

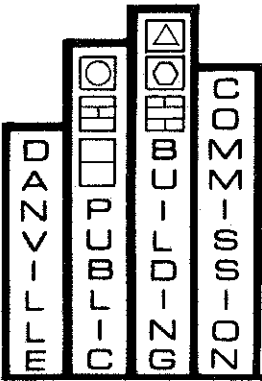
DANVILLE PUBLIC BUILDING COMMISSION

Danville, Illinois

FINANCIAL STATEMENTS

October 31, 1990

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2 East South Street -- Danville, Illinois 61832-5865 --(217)443-0999

RALPH G. SHEPHERD, *Chairman*  
CURTIS S. METTAM, *Vice-Chairman*  
ARTHUR WOLFINBARGER, *Treasurer*  
DENNIS O. STONEWALL, *Secretary*  
DANIEL L. SILVER, *Assistant Secretary*  
V. DEAN COCHRAN  
ELTON A. WAGNER II  
JOHN D. WEAVER, *Executive Director*  
CONSTANCE G. RAY, *Comptroller*  
JAMES L. BROUGHER, *Attorney*

March 19, 1991

Mr. Max Call, County Board Chairman  
Vermilion County Courthouse Annex  
Danville, IL 61832

Dear Mr. Call:

Enclosed please find a copy of the Danville Public Building Commission's Audit Report for the fiscal year ending October 31, 1990.

This report was been approved and placed on file by the Danville Public Building Commission at a regular board meeting.

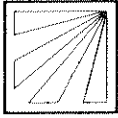
Sincerely,

Constance G. Ray  
Comptroller

CC: Linda Lucas, County Auditor  
Lynn Foster, County Clerk

Enclosure





**Clifton,  
Gunderson & Co.**  
Certified Public Accountants & Consultants

Board of Commissioners  
Danville Public Building Commission  
Danville, Illinois

In planning and performing our audit of the financial statements of Danville Public Building Commission for the year ended October 31, 1990, we considered its internal control structure 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 structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under the standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

#### Reportable Condition

The following reportable condition, which was identified and reported on in prior periods, was still in existence during the course of our current audit.

- There is inadequate segregation of duties among personnel involved in the accounting function, but management believes corrective action is not practicable in the circumstances.

This report is intended solely for the information and use of the Danville Public Building Commission, management, and others within the organization.

*Clifton, Gunderson & Co.*

Danville, Illinois  
February 11, 1991

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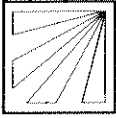


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**Clifton,  
Gunderson & Co.**  
Certified Public Accountants & Consultants

Board of Commissioners  
Danville Public Building Commission  
Danville, Illinois

#### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements of the Danville Public Building Commission as of October 31, 1990, and for the year then ended. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Danville Public Building Commission as of October 31, 1990, and the results of its operations, and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Danville Public Building Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is presented fairly, in all material respects, in relation to the general purpose financial statements taken as a whole.

*Clifton, Gunderson & Co.*

Danville, Illinois  
February 11, 1991

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DANVILLE PUBLIC BUILDING COMMISSION  
BALANCE SHEET  
October 31, 1990

ASSETS

PROPRIETARY  
FUND  
INTERNAL  
SERVICE

Current assets

Cash and cash equivalents (Note 1)	\$ 4,992,655
Accrued interest receivable	62,094
Prepaid insurance	<u>16,937</u>

Total current assets	<u>5,071,686</u>
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<u>Property, plant and equipment</u> - net (Note 3)	<u>4,555,579</u>
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Other assets

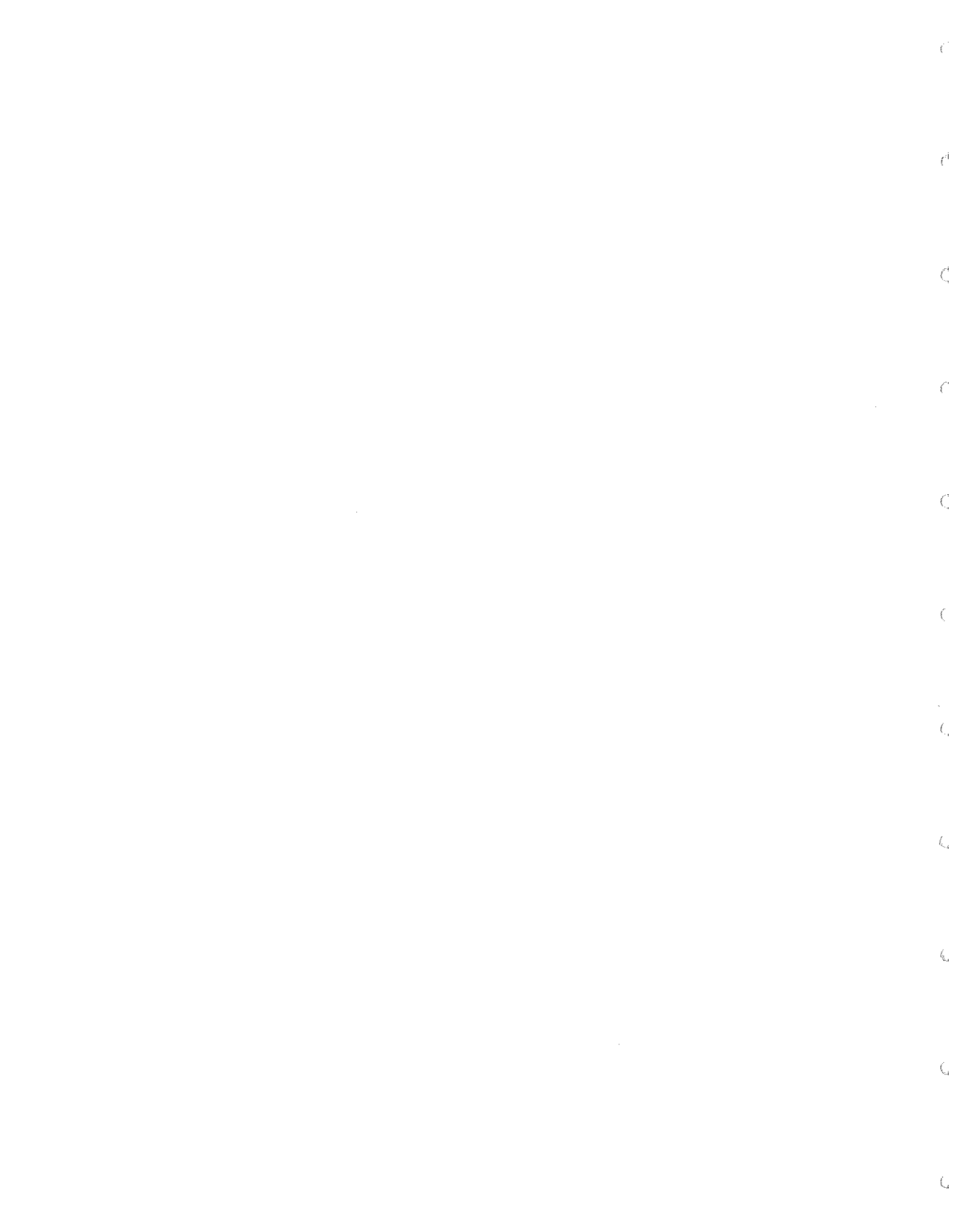
Leases receivable (Note 4)	<u>7,901,274</u>
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Total assets	<u>\$17,528,539</u>
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LIABILITIES AND RETAINED EARNINGS

