TRI-COM CENTRAL DISPATCH
ST. CHARLES, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2016

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ST. CHARLES, ILLINOIS
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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, 2016, and the related notes to 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Opinion

In our opinion, the 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, 2016, 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.

Change in Accounting Principle

As described in Note 9, Tri-Com adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, which establish standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; modified certain disclosures in the notes to financial statements and the required supplementary information. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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 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.

Sikich LLP

Naperville, Illinois
October 13, 2016

TRI-COM CENTRAL DISPATCH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2016

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 multifamily 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 and deferred outflows of resources of Tri-Com exceeded liabilities and deferred inflows off resources by $5,437,540 (net position) at the close of the fiscal year April 30, 2016. Of this amount, $1,785,442 is unrestricted and available to meet ongoing and future obligations of Tri-Com.
- Net investment in capital assets increased from $3,240,541 to $3,652,098.
- Net Position increased $1,101,656 from the previous year as discussed in the net position section on page MD&A 4.

Financial Analysis of Tri-Com Central Dispatch as a Whole

Total Liabilities and deferred inflows of resources of $1,578,073 includes accounts payable, accrued payroll, net pension liability and compensated absences payable. Total assets of $6,545,336 include current assets of $2,893,238, which includes cash and cash equivalents, certificates of deposit and other investments and accrued interest receivable while capital assets are $3,652,098.

STATEMENT OF NET POSITION

STATEMENT OF NET POSITION		
April 30, 2015 and 2016		
	2015	**2016**
Current Assets	2,076,107	2,893,238
Capital Assets	3,240,541	3,652,098
Total assets	5,316,648	6,545,336
Pension Items - IMRF	-	493,837
Total deferred outflows of resources	-	493,837
Total assets and deferred outflows of resources	5,316,648	7,039,173
Current Liabilities	341,096	258,265
Non-current Labilities	133,389	1,319,808
Total liabilities	474,485	1,578,073
Pension Items - IMRF	-	23,560
Total deferred inflows of resources	-	23,560
Total liabilities and deferred inflows of resources	474,485	1,601,633
Net Position		
Net investment in capital assets	3,240,521	3,652,098
Unrestricted	1,601,622	1,785,442
	4,842,143	5,437,540

The following table summarizes the changes in Tri-Com's total net position for the fiscal years ending April 30, 2016 and 2015. 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 2016

	2015	2016
Operating Revenue		
Wireless 911	923,640	898,950
Dispatch Services	1,867,120	1,870,789
Rental Income	3.696	0
Reimbursed Expenditures	0	1,213,841
Miscellaneous	100	30
Total Operating Revenues	2,842,608	3,983,610
Operating Expenses		
Administration	485,914	434,408
Operations	1,969,004	2,243,324
Total Operating Expenses excluding depreciation	2,454,918	2,677,732
Operating Income Before Depreciation	387,690	1,305,878
Depreciation	269,501	208,143
Operating Income (Loss)	118,189	1,097,735
Non-operating Revenues (Expenses)		
Investment Income	3,335	3,921
Insurance and Property Damage Recovery	379,470	0
Total Non-operating Revenues (Expenses)	382,805	3,921
Change in Net Position	500,994	1,101,656
Net Position, May 1	4,341,169	4,842,163
Change in accounting principle	0	(506,279)
Net Position, May 1, Restated	4,341,169	4,335,884
Net Position April 30th	$4,842,163	$5,437,540

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. $1,870,789 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 decreased in FY16 by 7.28%. This decrease was due in large part to turnover (reduction in salaries and benefits) as well as an increase in pass through wireless surcharge money.

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 received additional support for the computer aided dispatch upgrade from the Kane County ETSB. This is a one-time revenue source which in FY 2016 has been classified as revenue for the portion of the upgrade which has been completed and the remainder is classified as a deferred revenue.

Expenses

Salaries and wages, group insurance and other benefits comprise the largest single expense at $2,183,727 or 81.9% of expenses. The increase from $2,010,773 in FY 2015 was due to the IMRF pension expense associated with the implementation of GASB 68. Tri-Com's 17 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 under the budget as approved by the Tri-Com Central Dispatch Board of Directors for the fiscal year ending April 30, 2016 by $93,180. There was one budget amendment for the revenue and expense related to the CAD upgrade. Reimbursed expenditures were under the budget by $92,309. Expenses were under budget, mainly due to the in-progress implementation of the CAD system.

Net Position

Restated Net position began the year at $4,335,884 and ended at $5,437,540 an increase of $1,101,656. This increase was primarily due to due to the in-progress implementation of the CAD system and vacant positions.

Capital Assets

There was one addition to capital assets during the fiscal year, $619,700 for the CAD upgrade which is construction in progress and there were no deletions. Depreciation of $208,143 was recorded, creating a net increase in capital assets of $411,557. Additional information on Tri-Com's capital assets can be found in Note 3 on pages 10-11 of this report.

