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To the Board of the Danville
Public Building Commission

In planning and performing our audit of the general purpose financial statements of the Danville Public Building Commission, for the year ended October 31, 1997, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operations 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.

The reportable conditions are:

1. Due to the limited number of personnel, there is a lack of segregation of duties in the accounting functions.
2. There is a difficulty in obtaining confirmations from the Vermilion County Courthouse and the Danville School District #118 for the liability due back to them for excess revenues in excess of their leases. It would be our opinion that they should be able to confirm this information since it should be shown in their financial statements.

This report is intended solely for the information and use of the Board and Management. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Fox & Crowder Ltd.

January 5, 1998

DANVILLE PUBLIC BUILDING COMMISSION
Danville, Illinois

GENERAL PURPOSE FINANCIAL STATEMENTS

October 31, 1997

FOX
&
Crowder Ltd.
CERTIFIED PUBLIC
ACCOUNTANTS
& CONSULTANTS

DANVILLE PUBLIC BUILDING COMMISSION
Danville, Illinois

GENERAL PURPOSE FINANCIAL STATEMENTS

October 31, 1997

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Danville Public Building Commission
Danville, Illinois

We have audited the accompanying general purpose financial statements of the Danville Public Building Commission as of and for the year ended October 31, 1997, 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. 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, 1997, 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.

Fox & Crowder Ltd.

Danville, Illinois
January 5, 1998

DANVILLE PUBLIC BUILDING COMMISSION
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 October 31, 1997

| | <u>Proprietary Fund Type Internal Service</u> | <u>Fiduciary Fund Type Agency</u> | <u>Total Memorandum Only</u> |
|--|---|---|--------------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4,450,931 | - | 4,450,931 |
| Investments in deferred compensation | - | 91,785 | 91,785 |
| Accrued interest receivable | 32,607 | - | 32,607 |
| Due from other funds | 178 | - | 178 |
| Prepaid expenses | <u>160,142</u> | <u>-</u> | <u>160,142</u> |
| Total current assets | <u>4,643,858</u> | <u>91,785</u> | <u>4,735,643</u> |
| PROPERTY AND EQUIPMENT | | | |
| Property and equipment, net of accumulated depreciation | <u>4,042,642</u> | <u>-</u> | <u>4,042,642</u> |
| OTHER ASSETS | | | |
| Lease receivable | 4,708,820 | - | 4,708,820 |
| Unamortized certificates of participation cost | <u>184,498</u> | <u>-</u> | <u>184,498</u> |
| Total other assets | <u>4,893,318</u> | <u>-</u> | <u>4,893,318</u> |
| TOTAL ASSETS | <u>13,579,818</u> | <u>91,785</u> | <u>13,671,603</u> |

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 October 31, 1997

| | <u>Proprietary Fund Type</u> Internal Service | <u>Fiduciary Fund Type</u> Agency | <u>Total Memorandum Only</u> |
|--|---|--|--------------------------------------|
| LIABILITIES AND RETAINED EARNINGS | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | 133,169 | - | 133,169 |
| Interest payable | 60,935 | - | 60,935 |
| Accrued expenses | 23,145 | - | 23,145 |
| Certificates of participation payable | 625,000 | - | 625,000 |
| Due to other funds | 178 | - | 178 |
| Due to other governments: | | | |
| City | 297,029 | - | 297,029 |
| Vermilion County | 564,060 | - | 564,060 |
| Other | 81,551 | - | 81,551 |
| Deferred revenue | <u>91,106</u> | <u>-</u> | <u>91,106</u> |
| Total current liabilities | <u>1,876,173</u> | <u>-</u> | <u>1,876,173</u> |
| LONG-TERM LIABILITIES | | | |
| Due to other government units | 1,865,603 | - | 1,865,603 |
| Certificates of participation payable | 3,740,000 | - | 3,740,000 |
| Unamortized premium on certificates of participation | 81,580 | - | 81,580 |
| Due to others | <u>-</u> | <u>91,785</u> | <u>91,785</u> |
| Total long-term liabilities | <u>5,687,183</u> | <u>91,785</u> | <u>5,778,968</u> |
| Total liabilities | <u>7,563,356</u> | <u>91,785</u> | <u>7,655,141</u> |
| RETAINED EARNINGS (DEFICIT) | | | |
| Reserved for Fire Dispatch | (646) | - | (646) |
| Reserved for Burglar Alarm | 64,806 | - | 64,806 |
| Reserved for Municipal Building | (2,428) | - | (2,428) |
| Reserved for Capital Improvements | 1,574,825 | - | 1,574,825 |
| Reserved for Maintenance | 337,263 | - | 337,263 |
| Investment in property and equipment | <u>4,042,642</u> | <u>-</u> | <u>4,042,642</u> |
| Total retained earnings | <u>6,016,462</u> | <u>-</u> | <u>6,016,462</u> |
| TOTAL LIABILITIES AND RETAINED EARNINGS | <u>13,579,818</u> | <u>91,785</u> | <u>13,671,603</u> |

