

DANVILLE PUBLIC BUILDING COMMISSION

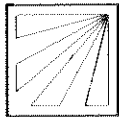
Danville, Illinois

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

October 31, 1991

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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, 1991, 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 and the Standards for Financial and Compliance Audits contained in *Government Auditing Standards* issued by the U.S. General Accounting Office. 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, 1991, 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 general purpose 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
November 18, 1991

**DANVILLE PUBLIC BUILDING COMMISSION
BALANCE SHEET
October 31, 1991**

ASSETS

**PROPRIETARY
FUND
INTERNAL
SERVICE**

CURRENT ASSETS

Cash and cash equivalents	\$ 4,089,715
Other short-term investments	228,288
Accrued interest receivable	29,240
Due from other funds	1,600
Due from other governments	74,669
Prepaid insurance	<u>16,938</u>

Total current assets	<u>4,440,450</u>
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PROPERTY, PLANT AND EQUIPMENT - NET

4,597,288

OTHER ASSETS

Leases receivable	<u>7,625,208</u>
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TOTAL ASSETS

\$ 16,662,946

LIABILITIES AND RETAINED EARNINGS

**PROPRIETARY
FUND
INTERNAL
SERVICE**
CURRENT LIABILITIES

Accounts payable	\$ 8,373
Interest payable	214,140
Bonds payable	325,000
Due to other funds	1,600
Due to other governments:	
City	162,878
County	<u>382,936</u>
Total current liabilities	<u>1,094,927</u>

LONG-TERM LIABILITIES

Due to other governmental units	3,199,519
Bonds payable	<u>6,565,000</u>
Total long-term liabilities	<u>9,764,519</u>
Total liabilities	<u>10,859,446</u>

RETAINED EARNINGS

Reserved for Detention Center	66,296
Reserved for Fire Dispatch	15,450
Reserved for Burglar Alarm	22,287
Reserved for maintenance	150,639
Reserved for capital improvements	951,540
Investment in property and equipment	<u>4,597,288</u>
Total retained earnings	<u>5,803,500</u>

TOTAL LIABILITIES AND RETAINED EARNINGS \$ 16,662,946

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, 1991**

**PROPRIETARY
FUND
INTERNAL
SERVICE**

REVENUES

Rent	\$ 2,667,562
Intergovernmental grants	96,225
Interest on capital lease	638,301
Interest on investments and deposits	421,062
Fees	8,696
Miscellaneous	<u>14,901</u>
Total revenues	<u>3,846,747</u>

OPERATING EXPENSES

Administrative	78,153
Operations and maintenance	749,055
Communications	542,850
Assigned personnel cost and dietary	793,432
Interest on bonds	477,064
Capitalized interest	470,054
Depreciation	<u>187,569</u>
Total operating expenses	<u>3,298,177</u>

OPERATING INCOME 548,570

NON-OPERATING EXPENSES

Excess earnings due to governmental unit	<u>(409,811)</u>
Net income	138,759

RETAINED EARNINGS, BEGINNING OF YEAR 5,664,741

RETAINED EARNINGS, END OF YEAR \$ 5,803,500

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 CASH FLOWS
Year Ended October 31, 1991

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 138,759
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	187,569
Changes in operating assets and liabilities:	
Decrease in accrued interest receivable	32,853
Increase in due from other governments	(74,669)
Decrease in accounts payable	(102,169)
Decrease in interest payable	(4,000)
Increase in due to other governments	<u>(7,595)</u>
Net cash provided by operating activities	<u>170,748</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(1,360,771)
Principal paid on bond maturities	(150,000)
Interest and service charges paid on bonds	<u>(476,232)</u>
Net cash used for capital and related financing activities	<u>(1,987,003)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from U.S. Treasury securities	158,696
Acquisition of U.S. Treasury securities	(228,288)
Proceeds from capital lease agreements	927,988
Interest on investments	<u>213,615</u>
Net cash provided by investing activities	<u>1,072,011</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (744,244)

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR
AS RESTATED** 4,833,959

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 4,089,715

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, 1991**

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.

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 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.

FIXED ASSETS 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.

**DANVILLE PUBLIC BUILDING COMMISSION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
October 31, 1991**

FIXED ASSETS 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

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and 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.

CAPITALIZED INTEREST

Interest on fixed assets which are being constructed is capitalized as part of construction period expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, amounts due from banks, and other liquid investments with a maturity of three months or less when purchased.

