

KENDALL COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD
YORKVILLE, ILLINOIS
ANNUAL FINANCIAL REPORT
NOVEMBER 30, 2008

KENDALL COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Unaudited)	3-8
Statement of Net Assets-Proprietary Fund	Statement A 9
Statement of Activities-Proprietary Fund	Statement B 10
Statement of Assets, Liabilities, and Fund Balance- Proprietary Fund	Statement C 11
Statement of Revenue, Expenses, and Net Assets	Statement D 12
Statement of Cash Flow	Statement E 13
Notes to Financial Statements	14-18
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	19-20

ECHOLS, MACK & ASSOCIATES, P.C.

Certified Public Accountants

CARRIE E. ECHOLS, CPA

TAWNYA R. MACK, CPA

Independent Auditors' Report

To the Board of Directors
Kendall County Emergency
Telephone System Board
Yorkville, Illinois 60560

We have audited the accompanying statement of financial position of the Kendall County Emergency Telephone System Board (a nonprofit organization) as of November 30, 2008 and the related statements of activities and cash flow for the years then ended. These financial statements are the responsibility of the Emergency Telephone System Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Kendall County Emergency Telephone System Board as of November 30, 2008 and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2008, on our consideration of Kendall County Emergency Telephone Systems Board's internal control over financial reporting and our tests of its compliance with certain provisions laws, regulations, contracts, and grants.

Echols, Mack & Associates, P.C.

ECHOLS, MACK & ASSOCIATES, P.C.
Certified Public Accountants

Morris, Illinois
December 29, 2008

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Management's Discussion and Analysis (Unaudited)
November 30, 2008

Our discussion and analysis of the Kendall County Emergency Telephone System Board's financial performance provides an overview of the Board's financial activities for the fiscal year ended November 30, 2008, within the limitations of the Board's modified accrual basis of accounting. Please read it in conjunction with the Kendall County Emergency Telephone System Board's financial statements that begin on page 8.

FINANCIAL HIGHLIGHTS

- The Kendall County Emergency Telephone System Board revenues were more than total expenses, on the modified accrual basis of accounting, by \$408,872, for the year. All of the increase is attributed to the Board's business type activities.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Board's modified accrual basis of accounting.

Report Components

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements (proprietary and fund statements) including notes to the financial statements, and required supplementary information. The basic financial statements include three kinds of statements that present different views of the Emergency Telephone System Board:

- The Statement of Net Assets provides information on proprietary statements and are in the modified accrual basis method of accounting. The statements present an aggregated view of the Emergency Telephone System Board.
- The focus of proprietary fund financial statements is on major funds.
- The fund statements are presented on an accrual basis of accounting, the method the Board uses for internal accounting.

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

Required Supplementary Information: This Management's Discussion and Analysis represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the proprietary statements, fund financial statements, and notes (referred to as "the basic financial statements").

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Management's Discussion and Analysis (Unaudited)
November 30, 2008

Basis of Accounting

The Board has elected to report the financial statements using modified accrual basis of accounting, which is generally accepted accounting principles. Accrual basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues and expenses. And, related assets and liabilities are recorded when they occur rather than from cash transactions, Depreciation expense on capital assets are reported in the proprietary and fund statements.

Reporting the Kendall County Emergency Telephone System Board as a Whole

The Emergency Telephone System Board's Entity Presentation

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

The Proprietary Fund Statements of Net Assets and the Statement of Activities

The Proprietary Fund Statement of Net Asset's includes all of the Board's net assets and how they have changed. The difference between the Board's assets and liabilities, are another way to measure the Board's overall financial position. The current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Fund Net Assets. The Net Asset statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private companies. Over time, increases or decreases in the Board's net assets are an indicator of whether its financial position is improving or deteriorating, respectively

In the Statement of Net Assets and the Statement of Activities, the Board's has only business type of activities: Business-type activities—The Board charges fees to help it cover all or most of the cost of certain services it provides. The Board's fee income and expenses is reported here.

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Management's Discussion and Analysis (Unaudited)
November 30, 2008

The Fund Financial Statements

Funds are required by state law and by bond covenants. The Board can establish other funds to control and manage monies for particular purposes or to show that it is properly using certain revenues. The Board has only a proprietary fund.

- Proprietary funds—When the Board charges customers for the services it provides—whether to outside customers or to other units of the County—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Board's enterprise funds (a component of proprietary funds) are business-type funds. We provide more detail and additional information, such as cash flows, for proprietary funds.