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED
 EARNINGS - ALL PROPRIETARY FUND TYPES
 Year Ended October 31, 1997

| | <u>Proprietary Fund Type</u> | <u>Totals</u> |
|--|----------------------------------|----------------------------|
| | <u>Internal Service</u> | <u>Memorandum Only</u> |
| OPERATING REVENUES | | |
| Rent | 3,451,819 | 3,451,819 |
| Salary reimbursement | 18,520 | 18,520 |
| Interest on capital lease | 344,722 | 344,722 |
| Interest on investments and deposits | 321,027 | 321,027 |
| Fees | 6,280 | 6,280 |
| Miscellaneous | <u>388</u> | <u>388</u> |
| Total operating revenues | <u>4,142,756</u> | <u>4,142,756</u> |
| OPERATING EXPENSES | | |
| Administrative | 85,556 | 85,556 |
| Operations and maintenance | 1,014,849 | 1,014,849 |
| Communications | 586,271 | 586,271 |
| Assigned personnel and dietary | 1,115,056 | 1,115,056 |
| Construction management agreements | 8,695 | 8,695 |
| Depreciation | <u>262,544</u> | <u>262,544</u> |
| Total operating expenses | <u>3,072,971</u> | <u>3,072,971</u> |
| INCOME FROM OPERATIONS | <u>1,069,785</u> | <u>1,069,785</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Amortization of certificates of participation: | | |
| Premium | 23,735 | 23,735 |
| Issuance cost | (21,150) | (21,150) |
| Interest expense | (315,999) | (315,999) |
| Excess earnings due to government units | <u>(691,195)</u> | <u>(691,195)</u> |
| Total non-operating expenses | <u>(1,004,609)</u> | <u>(1,004,609)</u> |
| NET INCOME | 65,176 | 65,176 |
| RETAINED EARNINGS - BEGINNING OF YEAR | <u>5,951,286</u> | <u>5,951,286</u> |
| RETAINED EARNINGS - END OF YEAR | <u>6,016,462</u> | <u>6,016,462</u> |

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
 COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
 Year Ended October 31, 1997

| | <u>Proprietary Fund Type Internal Service</u> | <u>Totals Memorandum Only</u> |
|--|---|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | 65,176 | 65,176 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation | 262,544 | 262,544 |
| Amortization of certificates of participation: | | |
| Premiums | (23,735) | (23,735) |
| Issuance cost | 21,150 | 21,150 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in receivables | (1,901) | (1,901) |
| (Increase) decrease in due from other governments | 5,046 | 5,046 |
| (Increase) decrease in prepaid expenses | (50,546) | (50,546) |
| Increase (decrease) in accounts payable | (31,967) | (31,967) |
| Increase (decrease) in accrued expenses | (6,053) | (6,053) |
| Increase (decrease) in due to other governments | (36,433) | (36,433) |
| Increase (decrease) in interest payable | (6,771) | (6,771) |
| Increase (decrease) in deferred revenue | <u>(425,647)</u> | <u>(425,647)</u> |
| Net cash provided by operating activities | <u>(229,137)</u> | <u>(229,137)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | (136,385) | (136,385) |
| Principal paid on certificates of participation | (525,000) | (525,000) |
| Interest paid on certificates of participation | <u>(315,999)</u> | <u>(315,999)</u> |
| Net cash used in capital and related financing activities | <u>(977,384)</u> | <u>(977,384)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from capital lease agreements | 966,738 | 966,738 |
| Interest on investments and deposits | <u>89,570</u> | <u>89,570</u> |
| Net cash provided by investing activities | <u>1,056,308</u> | <u>1,056,308</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (150,213) | (150,213) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>4,601,144</u> | <u>4,601,144</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>4,450,931</u> | <u>4,450,931</u> |

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS
October 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 house various branches, departments, and agencies of government in the County Seat of Vermilion County, Illinois.

