

**TRI-COM CENTRAL DISPATCH  
ST. CHARLES, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

For the Year Ended  
April 30, 2015



**TRI-COM CENTRAL DISPATCH**  
**ST. CHARLES, ILLINOIS**  
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Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors  
Tri-Com Central Dispatch  
St. Charles, Illinois

We have audited the accompanying financial statements of the Tri-Com Central Dispatch, St. Charles, Illinois (Tri-Com) as of and for the year ended April 30, 2015, and the related notes to the financial statements which collectively comprise Tri-Com's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Tri-Com'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 Tri-Com'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.

## **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Tri-Com Central Dispatch, St. Charles, Illinois as of April 30, 2015, and the respective changes in financial position and cash flows thereof 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 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tri-Com's basic financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Naperville, Illinois  
August 31, 2015

A handwritten signature in black ink, appearing to be 'M. D. J.', is located in the lower right quadrant of the page.

# TRI-COM CENTRAL DISPATCH

## MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2015

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Management's Discussion and Analysis is a required supplementary element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34. The purpose is to provide an overview of the financial activities of Tri-Com Central Dispatch (Tri-Com) based on currently known facts, decisions or conditions.

### General Information

#### Tri-Com

Tri-Com was formed in 1976 by an intergovernmental agreement entered into by the cities of St Charles, Geneva and Batavia to provide emergency communications services to various police, fire, and emergency medical services departments. Tri-Com serves 12 agencies covering approximately 200,000 residents within Kane County. The constituency is predominantly residential composed of single-family, high-rise and multi-family units, but also includes commercial and industrial businesses and corporate headquarters.

Tri-Com is the Communication Center for Mutual Aid Box Alarm System (MABAS) Division 13 serving 13 fire departments. The Center's impact extends across the state by serving as a member of the Illinois Telecommunicator Emergency Response Team (IL-TERT). Tri-Com is also a 9-1-1 Call Center partner for The National Center for Missing & Exploited Children (NCMEC).

Whenever a citizen needs a police officer, firefighter or paramedic, Tri-Com receives that request through the 9-1-1 network. The System averages over 130,000 inbound/outbound calls annually! The 9-1-1 telephone system is integrated with a Computer Aided Dispatch (CAD) System used to track police and fire department responses and activity. The System dispatches over 94,000 police and fire calls for service annually. The system manages a conventional radio system and mobile data computer system covering 200 square miles.

### Financial Highlights

- Assets of Tri-Com exceeded liabilities by \$4,842,163 (net position) at the close of the fiscal year April 30, 2015. Of this amount, \$1,601,622 is unrestricted and available to meet ongoing and future obligations of Tri-Com.
- Net investment in capital assets decreased \$251,625 to \$3,240,541.
- Net Position increased \$500,994 from the previous year.

### Financial Analysis of Tri-Com Central Dispatch as a Whole

Total Liabilities of \$474,485 includes accounts payable, accrued payroll, and compensated absences payable. Total assets of \$5,316,648 include current assets of \$2,076,107, which includes cash and cash equivalents, certificates of deposit and other investments and accrued interest receivable while capital assets are \$3,240,541.

**TRI-COM CENTRAL DISPATCH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**April 30, 2015**

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STATEMENT OF NET POSITION

**STATEMENT OF NET POSITION**

**April 30, 2015 and 2014**

	<b>Tri-Com</b>	
	<u>2015</u>	<u>2014</u>
Current Assets	\$2,076,107	\$1,390,813
Capital Assets	<u>3,240,541</u>	<u>3,492,166</u>
Total Assets	<u>5,316,648</u>	<u>4,882,979</u>
Current Liabilities	341,096	383,055
Long-term Liabilities	<u>133,389</u>	<u>158,755</u>
Total Liabilities	<u>474,485</u>	<u>541,810</u>
Net Position		
Net Investment in Capital Assets	3,240,541	3,492,166
Unrestricted	<u>1,601,622</u>	<u>849,003</u>
Total Net Position	<u><u>\$4,842,163</u></u>	<u><u>\$4,341,169</u></u>

**TRI-COM CENTRAL DISPATCH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**April 30, 2015**

The following table summarizes the changes in Tri-Com's total net position for the fiscal years ending April 30, 2015 and 2014. The data provided below is presented on the accrual basis of accounting.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
April 30, 2015 and 2014**