OTHER SHORT-TERM INVESTMENTS

Other short-term investments represent U.S. Treasury securities with maturity dates greater than three months but less than one year when purchased.

EXCESS EARNINGS

The Commission records all revenues over expenses associated with their direct financing leases, as non-operating expenses 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.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

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.

Cash

At October 31, 1991 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	\$ 50,694	\$ 69,161

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

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>\$ 793,849</u>	<u>\$ 3,473,458</u>	<u>\$ 4,039,021</u>	<u>\$ 4,039,021</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.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

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	\$ 44,358	\$ 6,336	\$ 50,694
Cash equivalents	<u>2,416,871</u>	<u>1,622,150</u>	<u>4,039,021</u>
Total	<u>\$ 2,461,229</u>	<u>\$ 1,628,486</u>	<u>\$4,089,715</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, 1991, 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	\$ -	\$ 945,068	\$ -	\$ 945,068
Maintenance	-	149,591	-	149,591
Sinking fund	24,826	-	18,177	43,003
Bond reserve	209,631	-	269,147	478,778
Surplus revenue	<u>230,282</u>	<u>-</u>	<u>10,052</u>	<u>240,334</u>
Total	<u>\$ 464,739</u>	<u>\$1,094,659</u>	<u>\$297,376</u>	<u>\$1,856,774</u>

NOTE 3 - CHANGES IN PROPERTY, PLANT, AND EQUIPMENT

<u>Public Safety Building</u>	<u>Balance 10/31/90</u>	<u>Additions</u>	<u>Balance 10/31/91</u>	<u>Accumulated Depreciation</u>	<u>Net 10/31/91</u>
Land	\$ 558,575	\$ -	\$ 558,575	\$ -	\$ 558,575
Building	5,992,183	15,257	6,007,440	2,319,556	3,687,884
Equipment	973,625	214,021	1,187,646	837,300	350,346
Furniture and fixtures	<u>137,597</u>	<u>-</u>	<u>137,597</u>	<u>137,114</u>	<u>483</u>
Total	<u>\$ 7,661,980</u>	<u>\$ 229,278</u>	<u>\$7,891,258</u>	<u>\$3,293,970</u>	<u>\$ 4,597,288</u>

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

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.

At the end of the lease, all assets remaining in the fund will be transferred to the County. As of October 31, 1991, the liability to the County for excess revenues from this lease totaled \$942,943.

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, 1991, the liability to the School District for excess revenues from this lease totaled \$2,256,576.

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>
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	493,750	-
Total	<u>\$5,758,201</u>	<u>\$5,500,000</u>

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

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 lease payments	\$7,075,300	\$8,000,000	\$15,075,300
Estimated executory costs	<u>(140,000)</u>	<u>(160,000)</u>	<u>(300,000)</u>
Total lease payments net of executory cost	6,935,300	7,840,000	14,775,300
Earned interest to date	(859,668)	(1,223,700)	(2,083,368)
Unearned interest	<u>(1,907,859)</u>	<u>(1,925,133)</u>	<u>(3,832,992)</u>
Net investment in direct financing lease	4,167,773	4,691,167	8,858,940
Principal payments received to date	<u>(457,432)</u>	<u>(776,300)</u>	<u>(1,233,732)</u>
Total	<u>\$ 3,710,341</u>	<u>\$ 3,914,867</u>	<u>\$ 7,625,208</u>

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

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
1996	273,502	307,575	581,077
Thereafter	<u>2,592,215</u>	<u>2,738,621</u>	<u>5,330,836</u>
Total	<u>\$ 3,710,341</u>	<u>\$ 3,914,867</u>	<u>\$ 7,625,208</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 County</u>	<u>City</u>	<u>Total</u>
November 1, 1991	\$2,113,934	\$ 687,007	\$2,800,941
1992	<u>2,219,631</u>	<u>721,357</u>	<u>2,940,988</u>
Total	<u>\$ 4,333,565</u>	<u>\$ 1,408,364</u>	<u>\$5,741,929</u>

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

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, 1991, net rental receipts were in excess of funds required. Accordingly, refunds of the excess will be made as follows:

City of Danville, Illinois	\$ 162,878
County of Vermilion, Illinois	<u>382,936</u>
Total	<u>\$ 545,814</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 and July 1.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

NOTE 5 - BONDS PAYABLE (CONTINUED)