Reporting Entity - The Commission's reporting entity includes the Commission's governing board and all related organizations for which the Commission is financially accountable.

The Commission is not aware of any entity which would be financially accountable for the Commission to the extent that the Commission would be considered a component unit of the entity. The Commission is to be 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 118

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

Fund Accounting - Governmental agencies use fund and account groups to report on their financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types". Presently, the Commission has two categories of funds, the proprietary (internal service fund) and the fiduciary (agency fund).

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS
October 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Fund Accounting (cont.) - Proprietary Funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a Proprietary Fund's activities are included on its balance sheet. Proprietary Fund equity is segregated into contributed capital and retained earnings.

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.

Fiduciary Fund types are used to account for assets held by the Commission in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Budget - In accordance with their intergovernmental agreement, the Board shall approve an annual operating budget.

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 |

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS
October 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

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.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Total Columns - Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted principles. Neither is such data comparable to a consolidation.

DANVILLE PUBLIC BUILDING COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 October 31, 1997

NOTE 2 - 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 individual bank and pooled investment accounts to improve investment opportunities. Income from pooled investment accounts is allocated to the participating funds on percentage of pool ownership basis.

Deposits - The following table categorizes deposits according to levels of risk.

| Category #1 | Category #2 | Bank Balance | Carrying Amount |
|----------------|----------------|-----------------|--------------------|
| 11,443 | - | 11,443 | 5,931 |

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

| | Category #1 | Category #2 | Category #3 | Carrying Amount | Market Value |
|----------------------------|----------------|----------------|----------------|--------------------|-----------------|
| Certificates of deposit | 200,000 | 4,245,000 | - | 4,445,000 | 4,445,000 |

Category #1 includes deposits and 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 deposits and cash equivalents for which securities are held by the pledging financial institution or its trust department but not in the Commission's name.

Category #3 includes uninsured and uncollateralized deposits and cash equivalents.

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, 1997, restricted cash and cash equivalent balances are:

| | High School Construction Fund | Courthouse Renovation Fund | Public Safety Building Fund | Total |
|---------------------|-------------------------------------|----------------------------------|--------------------------------------|------------------|
| Capital improvement | - | - | 1,564,129 | 1,564,129 |
| Maintenance | - | - | 125,361 | 125,361 |
| Bond reserve | 421,734 | 598,024 | - | 1,019,758 |
| Surplus revenue | 37,586 | 211,573 | - | 249,159 |
| Total restricted | <u>459,320</u> | <u>809,597</u> | <u>1,689,490</u> | <u>2,958,407</u> |

DANVILLE PUBLIC BUILDING COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 October 31, 1997

NOTE 3 - CHANGES IN PROPERTY AND EQUIPMENT

| | <u>Balance</u> <u>10/31/96</u> | <u>Additions</u> | <u>Balance</u> <u>10/31/97</u> | <u>Accumulated</u> <u>Depreciation</u> | <u>Net</u> <u>10/31/97</u> |
|-------------------------------|-----------------------------------|------------------|-----------------------------------|---|-------------------------------|
| <u>Public Safety Building</u> | | | | | |
| Land | 558,575 | - | 558,575 | - | 558,575 |
| Building | 6,219,225 | 66,803 | 6,286,028 | 3,292,218 | 2,993,810 |
| Equipment | 1,679,743 | 68,135 | 1,747,878 | 1,261,104 | 486,774 |
| Furniture and fixtures | <u>140,060</u> | <u>1,447</u> | <u>141,507</u> | <u>138,024</u> | <u>3,483</u> |
| TOTAL | <u>8,597,603</u> | <u>136,385</u> | <u>8,733,988</u> | <u>4,691,346</u> | <u>4,042,642</u> |

DANVILLE PUBLIC BUILDING COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 October 31, 1997

NOTE 4 - LEASE AGREEMENT

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, 1997, the liability due to the County for excess revenues from this lease totaled \$1,164,815.

High School Renovation Lease - The Commission has entered into a lease agreement with Danville Community Consolidated School District 118 beginning on September 28, 1988 and ending on May 1, 2003. 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 were 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, 1997, the liability due to the School District for excess revenues from this lease totaled \$700,788.

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

| | <u>High School Renovation</u> | <u>Courthouse Renovation</u> |
|------|-----------------------------------|----------------------------------|
| 1998 | 472,213 | 500,000 |
| 1999 | 475,612 | 500,000 |
| 2000 | 477,050 | 500,000 |
| 2001 | 476,500 | 500,000 |
| 2002 | 473,750 | 500,000 |
| 2003 | <u>493,750</u> | <u>-</u> |
| | <u>2,868,875</u> | <u>2,500,000</u> |

DANVILLE PUBLIC BUILDING COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 October 31, 1997

NOTE 4 - LEASE AGREEMENT (cont.)

