

**DANVILLE PUBLIC BUILDING COMMISSION**

**Danville, Illinois**

**GENERAL PURPOSE  
FINANCIAL STATEMENTS**

**October 31, 1992**



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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, 1992, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Danville Public Building 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; *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. 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, 1992, 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 combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the 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 20, 1992





**DANVILLE PUBLIC BUILDING COMMISSION  
BALANCE SHEET  
October 31, 1992**

**ASSETS**

**PROPRIETARY  
FUND  
INTERNAL  
SERVICE**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 3,952,321
Accrued interest receivable	29,239
Due from other funds	99,710
Due from other governments	14,669
Prepaid insurance	<u>10,750</u>

Total current assets	<u>4,106,689</u>
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**PROPERTY, PLANT AND EQUIPMENT - NET**

4,450,133

**OTHER ASSETS**

Leases receivable	7,264,659
Unamortized certificates of participation cost	<u>277,497</u>

Total other assets	<u>7,542,156</u>
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**TOTAL ASSETS**

\$ 16,098,978



## LIABILITIES AND RETAINED EARNINGS

	PROPRIETARY FUND INTERNAL SERVICE
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 17,904
Interest payable	90,346
Certificates of participation's payable	350,000
Due to other funds	99,710
Due to other governments:	
City	142,144
County	<u>363,583</u>
Total current liabilities	<u>1,063,687</u>
<b>LONG-TERM LIABILITIES</b>	
Due to other governmental units	2,810,231
Certificates of participation's payable	6,215,000
Unamortized premium on certificates of participations	<u>207,551</u>
Total long-term liabilities	<u>9,232,782</u>
Total liabilities	<u>10,296,469</u>
<b>RETAINED EARNINGS</b>	
Reserved for Detention Center	37,949
Reserved for Fire Dispatch	15,450
Reserved for Burglar Alarm	34,607
Reserved for maintenance	164,251
Reserved for capital improvements	1,100,119
Investment in property and equipment	<u>4,450,133</u>
Total retained earnings	<u>5,802,509</u>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b><u>\$ 16,098,978</u></b>

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, 1992**

	<b>PROPRIETARY FUND INTERNAL SERVICE</b>
<b>REVENUES</b>	
Rent	\$ 3,161,489
Intergovernmental grants	42,801
Interest on capital lease	632,439
Interest on investments and deposits	254,544
Fees	12,320
Miscellaneous	<u>1,477</u>
Total revenues	<u>4,105,070</u>
<b>OPERATING EXPENSES</b>	
Administrative	151,174
Operations and maintenance	808,175
Communications	842,807
Assigned personnel cost and dietary	557,379
Capitalized interest	542,351
Depreciation	<u>200,133</u>
Total operating expenses	<u>3,102,019</u>
<b>OPERATING INCOME</b>	<u>1,003,051</u>
<b>NON-OPERATING EXPENSES</b>	
Amortization of certificates of participation:	
Premium	27,237
Issuance cost	(13,727)
Interest on expense	(436,882)
Excess earnings due to governmental unit	<u>(728,338)</u>
Net operating expenses	<u>(1,151,710)</u>
Net loss before extraordinary item	(148,659)
<b>EXTRAORDINARY GAIN ON THE DEFEASEMENT OF BOND ISSUES</b>	<u>147,668</u>
Net loss	(991)
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<u>5,803,500</u>
<b>RETAINED EARNINGS, END OF YEAR</b>	<u>\$ 5,802,509</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 CASH FLOWS  
Year Ended October 31, 1992**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss	\$ (991)
Adjustments to reconcile net loss to cash provided by operating activities:	
Depreciation	200,133
Amortization of certificates of participations:	
Premium	(27,237)
Issuance cost	13,727
Extraordinary gain on defeasement of bond issues	(147,668)
Changes in operating assets and liabilities:	
Decrease in prepaid insurance	6,191
Decrease in due from other governments	60,000
Increase in accounts payable	9,531
Decrease in interest payable	(123,794)
Increase in due to other governments	<u>(743,112)</u>
Net cash used by operating activities	<u>(753,220)</u>

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

Proceeds from issuance of certificates of participation	6,915,029
Premium on issuance of certificates of participation	234,788
Acquisition and construction of capital assets	(52,980)
Principal paid on certificates of participation maturities	(325,000)
Interest and service charges paid on certificates of participation	(247,258)
Defeasement of bond issue	(6,956,472)
Issuance cost of certificates of participation	<u>(291,225)</u>
Net cash used for capital and related financing activities	<u>(723,118)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from U.S. Treasury securities	228,288
Proceeds from capital lease agreements	992,987
Interest on investments	<u>117,669</u>
Net cash provided by investing activities	<u>1,338,944</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (137,394)

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 4,089,715

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 3,952,321

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, 1992**

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.