	<b>Tri-Com</b>	
	<u>2015</u>	<u>2014</u>
<b>Operating Revenue</b>		
Wireless 911	923,640	811,050
Dispatch Services	1,867,120	1,759,635
Rental Income	3,696	13,826
Public Safety Fees	-	2,474
Miscellaneous	<u>100</u>	<u>50</u>
 Total Operating Revenues	 <u>2,842,608</u>	 <u>2,587,035</u>
<b>Operating Expenses</b>		
Administration	485,914	431,674
Operations	<u>1,969,004</u>	<u>2,013,228</u>
 Total Operating Expenses excluding depreciation	 <u>2,454,918</u>	 <u>2,444,902</u>
<b>Operating Income Before Depreciation</b>	387,690	142,133
 Depreciation	 <u>269,501</u>	 <u>299,080</u>
<b>Operating Income (Loss)</b>	 <u>118,189</u>	 <u>(156,947)</u>
<b>Non-operating Revenues (Expenses)</b>		
Investment Income	3,335	1,164
Insurance and Property Damage Recovery	<u>379,470</u>	<u>4,053</u>
 Total Non-operating Revenues (Expenses)	 <u>382,805</u>	 <u>5,217</u>
<b>Change in Net Position</b>	 <u>500,994</u>	 <u>(151,730)</u>
 Net Position May 1st	 4,341,169	 4,492,899
 <b>Net Position April 30th</b>	 <u><u>\$4,842,163</u></u>	 <u><u>\$4,341,169</u></u>

# TRI-COM CENTRAL DISPATCH

## MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2015

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### Revenue

Tri-Com has two sources of revenue: wireless surcharge (pass-through) revenue and dispatch fees. The dispatch services revenue is derived from an assessment charged to the agencies receiving dispatch services. \$1,867,120 of revenue was generated by assessments, which is calculated based on the number of Calls For Service (CFS) processed annually for each member agency. The average assessment by agency increased in FY15 by 5.76%. This increase was due in large part to increases in salaries and benefits expenses.

Tri-Com receives 100% of wireless telephone surcharges imposed on subscriber's bills or collected from member communities along with remittances from VoIP subscribers and pay as you go phones. Wireline surcharge is collected by the Kane County ETSB. As telecommunications technology has changed, more residents have acquired wireless communication devices, and the Kane County ETSB has seen a decline in wireline revenue. The Illinois General Assembly enacted a Wireless 9-1-1 Surcharge in the amount of \$.75 per wireless network connection, of which \$.58 per connection is remitted to the Kane County ETSB on a monthly basis by the Illinois Commerce Commission. The wireless money is then dispersed to each PSAP based on the PSAP's share of the network hardline connections. Between FY13 and FY14 this revenue showed a 2.6% increase. In July, 2010, state legislation became effective which required all VoIP providers in Illinois to register with the Illinois Commerce Commission and to collect and remit the local 9-1-1 surcharge in the same manner and at the same rate as wireline providers.

Tri-Com receives additional support of 9-1-1 related equipment and services from the Kane County ETSB.

### Expenses

Salaries and wages, group insurance and other benefits comprise the largest single expense at \$2,010,773 or 82% of expenses. Tri-Com's 15 full-time Telecommunicators are supported by 3 Shift Supervisors, a Part-Time Administrative Assistant, 1 CAD Administrator, 1 Computer Technician, 1 Training Coordinator, a Deputy Director and an Executive Director.

### Variations between Original and Final Budgets

Actual amounts for revenue were over the budget as approved by the Tri-Com Central Dispatch Board of Directors for the fiscal year ending April 30, 2015 by \$552,333. Tri-Com received insurance settlements of \$379,470 for water damage to the basement of the Tri-Com facility. 911 revenues were over the budget by \$179,640. Expenses were under budget, mainly due to open Telecommunicator positions during the fiscal year and lower than expected health insurance premiums.

### Net Position

Net position began the year at \$4,341,169 and ended at \$4,842,163 an increase of \$500,994. This increase was primarily due to the insurance settlement (\$379,470).

### Capital Assets

There was one addition to capital assets during the fiscal year, \$17,876 for a comparator and no deletions. Depreciation of \$269,501 was recorded, creating a net loss of capital assets of \$251,625. Additional information on Tri-Com's capital assets can be found in Note 3 on pages 10-11 of this report.



# TRI-COM CENTRAL DISPATCH

## MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2015

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### **Long-term Debt**

At the end of the current fiscal year, Tri-Com had \$325,159 in long-term debt outstanding all of which was in compensated absences. Additional information on Tri-Com's long-term debt can be found in Note 4 on page 11 of this report.