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 | (2,332,836) | (2,723,498) | (5,056,334) |
| Unearned interest | <u>(434,690)</u> | <u>(425,335)</u> | <u>(860,025)</u> |
| Net investment in direct financing lease | 4,167,774 | 4,691,167 | 8,858,941 |
| Principal payments received to date | <u>(1,873,590)</u> | <u>(2,276,531)</u> | <u>(4,150,121)</u> |
| TOTAL | <u><u>2,294,184</u></u> | <u><u>2,414,636</u></u> | <u><u>4,708,820</u></u> |

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

| | | | |
|--------------|-------------------------|-------------------------|-------------------------|
| 1998 | 320,637 | 343,110 | 663,747 |
| 1999 | 343,286 | 363,692 | 706,978 |
| 2000 | 365,855 | 386,387 | 752,242 |
| 2001 | 389,306 | 416,378 | 805,684 |
| 2002 | 412,632 | 437,409 | 850,041 |
| Thereafter | <u>462,468</u> | <u>467,660</u> | <u>930,128</u> |
| TOTAL | <u><u>2,294,184</u></u> | <u><u>2,414,636</u></u> | <u><u>4,708,820</u></u> |

Public Safety Building Lease - A lease agreement was entered into on November 1, 1997, with the City of Danville and County of Vermilion where 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 the City. The agreement provides also for the salaries and fringe benefits of "leased" employees whose costs shall be apportioned solely to the County.

Lease payments are due as follows:

| | <u>Public Safety Building</u> | | <u>Total</u> |
|------------------|-------------------------------|-------------------------|--------------------------|
| | <u>County</u> | <u>City</u> | |
| November 1, 1997 | 2,701,368 | 848,403 | 3,549,771 |
| November 1, 1998 | 2,755,396 | 865,371 | 3,620,767 |
| November 1, 1999 | 2,810,505 | 882,678 | 3,693,183 |
| November 1, 2000 | <u>2,866,731</u> | <u>900,332</u> | <u>3,767,063</u> |
| Total | <u><u>11,134,000</u></u> | <u><u>3,496,784</u></u> | <u><u>14,630,784</u></u> |

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1997

NOTE 4 - LEASE AGREEMENT (cont.)

If, in any year, the accrual 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, 1997, net rental receipts were in excess of funds required. Accordingly, refunds of the excess will be made as follows:

| | |
|-------------------------------|-----------------------|
| City of Danville, Illinois | 297,028 |
| County of Vermilion, Illinois | <u>502,517</u> |
| TOTAL | <u><u>799,545</u></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 minimum 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, 1997

NOTE 5 - LONG-TERM DEBT

General Obligation Certificates of Participation - The Commission issued general obligation certificates of participation in the related leases to provide funds for 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 (amortized on the straight-line basis over the life of the obligation) of \$42,269 and \$90,745, respectively, at October 31, 1997, are as follows:

Indebtedness:
 Original Issue: \$3,415,000
 Certificates: \$5,000 denomination, each dated November 1, 1991.
 Interest paid December and June 1.

| | <u>Principal</u> | <u>Rate on Coupons</u> |
|--------------------------|------------------|----------------------------|
| 01/01/98 | 325,000 | 6.60 |
| 01/01/99 | 325,000 | 6.70 |
| 01/01/00 | 350,000 | 6.80 |
| 01/01/01 | 375,000 | 6.80 |
| 01/01/02 | 425,000 | 6.80 |
| 01/01/03 | <u>365,000</u> | 6.80 |
| Payable October 31, 1997 | <u>2,165,000</u> | |

Danville School Building General Obligation certificates of participation outstanding net of unamortized premium and issuance cost of \$39,311 and \$93,753, respectively, at October 31, 1996 are as follows:

Indebtedness:
 Original Issue: \$3,475,000
 Certificates: \$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, 1997

NOTE 5 - LONG-TERM DEBT (cont.)