**PRINCIPALS USED TO DETERMINE THE SCOPE OF THE REPORTING ENTITY**

The Commission's reporting entity includes the Commission's governing board and all related organizations for which the Commission exercises oversight responsibility.

The Commission has developed criteria to determine whether outside agencies with activities which benefit the citizens within the Commission's jurisdiction should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the Commission exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The Commission is not aware of any entity which would exercise such oversight as to result in the Commission being considered a component unit of the entity. The Commission is disclosed as a joint venture in the general purpose financial statements of the following entities:

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

A joint venture presentation is a footnote disclosure of each entity's share of the Commission's assets, liabilities, and retained earnings.

**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.





**DANVILLE PUBLIC BUILDING COMMISSION  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
October 31, 1992**

**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.

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 all liquid investments with a maturity of three months or less 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, 1992**

**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 and cash equivalents**

Cash balances available for investment by the majority of Commission funds are maintained in pooled bank and investment accounts to improve investment opportunities. Income from investment of pooled cash is allocated to the participating funds on percentage of pool ownership basis.

**Deposits**

As of October 31, 1992, the carrying amount of the Commission's deposits was \$34,921 and the bank balance was \$58,363. The entire balance was covered by federal depository insurance.

**Cash equivalents**

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

	<b>Category #1</b>	<b>Category #2</b>	<b>Carrying Amount</b>	<b>Market Value</b>
Certificates of deposit	\$ 241,618	\$ 3,675,782	\$ 3,917,400	\$ 3,917,400

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

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

**Restricted cash and cash equivalents**

The various certificates of participation ordinances require the Commission to retain certain amounts of the annual rent charges for restricted purposes. As of October 31, 1992, restricted cash and cash equivalent balances are:

	<b>High School Construction Fund</b>	<b>Courthouse Renovation Fund</b>	<b>Public Safety Building Fund</b>	<b>Total</b>
Capital improvement	\$ -	\$ -	\$ 1,093,647	\$ 1,093,647
Maintenance	-	-	163,203	163,203
Bond reserve	373,752	270,275	-	644,027
Surplus revenue	<u>10,565</u>	<u>242,229</u>	<u>-</u>	<u>252,794</u>
<b>Total restricted</b>	<b><u>\$ 384,317</u></b>	<b><u>\$ 512,504</u></b>	<b><u>\$ 1,256,850</u></b>	<b><u>\$ 2,153,671</u></b>

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**DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
October 31, 1992**

**NOTE 2 - CHANGES IN PROPERTY, PLANT, AND EQUIPMENT**

<b>Public Safety Building</b>	<b>Balance 10/31/91</b>	<b>Additions</b>	<b>Balance 10/31/92</b>	<b>Accumulated Depreciation</b>	<b>Net 10/31/92</b>
Land	\$ 558,575	\$ -	\$ 558,575	\$ -	\$ 558,575
Building	6,007,440	-	6,007,440	2,469,742	3,537,698
Equipment	1,187,646	52,980	1,240,626	887,088	353,538
Furniture and fixtures	<u>137,597</u>	<u>-</u>	<u>137,597</u>	<u>137,275</u>	<u>322</u>
<b>Total</b>	<b><u>\$ 7,891,258</u></b>	<b><u>\$52,980</u></b>	<b><u>\$ 7,944,238</u></b>	<b><u>\$ 3,494,105</u></b>	<b><u>\$ 4,450,133</u></b>

**NOTE 3 - LEASE AGREEMENTS**

**Courthouse Renovation Fund**

The Commission entered into a lease agreement with the County of Vermilion, wherein the Commission has renovated the existing Vermilion County Courthouse and Annex and is leasing 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.

At the end of the lease, all assets remaining in the fund will be transferred to the County. As of October 31, 1992, the liability to the County for excess revenues from this lease totaled \$1,041,213.

**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, 1992, the liability to the School District for excess revenues from this lease totaled \$1,769,018.



**DANVILLE PUBLIC BUILDING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
October 31, 1992

**NOTE 3 - LEASE AGREEMENTS (CONTINUED)**

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>
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	-
<b>Total</b>	<b>\$ 5,265,213</b>	<b>\$ 5,000,000</b>

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	(140,000)	(160,000)	(300,000)
Total lease payments net of executory cost	6,935,300	7,840,000	14,775,300
Earned interest to date	(1,172,654)	(1,543,153)	(2,715,807)
Unearned interest	(1,594,873)	(1,605,680)	(3,200,553)
Net investment in direct financing lease	4,167,773	4,691,167	8,858,940
Principal payments received to date	637,434	956,847	1,594,281
<b>Total</b>	<b>\$ 3,530,339</b>	<b>\$ 3,734,320</b>	<b>\$ 7,264,659</b>

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

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
1997	298,031	323,985	622,016
Thereafter	2,294,183	2,414,636	4,708,819
<b>Total</b>	<b>\$ 3,530,339</b>	<b>\$ 3,734,320</b>	<b>\$ 7,264,659</b>