	<u>PROPRIETARY FUND INTERNAL SERVICE</u>
<u>Current liabilities</u>	
Accounts payable	\$ 110,542
Interest payable	218,140
Bonds payable (Note 5)	150,000
Due to other governments (Note 4)	
City	154,142
County	<u>357,632</u>
Total current liabilities	<u>990,456</u>
<u>Long-term liabilities</u>	
Due to other governmental units (Note 4)	3,983,342
Bonds payable (Note 5)	<u>6,890,000</u>
Total long-term liabilities	<u>10,873,342</u>
Total liabilities	<u>11,863,798</u>
<u>Commitments and contingencies (Note 6)</u>	
<u>Retained earnings</u>	
Reserved for Fire Dispatch	15,450
Reserved for Burglar Alarm	13,591
Reserved for maintenance (Note 4)	93,758
Reserved for capital improvements (Note 4)	986,363
Investment in property and equipment (Note 3)	<u>4,555,579</u>
Total retained earnings (Statement 2)	<u>5,664,741</u>
Total liabilities and retained earnings	<u>\$17,528,539</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies, and notes to financial statements.



DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN RETAINED EARNINGS  
Year Ended October 31, 1990

	<u>PROPRIETARY FUND INTERNAL SERVICE</u>
<u>Revenues</u>	
Rent	\$2,540,535
Interest on capital lease	886,488
Interest on investments and deposits	603,187
Fees	12,447
Miscellaneous	<u>12,465</u>
Total revenues	<u>4,055,122</u>
<u>Operating expenses</u>	
Administrative	73,104
Operations and maintenance	604,914
Communications	519,856
Assigned personnel cost and dietary	786,766
Interest on bonds	509,307
Capitalized interest	367,153
Depreciation (Note 3)	<u>177,174</u>
Total operating expenses	<u>3,038,274</u>
<u>Operating income</u>	1,016,848
<u>Non-operating expenses</u>	
Excess earnings due to governmental unit	<u>(940,284)</u>
Net income	76,564
Retained earnings, beginning of year (Note 7)	<u>5,588,177</u>
Retained earnings, end of year (Statement 1)	<u>\$5,664,741</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies, and notes to financial statements.

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DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF CASH FLOWS  
Year Ended October 31, 1990

<u>Cash flows from operating activities</u>	
Net income	\$ 76,564
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	177,174
Changes in operating assets and liabilities:	
Decrease in accounts payable	(161,950)
Decrease in interest payable	(19,051)
Decrease in due to other governments	<u>(306,987)</u>
Net cash used by operating activities	<u>(234,250)</u>
<u>Cash flows from non-capital financing activities</u>	
Refund of distribution related to capital outlay and maintenance accounts due to other governmental entities	<u>160,367</u>
<u>Cash flows from capital and related financing activities</u>	
Acquisition and construction of capital assets	(1,634,947)
Principal paid on bond maturities	(575,000)
Interest and service charges paid on bonds	(509,941)
Refunds on construction of capital assets	<u>12,238</u>
Net cash used for capital and related financing activities	<u>(2,707,650)</u>
<u>Cash flows from investing activities</u>	
Proceeds from capital lease agreements	1,389,113
Interest on investments	<u>370,084</u>
Net cash provided by investing activities	<u>1,759,197</u>
Net decrease in cash and cash equivalents	(1,022,336)
Cash and cash equivalents beginning of year	<u>6,014,991</u>
Cash and cash equivalents end of year	<u>\$ 4,992,655</u>

These financial statements should be read only in connection with the accompanying  
summary of significant accounting policies, and  
notes to financial statements.