County Building Revenue Bonds (Continued)

<u>Due Date</u>	<u>Principal</u>	<u>Rate on Coupons</u>
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, 1991	<u>\$3,415,000</u>	

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 Date</u>	<u>Principal</u>	<u>Rate on 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, 1991	<u>\$ 3,475,000</u>	

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

NOTE 5 - BONDS PAYABLE (CONTINUED)

Summary of bonds payable:

	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Total</u>
County Building Revenue Bonds	\$ 175,000	\$ 3,240,000	\$ 3,415,000
School Building Revenue Bonds	<u>150,000</u>	<u>3,325,000</u>	<u>3,475,000</u>
Total	<u>\$ 325,000</u>	<u>\$ 6,565,000</u>	<u>\$ 6,890,000</u>

Changes in bonds payable:

	<u>Balance 10/31/90</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 10/31/91</u>
County building revenue bonds	\$ 3,565,000	\$ -	\$ 150,000	\$ 3,415,000
School building revenue bonds	<u>3,475,000</u>	<u>-</u>	<u>-</u>	<u>3,475,000</u>
Total	<u>\$7,040,000</u>	<u>\$ -</u>	<u>\$150,000</u>	<u>\$ 6,890,000</u>

NOTE 6 - ILLINOIS MUNICIPAL RETIREMENT FUND

DEFINED BENEFIT PENSION PLAN

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 2,515 local governments and school districts in Illinois. The Employer's total payroll for the year ended December 31, 1990 was \$692,254. Of this amount, \$671,817 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.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

NOTE 6 - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Related Party Transactions

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

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, 1990. 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 4.25% 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 \$24,272 at December 31, 1990, determined as follows:

Pension benefit obligation:

Terminated employees not yet receiving benefits	\$ 8,702
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Current employees:

Accumulated employee contributions including allocated investment earnings	236,400
Employer-financed vested	434,385
Employer-financed nonvested	<u>55,627</u>
Total pension benefit obligation	735,114
Net assets available for benefits at cost (market value is \$725,042)	<u>710,842</u>
Unfunded pension benefit obligation	<u>\$ 24,272</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.

**DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991**

NOTE 6 - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

New actuarial assumptions based on the 1987-1989 experience study are reflected in the pension benefit obligation shown above. The new assumptions are described in the Digest of Changes. The dollar effect of these changes on the pension benefit obligation was not economically determinable by IMRF.

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 contributions by the Employer to IMRF for 1990 of \$86,664 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, 1988. The contribution consisted of (a) \$46,624 normal cost (6.94% of 1990 covered payroll), (b) \$36,009 amortization of the unfunded actuarial accrued liability (5.36% of 1990 covered payroll) and (c) \$4,030 death and disability cost (.60% of 1990 covered payroll). The Employer contributed \$86,664 (12.90% of 1990 covered payroll); employees contributed \$30,231 (4.5% of 1990 covered payroll).

The assumptions used to calculate the 1990 rates are different from the assumptions used to calculate the 1990 pension benefit obligation shown above in Section C. The new actuarial assumptions adopted in 1990 and explained below, have been incorporated into the 1992 contribution rates. The net effect of these changes is estimated to increase contributions by 1% or less of payroll. Separate dollar effects of each change were not economically determinable by IMRF.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten year trend information may be found on Page five of this statement. For the three years ended 1988, 1989, and 1990, respectively, available assets were sufficient to fund 97.86%, 101.87% and 96.70% of the pension benefit obligation. Unfunded pension benefit obligation represents 2.19%, .00% and 3.61% of the annual payroll for the participating members covered by IMRF for 1988, 1989 and 1990, respectively. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three years ended 1988, 1989 and 1990, the Employer's contribution to IMRF, all made in accordance with actuarially determined requirements, were 8.41%, 10.95% and 12.90%, respectively, of annual covered payroll.

Digest of Changes

The changes discussed below have been incorporated in the 1992 employer contribution rates and in the December 31, 1990 pension benefit obligation. The previous assumptions were used to calculate the 1990 employer contribution rate.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

NOTE 6 - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Digest of Changes (continued)

The following changes in actuarial assumptions were based upon the 1987-89 experience study: (1) The salary increase assumption for long service employees was increased from 0.1% to 0.5%. (2) The mortality assumption for females was changed from the 1983 Group Annuity Table to 95% of the 1983 Individual Annuity Table. The mortality assumption for males was changed from 93.5% of the 1971 Group Annuity Table to 95% of the 1983 Group Annuity Table. (3) Retirement rates at most younger ages have been increased to reflect actual experience. (4) Termination rates have been decreased to reflect actual experience. (5) Disability rates have been decreased to reflect actual experience. (6) Salary rate growth assumption for inflation has been increased from 3.5% to 4.25%.