**DANVILLE PUBLIC BUILDING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**October 31, 1992**

**NOTE 3 - LEASE AGREEMENTS (CONTINUED)**

**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>County</u>	<u>City</u>	<u>Total</u>
November 1, 1992	<u>\$ 2,219,631</u>	<u>\$ 721,357</u>	<u>\$ 2,940,988</u>

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, 1992, net rental receipts were in excess of funds required. Accordingly, refunds of the excess will be made as follows:

City of Danville, Illinois	\$ 142,144
County of Vermilion, Illinois	<u>363,583</u>
<b>Total</b>	<u><b>\$ 505,727</b></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.



**DANVILLE PUBLIC BUILDING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**October 31, 1992**

**NOTE 4 - LONG-TERM DEBT**

**General obligation certificates of participation**

The Commission issued general obligation certificates of participation in the related leases to provide funds for the advance refunding of revenue bonds. The revenue bonds were used for the acquisition and construction of major capital facilities for the participating governmental entities. The general obligation certificates of participation are specific obligations and pledge the full value of the related lease agreement. These certificates are issued as eleven year serial certificates, with various amounts of principal maturing each year. General obligation certificates of participation currently outstanding are as follows:

Vermilion County Building General Obligation certificates of participation outstanding, net of unamortized premium and issuance cost of \$102,455 and \$135,802, respectively, at October 31, 1992, are as follows:

Indebtedness:

Original Issue: \$3,415,000

Bonds: \$5,000 denomination, each dated November 1, 1991. Interest paid December and June 1.

<u>Due Date</u>	<u>Principal</u>	<u>Rate on Coupons</u>
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, 1992**

**\$ 3,240,000**

Danville School Building General Obligation certificates of participation outstanding, net of unamortized premium and issuance cost of \$105,096 and \$141,695, respectively, at October 31, 1992 are as follows:

Indebtedness:

Original Issue: \$3,475,000

Bonds: \$5,000 denomination, each dated November 1, 1991. Interest paid November 1 and May 1.



**DANVILLE PUBLIC BUILDING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
October 31, 1992

**NOTE 4 - LONG-TERM DEBT (CONTINUED)**

<u>Due Date</u>	<u>Principal</u>	<u>Rate on Coupons</u>
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
<b>Payable October 31, 1992</b>	<b><u>\$ 3,325,000</u></b>	

**Advance refunding**

On November 20, 1991 the Commission issued \$3.415 million in General Obligation certificates of participation to advance refund the outstanding 1987 County Building Revenue Bond Issue in the same amount. The net amount of \$3.492 million (after payment of \$143,138 in underwriting fees, insurance and other issuance costs, plus cash from the Commission's County funds on hand of \$97,444) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1987 Series bonds. As a result, the 1987 Series bonds are considered to be defeased and the liability for those bonds has been removed from the balance sheet.

In addition, on November 20, 1991, the Commission issued \$3.475 million in General Obligation certificates of participation to advance refund the outstanding 1988 School Building Revenue Bond Issue in the same amount. The net amount of \$3.469 million (after payment of \$148,088 in underwriting fees, insurance and other issuance costs, plus cash from the Commission's School funds on hand of \$436) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1988 Series bonds. As a result, the 1988 Series bonds are considered to be defeased and the liability for those bonds has been removed from the balance sheet.

The advance refunding of the 1987 Series bonds and 1988 Series bonds resulted in an accounting gain of \$14,143 and \$133,525, respectively. There is no economic gain or loss over the life of the certificates of participation since they have the same principal and interest payment amounts and dates as the refunded bonds.



**DANVILLE PUBLIC BUILDING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**October 31, 1992**

**NOTE 4 - LONG-TERM DEBT (CONTINUED)**

	<u>Balance 10-31-91</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 10-31-92</u>
Vermilion County Building Revenue bonds	\$ 3,415,000	\$ -	\$ 3,415,000	\$ -
Vermilion County General Obligation Certificates of Participation	-	3,415,000	175,000	3,240,000
Danville School Building Revenue Bonds	3,475,000	-	3,475,000	-
Danville School Building General Obligation Certificates of Participation	<u>-</u>	<u>3,475,000</u>	<u>150,000</u>	<u>3,325,000</u>
<b>Total</b>	<u>\$ 6,890,000</u>	<u>\$ 6,890,000</u>	<u>\$ 7,215,000</u>	<u>\$ 6,565,000</u>

**Summary of Certificates of Participation**

	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Total</u>
Vermilion County Building General Obligation Certificates of Participation	\$ 175,000	\$ 3,065,000	\$ 3,240,000
Danville School Building General Obligation Certificates of Participation	<u>175,000</u>	<u>3,150,000</u>	<u>3,325,000</u>
<b>Total</b>	<u>\$ 350,000</u>	<u>\$ 6,215,000</u>	<u>\$ 6,565,000</u>

**NOTE 5 - 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 2,575 local governments and school districts in Illinois. The Employer's total payroll for the year ended December 31, 1991 was \$739,706. Of this amount, \$738,483 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.