Long-term Debt

At the end of the current fiscal year, Tri-Com had $1,478,852 in long-term debt outstanding. Long-term debt is comprised of compensated absences and the net pension liability for IMRF. 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, 2016

CURRENT ASSETS	
Cash and cash equivalents	$ 2,892,288
Accrued interest receivable	950
Total current assets	2,893,238
CAPITAL ASSETS	
Capital assets not being depreciated	619,700
Capital assets being depreciated, at cost	6,730,418
Accumulated depreciation	(3,698,020)
Total capital assets	3,652,098
Total assets	6,545,336
DEFERRED OUTFLOWS OF RESOURCES	
Pension items - IMRF	493,837
Total deferred outflows of resources	493,837
Total assets and deferred outflows of resources	7,039,173
CURRENT LIABILITIES	
Accounts payable	58,911
Accrued payroll	31,310
Compensated absences payable	168,044
Total current liabilities	258,265
NONCURRENT LIABILITIES	
Compensated absences payable	146,367
Net pension liability	1,173,441
Total noncurrent liabilities	1,319,808
Total liabilities	1,578,073
DEFERRED INFLOWS OF RESOURCES	
Pension items - IMRF	23,560
Total deferred inflows of resources	23,560
Total liabilities and deferred inflows of resources	1,601,633
NET POSITION	
Net investment in capital assets	3,652,098
Unrestricted	1,785,442
TOTAL NET POSITION	$ 5,437,540

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, 2016

OPERATING REVENUES	
Wireless 911	$ 898,950
Dispatch services	1,870,789
Reimbursed expenses	1,213,841
Miscellaneous	30
Total operating revenues	3,983,610
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Administration	434,408
Operations	2,243,324
Total operating expenses excluding depreciation	2,677,732
OPERATING INCOME BEFORE DEPRECIATION	1,305,878
Depreciation	208,143
OPERATING INCOME	1,097,735
NON-OPERATING REVENUES (EXPENSES)	
Investment income	3,921
CHANGE IN NET POSITION	1,101,656
NET POSITION, MAY 1	4,842,163
Change in accounting principle	(506,279)
NET POSITION, MAY 1, RESTATED	4,335,884
NET POSITION, APRIL 30	$ 5,437,540

See accompanying notes to financial statements.

TRI-COM CENTRAL DISPATCH
ST. CHARLES, ILLINOIS

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from members	$ 1,870,819
Receipts from intergovernmental	2,112,791
Payments to employees	(2,055,432)
Payments to suppliers	(495,268)
Net cash from operating activities	1,432,910
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital assets purchased	(619,700)
Net cash from capital and related financing activities	(619,700)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	4,337
Net cash from investing activities	4,337
NET INCREASE IN CASH AND CASH EQUIVALENTS	817,547
CASH AND CASH EQUIVALENTS, MAY 1	2,074,741
CASH AND CASH EQUIVALENTS, APRIL 30	$ 2,892,288
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	$ 1,097,735
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	208,143
Changes in assets and liabilities	
Accounts payable	(1,263)
Accrued payroll	(57,842)
Net pension liability and deferred outflows and inflows of resources	196,885
Compensated absences	(10,748)
NET CASH FROM OPERATING ACTIVITIES	$ 1,432,910

See accompanying notes to financial statements.

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, St. Charles, and several other units of local government. Funding is provided by member assessments and surcharge revenues.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Capital Assets (Continued)

The following estimated useful lives are used to compute depreciation:

	Years
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 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 up to 60 days of 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.

h. Net Position

Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt 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'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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. 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.

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 Tri-Com's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in Tri-Com'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, 2016:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. agency obligations	$ 250,000	$ -	$ 250,000	$ -	$ -
Negotiable CDs	244,800	-	244,800	-	-
TOTAL	$ 494,800	$ -	$ 494,800	$ -	$ -

3. CAPITAL ASSETS

Tri-Com's changes in capital assets for the year ended April 30, 2016 are as follows:

	Balances May 1	Additions	Retirements	Balances April 30
Capital assets not being depreciated				
Construction in progress	$ -	$ 619,700	$ -	$ 619,700
Total capital assets not being depreciated	-	619,700	-	619,700
Capital assets being depreciated				
Buildings	3,271,389	-	-	3,271,389
Improvements other than buildings	1,615,011	-	-	1,615,011
Machinery and equipment	1,821,581	-	-	1,821,581
Vehicles	22,437	-	-	22,437
Total capital assets being depreciated	6,730,418	-	-	6,730,418