DANVILLE PUBLIC BUILDING COMMISSION  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
October 31, 1990

The Danville Public Building Commission, a municipal corporation, was organized under the provisions of the "Public Building Commission Act of the State of Illinois", approved July 5, 1955, as amended, and was incorporated for the purpose of exercising the powers and authority prescribed by the provisions of said "Public Building Commission Act of the State of Illinois" to enable the erecting, equipping, and providing of modern public buildings to space and house the various branches, departments, and agencies of government in the County Seat of Vermilion County, Illinois.

- A - Fund accounting - The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type, Internal Service Fund, and one broad fund category, Proprietary Fund.

Proprietary Fund

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to governments, on a cost-reimbursement basis.

- B - Property, plant, and equipment and long-term liabilities - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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DANVILLE PUBLIC BUILDING COMMISSION  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
October 31, 1990

- B - Property, plant, and equipment and long-term liabilities (continued)  
Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building	50 years
Improvements	40 years
Equipment	10 years

- C - Basis of accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

- D - Capitalized interest - Interest on fixed assets which are being constructed is capitalized as part of construction period expenses.
- E - Cash and equivalents - Cash and cash equivalents include cash on hand, amounts due from banks, and other short-term deposits which do not have withdrawal restrictions or significant early withdrawal penalties.
- F - Excess earnings - The Commission records all revenues over expenditures associated with their direct financing leases, as non-operating expenditures and a liability to other governmental units. The lease agreements require all excess earnings to be refunded at the end of the lease term.

This information is an integral part of the  
accompanying financial statements.

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DANVILLE PUBLIC BUILDING COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
October 31, 1990

Note 1 - Cash and cash equivalents

Statutes authorize the Commission to make deposits and invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of the U.S. states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Public Treasurer's Investment Pool.

The Commission usually restricts its cash equivalents to certificates of deposit with maturities when purchased of three months or less.

(a) Cash

At October 31, 1990 the carrying amount of the Commission's cash was \$17,480, which includes a \$100 petty cash fund held at the Commission. The bank balance was \$25,525. The cash is categorized in accordance with risk factors created by governmental reporting standards.

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category #1	\$17,480	\$25,525

Category #1 includes cash covered by depositing insurance or collateral held by the Commission in the Commission's name.

(b) Cash equivalents

The following table categorizes the cash equivalents according to levels of risk.

	<u>Category #1</u>	<u>Category #2</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Certificates of deposit	<u>\$429,250</u>	<u>\$4,387,229</u>	\$4,816,479	<u>\$4,816,479</u>
U.S. Treasury Notes			158,696	
Total			<u>\$4,975,175</u>	

Category #1 includes cash equivalents that are insured or registered or for which the securities are held by the Commission or its agent in the Commission's name.

Category #2 includes uninsured and unregistered cash equivalents for which the securities are held by the broker or dealer, or its trust department or agent, but not in the Commission's name.

-continued-





DANVILLE PUBLIC BUILDING COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
 October 31, 1990

Note 1 - Cash and cash equivalents (continued)  
 Total cash and cash equivalents were as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash	\$ 5,468	\$ 12,012	\$ 17,480
Cash equivalents	<u>3,443,754</u>	<u>1,531,421</u>	<u>4,975,175</u>
	<u>\$3,449,222</u>	<u>\$1,543,433</u>	<u>\$4,992,655</u>

Note 2 - Restricted cash  
 The various bond ordinances require the Commission to retain certain amounts of the annual rent charges for restricted purposes. As of October 31, 1990, these balances are:

	<u>Courthouse Renovation Fund</u>	<u>Public Safety Building Fund</u>	<u>High School Construction Fund</u>	<u>Total</u>
Capital improvement	\$ -	\$ 978,460	\$ -	\$ 978,460
Maintenance	-	93,758	-	93,758
Sinking fund	14,427	-	10,100	24,527
Bond reserve	144,268	-	91,620	235,888
Surplus revenue	<u>210,800</u>	-	-	<u>210,800</u>
	<u>\$369,495</u>	<u>\$1,072,218</u>	<u>\$ 101,720</u>	<u>\$1,543,433</u>

Note 3 - Changes in property, plant, and equipment

	<u>Public Safety Building</u>			<u>Public Safety Building</u>			<u>Cost Less Accumulated Depreciation</u>
	<u>Balance 10/31/89</u>	<u>Additions</u>		<u>Balance 10/31/90</u>	<u>Accumulated Depreciation</u>		<u>Accumulated Depreciation</u>
Land	\$ 558,575	\$ -		\$ 558,575	\$ -		\$ 558,575
Building	5,992,183	-		5,992,183	2,169,560		3,822,623
Equipment	933,116	40,509		973,625	800,035		173,590
Furniture & fixtures	137,597	-		137,597	136,806		791
Total	<u>\$7,621,471</u>	<u>\$ 40,509</u>		<u>\$7,661,980</u>	<u>\$3,106,401</u>		<u>\$4,555,579</u>

Note 4 - Leases receivable and other lease agreements

Courthouse Renovation Fund

The Commission entered into a lease agreement with the County of Vermilion, wherein the Commission will renovate the existing Vermilion County Courthouse and Annex and lease it to Vermilion County for a period beginning on December 1, 1987 and ending on December 31, 2002.

At the end of the lease, the title to the site will revert back to the County.

During the construction phase of the agreement all costs associated with the renovation are accounted for in the Courthouse Renovation Construction Fund.

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DANVILLE PUBLIC BUILDING COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
October 31, 1990

Note 4 - Leases receivable and other lease agreements (continued)

Courthouse Renovation Fund (continued)

At the end of the lease, all assets remaining in the fund will be transferred to the County. As of October 31, 1990, the liability to the County for excess revenues from this lease totaled \$876,185.