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) Unfunded Pensn Oblig <u>(1) - (2)</u>	(4) Annual Covered Payroll	Unfunded as Percentage of Payroll <u>(3)/(4)</u>
1990	\$735,114	\$710,842	96.70%	\$ 24,272	\$671,817	3.61%
1989	630,174	641,946	101.87%	-	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%

NOTE 7 - SUBSEQUENT EVENTS

On November 1, 1991 the Commission executed an *Indenture of Trust and Assignment of an Interest* regarding the leases associated with Vermilion County and Danville School District Building bond issues. The agreement provides for the following:

- The Commission will sell and assign to Bank One Wisconsin Trust Company that portion of the leases pursuant to which the Debt Service Rental Payments are to be made.
- Bank One of Wisconsin Trust Company will issue two series of Certificates of Participation. The Certificates of Participation shall represent and constitute fractionalized ownership interests in that portion of the lease pursuant to which the Debt Service Rental Payments are to be made, including related rights under the lease.
- The payments received on the leases related to the Debt Service Rental Payment will be remitted to Bank One of Wisconsin Trust Company for the payment of Certificates of Participation.
- The proceeds for the sale of Certificates of Participation will be used to establish a bond defeasment escrow for those bonds currently associated with the leases.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

NOTE 7 - SUBSEQUENT EVENTS (CONTINUED)

Summary of Transactions Settled on November 1, 1991

General Obligation Lease Payments Made by Vermilion County, Illinois
Proceeds

Gross proceeds for sale of Certificate of Participation	\$ 3,525,434
Accrued interest on sale	12,183
Due from County on lease payment to be made January 1, 1992	<u>97,444</u>

Total proceeds **\$ 3,635,061**

Disbursements

Purchase of lease agreements (SLG's)	\$ 3,491,900
Establishment of escrow accounts	16,224
Legal and banking fees	21,675
Investment firm and insurance fees	<u>105,262</u>

Total disbursements **\$ 3,635,061**

General Obligation Lease Payments Made by Vermilion County CCSD #118, Illinois

Proceeds

Gross proceeds for sale of Certificate of Participation	\$ 3,599,354
Accrued interest on sale	12,846
Due from Vermilion County CCSD #118 on lease payment	<u>436</u>

Total proceeds **\$ 3,612,636**

Disbursements

Purchase of lease agreements (SLG's)	\$ 3,464,500
Establishment of escrow accounts	17,148
Legal and banking fees	21,675
Investment firm and insurance fees	<u>109,313</u>

Total disbursements **\$ 3,612,636**

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1991

NOTE 8 - RELATED PARTIES DISCLOSURE

The Commission is disclosed as a joint venture in general purpose financial statements of:

Danville Community Consolidated School District
Vermilion County, Illinois
City of Danville, Illinois

Joint venture presentation is a footnote disclosure of each entity's share of the Danville Public Building Commission's assets, liabilities, and retained earnings.

NOTE 9 - RESTATEMENT OF CASH AND CASH EQUIVALENTS

Prior year's cash and cash equivalents has been restated to reclassify U.S. Treasury securities as other short-term investments with maturities greater than three months.

Cash and cash equivalents, as originally reported	\$ 4,992,655
Reclassification	<u>(158,696)</u>
Cash and cash equivalents, as restated	<u>\$ 4,833,959</u>

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

SUPPLEMENTAL INFORMATION

DANVILLE PUBLIC BUILDING COMMISSION
COMBINING BALANCE SHEET
October 31, 1991

ASSETS

	PROPRIETARY FUNDS				
	INTERNAL SERVICE				
	High School Construction Fund	Courthouse Renovation Fund	Public Safety Building Fund	Detention Center Fund	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,133,872	\$ 299,592	\$ 1,656,251	\$ -	\$ 4,089,715
Other short-term investments	-	228,288	-	-	228,288
Accrued interest receivable	12,036	6,263	10,941	-	29,240
Due from other funds	-	-	1,600	-	1,600
Due from other governments	-	-	-	74,669	74,669
Prepaid insurance	-	-	16,938	-	16,938
Total current assets	2,145,908	534,143	1,685,730	74,669	4,440,450
PROPERTY AND EQUIPMENT					
Property, plant and equipment, net of accumulated depreciation	-	-	4,597,288	-	4,597,288
OTHER ASSETS					
Lease receivable	3,710,341	3,914,867	-	-	7,625,208
TOTAL ASSETS	\$ 5,856,249	\$ 4,449,010	\$ 6,283,018	\$ 74,669	\$ 16,662,946

