.2100%
Board's proportionate share of the net pension liability	\$ 128,408	\$ 270,792	\$ 258,848	\$ 153,126
County's proportionate share of the net pension liability	<u>43,456,662</u>	<u>120,684,669</u>	<u>118,034,165</u>	<u>72,765,408</u>
Total net pension liability	<u>\$ 43,585,070</u>	<u>\$ 120,955,461</u>	<u>\$ 118,293,013</u>	<u>\$ 72,918,534</u>
Covered payroll	\$ 384,808	\$ 285,326	\$ 266,257	\$ 262,727
Board's proportionate share of the net pension liability as a percentage of covered payroll	33.37%	94.91%	97.22%	58.28%
Plan fiduciary net position as a percentage of the total pension liability	93.33%	84.95%	84.92%	90.58%
Contractually required contribution	\$ 45,217	\$ 35,157	\$ 30,100	\$ 30,503
Contributions in relation to the contractually required contribution	<u>(45,138)</u>	<u>(35,466)</u>	<u>(30,087)</u>	<u>(30,506)</u>
Contribution deficiency (excess)	<u>\$ 79</u>	<u>\$ (309)</u>	<u>\$ 13</u>	<u>\$ (3)</u>
Contributions as a percentage of covered employee payroll	11.73%	12.43%	11.30%	11.61%

Note: The Board implemented GASB 68 in 2015. Information for fiscal years prior to 2015 is not applicable.

Notes to Schedule:

Contractually required contribution amounts reported in 2018 reflect an investment rate of return of 7.5 percent, an inflation rate of 2.8 percent, and a salary increase assumption of 3.8 percent to 14.5 percent including inflation.

See independent auditors' report and accompanying notes to required supplementary information.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

RETIREE HEALTHCARE PLAN
 SCHEDULE OF BOARD'S PROPORTIONATE SHARE
 OF THE COLLECTIVE TOTAL OPEB LIABILITY AND BOARD CONTRIBUTIONS
 Most Recent Fiscal Year

	<u>2018</u>
Board's proportion of the total OPEB liability	0.3400%
Board's proportionate share of the total OPEB liability	\$ 35,592
County's proportionate share of the total OPEB liability	<u>10,558,402</u>
Total OPEB liability	<u>\$ 10,593,994</u>
Covered payroll	\$ 591,389
Board's proportionate share of the total OPEB liability as a percentage of covered payroll	6.02%
Plan fiduciary net position as a percentage of the total pension liability	0.00%
Contractually required contribution	N/A
Contributions in relation to the contractually required contribution	<u>N/A</u>
Contribution deficiency (excess)	<u><u>N/A</u></u>
Contributions as a percentage of covered payroll	N/A
Note: The Board implemented GASB 75 in 2018. Information for fiscal years prior to 2018 is not applicable.	
Key Assumptions:	
Long-term expected rate of return	N/A
Municipal bond index	4.22%
Single equivalent discount rate	4.22%
Inflation rate	2.00%
Healthcare cost trend rates - initial	6.50%
Healthcare cost trend rates - ultimate	5.00%
Mortality	RP-2014 Tables

See independent auditors' report and accompanying notes to required supplementary information.

EMERGENCY TELEPHONE SYSTEM BOARD OF DUPAGE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended November 30, 2018

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note I.C.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the detail level of expenditure.

See independent auditors' report.