High School Renovation lease

The Commission has entered into a lease agreement with Danville School District dated September 28, 1988. Lease payments are due on May 1 and November 1 of each year.

During the construction phase of the agreement, all costs associated with the renovation are accounted for in the High School Construction Fund.

At the end of the lease, all assets remaining in the fund will be transferred to the School District. As of October 31, 1990, the liability to the School District for excess revenues from this lease totaled \$3,107,157.

Future lease payments to be received including principal and interest under the lease agreements are as follows:

<u>Fiscal Year</u>	<u>Courthouse Renovation</u>	<u>High School Renovation</u>
1991	\$ 427,987	\$ 500,000
1992	492,988	500,000
1993	505,237	500,000
1994	515,363	500,000
1995	449,763	500,000
1996	459,238	500,000
1997	466,737	500,000
1998	472,213	500,000
1999	475,612	500,000
2000	477,050	500,000
2001	476,500	500,000
2002	473,750	500,000
2003	<u>493,750</u>	<u>-</u>
	<u>\$6,186,188</u>	<u>\$6,000,000</u>

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DANVILLE PUBLIC BUILDING COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
 October 31, 1990

Note 4 - Leases receivable and other lease agreements (continued)  
 The Building Commission's net investment in the direct financing leases is as follows:

	<u>High School Renovation</u>	<u>Courthouse Renovation Fund</u>	<u>Total</u>
Total minimum lease payments	\$6,186,188	\$6,000,000	\$12,186,188
Estimated executory costs	<u>(140,000)</u>	<u>(160,000)</u>	<u>(300,000)</u>
Minimum lease payments receivable	6,046,188	5,840,000	11,886,188
Unearned interest	<u>(1,878,415)</u>	<u>(1,603,875)</u>	<u>(3,482,290)</u>
Net investment in direct financing lease	4,167,773	4,236,125	8,403,898
Principal payments received to date	<u>348,292</u>	<u>154,332</u>	<u>502,624</u>
	<u>\$3,819,481</u>	<u>\$4,081,793</u>	<u>\$ 7,901,274</u>

Future minimum lease payments receivable under the lease agreements for the next five years are:

1991	\$ 109,140	\$ 166,926	\$ 276,066
1992	180,001	180,547	360,548
1993	207,606	171,233	378,839
1994	239,174	221,414	460,588
1995	217,843	295,477	513,320
Thereafter	<u>2,865,717</u>	<u>3,046,196</u>	<u>5,911,913</u>
	<u>\$3,819,481</u>	<u>\$4,081,793</u>	<u>\$7,901,274</u>

Public Safety Building Lease:

A lease agreement was entered into on September 13, 1988, with the City of Danville and County of Vermilion wherein the Commission agreed to lease the Public Safety Building to the City and County for their joint use. This agreement includes the operations of a Joint Communications Center whose costs will be divided and apportioned equally between the County and City. The agreement provides also for the salaries and fringe benefits of "leased" employees whose costs shall be apportioned solely to the County.

Lease payments are due as follows:

	<u>Public Safety Building</u>		<u>Total</u>
	<u>County</u>	<u>City</u>	
November 1, 1990	\$2,013,270	\$ 654,292	\$2,667,562
1991	2,113,934	687,007	2,800,941
1992	<u>2,219,631</u>	<u>721,357</u>	<u>2,940,988</u>
	<u>\$6,346,835</u>	<u>\$2,062,656</u>	<u>\$8,409,491</u>

-continued-



DANVILLE PUBLIC BUILDING COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
October 31, 1990

Note 4 - Leases receivable and other lease agreements (continued)

If, in any year, the rental receipts are in excess of expenditures in the communication center, assigned personnel, or lease funds, the Commission shall either refund the excess to the City and County or the City and County may abate their respective tax levies by the excess. If, in any year, the net rental receipts are insufficient in these funds, the Commission shall consult with the City and County and provide essential services that can be had by use of such available funds. For the year ended October 31, 1990, net rental receipts were in excess of funds required. Accordingly, refunds of the excess will be made as follows:

City of Danville, Illinois	\$154,142
County of Vermilion, Illinois	<u>357,632</u>
	<u>\$511,774</u>

In regards to the capital improvements and maintenance funds, the following provisions are used to determine the amount of excess rental receipts to be refunded:

Maintenance Fund: Rental receipts are to be set aside up to a maximum of \$200,000. These funds are to provide for maintaining, repairing or replacing machinery, and other improvements upon the premises.

Capital Improvements' Fund: Rental receipts are set aside for the purpose of making either capital improvements or repairs to the premises. Excess rental receipts may be refunded in accordance with the provisions for authorizing expenditures, however, the refund may not exceed \$100,000 a year. The County and City must approve joint and identical resolutions in order for the Commission to have authority to authorize expenditures from this fund.

Note 5 - Bonds payable

County Building Revenue Bonds

Bonded Indebtedness:

Original Issue: \$3,940,000

Bonds: \$5,000 denomination, each dated June 1, 1987.

Interest paid January 1 and July 1.