| | <u>Principal</u> | <u>Rate on Coupons</u> |
|--------------------------|------------------|----------------------------|
| 06/01/98 | 300,000 | 6.70 |
| 06/01/99 | 325,000 | 6.80 |
| 06/01/00 | 350,000 | 6.90 |
| 06/01/01 | 375,000 | 7.00 |
| 06/01/02 | 400,000 | 7.10 |
| 06/01/03 | <u>450,000</u> | 6.50 |
| Payable October 31, 1997 | <u>2,200,000</u> | |

| | <u>Balance 10/31/96</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 10/31/97</u> |
|---|-----------------------------|------------------|-------------------|-----------------------------|
| Vermilion County General Obligation Certificates of Participation | 2,415,000 | - | 250,000 | 2,165,000 |
| Danville School Building General Obligation Certifi- cates of Particip- ation | <u>2,475,000</u> | <u>-</u> | <u>275,000</u> | <u>2,200,000</u> |
| TOTAL | <u>4,890,000</u> | <u>-</u> | <u>525,000</u> | <u>4,365,000</u> |

SUMMARY OF CERTIFICATES OF PARTICIPATION

| | <u>Current Portion</u> | <u>Long-term Portion</u> | <u>Total</u> |
|--|----------------------------|------------------------------|------------------|
| Vermilion County Building General Obligation Certi- ficates of Participation | 325,000 | 1,840,000 | 2,165,000 |
| Danville School Building General Obligation Certi- ficates of Participation | <u>300,000</u> | <u>1,900,000</u> | <u>2,200,000</u> |
| | <u>625,000</u> | <u>3,740,000</u> | <u>4,365,000</u> |

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO FINANCIAL STATEMENTS
October 31, 1997

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 employee retirement system that acts as a common investment and administrative agent for 2,679 local governments and school districts in Illinois. The Employer's total payroll for the year ended December 31, 1996 was \$827,876. Of this amount, \$827,173 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.

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 the 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, 1996. 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 4.00% a year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 7.0% per year, depending on age and service attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually.

DANVILLE PUBLIC BUILDING COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 October 31, 1997

NOTE 6 - ILLINOIS MUNICIPAL RETIREMENT FUND (cont.)

DEFINED BENEFIT PENSION PLAN (cont.)

Total unfunded pension benefit obligation applicable to the Employer's employees was \$0 at December 31, 1996 (the latest date for which information is available), determined as follows:

Pension benefit obligation:

| | |
|---|--------|
| Terminated employees not yet receiving benefits | 56,847 |
|---|--------|

Current employees:

| | |
|--|---------------|
| Accumulated employee contributions including allocated investment earnings | 541,751 |
| Employer-financed vested | 852,634 |
| Employer-financed nonvested | <u>92,810</u> |

| | |
|----------------------------------|-----------|
| Total pension benefit obligation | 1,544,042 |
|----------------------------------|-----------|

| | |
|---|------------------|
| Net assets available for benefits at cost | <u>2,179,163</u> |
|---|------------------|

| | |
|-------------------------------------|-----------------|
| Unfunded pension benefit obligation | <u><u>-</u></u> |
|-------------------------------------|-----------------|

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

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 six year period.

The contributions by the Employer to IMRF for 1996 of \$63,279 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 1994. The contribution consisted of (a) \$96,945 normal cost (11.72% of 1996 covered payroll), (b) (\$42,351) amortization of the unfunded actuarial accrued liability ((5.12%) of 1996 covered payroll), (c) \$3,557 death and disability cost (.43% of 1996 covered payroll), and (d) \$5,128 cost of supplemental retirement benefit (.62% of 1996 covered payroll). The Employer contributed \$26,056 (3.15% of 1996 covered payroll); employees contributed \$37,223 (4.5% of 1996 covered payroll).

DANVILLE PUBLIC BUILDING COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 October 31, 1997

NOTE 6 - ILLINOIS MUNICIPAL RETIREMENT FUND (cont.)

DEFINED BENEFIT PENSION PLAN (cont.)

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 18 of these financial statements. For the three years ended 1994, 1995, and 1996, respectively, available assets were sufficient to fund 119.26%, 124.77%, and 141.13% of the pension benefit obligation. Unfunded pension benefit obligation represents 0.00%, 0.00%, and 0.00% of the annual payroll for the participating members covered by IMRF for 1994, 1995, and 1996, 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 1994, 1995, and 1996, the Employer's contribution to IMRF, all made in accordance with actuarially determined requirements, were 7.01%, 4.17%, and 3.15%, respectively, of annual covered payroll.

Digest of Changes - Assumptions: The actuarial assumptions used to determine the pension benefit obligation for 1996 were changed due to the 1993 - 1995 experience study.