LIABILITIES AND RETAINED EARNINGS

	PROPRIETARY FUNDS				
	INTERNAL SERVICE				
	Public				Total
	High School Construction Fund	Courthouse Renovation Fund	Safety Building Fund	Detention Center Fund	
CURRENT LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 8,373	\$ 8,373
Interest payable	123,073	91,067	-	-	214,140
Bonds payable	150,000	175,000	-	-	325,000
Due to other funds	1,600	-	-	-	1,600
Due to other governments:					
City	-	-	162,878	-	162,878
County	-	-	382,936	-	382,936
Total current liabilities	274,673	266,067	545,814	8,373	1,094,927
LONG-TERM LIABILITIES					
Due to other governmental units	2,256,576	942,943	-	-	3,199,519
Bonds payable	3,325,000	3,240,000	-	-	6,565,000
Total long-term liabilities	5,581,576	4,182,943	-	-	9,764,519
Total liabilities	5,856,249	4,449,010	545,814	8,373	10,859,446
RETAINED EARNINGS					
Reserved for Detention Center	-	-	-	66,296	66,296
Reserved for Fire Dispatch	-	-	15,450	-	15,450
Reserved for Burglar Alarm	-	-	22,287	-	22,287
Reserved for maintenance	-	-	150,639	-	150,639
Reserved for capital improvements	-	-	951,540	-	951,540
Investment in property and equipment	-	-	4,597,288	-	4,597,288
Total retained earnings	-	-	5,737,204	66,296	5,803,500
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 5,856,249	\$ 4,449,010	\$ 6,283,018	\$ 74,669	\$ 16,662,946

DANVILLE PUBLIC BUILDING COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS
 Year Ended October 31, 1991

	PROPRIETARY FUNDS				
	INTERNAL SERVICE				
	Public				
	High School Construction Fund	Courthouse Renovation Fund	Safety Building Fund	Detention Center Fund	Total
REVENUES					
Rent	\$ -	\$ -	\$ 2,667,562	\$ -	\$ 2,667,562
Intergovernmental grants	-	-	21,556	74,669	96,225
Interest on capital lease	319,848	319,453	-	-	638,301
Interest on investment and deposits	169,714	43,901	207,447	-	421,062
Fees	-	-	8,696	-	8,696
Miscellaneous	-	-	14,901	-	14,901
Total revenues	<u>488,562</u>	<u>363,354</u>	<u>2,920,162</u>	<u>74,669</u>	<u>3,846,747</u>
OPERATING EXPENSES					
Administrative	-	-	78,153	-	78,153
Operations and maintenance	5,264	35,537	699,881	8,373	749,055
Communications	-	-	542,850	-	542,850
Assigned personnel cost and dietary	-	-	793,432	-	793,432
Interest on bonds	243,400	233,664	-	-	477,064
Capitalized interest	173,771	296,283	-	-	470,054
Depreciation	-	-	187,569	-	187,569
Total expenses	<u>422,435</u>	<u>565,484</u>	<u>2,301,885</u>	<u>8,373</u>	<u>3,298,177</u>
OPERATING INCOME (EXPENSE)	<u>66,127</u>	<u>(202,130)</u>	<u>618,277</u>	<u>66,296</u>	<u>548,570</u>
NON-OPERATING EXPENSES					
Excess (deficiency) earnings due to governmental units	<u>(66,127)</u>	<u>202,130</u>	<u>(545,814)</u>	<u>-</u>	<u>(409,811)</u>
Net income	-	-	72,463	66,296	138,759
RETAINED EARNINGS, BEGINNING OF YEAR	-	-	<u>5,664,741</u>	-	<u>5,664,741</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,737,204</u>	<u>\$ 66,296</u>	<u>\$ 5,803,500</u>