3. CAPITAL ASSETS (Continued)

	Balances May 1	Additions	Retirements	Balances April 30
Less accumulated depreciation for				
Buildings	$ 542,532	$ 65,428	$ -	$ 607,960
Improvements other than buildings	1,582,774	21,491	-	1,604,265
Machinery and equipment	1,342,134	121,224	-	1,463,358
Vehicles	22,437	-	-	22,437
Total accumulated depreciation	3,489,877	208,143	-	3,698,020
Total capital assets being depreciated, net	3,240,541	(208,143)	-	3,032,398
CAPITAL ASSETS, NET	$ 3,240,541	$ 411,557	$ -	$ 3,652,098

4. LONG-TERM DEBT

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

	Balances May 1, Restated	Increase	Decrease	Balances April 30	Current Portion
Compensated absences	$ 325,159	$ -	$ 10,748	$ 314,411	$ 168,045
Net pension liability - IMRF	564,677	608,764	-	1,173,441	-
TOTAL	$ 889,836	$ 608,764	$ 10,748	$ 1,487,852	$ 168,045

As discussed in Note 9, beginning balances were restated to record the opening net pension liability amount for the Illinois Municipal Retirement Fund.

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. DEFINED BENEFIT PENSION PLANS

Illinois Municipal Retirement Fund

Tri-Com contributes, through the City, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, Tri-Com's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the City and Tri-Com combined. All disclosures for an agent plan can be found in the City's comprehensive annual financial report.

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable. Investments are reported at fair value.

Benefits Provided

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 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.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

7. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.5% of their annual salary to IMRF. The City and Tri-Com are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended 2015 was 12.26% of covered payroll. For the year ended April 30, 2016, salaries totaling $1,505,574 were paid that required employer contributions of $184,584, which was equal to Tri-Com's actual contributions.

Net Pension Liability

As of April 30, 2016, Tri-Com reported a liability of $1,173,441 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015 (plan measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Tri-Com's proportion of the net pension liability was based on Tri-Com's actual contribution to the plan for the year ended April 30, 2016 relative to the contributions of the City, actuarially determined. Tri-Com's proportion was 18% of the total contribution.

Actuarial Assumptions

Tri-Com's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	3.50%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

7. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.48%. 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 the City and Tri-Com contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability.

For the period ended December 31, 2015, Tri-Com recognized pension expense of $377,772.

7. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

At April 30, 2016, Tri-Com reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 23,560
Changes in assumptions	17,211	-
Net difference between projected and actual earnings on pension plan investments	415,706	-
Contributions made subsequent to the measurement date	60,920	-
TOTAL	$ 493,837	$ 23,560

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

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

Year Ending April 30	
2017	$ 163,095
2018	102,175
2019	102,175
2020	102,832
2021	-
Thereafter	-
TOTAL	$ 470,277

7. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate.

The table below presents the net pension liability of Tri-Com calculated using the discount rate of 7.48% as well as what Tri-Com's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net pension liability	$ 2,366,886	$ 1,173,441	$ 197,341

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, 2016.

9. CHANGE IN ACCOUNTING PRINCIPLE

With the implementation of GASB Statements No. 68 and No. 71, Tri-Com is required to retroactively record the net pension liability and a deferred outflow of resources for contributions made outside the measurement period. This change in accounting principle resulted in a decrease to net position of $564,677 as of May 1, 2015 to record the IMRF net pension liability and an increase to net position of $58,398 to record deferred outflows as of May 1, 2015 for a net change in accounting principle that reduced opening net position by $506,279.

10. SUBSEQUENT EVENT

On July 13, 2016, the Board of Directors of Tri-Com approved the resolution authorizing the execution of a communications service agreement with the City of South Elgin Police Department. The City of South Elgin will pay Tri-Com $260,299 to provide telecommunication services for the initial period of April 1, 2017 to April 30, 2018. The agreement must be renewed on an annual basis, effective May 1st of each year. The agreement also requires South Elgin to make an operational reserve contribution, which will not exceed $94,874, to Tri-Com before March 31, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

TRI-COM DISPATCH CENTER
ST. CHARLES, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2016

		2016
Actuarially determined contribution	$	184,584
Contributions in relation to the actuarially determined contribution		184,584
CONTRIBUTION DEFICIENCY (Excess)	$	-
Covered-employee payroll	$	1,505,574
Contributions as a percentage of covered-employee payroll		12.26%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2013. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.

TRI-COM DISPATCH CENTER
ST. CHARLES, ILLINOIS

SCHEDULE OF TRI-COM'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2016

	2016*
Employer's proportion of net pension liability	18.00%
Employer's proportionate share of net pension liability	$ 1,173,441
Employer's covered-employee payroll	1,505,574
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	77.94%
Plan fiduciary net position as a percentage of the total pension liability	86.21%

*IMRF's measurement date is December 31, 2015; therefore, information above is presented for the calendar year ended December 31, 2015.

(See independent auditor's report.)