KENDALL COUNTY TELEPHONE SYSTEM BOARD
Management's Discussion and Analysis (Unaudited)
November 30, 2008

A FINANCIAL ANALYSIS OF THE BOARD A WHOLE

Net Assets--Modified Accrual Basis

The Board's combined net assets, resulting from modified accrual basis transactions, with comparisons to prior year, are as follows.

	<u>Business-type Activities</u>	<u>Business-type Activities</u>	<u>Totals Percentage Change</u>
	<u>2008</u>	<u>2007</u>	<u>2007-2008</u>
<u>Assets</u>			
Current and other assets	\$ 1,487,677	967,319	54%
Capital Assets	1,056,896	1,209,242	-13%
Total assets	<u>2,544,573</u>	<u>2,176,561</u>	<u>17%</u>
Current liabilities	-	40,460	-100%
Long-term debt outstanding			
Other liabilities	<u>-</u>	<u>-</u>	<u>0%</u>
Total liabilities	<u>-</u>	<u>40,460</u>	<u>-100%</u>
<u>Net assets</u>			
Invested in capital	-		
Assets, net of related debt	1,056,896	1,209,242	-13%
Restricted	-	-	0%
Unrestricted	<u>1,487,677</u>	<u>926,859</u>	<u>61%</u>
Total net assets	<u>\$ 2,544,573</u>	<u>2,136,101</u>	<u>19%</u>

KENDALL COUNTY TELEPHONE SYSTEM BOARD
Management's Discussion and Analysis (Unaudited)
November 30, 2008

Changes in Net Assets—Modified Accrual Basis

For the year ended November 30, 2008, net assets of the Emergency Telephone System Board (resulting from modified accrual basis transactions) changed as follows:

	Business-Type Activities <u>2008</u>	Business-Type Activities <u>2007</u>	Total Percentage Change <u>2007-2008</u>
Revenues			
General revenues			
Service Fees	\$ 892,916	751,450	19%
Investment income	23,353	33,060	-29%
Miscellaneous revenues	1,855	8,865	-79%
Total Revenues	<u>918,123</u>	<u>793,375</u>	<u>16%</u>
Expenses			
General government:			
Administrative expenses	509,651	742,980	-31%
Total Expenses	<u>509,651</u>	<u>742,980</u>	<u>-31%</u>
Excess (deficiency) before transfers	408,472	50,395	711%
Transfers	-	-	0%
Increase in net assets	408,472	50,395	711%
Total net assets-beginning	<u>2,136,101</u>	<u>2,085,706</u>	<u>2%</u>
Total net assets-ending	<u>\$ 2,544,573</u>	<u>2,136,101</u>	<u>19%</u>

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
 Management's Discussion and Analysis (Unaudited)
November 30, 2008

Capital Assets--Modified Accrual Basis

At November 30, 2008, the Emergency Telephone System Board had \$ 1,056,896 invested in capital assets, net of depreciation. See notes for more information on assets.

**Business Type Activities Capital Assets--Modified Accrual Basis
 (Net of accumulated depreciation)**

	Business Type Activities	
	Totals	
	2008	2007
Equipments	1,056,896	1,209,242
	1,056,896	1,209,242

Long-Term Debt--Modified Accrual Basis

At November 30, 2008 the Emergency Telephone System Board had no long-term debt.

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD

Statement A

Statement of Net Assets

Proprietary Fund

November 30, 2008

	Business-type Activities		Total
	Enterprise Funds		
	911 Service	2008	
<u>Assets</u>			
Current assets			
Cash	\$ 1,390,845	1,390,845	759,084
Accounts receivable - telephone & cellular	73,915	73,915	178,016
Prepaid maintenance contract	22,917	22,917	30,219
Total current assets	<u>1,487,677</u>	<u>1,487,677</u>	<u>967,319</u>
Noncurrent assets			
Capital Assets			
Equipment	3,715,625	3,715,625	3,607,127
Less: accumulated depreciation	(2,658,729)	(2,658,729)	(2,397,885)
Total noncurrent assets	<u>1,056,896</u>	<u>1,056,896</u>	<u>1,209,242</u>
Total assets	<u>\$ 2,544,573</u>	<u>2,544,573</u>	<u>2,176,561</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	-	-	40,460
Total current liabilities	<u>-</u>	<u>-</u>	<u>40,460</u>
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>40,460</u>
Invested in capital assets, net of related debt	1,056,896	1,056,896	1,209,242
Unrestricted	1,487,677	1,487,677	926,859
Total net assets	<u>\$ 2,544,573</u>	<u>2,544,573</u>	<u>2,136,101</u>