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**DANVILLE PUBLIC BUILDING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**October 31, 1992**

**NOTE 5 - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)**

**DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Plan Description (continued)**

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.

**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, 1991. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.5% 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, 1991, determined as follows:

**Pension benefit obligation:**

Terminated employees not yet receiving benefits	\$ 14,267
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**Current employees:**

Accumulated employee contributions including allocated investment earnings	277,500
Employer-financed vested	441,369
Employer-financed nonvested	<u>64,603</u>
Total pension benefit obligation	797,739
Net assets available for benefits at cost (market value is \$1,017,962)	<u>886,166</u>

<b>Unfunded pension benefit obligation</b>	<b><u>\$ -</u></b>
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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, 1992**

**NOTE 5 - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)**

**DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Funding Status and Progress (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 a 10 year period.

The contributions by the Employer to IMRF for 1991 of \$87,658 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, 1989. The contribution consisted of (a) \$51,250 normal cost (6.94% of 1991 covered payroll), (b) \$32,345 amortization of the unfunded actuarial accrued liability (4.38% of 1991 covered payroll) and (c) \$4,061 death and disability cost (.55% of 1991 covered payroll). The Employer contributed \$87,658 (11.87% of 1991 covered payroll); employees contributed \$33,231 (4.5% of 1991 covered payroll).

The assumptions used to calculate the 1991 rates are different from the assumptions used to calculate the 1991 pension benefit obligation shown above. The new actuarial assumptions adopted in 1990 and explained below, have been incorporated into the 1992 and 1993 contribution rates. The net effect of changes adopted in 1990 is estimated to increase contributions by 1% or less of payroll. The increase in interest assumption to 7.50%, adopted in 1991, is estimated to decrease contributions by 1% of payroll. This change will be incorporated into the 1993 contribution rates. 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. Five year trend information may be found on Page 17 of these financial statements. For the three years ended 1989, 1990, and 1991, respectively, available assets were sufficient to fund 101.87%, 96.70% and 111.08% of the pension benefit obligation. Unfunded pension benefit obligation represents 0.00%, 3.61% and 0.00% of the annual payroll for the participating members covered by IMRF for 1989, 1990 and 1991, 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 1989, 1990 and 1991, the Employer's contribution to IMRF, all made in accordance with actuarially determined requirements, were 8.41%, 12.90% and 11.87%, respectively, of annual covered payroll.



**DANVILLE PUBLIC BUILDING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
October 31, 1992

**NOTE 5 - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)**

**DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Digest of Changes**

**Changes adopted 12/31/90**

The changes discussed below have been incorporated in the 1992 and 1993 employer contribution rates and in the December 31, 1991 pension benefit obligation. The previous assumptions were used to calculate the 1991 employer contribution rate.

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) Payroll rate growth assumption for inflation has been increased from 3.50% to 4.25%.

**Changes adopted 12/31/91**

In 1991 the interest rate assumption was increased from 7% to 7.5%. This change is reflected in the pension benefit obligation for 1991, but is not reflected in the 1991 rates or contributions.

**ANALYSIS OF FUNDING PROGRESS**

<u>Year</u>	<u>(1) Pension Benefit Obligation</u>	<u>(2) Assets at Cost</u>	<u>Percent Funded (2)/(1)</u>	<u>(3) Unfunded Pensn Oblig (1) - (2)</u>	<u>(4) Annual Covered Payroll</u>	<u>Unfunded as Percentage of Payroll (3)/(4)</u>
1991	\$797,739	\$886,166	111.08%	\$ -	\$738,483	.00%
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: The trend information is provided starting in 1987 as specified by GASB 5.

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

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## **SUPPLEMENTAL INFORMATION**







**DANVILLE PUBLIC BUILDING COMMISSION**  
**COMBINING BALANCE SHEET**  
**October 31, 1992**

## ASSETS

	PROPRIETARY FUNDS				
	INTERNAL SERVICE				
	Public				Total
	High School Construction Fund	Courthouse Renovation Fund	Safety Building Fund	Detention Center Fund	
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 1,415,334	\$ 597,629	\$ 1,913,669	\$ 25,689	\$ 3,952,321
Accrued interest receivable	12,036	6,263	10,940	-	29,239
Due from other funds	99,710	-	-	-	99,710
Due from other governments	-	-	-	14,669	14,669
Prepaid insurance	-	-	10,750	-	10,750
Total current assets	<u>1,527,080</u>	<u>603,892</u>	<u>1,935,359</u>	<u>40,358</u>	<u>4,106,689</u>
<b>PROPERTY AND EQUIPMENT</b>					
Property, plant and equipment, net of accumulated depreciation	-	-	<u>4,450,133</u>	-	<u>4,450,133</u>
<b>OTHER ASSETS</b>					
Lease receivable	3,530,339	3,734,320	-	-	7,264,659
Unamortized certificates of participation cost	<u>141,695</u>	<u>135,802</u>	-	-	<u>277,497</u>
Total other assets	<u>3,672,034</u>	<u>3,870,122</u>	-	-	<u>7,542,156</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,199,114</u>	<u>\$ 4,474,014</u>	<u>\$ 6,385,492</u>	<u>\$ 40,358</u>	<u>\$ 16,098,978</u>