### **Economic Conditions**

Tri-Com is not affected by short-term economic conditions. The economy does not have an impact on its revenue stream from member communities, nor their ability to define and pay the budgeted dispatch fees. Tri-Com relies on dispatch fees from members as defined by the intergovernmental agreement.

Tri-Com Central Dispatch operates primarily on wireline and wireless surcharge funds that are not affected by short-term economic conditions. However, Tri-Com is affected by changes in telecommunications technology. The number of wireline network connections has consistently decreased as the market shifts to the use of wireless and voice over internet protocol technology (VoIP). Tri-Com receives surcharge funds from VoIP providers. Tri-Com cannot increase the amount of the wireline surcharge without voter approval. The wireless surcharge amount is determined by state legislation.

### **Contacting Tri-Com's Administration**

This financial report is designed to provide a general overview of Tri-Com's finances, comply with finance related laws and regulations, and demonstrate Tri-Com's commitment to public accountability. Questions about this report or requests for additional information should be sent to:

Executive Director  
Tri-Com Central Dispatch  
3823 Karl Madsen Drive  
St Charles, IL 60175

## **BASIC FINANCIAL STATEMENTS**

**TRI-COM CENTRAL DISPATCH  
ST. CHARLES, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2015

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<b>CURRENT ASSETS</b>	
Cash and investments	\$ 2,074,741
Accrued interest receivable	<u>1,366</u>
Total current assets	<u>2,076,107</u>
<b>CAPITAL ASSETS</b>	
Capital assets being depreciated, at cost	6,730,418
Accumulated depreciation	<u>(3,489,877)</u>
Total capital assets	<u>3,240,541</u>
Total assets	<u>5,316,648</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable	60,174
Accrued payroll	89,152
Compensated absences payable	<u>191,770</u>
Total current liabilities	<u>341,096</u>
<b>NONCURRENT LIABILITIES</b>	
Compensated absences payable	<u>133,389</u>
Total noncurrent liabilities	<u>133,389</u>
Total liabilities	<u>474,485</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,240,541
Unrestricted	<u>1,601,622</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 4,842,163</u></u>

See accompanying notes to financial statements.

**TRI-COM CENTRAL DISPATCH  
ST. CHARLES, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Year Ended April 30, 2015

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<b>OPERATING REVENUES</b>	
Wireless 911	\$ 923,640
Dispatch services	1,867,120
Rental income	3,696
Reimbursed expenses	48,052
Miscellaneous	<u>100</u>
Total operating revenues	<u>2,842,608</u>
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>	
Administration	485,914
Operations	<u>1,969,004</u>
Total operating expenses excluding depreciation	<u>2,454,918</u>
OPERATING INCOME BEFORE DEPRECIATION	387,690
Depreciation	<u>269,501</u>
OPERATING INCOME	<u>118,189</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	3,335
Insurance and property damage recovery	<u>379,470</u>
Total non-operating revenues (expenses)	<u>382,805</u>
CHANGE IN NET POSITION	500,994
NET POSITION, MAY 1	<u>4,341,169</u>
NET POSITION, APRIL 30	<u><u>\$ 4,842,163</u></u>

See accompanying notes to financial statements.

**TRI-COM CENTRAL DISPATCH  
ST. CHARLES, ILLINOIS**

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2015

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from members	\$ 1,955,885
Receipts from intergovernmental	923,640
Payments to employees	(1,790,760)
Payments to suppliers	<u>(666,792)</u>
Net cash from operating activities	<u>421,973</u>

**CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES**

Insurance and property damage recovery	<u>379,470</u>
Net cash from noncapital financing activities	<u>379,470</u>

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Capital assets purchased	<u>(82,568)</u>
Net cash from capital and related financing activities	<u>(82,568)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>1,970</u>
Net cash from investing activities	<u>1,970</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

720,845

CASH AND CASH EQUIVALENTS, MAY 1

1,353,896

**CASH AND CASH EQUIVALENTS, APRIL 30**

\$ 2,074,741

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH FLOWS FROM OPERATING ACTIVITIES**

Operating income	\$ 118,189
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	269,501
Changes in assets and liabilities	
Accounts receivable	36,917
Accounts payable	10,550
Accrued payroll	3,252
Compensated absences	<u>(16,436)</u>

**NET CASH FROM OPERATING ACTIVITIES**

\$ 421,973

See accompanying notes to financial statements.