The principal changes were:

- Fewer members are expected to take refunds.
- More SLEP members are expected to retire.
- The inflation salary assumption was lowered to 4.00% from 4.25%.
- Expected salary increases due to longevity were increased.

Employer assets: IMRF distributed investment income to all employer reserves in the amount of \$925 million in 1996 and \$1,153 million in 1995. Each employer's proportional share is based on employer assets and the present value of their former employees' benefit.

| Year | ANALYSIS OF FUNDING PROGRESS | | | | | |
|------|---|--------------------------|------------------------------|---|-------------------------------------|--|
| | (1) Pension Benefit Obligation | (2) Assets at Cost | Percent Funded (2)/(1) | (3) Unfunded Pension Oblig. (1)-(2) | (4) Annual Covered Payroll | Unfunded as Percentage of Payroll (3)/(4) |
| 1996 | 1,544,042 | 2,179,163 | 141.13% | 0 | 827,173 | 0.00% |
| 1995 | 1,470,294 | 1,834,420 | 124.77% | 0 | 843,425 | 0.00% |
| 1994 | 1,198,751 | 1,429,617 | 119.26% | 0 | 804,360 | 0.00% |
| 1993 | 1,027,994 | 1,254,780 | 122.06% | 0 | 781,560 | 0.00% |
| 1992 | 911,613 | 1,071,765 | 117.57% | 0 | 744,698 | 0.00% |
| 1991 | 797,739 | 886,166 | 111.08% | 0 | 738,483 | 0.00% |
| 1990 | 735,739 | 710,842 | 96.70% | 24,272 | 671,817 | 3.61% |
| 1989 | 630,174 | 641,946 | 101.87% | 0 | 576,512 | 0.00% |
| 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.

NOTE 7 - DEFERRED COMPENSATION PLAN

During fiscal 1993 the Commission adopted a deferred compensation plan under Section 457 of the Internal Revenue Code. This Plan allows employees to defer part of their compensation. The Commission is not required to make any contributions into the Plan. Contributions by participants are administered by a third-party agent and are considered available to the general creditors of the Commission. At September 30, 1997, Commission employees had \$81,588 invested.

NOTE 8 - OTHER RELATED PARTY ACTIVITY

Construction Management Agreements - The Commission has entered into several construction management agreements with related government entities. As part of these agreements, the Commission furnishes two of its employees to act as Construction Manager and Project Director for certain construction projects. In consideration of this, the related entities reimburse the Commission for the cost of those employees' compensation. During fiscal year ended October 31, 1997, the Commission was involved in the following construction management agreement:

Public Library - The Commission received \$4,993 in reimbursement from the Danville Public Library for salaries. The Danville Public Building Commission paid for work performed at the Library.

911 Contract - The Commission entered into an intergovernmental agreement with Vermilion County Emergency Telephone System Board (ETSB), a governmental agency, for the operation of 911 Emergency Telephone System. The Commission operates and maintains a Joint Communication Center and ETSB planned, established, and maintains the 911 Emergency Telephone System. The intergovernmental agreement was set up to coordinate the efforts of the two entities, allocate resources and personnel, and provide for the proper function of both systems as required by state statutes. The Commission appointed one of its employees to act as the Communication Director. ETSB also appointed that individual as the 911 Director, therefore, ETSB reimburses the Commission for a portion of his employment costs. In fiscal year 1997, \$13,527 of employment costs was reimbursed to the Commission.

The agreement also calls for the cost of capital expenditures that are necessary for both operations to be split by the Commission and ETSB. Title to the equipment or facilities rests with the Commission. During fiscal year 1997, ETSB entered into a contract with Interact Systems for new 911 equipment. Of this contract, \$163,102, including change orders through October 31, relates to a Computer Aided Dispatch System that the Commission is required to pay 50% of, for a total of \$81,551. ETSB is paying Interact and then will bill the Commission when complete. At October 31, the total liability to ETSB is \$81,551, but the ETSB has not yet billed the Commission.

ETSB also pays the Commission rent of \$60,684 annually for their usage of space in the Public Safety Building.