# LIABILITIES AND RETAINED EARNINGS

	PROPRIETARY FUNDS					
	INTERNAL SERVICE					
	High School Construction Fund	Courthouse Renovation Fund	Public Safety Building Fund	Detention Center Fund	Total	
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 15,495	\$ 2,409	\$	17,904
Interest payable	-	90,346	-	-	-	90,346
Certificates of participation's payable	175,000	175,000	-	-	-	350,000
Due to other funds	-	-	99,710	-	-	99,710
Due to other governments:						
City	-	-	142,144	-	-	142,144
County	-	-	363,583	-	-	363,583
Total current liabilities	175,000	265,346	620,932	2,409		1,063,687
<b>LONG-TERM LIABILITIES</b>						
Due to other governmental units	1,769,018	1,041,213	-	-	-	2,810,231
Certificates of participation's payable	3,150,000	3,065,000	-	-	-	6,215,000
Unamortized premium on certificates of participation	105,096	102,455	-	-	-	207,551
Total long-term liabilities	5,024,114	4,208,668	-	-	-	9,232,782
Total liabilities	5,199,114	4,474,014	620,932	2,409		10,296,469
<b>RETAINED EARNINGS</b>						
Reserved for Detention Center	-	-	-	37,949		37,949
Reserved for Fire Dispatch	-	-	15,450	-		15,450
Reserved for Burglar Alarm	-	-	34,607	-		34,607
Reserved for maintenance	-	-	164,251	-		164,251
Reserved for capital improvements	-	-	1,100,119	-		1,100,119
Investment in property and equipment	-	-	4,450,133	-		4,450,133
Total retained earnings	-	-	5,764,560	37,949		5,802,509
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	\$ 5,199,114	\$ 4,474,014	\$ 6,385,492	\$ 40,358		\$ 16,098,978

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**DANVILLE PUBLIC BUILDING COMMISSION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS**  
 Year Ended October 31, 1992

	PROPRIETARY FUNDS				
	INTERNAL SERVICE				
	High School Construction Fund	Courthouse Renovation Fund	Public Safety Building Fund	Detention Center Fund	Total
<b>REVENUES</b>					
Rent	\$ 180,001	\$ 180,547	\$ 2,800,941	\$ -	\$ 3,161,489
Intergovernmental grants	-	-	-	42,801	42,801
Interest on capital lease	312,986	319,453	-	-	632,439
Interest on investment and deposits	81,109	36,560	136,875	-	254,544
Fees	-	-	12,320	-	12,320
Miscellaneous	-	-	1,477	-	1,477
Total revenues	<u>574,096</u>	<u>536,560</u>	<u>2,951,613</u>	<u>42,801</u>	<u>4,105,070</u>
<b>OPERATING EXPENSES</b>					
Administrative	-	-	80,026	71,148	151,174
Operations and maintenance	3,789	66,201	738,185	-	808,175
Communications	-	-	842,807	-	842,807
Assigned personnel cost and dietary	-	-	557,379	-	557,379
Capitalized interest	244,428	297,923	-	-	542,351
Depreciation	-	-	200,133	-	200,133
Total expenses	<u>248,217</u>	<u>364,124</u>	<u>2,418,530</u>	<u>71,148</u>	<u>3,102,019</u>
<b>OPERATING INCOME (EXPENSE)</b>	<u>325,879</u>	<u>172,436</u>	<u>533,083</u>	<u>(28,347)</u>	<u>1,003,051</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Amortization of certificates of participation:					
Premium	19,258	7,979	-	-	27,237
Issuance cost	(6,392)	(7,335)	-	-	(13,727)
Interest expense	(230,554)	(206,328)	-	-	(436,882)
Total	(217,688)	(205,684)	-	-	(423,372)
(Excess) deficiency earnings due to governmental units	(241,716)	19,105	(505,727)	-	(728,338)
Total non-operating revenues (expenses)	<u>(459,404)</u>	<u>(186,579)</u>	<u>(505,727)</u>	<u>-</u>	<u>(1,151,710)</u>