SUPPLEMENTARY INFORMATION

TRI-COM DISPATCH CENTER
ST. CHARLES, ILLINOIS

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

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Wireless 911	$ 900,000	$ 900,000	$ 898,950
Dispatch services	1,870,640	1,870,640	1,870,789
Reimbursed expenses	6,150	1,306,150	1,213,841
Miscellaneous	-	-	30
Total operating revenues	2,776,790	4,076,790	3,983,610
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Administration			
Personal services			
Wages - regular	226,627	226,627	202,114
Wages - part-time/seasonal	73,477	73,477	61,851
Group insurance	36,610	36,610	33,170
Medicare	4,352	4,352	3,734
Social Security	18,490	18,490	15,965
IMRF	36,624	36,624	31,774
Total personal services	396,180	396,180	348,608
Contractual services			
Accounting and auditing service	9,950	9,950	9,264
Legal service	15,000	15,000	8,902
Banking service	100	100	-
Dues and subscriptions	1,860	1,860	505
Travel and meals	5,400	5,400	1,727
Training and professional development	2,000	2,000	1,125
Liability insurance	25,595	25,595	24,603
Other contractual services	-	-	33,536
Printing outside services	-	-	212
Total contractual services	59,905	59,905	79,874
Commodities			
Telephone	720	720	720
Office furniture	500	500	424
Maintenance service	300	300	-
Postage	300	300	280
Publishing	400	400	1,369
Printing	300	300	-
Rentals	-	-	1,330
Motor fuel and lubricants	2,000	2,000	1,195
Clothing allowance	900	900	608
Total commodities	5,420	5,420	5,926
Total administration	461,505	461,505	434,408

(This schedule is continued on the following pages.)

TRI-COM DISPATCH CENTER
ST. CHARLES, ILLINOIS

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

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
OPERATING EXPENSES EXCLUDING DEPRECIATION (Continued)			
Operations			
Personal services			
Wages - regular	$ 1,222,305	$ 1,222,305	$ 1,089,685
Overtime	65,100	55,500	108,212
Training premium pay	7,205	6,000	5,785
TIC premium pay	10,795	9,000	7,950
Group insurance	234,059	234,059	189,714
Medicare	17,725	18,645	16,993
Social Security	75,786	79,721	72,661
IMRF	150,256	158,001	147,234
IMRF pension expense	-	-	196,885
Total personal services	1,783,231	1,783,231	1,835,119
Contractual services			
Medical service	1,260	1,260	1,364
Janitorial service	5,400	5,400	19,727
Other professional services	6,000	6,000	5,505
Dues and subscriptions	980	980	1,309
Travel and meals	2,550	2,550	7,779
Training and professional development	8,000	8,000	9,040
Maintenance service	6,820	6,820	8,397
Total contractual services	31,010	31,010	53,121
Commodities			
Telephone	132,000	132,000	174,613
Internet	1,300	1,300	165
Office supplies	4,000	4,000	3,859
Office equipment	-	-	492
Office furniture	500	500	764
Janitorial supplies	300	300	376
Computer software	5,000	5,000	7,373
Employee awards	1,000	1,000	550
Maintenance service	120,000	120,000	118,394
Publishing	300	300	-
Utilities	36,195	36,195	34,776
Rentals	6,500	6,500	5,650
Maintenance supplies	2,500	2,500	35
Operating supplies	2,500	2,500	2,381
Clothing allowance	4,250	4,250	5,377
Total commodities	316,345	316,345	354,805

(This schedule is continued on the following page.)

TRI-COM DISPATCH CENTER
ST. CHARLES, ILLINOIS

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

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
OPERATING EXPENSES EXCLUDING DEPRECIATION (Continued)			
Operations (Continued)			
Capital			
Machinery and equipment	$ 45,500	$ 1,345,500	$ 619,979
Building and improvements	15,000	15,000	-
Total capital	60,500	1,360,500	619,979
Total operations	2,191,086	3,491,086	2,863,024
Total operating expenses	2,652,591	3,952,591	3,297,432
OPERATING INCOME	124,199	124,199	686,178
NON-OPERATING REVENUES (EXPENSES)			
Prior year budgeted surplus	125,399	125,399	-
Investment income	1,200	1,200	3,921
Total non-operating revenues (expenses)	126,599	126,599	3,921
CHANGE IN NET POSITION - BUDGETARY BASIS	$ 250,798	$ 250,798	690,099
ADJUSTMENTS TO GAAP BASIS			
Capital assets capitalized			619,700
Depreciation			(208,143)
Total adjustments to GAAP basis			411,557
CHANGE IN NET POSITION - GAAP BASIS			1,101,656
NET POSITION, MAY 1			4,842,163
Change in accounting principle			(506,279)
NET POSITION, MAY 1, RESTATED			4,335,884
NET POSITION, APRIL 30			$ 5,437,540

(See independent auditor's report.)