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

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Statement of Activities
Proprietary Fund
Year Ended November 30, 2008

Program Activities	Expenses	Program Revenues		Net (Expenses) Revenue And Changes in Net Assets		
		Fees and Charges for Services	Operating Grants and Contributions	Governmental Activities 2008	2008	2007
Business-Type activities:						
Public Safety	\$ 509,651	892,916	-	383,265	383,265	8,470
Total Business-type	\$ 509,651	892,916	-	383,265	383,265	8,470
		General revenues				
		Interest on investments		23,353	23,353	33,060
		Miscellaneous		1,855	1,855	8,865
		Total revenues		25,208	25,208	41,925
		Change in net assets		408,472	408,472	50,395
		Net assets at beginning of year		2,136,101	2,136,101	2,085,706
		Net assets at end of year		\$ 2,544,573	2,544,573	2,136,101

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

Statement of Assets, Liabilities, and Fund Balance
November 30, 2008 and 2007

	Years Ended November, 30	
	2008	2007
<u>Assets</u>		
Current assets:		
Cash in bank	\$ 1,390,845	759,084
Accounts receivable - telephone & cellular	73,915	178,016
Prepaid maintenance contract	22,917	30,219
Total current assets	1,487,677	967,319
Equipment at cost	3,715,625	3,607,127
Accumulated depreciation	(2,658,729)	(2,397,885)
Net equipment	1,056,896	1,209,242
Total assets	<u>\$ 2,544,573</u>	<u>2,176,561</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ -	40,460
Total liabilities	-	40,460
Net assets -		
Unrestricted	2,544,573	2,136,101
Total net assets	2,544,573	2,136,101
Total liabilities and net assets	<u>\$ 2,544,573</u>	<u>2,176,561</u>

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

Statement of Revenues, Expenses, and Net Assets
November 30, 2008 and 2007

	Original & Final Budget	Years Ended November, 30	
	2008	2008	2007
Revenues, gains and other support:			
Telephone income	1,009,622	892,916	751,450
Interest income	-	23,353	33,060
Miscellaneous Income	-	1,855	8,865
	<u>1,009,622</u>	<u>918,123</u>	<u>793,375</u>
Expenses:			
Postage and printing	-	-	40
Consulting fees	10,000	20,725	6,575
Depreciation expense	-	260,844	258,174
Telephone expenses	93,723	167,982	101,310
Equipment expense	25,000	2,638	172,714
Repairs and maintenance	236,267	37,074	114,123
Salary allocation	-	-	41,732
Miscellaneous expense	24,244	950	3,397
Training	100,000	-	-
Surcharge reimbursement	-	19,438	44,915
	<u>489,234</u>	<u>509,651</u>	<u>742,980</u>
Change in net assets	520,388	408,472	50,395
Net assets at beginning of year		<u>2,136,101</u>	<u>2,085,706</u>
Net assets at end of year		<u>\$ 2,544,573</u>	<u>2,136,101</u>

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

KENDALL COUNTY TELEPHONE SYSTEM BOARD
Statement of Cash Flows
Proprietary Funds
November 30, 2008

Statement E

	Business-type Activities--		Totals
	Enterprise Funds		
	911 Service	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 997,016	997,016	736,000
Payments to suppliers	(281,965)	(281,965)	(477,725)
Internal activity--payments to other funds	-	-	-
Other receipts (payments)	1,855	1,855	8,865
Net cash provided by operating activities	<u>716,906</u>	<u>716,906</u>	<u>267,140</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers to other funds	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(108,499)	(108,499)	(226,264)
Other receipts (payments)	-	-	-
Net cash (used) by capital and related financing activities	<u>(108,499)</u>	<u>(108,499)</u>	<u>(226,264)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	23,353	23,353	33,060
Purchases of capital assets	-	-	-
Net cash provided by investing activities	<u>23,353</u>	<u>23,353</u>	<u>33,060</u>
Net increase (decrease) in cash and cash equivalents	631,760	631,760	73,936
Balances--beginning of the year	759,085	759,085	685,148
Balances--end of the year	<u>\$ 1,390,845</u>	<u>1,390,845</u>	<u>759,084</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	385,120	385,120	17,335
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	260,844	260,844	258,174
Changes in assets and liabilities:			
Receivables, net	104,101	104,101	(15,450)
Prepaid expense	7,302	7,302	(25,843)
Accounts and other payables	(40,460)	(40,460)	32,924
Net cash provided by operating activities	<u>\$ 716,906</u>	<u>716,906</u>	<u>267,140</u>