PROPRIETARY FUNDS					
INTERNAL SERVICE					
	High School Construction Fund	Courthouse Renovation Fund	Public Safety Building Fund	Detention Center Fund	Total
Net income (loss) before extraordinary items	\$ (133,525)	\$ (14,143)	\$ 27,356	\$ (28,347)	\$ (148,659)
EXTRAORDINARY GAIN ON DEFEASEMENT OF BOND ISSUES	<u>133,525</u>	<u>14,143</u>	<u>-</u>	<u>-</u>	<u>147,668</u>
Net income (loss)	-	-	27,356	(28,347)	(991)
RETAINED EARNINGS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>5,737,204</u>	<u>66,296</u>	<u>5,803,500</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,764,560</u>	<u>\$ 37,949</u>	<u>\$ 5,802,509</u>







**DANVILLE PUBLIC BUILDING COMMISSION**  
**COMBINING STATEMENT OF CASH FLOWS**  
 Year Ended October 31, 1992

	PROPRIETARY FUNDS				
	INTERNAL SERVICE				
	High School Construction Fund	Courthouse Renovation Fund	Public Safety Building Fund	Detention Center Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income (loss)	\$ -	\$ -	\$ 27,356	\$ (28,347)	\$ (991)
Adjustments to reconcile net income (loss) to cash provided by operating activities:					
Depreciation	-	-	200,133	-	200,133
Amortization of certificates of participations:					
Premiums	(19,258)	(7,979)	-	-	(27,237)
Issuance cost	6,392	7,335	-	-	13,727
Extraordinary gain	(133,525)	(14,143)	-	-	(147,668)
Changes in operating assets and liabilities:					
Increase (decrease) in accounts payable	-	-	15,495	(5,964)	9,531
Decrease in interest payable	(123,073)	(721)	-	-	(123,794)
Decrease in due to other governments	(651,097)	(51,928)	(40,087)	-	(743,112)
Decrease in prepaid insurance	-	-	6,191	-	6,191
Decrease in due from other governments	-	-	-	60,000	60,000
Increase (decrease) in due to other funds	(1,600)	-	99,710	-	98,110
Decrease (increase) in due from other funds	(99,710)	-	1,600	-	(98,110)
Net cash provided by (used in) operating activities	(1,021,871)	(67,436)	310,398	25,689	(753,220)

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING**

<b>ACTIVITIES</b>	
Acquisition and construction of capital assets	(52,980)
Proceeds from issuance of certificates of participation	6,915,029
Principal paid on certificates of participation	(325,000)
Defeasement of bond issue	(6,956,472)
Interest and service charges paid on certificates of participation	(247,258)
Issuance of cost of certificates of participation	(291,225)
Premium on issuance of certificates of participation	234,788

PROPRIETARY FUNDS					
INTERNAL SERVICE					
	High School Construction Fund	Courthouse Renovation Fund	Public Safety Building Fund	Detention Center Fund	Total
Net cash used for capital and related financing activities	\$ (270,763)	\$ (399,375)	\$ (52,980)	\$ -	\$ (723,118)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from U.S. Treasury securities	-	228,288	-	-	228,288
Proceeds from capital lease agreements	492,987	500,000	-	-	992,987
Interest on investments	81,109	36,560	-	-	117,669
Net cash provided by investing activities	574,096	764,848	-	-	1,338,944
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(718,538)	298,037	257,418	25,689	(137,394)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR, AS RESTATED	2,133,872	299,592	1,656,251	-	4,089,715
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,415,334	\$ 597,629	\$ 1,913,669	\$ 25,689	\$ 3,952,321

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**SCHEDULE D**

**DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF EXPENDITURES COMPARED TO BUDGET -  
PUBLIC SAFETY BUILDING FUND - LEASE ACCOUNT  
Year Ended October 31, 1992**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>ADMINISTRATIVE</b>			
Salaries	\$ 49,200	\$ 48,553	\$ 647
Payroll taxes	11,000	9,434	1,566
Employee insurance	7,000	4,030	2,970
Office supplies	3,000	2,930	70
Maintenance-office equipment	1,000	581	419
Audit	4,000	3,728	272
Legal	12,000	6,153	5,847
Travel	4,500	3,753	747
Miscellaneous	<u>1,000</u>	<u>864</u>	<u>136</u>
<b>TOTAL ADMINISTRATIVE</b>	<u>\$ 92,700</u>	<u>\$ 80,026</u>	<u>\$ 12,674</u>
<b>OPERATIONS AND MAINTENANCE</b>			
Salaries	\$ 257,000	\$ 247,123	\$ 9,877
Payroll taxes	56,600	48,525	8,075
Employee insurance	34,000	26,377	7,623
Insurance	54,000	51,841	2,159
Utilities	199,900	210,983	(11,083)
Physical exams	2,000	1,936	64
Janitorial supplies	24,900	11,366	13,534
Maintenance supplies	25,000	22,113	2,887
Maintenance service-equipment	13,500	13,247	253
Maintenance service-buildings and grounds	12,000	8,232	3,768
Equipment-contractual service	86,200	86,140	60
Snow removal	2,000	650	1,350
Miscellaneous	1,500	760	740
Uniforms	2,000	1,003	997
Professional services	25,000	7,655	17,345
Travel	<u>1,000</u>	<u>234</u>	<u>766</u>
<b>TOTAL OPERATIONS AND MAINTENANCE</b>	<u>\$ 796,600</u>	<u>\$ 738,185</u>	<u>\$ 58,415</u>