<u>Due Date</u>	<u>Principal</u>	<u>Rate on Coupons</u>
1-1-91	\$ 150,000	8.00
1-1-92	175,000	8.00
1-1-93	175,000	7.75
1-1-94	200,000	6.10
1-1-95	225,000	6.30
1-1-96	225,000	6.40
1-1-97	250,000	6.50
1-1-98	325,000	6.60
1-1-99	325,000	6.70
1-1-00	350,000	6.80
1-1-01	375,000	6.80
1-1-02	425,000	6.80
1-1-03	<u>365,000</u>	6.80
Payable October 31, 1990	<u>\$3,565,000</u>	

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DANVILLE PUBLIC BUILDING COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
October 31, 1990

Note 5 - Bonds payable (continued)

School Building Revenue Bonds

Bonded Indebtedness:

Original Issue: \$3,900,000

Bonds: \$5,000 denomination, each dated October 15, 1988

Interest paid June 1 and December 1

<u>Due</u> <u>Date</u>	<u>Principal</u>	<u>Rate on</u> <u>Coupons</u>
6-1-92	\$ 150,000	8.5
6-1-93	175,000	8.5
6-1-94	200,000	8.2
6-1-95	225,000	6.5
6-1-96	250,000	6.5
6-1-97	275,000	6.6
6-1-98	300,000	6.7
6-1-99	325,000	6.8
6-1-00	350,000	6.9
6-1-01	375,000	7.0
6-1-02	400,000	7.1
6-1-03	<u>450,000</u>	6.5
Payable October 31, 1990	<u>\$3,475,000</u>	

Summary of bonds payable:

	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>	<u>Total</u>
County Building Revenue Bonds	\$150,000	\$3,415,000	\$3,565,000
School Building Revenue Bonds	-	<u>3,475,000</u>	<u>3,475,000</u>
	<u>\$150,000</u>	<u>\$6,890,000</u>	<u>\$7,040,000</u>

Changes in bonds payable:

	<u>Balance</u> <u>10/31/89</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>10/31/90</u>
County building revenue bonds	\$3,715,000	\$ -	\$150,000	\$3,565,000
School building revenue bonds	<u>3,900,000</u>	-	<u>425,000</u>	<u>3,475,000</u>
	<u>\$7,615,000</u>	<u>\$ -</u>	<u>\$575,000</u>	<u>\$7,040,000</u>

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DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
October 31, 1990

Note 6 - Illinois Municipal Retirement Fund - Defined Benefit Pension Plan  
The Commission is a participating member of the Illinois Municipal Retirement System which covers all of its employees who:

- a. Occupy a job normally requiring 600 hours or more per year;
- b. Are paid on a regular payroll from district funds;
- c. Were under age seventy when first entering employment; and
- d. Are not covered by another state created retirement system for the same service.

Employees not qualifying for coverage under the Illinois Municipal Retirement System are considered as "nonparticipating employees" and are covered under Social Security.

I. Defined Benefit Pension Plan

A. Plan Description

Danville Public Building Commission (Employer) contributes to the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for 2,464 local governments and school districts in Illinois. The Employer's total payroll for the year ended December 31, 1989 was \$614,665. Of this amount, \$576,512 in payroll earnings were reported to and covered by the IMRF system.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 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. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Employer is required to contribute the remaining amounts necessary to fund the System, using the actuarial funding method specified by statute.

B. Related Party Transactions

There were no securities of the Employer or related parties included in the System's assets.

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DANVILLE PUBLIC BUILDING COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
October 31, 1990

Note 6 - Illinois Municipal Retirement Fund - Defined Benefit Pension Plan  
 (continued)

C. Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of IMRF on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits prorated on service and is independent of the funding method used to determine contributions to IMRF.

The pension benefit obligation was computed as part of an actuarial valuation performed as of December 31, 1989. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7% a year compounded annually, (b) projected salary increases of 3.75% a year compounded annually, attributable to inflation, (c) additional projected salary increases of 1% a year, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually.

Total unfunded pension benefit obligation applicable to the Employer's employees was \$-0- at December 31, 1989, determined as follows:

Pension benefit obligation:	
Terminated employees not yet receiving benefits	\$ 67,243
Current employees:	
Accumulated employee contributions including allocated investment earnings	193,180
Employer-financed vested	317,116
Employer-financed nonvested	<u>52,635</u>
Total pension benefit obligation	630,174
Net assets available for benefits at cost (market value is \$703,488)	<u>641,946</u>
Unfunded pension benefit obligation	<u>\$ -</u>

The pension benefit obligation applicable to retirees and beneficiaries currently receiving benefits is not included in the above schedule due to the fact that this obligation was transferred from the Employer to IMRF as a whole when the annuity became payable.

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DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
October 31, 1990

Note 6 - Illinois Municipal Retirement Fund - Defined Benefit Pension Plan  
(continued)

C. Funding Status and Progress (continued)

Changes\* in the actuarial assumptions, benefit provisions, and methodology are reflected in the December 31, 1989 pension benefit obligation shown above. This amount has been calculated by the IMRF actuary using the measure described above. The dollar effect of these changes on the pension benefit obligation was not economically determinable by IMRF.

D. Actuarially Determined Contribution Requirements and Contributions Made

The IMRF funding policy provides for actuarially determined monthly contributions at rates that will accumulate sufficient assets to pay benefits when due without having to be increased for future generations of taxpayers. The contribution rate for normal cost is determined using the entry age normal actuarial funding method. IMRF used the level percentage of payroll method to amortize the unfunded liability over an open-ended 10 year period.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described in C above.

The contributions by the Employer to IMRF for 1989 of \$63,128 were charged to the Employer's account and were based on a contribution rate that was calculated in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 1987. The contribution consisted of (a) \$40,009 normal cost (6.94% of 1989 covered payroll) (b) \$18,736 amortization of the unfunded actuarial accrued liability (3.25% of 1989 covered payroll) and (c) \$4,381 death and disability cost (.76% of 1989 covered payroll). The Employer contributed \$63,128 (10.95% of 1989 covered payroll); employees contributed \$25,943 (4.5% of 1989 covered payroll).