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

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Notes to Financial Statements
November 30, 2008

Note 1: **Summary of Significant Accounting Policies**

These financial statements are presented on a modified accrual basis of accounting. This modified basis of accounting is accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the Commission's financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified accrual basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Financial Reporting Entity

The Board's financial reporting entity is composed of the following:

Governmental Unit: Kendall County Emergency Telephone System Board

In determining the financial reporting entity, the Board complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The Kendall County Emergency Telephone System Board was authorized by a resolution of the Kendall County Board of Commissioners in November 1988.

The Kendall County Emergency Telephone System Board shall be the overseer of the enhanced 9-1-1 Project. It will ensure, but not be limited to, the timely implementation of the Enhanced 9-1-1 Project and administer the funds that will be generated from telephone surcharges beginning April 1, 1989.

B. Basis of Presentation

The Kendall County Emergency Telephone System Board has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Board is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Board is required to present a statement of cash flows. As permitted by the statement, the Board does not use fund accounting.

Fund Financial Statements

Fund 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 that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Notes to Financial Statements
November 30, 2008

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

operating fund of the Emergency Telephone System Board or meets the following criteria:

- a. At least 10 percent of the corresponding total for all funds of total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

<u>Fund</u>	<u>Brief Description</u>
911 Fund	Accounts for the activities of income From the emergency telephone system

Measurement Focus

In the government-wide Statement of Net Assets, the governmental activities are presented using the economic resources measurement focus, using the modified accrual basis of accounting.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the accrual basis of accounting, is used as appropriate.

- a. All governmental funds utilize a “current financial resources: measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Notes to Financial Statements
November 30, 2008

Note 1: Summary of Significant Accounting Policies (continued)

b. The proprietary fund utilizes “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net asset (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the Proprietary Statements the net assets are presented using a modified accrual basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they occur and not when they result from cash transactions. Depreciation is reported in these statements. This basis is generally accepted accounting principles in the United States of America.

As a result of the use of this modified accrual basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are recorded* in these financial statements.

The financial statements are maintained during the year by the Board on a cash basis. At the end of the year, the financial statements are converted to the accrual basis by journal entries.

Proprietary Statements

Capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Revenues, Expenses, and Changes in Fund Net Assets with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Machinery, furniture, and equipment	3-20 years
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Equity Classification

Proprietary Statements

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

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Notes to Financial Statements
November 30, 2008

Note 1: Summary of Significant Accounting Policies (continued)

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets—All other net assets that do not meet the definitions of “restricted” or “invested in capital assets, net of related debt.”

C. Cash and Investments

All bank balances of deposits as of November 30, 2008 are entirely insured or collateralized with securities held by the Board or by its agent in the Board's name. Investments are stated at cost, which approximates market.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Board considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 10 years.

G. Income Taxes

The Board is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

KENDALL COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
Notes to Financial Statements
November 30, 2008

Note 1: Summary of Significant Accounting Policies (continued)

H. Contributions

The Board has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of a donor restriction.

Note 2: General Fixed Assets

	Beginning Balance 12/1/07	Additions	Deletions	Ending Balance 11/30/08
Capital Assets:				
Capital Assets being depreciated	3,607,126	108,498	-	3,715,625
Total capital assets	3,607,126	108,498	-	3,715,625
Less accumulated depreciation:				
Equipment	2,397,884	260,845	-	2,658,729
Total accumulated depreciation	2,397,884	260,845	-	2,658,729
Business type capital assets, net	<u>\$ 1,209,242</u>	<u>(152,347)</u>	<u>-</u>	<u>1,056,896</u>

ECHOLS, MACK & ASSOCIATES, P.C.

Certified Public Accountants

CARRIE E. ECHOLS, CPA

TAWNYA R. MACK, CPA

Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

To The Board of Directors
Kendall County Emergency
Telephone Systems Board
Yorkville, Illinois

We have audited the financial statements of Kendall County Emergency Telephone Systems Board, as of and for the year ended November 30, 2008, and have issued our report thereon dated December 29, 2008. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Kendall County Emergency Telephone Systems Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Kendall County Emergency Telephone Systems Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Echols, Mack & Associates, P.C.

ECHOLS, MACK & ASSOCIATES, P.C.
Certified Public Accountants

Morris, Illinois
December 29, 2008