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**SCHEDULE D**

**DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF EXPENDITURES COMPARED TO BUDGET -  
PUBLIC SAFETY BUILDING FUND - LEASE ACCOUNT  
Year Ended October 31, 1992**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>COMMUNICATIONS</b>			
Salaries	\$ 453,000	\$ 427,396	\$ 25,604
Payroll taxes	100,000	81,663	18,337
Insurance	47,000	38,722	8,278
Telephone	5,000	3,833	1,167
Office supplies	5,500	2,309	3,191
Maintenance service	1,500	1,111	389
Travel	2,000	491	1,509
Miscellaneous	<u>2,000</u>	<u>1,854</u>	<u>146</u>
<b>TOTAL COMMUNICATIONS</b>	<u>\$ 616,000</u>	<u>\$ 557,379</u>	<u>\$ 58,621</u>
<b>ASSIGNED PERSONNEL AND DIETARY</b>			
Personnel cost - County	\$ 747,200	\$ 720,712	\$ 26,488
Fringe benefits	37,507	37,443	64
Dietary services - County	123,582	88,045	35,537
Training/correctional officers	<u>5,512</u>	<u>(3,393)</u>	<u>8,905</u>
<b>TOTAL ASSIGNED PERSONNEL AND DIETARY</b>	<u>\$ 913,801</u>	<u>\$ 842,807</u>	<u>\$ 70,994</u>

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DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF CHANGES IN RESERVED ACCOUNTS -  
PUBLIC SAFETY BUILDING FUND  
Year Ended October 31, 1992

	Communication Center	Assigned Personnel	Lease	Fire Dispatch	Burglar Alarm	Capital Improvements	Maintenance
RETAINED EARNINGS, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ 15,450	\$ 22,287	\$ 951,540	\$ 150,639
REVENUES							
Rent	616,000	913,801	1,121,140	-	-	100,000	50,000
Fees	-	-	-	-	12,320	-	-
Interest	-	-	79,476	-	-	48,579	8,820
Miscellaneous	-	-	1,477	-	-	-	-
Total revenue	616,000	913,801	1,202,093	-	12,320	148,579	58,820
EXPENDITURES							
Administration	-	-	80,026	-	-	-	-
Operations and maintenance	-	-	738,185	-	-	-	-
Communications	557,379	-	-	-	-	-	-
Assigned personnel	-	842,807	-	-	-	-	-
Equipment	-	-	7,771	-	-	-	45,208
Total expenditures	557,379	842,807	825,982	-	-	-	45,208
Operating income	58,621	70,994	376,111	-	12,320	148,579	13,612
OTHER SOURCES (USES)							
Excess rent	(58,621)	(70,994)	(376,111)	-	-	-	-
NET INCOME	-	-	-	-	12,320	148,579	13,612
RETAINED EARNINGS, END OF YEAR	\$ -	\$ -	\$ -	\$ 15,450	\$ 34,607	\$ 1,100,119	\$ 164,251

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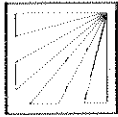
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**ACCOUNTANT'S REPORT ON GENERAL COMPLIANCE**





**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, 1992, and have issued our report thereon dated November 20, 1992.

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.

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 financial statements are free of material misstatement, we performed tests of Danville Public Building Commission's 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. Accordingly, we do not express such an opinion.

The results of our tests 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 Danville Public Building Commission had not complied, in all material respects, with those provisions.

This report is intended for the information of the Commission's management. However, this report is a matter of public record and its distribution is not limited.

*Clifton, Gunderson & Co.*

Danville, Illinois  
November 20, 1992



**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

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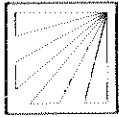
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**Clifton,  
Gunderson & Co.**  
Certified Public Accountants & Consultants

Board of Commissioners  
Danville Public Building Commission  
Danville, Illinois

### **Independent Auditor's Report**

We have audited the general purpose financial statements of Danville Public Building Commission for the year ended October 31, 1992 and have issued our report thereon dated November 20, 1992. 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 based on our audit.

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. 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 presented fairly, in all material respects, in relation to the general purpose financial statements taken as a whole.