**TRI-COM CENTRAL DISPATCH  
ST. CHARLES, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Tri-Com Central Dispatch, St. Charles, Illinois (Tri-Com) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of Tri-Com's accounting policies are described below.

a. Reporting Entity

Tri-Com was created in 1976 by the member cities of Batavia, Geneva and St. Charles to provide emergency communications services to those communities. Tri-Com is a municipal corporation governed by an Executive Director and nine-member board, with each member municipality appointing three representatives on the board. As required by GAAP, these financial statements present Tri-Com and its component units, entities for which Tri-Com is considered to be financially accountable. Tri-Com has no component units to report and is not reported as a component unit of any other entity.

b. Fund Accounting

Tri-Com uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Tri-Com utilizes an enterprise fund to report its financial position, results of operations and cash flows. Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties and typically are the result of exchange or exchange-like transactions.

Tri-Com reports the following major fund:

The Tri-Com Central Dispatch Fund accounts for the intergovernmental cooperation association organized to provide the centralized public safety communications system for the cities of Batavia, Geneva and St. Charles. Funding is provided by member assessments and surcharge revenues.

**TRI-COM CENTRAL DISPATCH**  
**ST. CHARLES, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Enterprise fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Operating revenues and expenses are directly attributable to the operation of the enterprise funds. Non-operating revenue/expenses are incidental to the operations of these funds.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, Tri-Com's enterprise fund type considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value.

e. Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Tri-Com adopted a minimum threshold of \$5,000 for recording buildings and improvements, machinery and equipment and vehicles.

Depreciation of capital assets is computed using the straight-line method.

**TRI-COM CENTRAL DISPATCH**  
**ST. CHARLES, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. Capital Assets (Continued)

The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Buildings	50
Improvements other than buildings	20
Machinery and equipment	4-20
Vehicles	4-20

f. Compensated Absences

Tri-Com permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as an expense and liability of Tri-Com's enterprise fund as the benefits accrue to employees. Accumulated sick leave lapses when employees leave the employ of Tri-Com; therefore, upon separation from service no monetary obligation exists, except in cases of retirement in which employees receive payment for unused sick time.

g. Deferred Inflows/Outflows

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Tri-Com has not reported such items this fiscal year.

h. Net Position

Net investment in capital assets represents the book value of capital assets less any long-term debt principal outstanding issued to construct or acquire capital assets. Restricted net position is legally restricted by outside parties for a specific purpose. Unrestricted net position is available for Tri-Com to use for general purposes.



**TRI-COM CENTRAL DISPATCH**  
**ST. CHARLES, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

h. Net Position (Continued)

Tri-Com's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first.

k. Use of Estimates

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. DEPOSITS AND INVESTMENTS**

Tri-Com's investment policy through the City of Geneva (the City) and Illinois Compiled Statutes (ILCS) authorize Tri-Com to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

Investments in Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, is reported at \$1 per share value, which equals Tri-Com's fair value of the pool.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, Tri-Com's deposits may not be returned to it. Tri-Com's obtain pledging of collateral for all bank balances in excess of federal depository insurance, at an amount greater than the fair market value of the funds secured, with the collateral held by an independent third party in Tri-Com's name.

Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Tri-Com limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

Tri-Com limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in external investment pools. Illinois Funds are rated AAA.

**TRI-COM CENTRAL DISPATCH**  
**ST. CHARLES, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**2. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, Tri-Com will not be able to recover the value of their investments that are in possession of an outside party. To limit its exposure, Tri-Com's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the City's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the City's name. Illinois Funds are not subject to custodial credit risk.

Concentration of credit risk is the risk that Tri-Com has a high percentage of their investments invested in one type of investment. Tri-Com's investment policy requires diversification of investments to avoid unreasonable risk.

The following table represents the investments and maturities of Tri-Com's debt securities as of April 30, 2015:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. agency obligations	\$ 250,398	\$ -	\$ 250,368	\$ -	\$ -
Negotiable CDs	248,900	248,900	-	-	-
<b>TOTAL</b>	<b>\$ 499,268</b>	<b>\$ 248,900</b>	<b>\$ 250,368</b>	<b>\$ -</b>	<b>\$ -</b>

**3. CAPITAL ASSETS**

Tri-Com's changes in capital assets for the year ended April 30, 2015 are as follows:

	Balances May 1	Additions	Retirements	Balances April 30
Capital assets being depreciated				
Buildings	\$ 3,271,389	\$ -	\$ -	\$ 3,271,389
Improvements other than buildings	1,615,011	-	-	1,615,011
Machinery and equipment	1,803,705	17,876	-	1,821,581
Vehicles	22,437	-	-	22,437
Total capital assets being depreciated	6,712,542	17,876	-	6,730,418

**TRI-COM CENTRAL DISPATCH**  
**ST. CHARLES, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**3. CAPITAL ASSETS (Continued)**

	Balances May 1	Additions	Retirements	Balances April 30
Less accumulated depreciation for				
Buildings	\$ 477,104	\$ 65,428	\$ -	\$ 542,532
Improvements other than buildings	1,561,283	21,491	-	1,582,774
Machinery and equipment	1,161,422	180,712	-	1,342,134
Vehicles	20,567	1,870	-	22,437
Total accumulated depreciation	<u>3,220,376</u>	<u>269,501</u>	<u>-</u>	<u>3,489,877</u>
 Total capital assets being depreciated, net	 <u>3,492,166</u>	 <u>(251,625)</u>	 <u>-</u>	 <u>3,240,541</u>
 CAPITAL ASSETS, NET	 <u>\$ 3,492,166</u>	 <u>\$ (251,625)</u>	 <u>\$ -</u>	 <u>\$ 3,240,541</u>

**4. LONG-TERM DEBT**

The change in other long-term debt payable is as follows:

	Balances May 1	Increase	Decrease	Balances April 30	Current Portion
Compensated absences	\$ 341,595	\$ 166,404	\$ 182,840	\$ 325,159	\$ 191,770
TOTAL	<u>\$ 341,595</u>	<u>\$ 166,404</u>	<u>\$ 182,840</u>	<u>\$ 325,159</u>	<u>\$ 191,770</u>

**5. INTERGOVERNMENTAL AGREEMENT**

The cities of St. Charles, Batavia and Geneva, on or about June 7, 1976, entered into an agreement in order to establish the Tri-Com for the purpose of providing communication services for police, fire, ambulance and other emergency communication systems for the mutual benefit of the members of the venture; to provide such services on a contract basis to other public agencies; and to provide a forum for discussion, study, development and implementation of recommendations of mutual interests regarding communications, information systems, statistical matters and criminal justice, fire safety, emergency medical and telephone emergency request systems, public safety information communication and data processing within portions of Kane, DuPage and Kendall Counties in Illinois. As part of the agreement, the City was named as the administrative entity of Tri-Com and as a result, the City provides accounting services to Tri-Com and collects all members' service and usage fees.

**6. RISK MANAGEMENT**

Tri-Com is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

**7. RETIREMENT FUND COMMITMENTS**

Illinois Municipal Retirement Fund

Tri-Com, under the sponsorship of the City, contributes to the Illinois Municipal Retirement Fund (IMRF). IMRF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois.

The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. Tri-Com's participation in IMRF through the City transforms IMRF into a cost-sharing multiple-employer plan from the point of view of Tri-Com. IMRF issues a publicly available financial report that includes financial statements and supplementary information for the plan as a whole but not by individual employer. That report may be obtained at [www.imrf.org](http://www.imrf.org) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for lie, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

**TRI-COM CENTRAL DISPATCH**  
**ST. CHARLES, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**7. RETIREMENT FUND COMMITMENTS (Continued)**

Illinois Municipal Retirement Fund (Continued)

Participating members are required to contribute 4.5% of their annual salary to IMRF. Tri-Com is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended December 31, 2014 was 12.62% of covered payroll. The employer 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.

The actuarial accrued liability for the City as a whole as of December 31, 2014, 2013 and 2012 was \$25,691,803, \$23,938,817, and \$23,333,932, respectively. The actuarial value of assets at these dates was \$20,488,750, \$18,342,154 and \$17,335,750, respectively, resulting in an unfunded actuarial accrued liability of \$5,203,053, \$5,596,663 and \$5,998,182 respectively.

**8. OTHER POSTEMPLOYMENT BENEFITS**

Tri-Com has evaluated its potential other postemployment benefits liability. Tri-Com provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through Tri-Com are required to pay 100% of the current premium. However, historically there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, Tri-Com had no former employees for whom Tri-Com was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, Tri-Com has not recorded any postemployment benefit liability as of April 30, 2015.