Changes\* in the actuarial assumptions, benefit provisions, and methodology which took place in 1987 and explained below, are incorporated in the 1989 to 1991 employer contribution rates. Separate dollar effects of each change were not economically determinable by IMRF.

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DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
October 31, 1990

Note 6 - Illinois Municipal Retirement Fund - Defined Benefit Pension Plan  
(continued)

E. Other Information

For the year ended 1989, available assets were sufficient to fund 101.87% of the pension benefit obligation. In addition, for the year ended 1989 the contributions to IMRF, all made in accordance with actuarially determined requirements were 10.95% of annual covered payroll.

\*Digest of Changes

Three areas of changes discussed below have been incorporated in the employer contribution rates and in the December 31, 1989 pension benefit obligation. The changes due to actuarial assumptions will be phased into the employer contribution rate over a three-year period, 1989 - 1991, for those employers that have six or more employees and have positive net asset balances, and over a two year period for all other employers.

The following changes in actuarial assumptions were based upon the 1984-86 experience study: (1) a single assumed retirement age for all employees has been replaced by rates which vary by age. (2) The 1983 Group Annuity Mortality Table has been adopted for use in mortality rate calculations for female employees and annuitants. The 1971 Group Annuity Mortality Table, actuarially adjusted to reflect actual experience has been retained for male employees and annuitants. (3) Disability rates have been decreased to reflect actual experience. (4) Salary rate growth has been increased from 4.50% to 4.75%. (5) Termination rate assumptions have been modified to set up distinct rates for employees with 5, 6, or 7 years of service.

The following statutory benefit changes, resulting from the passage of Public Act 85-0941, will have been implemented in 1988: (1) The 3% annual increase to retired members has been extended to surviving spouse annuitants and to members receiving total and permanent disability payments. (2) The \$1,000 death benefit payable to the survivor of a retired member has been increased to \$3,000. Beginning January 1, 1988, the cost of this benefit will be amortized by inclusion in the retirement contribution rate and removed from the pooled death and disability contribution rate. (3) The early retirement pension discount has been reduced from 1/2% to 1/4% per month.

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DANVILLE PUBLIC BUILDING COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
October 31, 1990

Note 6 - Illinois Municipal Retirement Fund - Defined Benefit Pension Plan  
 (continued)  
 E. Other information (continued)

ANALYSIS OF FUNDING PROGRESS

<u>Year</u>	(1) <u>Pension Benefit Obligation</u>	(2) <u>Assets at Cost</u>	Percent Funded <u>(2)/(1)</u>	(3) <u>Unfunded Pensn Oblig (1)-(2)</u>	(4) <u>Annual Covered Payroll</u>	Unfunded as Perct of Pryll <u>(3)/(4)</u>
1989	630,174	641,946	101.87	0	576,512	.00
1988	570,845	558,606	97.86	12,239	558,688	2.19
1987	510,203	473,232	92.75	36,971	553,723	6.68

Trend information is required to give an indication of the progress made in accumulating sufficient assets to pay benefits when due and to assess taxpayer interperiod equity. Trend information for past years prior to 1987 is unavailable, but will be disclosed in future years as the trend information is accumulated on a year-by-year basis.

Note 7 - Retained earnings

The financial statements at October 31, 1989 have been restated to reclassify as reserve for capital improvements and maintenance fund an amount previously reported as due to other governments as follows:

	<u>Public Safety Building</u>
Retained earnings, October 31, 1989 as previously reported	\$5,427,810
Changes in classification of liability	<u>160,367</u>
Retained earnings, October 31, 1989 as restated	<u>\$5,588,177</u>

This information is an integral part of the  
 accompanying financial statements.



**SUPPLEMENTAL INFORMATION**





DANVILLE PUBLIC BUILDING COMMISSION  
 COMBINING BALANCE SHEET  
October 31, 1990

ASSETS

PROPRIETARY FUNDS  
INTERNAL SERVICE

	<u>High School Construction Fund</u>	<u>Courthouse Renovation Fund</u>	<u>Public Safety Building Fund</u>	<u>Total (Memorandum Only)</u>
<u>Current assets</u>				
Cash and cash equivalents	\$2,876,384	\$ 452,515	\$1,663,756	\$ 4,992,655
Accrued interest receivable	40,367	4,444	17,283	62,094
Prepaid insurance	<u>-</u>	<u>-</u>	<u>16,937</u>	<u>16,937</u>
Total current assets	<u>2,916,751</u>	<u>456,959</u>	<u>1,697,976</u>	<u>5,071,686</u>
<u>Property and equipment</u>				
Property, plant and equipment (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>4,555,579</u>	<u>4,555,579</u>
<u>Other assets</u>				
Lease receivable	<u>3,819,481</u>	<u>4,081,793</u>	<u>-</u>	<u>7,901,274</u>
Total assets	<u>\$6,736,232</u>	<u>\$4,538,752</u>	<u>\$6,253,555</u>	<u>\$17,528,539</u>