*Clifton, Gunderson & Co.*

Danville, Illinois  
November 20, 1992



DANVILLE PUBLIC BUILDING COMMISSION  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
Year Ended October 31, 1992

<u>Grantor/Program Title</u>	<u>Number</u>	<u>Federal Number</u>	<u>Program or Amount</u>	<u>Revenues</u>		<u>Total</u>	<u>Expenditures</u>		<u>Total</u>
				<u>Prior Year</u>	<u>Current Year</u>		<u>Prior Year</u>	<u>Current Year</u>	
U.S. Department of Justice Passed through Illinois Department of Children and Family Services: Vermilion County Regional Juvenile Detention Center	00376JJ	16.540	74699	\$ 74,699	\$ -	\$ 74,699	\$ 8,373	\$ 51,627	\$ 60,000
	00414JJ	16.540	71301	-	42,801	42,801	-	19,521	19,521
				<u>\$ 74,699</u>	<u>\$ 42,801</u>	<u>\$ 117,500</u>	<u>\$ 8,373</u>	<u>\$ 71,148</u>	<u>\$ 79,521</u>



**ACCOUNTANT'S REPORT ON INTERNAL ACCOUNTING CONTROLS**

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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, 1992, and have issued our report thereon dated November 20, 1992.

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 and about whether Danville Public Building Commission, complied with laws and regulations, noncompliance with which would be material to a federal financial assistance program.

In planning and performing our audit for the year ended October 31, 1992, 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 or 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:

#### **Financial Statement Captions**

- Cash and cash equivalents
- Receivables
- Property and equipment
- Payables and accrued liabilities
- Debt
- Fund balance

#### **General Requirements**

- Political activity
- Civil rights
- Cash management
- Allowable costs/cost principles
- Drug-free Workplace

#### **Specific Requirements**

- Types of services

#### **Claims for Advances and Reimbursements**

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, 1992 Danville Public Building Commission had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the Juvenile Justice and Delinquency Prevention nonmajor federal financial assistance program.

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 considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances 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 certain matters involving the internal control structure and its operation that we consider to be reportable conditions under 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 Danville Public Building 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.



This matter is disclosed in the Schedule of Findings, Questioned Cost and Auditee Corrective Action Plan.

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 described above is not a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

*Clifton, Henderson & Co.*

Danville, Illinois  
November 20, 1992

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





Board of Commissioners  
Danville Public Building Commission  
Danville, Illinois

We have audited the financial statements of Danville Public Building Commission as of and for the year ended October 31, 1992, and have issued our report thereon dated November 20, 1992.

We have applied procedures to test the Danville Public Building Commission's compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended October 31, 1992.

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

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 the 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 second 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. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements which are described in the accompanying Schedule of Findings, Questioned Costs and Auditee Corrective Action Plan.

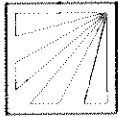
This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

*Clifton, Gunderson & Co.*

Danville, Illinois  
November 20, 1992







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

Board of Commissioners  
Danville Public Building Commission  
Danville, Illinois

### **Independent Auditor's Report on Compliance**

We have audited the general purpose financial statements of Danville Public Building Commission as of and for the year ended October 31, 1992, and have issued our report thereon dated November 20, 1992.

In connection with our audit of the 1992 general purpose financial statements of the Danville Public Building Commission, and with our consideration of the Commission's internal control structure used to administer federal financial assistance programs, as required by the 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, 1992. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed 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. However, this report is a matter of public record and its distribution is not limited.

*Clifton, Gunderson & Co.*

Danville, Illinois  
November 20, 1992



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

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

Year Ended October 31, 1992

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**TYPE OF FINDING**

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

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**CATEGORIZATION OF FINDING**

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

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**FINDING**

In accordance with State of Illinois guidelines, the Commission did not invest idle federal cash funds in an interest bearing account. Federal guidelines on cash management of federal funds suggest those funds are to be invested in interest bearing accounts.

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**RECOMMENDATION**

We would recommend the Commission negotiate with the Department of Children and Family Services to have the grant amended to allow for investing idle federal funds in interest bearing accounts.

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

Year Ended October 31, 1992

**FINDING CONTINUED**

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**AFFECTED FUNDS**

Detention Fund

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**QUESTIONED COSTS**

N/A

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**CORRECTIVE ACTION PLAN**

The Commission will discuss amending Grant provisions with the Illinois Department of Children and Family Services.

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**AUDITOR'S COMMENTS**

None





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

Year Ended October 31, 1992

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**TYPE OF FINDING**

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

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**CATEGORIZATION OF FINDING**

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

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**FINDING**

The Commission's fiscal operations do not provide for segregation of duties.

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**RECOMMENDATION**

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

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

Year Ended October 31, 1992

**FINDING CONTINUED**

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**AFFECTED FUNDS**

All

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**QUESTIONED COSTS**

None

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**CORRECTIVE ACTION PLAN**

None

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**AUDITOR'S COMMENTS**

None

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