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DANVILLE PUBLIC BUILDING COMMISSION
COMBINING STATEMENT OF CASH FLOWS
Year Ended October 31, 1991

	PROPRIETARY FUNDS				
	INTERNAL SERVICE				Total
	High School Construction Fund	Courthouse Renovation Fund	Public Safety Building Fund	Detention Center Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	\$ -	\$ -	\$ 72,463	\$ 66,296	\$ 138,759
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation	-	-	187,569	-	187,569
Changes in operating assets and liabilities:					
Decrease in accounts payable	(31,002)	(2,500)	(77,040)	8,373	(102,169)
Decrease in interest payable	-	(4,000)	-	-	(4,000)
Increase (decrease) in due to other governments	(5,267)	(36,368)	34,040	-	(7,595)
Decrease (increase) in accrued interest receivable	28,331	(1,819)	6,341	-	32,853
Increase in due from other governments	-	-	-	(74,669)	(74,669)
Increase in due to other funds	1,600	-	-	-	1,600
Increase in due from other funds	-	-	(1,600)	-	(1,600)
Net cash provided by (used in) operating activities	(6,338)	(44,687)	221,773	-	170,748
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,090,476)	(41,017)	(229,278)	-	(1,360,771)
Principal paid on bond maturities	-	(150,000)	-	-	(150,000)
Interest and service charges paid on bonds	(243,400)	(232,832)	-	-	(476,232)
Net cash used for capital and related financing activities	(1,333,876)	(423,849)	(229,278)	-	(1,987,003)

	PROPRIETARY FUNDS				
	INTERNAL SERVICE				
	Public				
	High School Construction Fund	Courthouse Renovation Fund	Safety Building Fund	Detention Center Fund	Total
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from U.S. Treasury securities	\$ -	\$158,696	\$ -	\$ -	\$ 158,696
Proceeds from capital lease agreements	427,988	500,000	-	-	927,988
Interest on investments	169,714	43,901	-	-	213,615
Acquisition of U.S. Treasury securities	-	(228,288)	-	-	(228,288)
Net cash provided by investing activities	<u>597,702</u>	<u>474,309</u>	<u>-</u>	<u>-</u>	<u>1,072,011</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(742,512)	5,773	(7,505)	-	(744,244)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR, AS RESTATED	<u>2,876,384</u>	<u>293,819</u>	<u>1,663,756</u>	<u>-</u>	<u>4,833,959</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$2,133,872</u>	<u>\$299,592</u>	<u>\$1,656,251</u>	<u>\$ -</u>	<u>\$ 4,089,715</u>

SCHEDULE D

**DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF EXPENDITURES COMPARED TO BUDGET -
PUBLIC SAFETY BUILDING FUND - LEASE ACCOUNT
Year Ended October 31, 1991**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ADMINISTRATIVE			
Salaries	\$ 45,562	\$ 45,084	\$ 478
Payroll taxes	10,900	8,141	2,759
Employee insurance	6,300	4,853	1,447
Office supplies	3,000	2,997	3
Maintenance-office equipment	1,000	536	464
Audit	4,000	3,734	266
Legal	12,000	5,134	6,866
Travel	5,500	5,004	496
Miscellaneous	<u>1,000</u>	<u>2,670</u>	<u>(1,670)</u>
TOTAL ADMINISTRATIVE	<u>\$ 89,262</u>	<u>\$ 78,153</u>	<u>\$ 11,109</u>
OPERATIONS AND MAINTENANCE			
Salaries	\$ 253,000	\$ 231,195	\$ 21,805
Payroll taxes	55,630	43,243	12,387
Employee insurance	37,200	28,700	8,500
Insurance	54,750	53,829	921
Utilities	193,500	186,626	6,874
Physical exams	500	149	351
Janitorial supplies	13,000	12,931	69
Maintenance supplies	19,000	18,985	15
Maintenance service-equipment	13,500	6,960	6,540
Maintenance service-buildings and grounds	37,000	26,096	10,904
Equipment-contractual service	88,400	78,912	9,488
Snow removal	2,000	1,440	560
Miscellaneous	1,000	772	228
Uniforms	2,000	1,468	532
Professional services	15,000	8,480	6,520
Travel	<u>1,000</u>	<u>95</u>	<u>905</u>
TOTAL OPERATIONS AND MAINTENANCE	<u>\$ 786,480</u>	<u>\$ 699,881</u>	<u>\$ 86,599</u>