LIABILITIES AND RETAINED EARNINGS

	<u>PROPRIETARY FUNDS</u>			Total (Memorandum Only)
	<u>INTERNAL SERVICE</u>			
	High School Construction <u>Fund</u>	Courthouse Renovation <u>Fund</u>	Public Safety Building <u>Fund</u>	
<u>Current liabilities</u>				
Accounts payable	\$ 31,002	\$ 2,500	\$ 77,040	\$ 110,542
Interest payable	123,073	95,067	-	218,140
Bonds payable	-	150,000	-	150,000
Due to other governments:				
City	-	-	154,142	154,142
County	-	-	357,632	357,632
Total current liabilities	<u>154,075</u>	<u>247,567</u>	<u>588,814</u>	<u>990,456</u>
<u>Long-term liabilities</u>				
Due to other governmental units	3,107,157	876,185	-	3,983,342
Bonds payable	<u>3,475,000</u>	<u>3,415,000</u>	<u>-</u>	<u>6,890,000</u>
Total long-term liabilities	<u>6,582,157</u>	<u>4,291,185</u>	<u>-</u>	<u>10,873,342</u>
Total liabilities	<u>6,736,232</u>	<u>4,538,752</u>	<u>588,814</u>	<u>11,863,798</u>
<u>Retained earnings</u>				
Reserved for Fire Dispatch	-	-	15,450	15,450
Reserved for Burglar Alarm	-	-	13,591	13,591
Reserved for maintenance	-	-	93,758	93,758
Reserved for capital improvements	-	-	986,363	986,363
Investment in Property and Equipment	-	-	4,555,579	4,555,579
Total retained earnings	<u>-</u>	<u>-</u>	<u>5,664,741</u>	<u>5,664,741</u>
Total liabilities and retained earnings	<u>\$6,736,232</u>	<u>\$4,538,752</u>	<u>\$6,253,555</u>	<u>\$17,528,539</u>



DANVILLE PUBLIC BUILDING COMMISSION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN RETAINED EARNINGS  
 Year Ended October 31, 1990

PROPRIETARY FUND  
INTERNAL SERVICE

	High School Construction <u>Fund</u>	Courthouse Renovation <u>Fund</u>	Public Safety Building <u>Fund</u>	Total (Memorandum Only)
<u>Revenues</u>				
Rent	\$ -	\$ -	\$2,540,535	\$2,540,535
Interest on capital lease	540,820	345,668	-	886,488
Interest on investment and deposits	322,469	47,615	233,103	603,187
Fees	-	-	12,447	12,447
Miscellaneous	-	<u>11,604</u>	<u>861</u>	<u>12,465</u>
Total revenues	<u>863,289</u>	<u>404,887</u>	<u>2,786,946</u>	<u>4,055,122</u>
<u>Operating expenses</u>				
Administrative	-	-	73,104	73,104
Operations and maintenance	-	-	604,914	604,914
Communications	-	-	519,856	519,856
Assigned personnel cost and dietary	-	-	786,766	786,766
Interest on bonds	264,473	244,834	-	509,307
Capitalized interest	81,715	285,438	-	367,153
Depreciation	-	-	<u>177,174</u>	<u>177,174</u>
Total expenses	<u>346,188</u>	<u>530,272</u>	<u>2,161,814</u>	<u>3,038,274</u>
<u>Operating income</u>	517,101	(125,385)	625,132	1,016,848
<u>Non-operating expenses</u>				
Excess (deficiency) earnings due to governmental units	<u>(517,101)</u>	<u>125,385</u>	<u>(548,568)</u>	<u>(940,284)</u>
Net income	<u>-</u>	<u>-</u>	<u>76,564</u>	<u>76,564</u>
Retained earnings - beginning of year	-	-	5,427,810	5,427,810
Restate liability classifications	-	-	<u>160,367</u>	<u>160,367</u>
Retained earnings - beginning of year (restated)	-	-	<u>5,588,177</u>	<u>5,588,177</u>
Retained earnings - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,664,741</u>	<u>\$5,664,741</u>

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DANVILLE PUBLIC BUILDING COMMISSION  
 COMBINING STATEMENT OF CASH FLOWS  
Year Ended October 31, 1990

	<u>PROPRIETARY FUND</u>			Total Memorandum Only
	<u>INTERNAL SERVICES</u>			
	High School Construction Fund	Courthouse Renovation Fund	Public Safety Building Fund	
<u>Cash flows from operating activities</u>				
Net income	\$ -	\$ -	\$ 76,564	\$ 76,564
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation	-	-	177,174	177,174
Changes in operating assets and liabilities:				
Decrease in accounts payable	(10,086)	(105,528)	(46,336)	(161,950)
Decrease in interest payable	(15,052)	(3,999)	-	(19,051)
Increase (decrease) in due to other governments	-	12,300	(319,287)	(306,987)
Net cash used by operating activities	<u>(25,138)</u>	<u>(97,227)</u>	<u>(111,885)</u>	<u>(234,250)</u>
<u>Cash flows from non-capital financing activities</u>				
Refund of distribution related to capital outlay and maintenance accounts due to other governmental entities	-	-	160,367	160,367
<u>Cash flows from capital and related financing activities</u>				
Acquisition and construction of capital assets	(1,364,343)	(230,095)	(40,509)	(1,634,947)
Principal paid on bond maturities	(425,000)	(150,000)	-	(575,000)
Interest and service charges paid on bonds	(264,473)	(245,468)	-	(509,941)
Refunds on construction of capital assets	-	12,238	-	12,238
Net cash used for capital and related financing activities	<u>\$(2,053,816)</u>	<u>\$(613,325)</u>	<u>\$ (40,509)</u>	<u>\$(2,707,650)</u>

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DANVILLE PUBLIC BUILDING COMMISSION  
 COMBINING STATEMENT OF CASH FLOWS  
Year Ended October 31, 1990