**SUPPLEMENTARY INFORMATION**

**TRI-COM DISPATCH CENTER  
ST. CHARLES, ILLINOIS**

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Year Ended April 30, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Wireless 911	\$ 744,000	\$ 744,000	\$ 923,640
Dispatch services	1,866,120	1,866,120	1,867,120
Employment application fee	6,500	6,500	-
Rental income	8,760	8,760	3,696
Reimbursed expenses	46,500	46,500	48,052
Miscellaneous	-	-	100
	<hr/>		
Total operating revenues	2,671,880	2,671,880	2,842,608
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<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>			
Administration			
Personal services			
Wages - regular	216,460	216,460	214,008
Wages - part-time/seasonal	70,852	70,852	70,608
Group insurance	37,413	37,413	33,929
Medicare	4,166	4,166	4,020
Social Security	17,815	17,815	17,190
IMRF	36,375	36,375	35,254
	<hr/>		
Total personal services	383,081	383,081	375,009
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Contractual services			
Accounting and auditing service	1,155	1,155	1,180
Legal service	30,000	30,000	74,587
Banking service	100	100	-
Dues and subscriptions	1,000	1,000	908
Travel and meals	1,000	1,000	3,630
Training and professional development	2,000	2,000	810
Liability insurance	24,010	24,010	24,476
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Total contractual services	59,265	59,265	105,591
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Commodities			
Telephone	720	720	721
Office furniture	500	500	-
Maintenance service	300	300	8
Postage	300	300	167
Publishing	-	-	797
Printing	300	300	-
Rentals	-	-	816
Motor fuel and lubricants	2,300	2,300	1,945
Clothing allowance	900	900	860
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Total commodities	5,320	5,320	5,314
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Total administration	447,666	447,666	485,914
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(This schedule is continued on the following pages.)

**TRI-COM DISPATCH CENTER  
GENEVA, ILLINOIS**

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION (Continued)</b>			
Operations			
Personal services			
Wages - regular	\$ 1,195,794	\$ 1,195,794	\$ 1,091,717
Overtime	59,330	59,330	90,406
Training premium pay	5,810	5,810	4,458
TIC premium pay	11,605	11,605	7,382
Group insurance	265,132	265,132	182,841
Medicare	17,340	17,340	16,822
Social Security	74,139	74,139	71,930
IMRF	152,334	152,334	151,218
Unemployment compensation	-	-	2,553
Total personal services	1,781,484	1,781,484	1,619,327
Contractual services			
Medical service	-	-	775
Janitorial service	5,400	5,400	5,536
Other professional services	10,500	10,500	5,037
Dues and subscriptions	700	700	218
Travel and meals	1,200	1,200	1,172
Training and professional development	8,000	8,000	8,761
Other contractual services	6,500	6,500	155
Total contractual services	32,300	32,300	21,654
Commodities			
Telephone	125,000	125,000	135,509
Internet	300	300	3,110
Office supplies	4,000	4,000	5,451
Office equipment	-	-	109
Office furniture	500	500	70
Small tools	-	-	49
Janitorial supplies	300	300	544
Computer software	5,000	5,000	8,165
Employee awards	1,000	1,000	467
Maintenance service	107,392	107,392	109,749
Publishing	300	300	-
Utilities	33,138	33,138	32,423
Rentals	10,000	10,000	6,783
Maintenance supplies	500	500	261
Operating supplies	2,500	2,500	2,017
Motor fuel and lubricants	-	-	68
Clothing allowance	4,350	4,350	4,168
Total commodities	294,280	294,280	308,943

(This schedule is continued on the following page.)



**TRI-COM DISPATCH CENTER  
GENEVA, ILLINOIS**

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION (Continued)</b>			
Operations (Continued)			
Capital			
Machinery and equipment	\$ 30,000	\$ 30,000	\$ 8,578
Office furniture	1,600	1,600	-
Computer equipment	15,000	15,000	10,502
Source of reserves	70,750	70,750	-
Total capital	117,350	117,350	19,080
Total operations	2,225,414	2,225,414	1,969,004
Total operating expenses	2,673,080	2,673,080	2,454,918
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(1,200)	(1,200)	387,690
Depreciation	-	-	269,501
OPERATING INCOME (LOSS)	(1,200)	(1,200)	118,189
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	1,200	1,200	3,335
Insurance and property damage recovery	-	-	379,470
Total non-operating revenues (expenses)	1,200	1,200	382,805
CHANGE IN NET POSITION	\$ -	\$ -	500,994
NET POSITION, MAY 1			4,341,169
NET POSITION, APRIL 30			\$ 4,842,163

(See independent auditor's report.)