SCHEDULE D

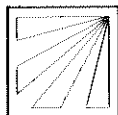
DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF EXPENDITURES COMPARED TO BUDGET -
PUBLIC SAFETY BUILDING FUND - LEASE ACCOUNT
Year Ended October 31, 1991

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
COMMUNICATIONS			
Salaries	\$ 425,100	\$ 418,003	\$ 7,097
Payroll taxes	103,000	79,340	23,660
Insurance	42,000	36,154	5,846
Telephone	5,000	3,625	1,375
Office supplies	5,500	3,576	1,924
Maintenance service	1,500	585	915
Travel	2,000	356	1,644
Miscellaneous	<u>2,000</u>	<u>1,211</u>	<u>789</u>
TOTAL COMMUNICATIONS	<u>\$ 586,100</u>	<u>\$ 542,850</u>	<u>\$ 43,250</u>
ASSIGNED PERSONNEL AND DIETARY			
Personnel cost - County	\$ 708,289	\$ 658,115	\$ 50,174
Fringe benefits	35,721	34,634	1,087
Dietary services - County	114,697	89,103	25,594
Training/correctional officers	<u>11,580</u>	<u>11,580</u>	<u>-</u>
TOTAL ASSIGNED PERSONNEL AND DIETARY	<u>\$ 870,287</u>	<u>\$ 793,432</u>	<u>\$ 76,855</u>

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF CHANGES IN RESERVED ACCOUNTS -
PUBLIC SAFETY BUILDING FUND
Year Ended October 31, 1991

	Communication Center	Assigned Personnel	Lease	Fire Dispatch	Burglar Alarm	Capital Improvements	Maintenance
RETAINED EARNINGS, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ 15,450	\$ 13,591	\$ 986,363	\$ 93,758
REVENUES							
Rent	586,100	870,287	1,061,175	-	-	100,000	50,000
Intergovernmental grants	-	21,556	-	-	-	-	-
Fees	-	-	-	-	8,696	-	-
Interest	-	-	131,309	-	-	69,257	6,881
Miscellaneous	-	-	14,901	-	-	-	-
Total revenue	586,100	891,843	1,207,385	-	8,696	169,257	56,881
EXPENDITURES							
Administration	-	-	78,153	-	-	-	-
Operations and maintenance	-	-	699,881	-	-	-	-
Communications	542,850	-	-	-	-	-	-
Assigned personnel	-	793,432	-	-	-	-	-
Equipment	-	-	25,198	-	-	204,080	-
Total expenditures	542,850	793,432	803,232	-	-	204,080	-
Operating income (loss)	43,250	98,411	404,153	-	8,696	(34,823)	56,881
OTHER SOURCES (USES)							
Excess rent	(43,250)	(98,411)	(404,153)	-	-	-	-
NET INCOME (LOSS)	-	-	-	-	8,696	(34,823)	56,881
RETAINED EARNINGS, END OF YEAR	\$ -	\$ -	\$ -	\$ 15,450	\$ 22,287	\$ 951,540	\$ 150,639

ACCOUNTANT'S REPORT ON GENERAL COMPLIANCE



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

Board of Commissioners
Danville Public Building Commission
Danville, Illinois

We have audited the general purpose financial statements of Danville Public Building Commission as of and for the year ended October 31, 1991, and have issued our report thereon dated November 18, 1991.

We conducted our audit in accordance with generally accepted auditing standards and *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.

Compliance with laws, regulations, contracts, and grants applicable to Danville Public Building Commission is the responsibility of Danville Public Building Commission's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of Danville Public Building Commissions' compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

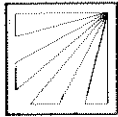
The results of our tests of compliance indicate that, with respect to the items tested, Danville Public Building Commission, complied in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Commission had not complied, in all material respects, with those provisions.

This report is intended for the information of the Commission's management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Clifton, Gunderson & Co.

Danville, Illinois
November 18, 1991

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE



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

Board of Commissioners
Danville Public Building Commission
Danville, Illinois

We have audited the general purpose financial statements of Danville Public Building Commission for the year ended October 31, 1991 and have issued our report thereon dated November 18, 1991. These general purpose financial statements are the responsibility of Danville Public Building Commission's management. Our responsibility is to express an opinion on these general purpose financial statements.

We conducted our audit in accordance with generally accepted auditing standards and *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 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.