	<u>PROPRIETARY FUND</u>			Total Memorandum Only
	<u>INTERNAL SERVICES</u>			
	<u>High School Construction Fund</u>	<u>Courthouse Renovation Fund</u>	<u>Public Safety Building Fund</u>	
<u>Cash flows from investing activities</u>				
Proceeds from capital lease agreements	\$ 889,113	\$ 500,000	\$ -	\$ 1,389,113
Interest on investments	<u>322,469</u>	<u>47,615</u>	<u>-</u>	<u>370,084</u>
Net cash provided by investing activities	<u>1,211,582</u>	<u>547,615</u>	<u>-</u>	<u>1,759,197</u>
Net increase (decrease) in cash and cash equiva- lents	(867,372)	(162,937)	7,973	(1,022,336)
Cash and cash equiva- lents beginning of year	<u>3,743,756</u>	<u>615,452</u>	<u>1,655,783</u>	<u>6,014,991</u>
Cash and cash equiva- lents end of year	<u>\$ 2,876,384</u>	<u>\$ 452,515</u>	<u>\$1,663,756</u>	<u>\$ 4,992,655</u>





DANVILLE PUBLIC BUILDING COMMISSION  
 STATEMENT OF EXPENDITURES COMPARED TO BUDGET -  
 PUBLIC SAFETY BUILDING FUND - LEASE ACCOUNT  
Year Ended October 31, 1990

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Administrative</u>			
Salaries	\$ 43,360	\$ 41,866	\$ 1,494
Payroll taxes	8,900	7,497	1,403
Employee insurance	6,700	6,621	79
Office supplies	4,669	4,546	123
Maintenance-office equipment	1,000	485	515
Audit	4,000	2,550	1,450
Legal	12,000	5,990	6,010
Travel	2,600	2,578	22
Miscellaneous	<u>1,000</u>	<u>971</u>	<u>29</u>
Total administrative	<u>\$ 84,229</u>	<u>\$ 73,104</u>	<u>\$11,125</u>
<u>Operation and maintenance</u>			
Salaries	\$192,390	\$186,810	\$ 5,580
Payroll taxes	39,600	33,840	5,760
Employee insurance	25,000	24,640	360
Insurance	68,000	44,776	23,224
Utilities	177,500	176,714	786
Physical exams	500	250	250
Janitorial supplies	13,000	12,810	190
Maintenance supplies	16,500	15,836	664
Maintenance service-equipment	13,500	8,995	4,505
Maintenance service-buildings and grounds	12,000	6,844	5,156
Equipment-contractual service	85,000	84,788	212
Snow removal	2,000	450	1,550
Miscellaneous	1,000	4,172	(3,172)
Uniforms	1,000	736	264
Professional services	15,000	3,253	11,747
Travel	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total operation and maintenance	<u>\$662,990</u>	<u>\$604,914</u>	<u>\$58,076</u>

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DANVILLE PUBLIC BUILDING COMMISSION  
 STATEMENT OF EXPENDITURES COMPARED TO BUDGET -  
 PUBLIC SAFETY BUILDING FUND - LEASE ACCOUNT  
Year Ended October 31, 1990

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Communications</u>			
Salaries	\$400,850	\$393,892	\$ 6,958
Payroll taxes	79,300	69,991	9,309
Insurance	39,000	34,075	4,925
Telephone	18,000	14,612	3,388
Office supplies	4,000	3,820	180
Maintenance service	1,500	480	1,020
Travel	2,000	1,556	444
Miscellaneous	<u>2,000</u>	<u>1,430</u>	<u>570</u>
Total communications	<u>\$546,650</u>	<u>\$519,856</u>	<u>\$26,794</u>
<u>Assigned personnel and dietary</u>			
Personnel cost - County	\$672,632	\$650,402	\$22,230
Fringe benefits	34,020	25,523	8,497
Dietary services - County	112,093	100,753	11,340
Training/correctional officers	<u>10,100</u>	<u>10,088</u>	<u>12</u>
Total assigned personnel and dietary	<u>\$828,845</u>	<u>\$786,766</u>	<u>\$42,079</u>

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DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF CHANGES IN RESERVED ACCOUNTS -  
PUBLIC SAFETY BUILDING FUND  
Year Ended October 31, 1990

	Communication Center	Assigned Personnel	Lease	Fire Dispatch	Burglar Alarm	Capital Improvements	Maintenance
Retained earnings - beginning of year	\$ -	\$ -	-	\$ 14,345	\$ 12,250	\$ 708,971	\$ -
Restate liability classification	-	-	-	-	-	123,573	36,794
Retained earnings - beginning of year (restated)	-	-	-	14,345	12,250	832,544	36,794
<b>Revenues</b>							
Rent	531,650	828,845	1,030,040	-	-	100,000	50,000
Fees	-	-	-	-	12,447	-	-
Interest	21,365	43,500	78,301	1,105	2,002	79,866	6,964
Miscellaneous	-	-	861	-	-	-	-
Total revenues	553,015	872,345	1,109,202	1,105	14,449	179,866	56,964
<b>Expenditures</b>							
Administration	-	-	73,104	-	-	-	-
Operations and maintenance	-	-	604,914	-	-	-	-
Communications	519,856	-	-	-	-	-	-
Assigned personnel	-	786,766	-	-	-	-	-
Equipment	-	-	14,462	-	-	26,047	-
Total expenditures	519,856	786,766	692,480	-	-	26,047	-
Operating income	33,159	85,579	416,722	1,105	14,449	153,819	56,964
<b>Other sources (uses)</b>							
From burglar alarm	-	-	13,108	-	-	-	-
To lease	-	-	-	-	(13,108)	-	-
Excess rent	(33,159)	(85,579)	(429,830)	-	-	-	-
Total transfers	(33,159)	(85,579)	(416,722)	-	(13,108)	-	-
Net income (loss)	-	-	-	1,105	1,341	153,819	56,964
Retained earnings - end of year	\$ -	\$ -	\$ -	\$ 15,450	\$ 13,591	\$ 986,363	\$ 93,758