DANVILLE PUBLIC BUILDING COMMISSION
 COMBINING BALANCE SHEET
 October 31, 1997

SCHEDULE 1

| | PROPRIETARY FUNDS | | | | Total |
|---|-------------------------------|----------------------------|------------------|-----------------------------|-------|
| | High School Construction Fund | Courthouse Renovation Fund | INTERNAL SERVICE | Public Safety Building Fund | |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 566,239 | 922,758 | 2,961,934 | 4,450,931 | |
| Accrued interest receivable | 2,082 | 5,843 | 24,682 | 32,607 | |
| Due from other funds | - | - | 178 | 178 | |
| Prepaid expenses | 75,125 | - | 85,017 | 160,142 | |
| Total current assets | 643,446 | 928,601 | 3,071,811 | 4,643,858 | |
| PROPERTY AND EQUIPMENT | | | | | |
| Property and equipment, net of accumulated depreciation | - | - | 4,042,642 | 4,042,642 | |
| OTHER ASSETS | | | | | |
| Lease receivable | 2,294,184 | 2,414,636 | - | 4,708,820 | |
| Unamortized certificates of participation cost | 93,753 | 90,745 | - | 184,498 | |
| Total other assets | 2,387,937 | 2,505,381 | - | 4,893,318 | |
| TOTAL ASSETS | 3,031,383 | 3,433,982 | 7,114,453 | 13,579,818 | |

DANVILLE PUBLIC BUILDING COMMISSION
 COMBINING BALANCE SHEET
 October 31, 1997

SCHEDULE 1

| | PROPRIETARY FUNDS | | | | Total |
|--|-------------------------------|----------------------------|------------------|-----------------------------|-------------------|
| | High School Construction Fund | Courthouse Renovation Fund | INTERNAL SERVICE | Public Safety Building Fund | |
| LIABILITIES AND RETAINED EARNINGS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | - | 963 | 132,206 | | 133,169 |
| Interest payable | - | 60,935 | - | | 60,935 |
| Accrued expenses | - | - | 23,145 | | 23,145 |
| Certificates of participation payable | 300,000 | 325,000 | - | | 625,000 |
| Due to other funds | 178 | - | - | | 178 |
| Due to other governments: | | | | | |
| City | - | - | 297,029 | | 297,029 |
| Vermilion County | - | - | 564,060 | | 564,060 |
| Other | - | - | 81,551 | | 81,551 |
| Deferred revenue | 91,106 | - | - | | 91,106 |
| Total current liabilities | 391,284 | 386,898 | 1,097,991 | | 1,876,173 |
| LONG-TERM LIABILITIES | | | | | |
| Due to other government units | 700,788 | 1,164,815 | - | | 1,865,603 |
| Certificates of participation payable | 1,900,000 | 1,840,000 | - | | 3,740,000 |
| Unamortized premium on certificates of participation | 39,311 | 42,269 | - | | 81,580 |
| Total long-term liabilities | 2,640,099 | 3,047,084 | - | | 5,687,183 |
| Total liabilities | 3,031,383 | 3,433,982 | 1,097,991 | | 7,563,356 |
| RETAINED EARNINGS | | | | | |
| Reserved for High School Construction | - | - | - | | - |
| Reserved for Courthouse Renovation | - | - | - | | - |
| Reserved for Fire Dispatch | - | - | (646) | | (646) |
| Reserved for Burglar Alarm | - | - | 64,806 | | 64,806 |
| Reserved for 911 | - | - | - | | - |
| Reserved for Municipal Building | - | - | (2,428) | | (2,428) |
| Reserved for Capital Improvements | - | - | 1,574,825 | | 1,574,825 |
| Reserved for Maintenance | - | - | 337,263 | | 337,263 |
| Investment in property and equipment | - | - | 4,042,642 | | 4,042,642 |
| Total retained earnings (deficit) | - | - | 6,016,462 | | 6,016,462 |
| TOTAL LIABILITIES AND RETAINED EARNINGS | 3,031,383 | 3,433,982 | 7,114,453 | | 13,579,818 |

DANVILLE PUBLIC BUILDING COMMISSION
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 October 31, 1997