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

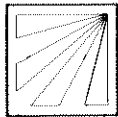
Clifton, Gunderson & Co.

Danville, Illinois
November 18, 1991

DANVILLE PUBLIC BUILDING COMMISSION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
Year Ended October 31, 1991

Grantor/Program Title	Number	Federal Number	Program or Amount	Revenues			Expenditures		
				Prior Year	Current Year	Total	Prior Year	Current Year	Total
U.S. Department of Justice Passed through Illinois Department of Children and Family Services: Vermilion County Regional Juvenile Detention Center	00376JJ	16.540	\$74,699	\$ -	\$ 74,699	\$ 74,699	\$ -	\$ 8,373	\$ 8,373

ACCOUNTANT'S REPORT ON INTERNAL ACCOUNTING CONTROLS



Board of Commissioners
Danville Public Building Commission
Danville, Illinois

We have audited the general purpose financial statements of Danville Public Building Commission as of and for the year ended October 31, 1991, and have issued our report thereon dated November 18, 1991.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit for the year ended October 31, 1991, we considered the Commission's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Commission's general purpose financial statements and not to provide assurance on the internal control structure.

The management of Danville Public Building Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Activity Cycles

- Treasury or financing
- Revenue/receipts
- Purchases/disbursements
- External financial reporting
- Payroll/personnel
- General ledger

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General Requirements

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Drug Free Workplace
- Administration Requirement
- Allowable Cost/Cost Principles

Specific Requirements

- Types of services
- Eligibility
- Matching, level of effort, or earmarking
- Reporting

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended October 31, 1991 Danville Public Building Commission had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the nonmajor federal financial assistance program listed in the Schedule of Federal Financial Assistance.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. This reportable condition appears in the Schedule of Findings, Questioned Cost and Auditee Corrective Action Plan. 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 Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements or to administer federal financial assistance programs in accordance with applicable laws and regulations.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited or that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

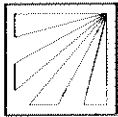
Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition noted would be a material weaknesses as defined above.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Clifton, Henderson & Co.

Danville, Illinois
November 18, 1991

**ACCOUNTANT'S REPORT ON NONMAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**



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

Board of Commissioners
Danville Public Building Commission
Danville, Illinois

We have applied procedures to test Danville Public Building Commission's compliance with the following requirements applicable to its federal financial assistance program for the year ended October 31, 1991:

1. Political Activity
2. Civil Rights
3. Cash Management
4. Allowable Costs/Cost Principles
5. Drug-Free Workplace Act
6. Administrative Requirements

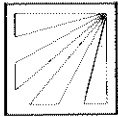
Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Danville Public Building Commission's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Commission had not complied, in all material respects, with those requirements.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Clifton, Gunderson & Co.

Danville, Illinois
November 18, 1991



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

Board of Commissioners
Danville Public Building Commission
Danville, Illinois

In connection with our audit of the 1991 general purpose financial statements of the Danville Public Building Commission, and with our study and evaluation of the Commission's internal control systems used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended October 31, 1991.

As required by Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; matching; and level of effort that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Commission's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Danville Public Building Commission had not complied, in all material respects, with those requirements.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Clifton, Gunderson & Co.

Danville, Illinois
November 18, 1991

**SCHEDULES OF FINDINGS, QUESTIONED COSTS AND
AUDITEE CORRECTIVE ACTION PLAN**

**SCHEDULE OF FINDINGS, QUESTIONED COSTS
and AUDITEE CORRECTIVE ACTION PLAN**

Year Ended October 31, 1991

TYPE OF FINDING

- ☐ Federal Compliance
- ☐ General Compliance
- ☒ Federal Internal Control
- ☒ General Internal Control
- ☐ Management Point

CATEGORIZATION OF FINDING

- ☐ New Finding
- ☒ Repeat Finding From Prior Years
- ☒ Reportable Condition
- ☒ Material Weakness

FINDING

Lack of segregation of duties.

RECOMMENDATION

It would not be economically feasible for the Commission to hire sufficient personnel to provide for adequate segregation of duties.

**SCHEDULE OF FINDINGS, QUESTIONED COSTS
and AUDITEE CORRECTIVE ACTION PLAN**

Year Ended October 31, 1991

FINDING CONTINUED

AFFECTED FUNDS

All

QUESTIONED COSTS

None

CORRECTIVE ACTION PLAN

None

AUDITOR'S COMMENTS

None