| | PROPRIETARY FUNDS | | | |
|---|-------------------------------------|----------------------------------|--------------------------------------|--------------------|
| | INTERNAL SERVICE | | | |
| | High School Construction Fund | Courthouse Renovation Fund | Public Safety Building Fund | Total |
| OPERATING REVENUES | | | | |
| Rent | - | - | 3,451,819 | 3,451,819 |
| Salary reimbursement | - | - | 18,520 | 18,520 |
| Interest on capital lease | 168,707 | 176,015 | - | 344,722 |
| Interest on investments and deposits | 34,416 | 55,154 | 231,457 | 321,027 |
| Fees | - | - | 6,280 | 6,280 |
| Miscellaneous | - | - | 6,388 | 6,388 |
| Total operating revenues | <u>203,123</u> | <u>231,169</u> | <u>3,708,464</u> | <u>4,142,756</u> |
| OPERATING EXPENSES | | | | |
| Administrative | - | - | 85,556 | 85,556 |
| Operating and maintenance | 111,903 | 117,325 | 785,621 | 1,014,849 |
| Communications | - | - | 586,271 | 586,271 |
| Assigned personnel and dietary | - | - | 1,115,056 | 1,115,056 |
| Management agreements | - | - | 8,695 | 8,695 |
| Depreciation | - | - | 262,544 | 262,544 |
| Total operating expenses | <u>111,903</u> | <u>117,325</u> | <u>2,843,743</u> | <u>3,072,971</u> |
| INCOME FROM OPERATIONS | <u>91,220</u> | <u>113,844</u> | <u>864,721</u> | <u>1,069,785</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Amortization of certificates of participation: | | | | |
| Premium | 11,710 | 12,025 | - | 23,735 |
| Issuance cost | (11,719) | (9,431) | - | (21,150) |
| Interest expense | (168,400) | (147,599) | - | (315,999) |
| Excess earnings (deficit) due to (from) government units | 77,189 | 31,161 | (799,545) | (691,195) |
| Total non-operating expenses | <u>(91,220)</u> | <u>(113,844)</u> | <u>(799,545)</u> | <u>(1,004,609)</u> |
| NET INCOME | - | - | 65,176 | 65,176 |
| RETAINED EARNINGS (ACCUMULATED DEFICIT), BEGINNING OF YEAR | - | - | 5,951,286 | 5,951,286 |
| RETAINED EARNINGS (ACCUMULATED DEFICIT), END OF YEAR | - | - | <u>6,016,462</u> | <u>6,016,462</u> |

DANVILLE PUBLIC BUILDING COMMISSION
 COMBINING STATEMENT OF CASH FLOWS
 Year Ended October 31, 1997

SCHEDULE 3

| | PROPRIETARY FUNDS | | | | Total |
|---|-------------------------------|----------------------------|------------------|-----------------------------|-----------|
| | High School Construction Fund | Courthouse Renovation Fund | INTERNAL SERVICE | Public Safety Building Fund | |
| CASH FLOWS FROM OPERATIONS | | | | | |
| Net income | - | - | 65,176 | 65,176 | 65,176 |
| Adjustments to reconcile net income to cash provided by operating activities: | | | | | |
| Depreciation | - | - | 262,544 | 262,544 | 262,544 |
| Amortization of certificates of participation: | | | | | |
| Premiums | (11,710) | (12,025) | - | - | (23,735) |
| Issuance cost | 11,719 | 9,431 | - | - | 21,150 |
| Changes in operating assets and liabilities: | | | | | |
| (Increase) decrease in receivables | 77 | (1,108) | (870) | (870) | (1,901) |
| (Increase) decrease in due from other governments | - | - | 5,046 | 5,046 | 5,046 |
| (Increase) decrease in prepaid expenses | 9,075 | - | (59,621) | (50,546) | (50,546) |
| Increase (decrease) in account payable | - | 627 | (32,594) | (31,967) | (31,967) |
| Increase (decrease) in due to other governments | - | - | (6,053) | (6,053) | (6,053) |
| Decrease in interest payable | (111,912) | (114,731) | 190,210 | (36,433) | (36,433) |
| Increase (decrease) in deferred revenue | (9,763) | - | (415,884) | (425,647) | (425,647) |
| Net cash provided by (used in) operating activities | (112,514) | (124,577) | 7,954 | (229,137) | (229,137) |

DANVILLE PUBLIC BUILDING COMMISSION
 COMBINING STATEMENT OF CASH FLOWS (cont.)
 Year Ended October 31, 1997

SCHEDULE 3

| | PROPRIETARY FUNDS | | | Total |
|--|-------------------------------------|----------------------------------|--|-----------|
| | High School Construction Fund | Courthouse Renovation Fund | INTERNAL SERVICE Public Safety Building Fund | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | - | - | (136,385) | (136,385) |
| Principal paid on certificates of participation | (275,000) | (250,000) | - | (525,000) |
| Interest paid on certificates of participation | (168,400) | (147,599) | - | (315,999) |
| Net cash used in capital and related financing activities | (443,400) | (397,599) | (136,385) | (977,384) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from capital lease agreements | 466,738 | 500,000 | - | 966,738 |
| Interest on investments and deposits | 34,416 | 55,154 | - | 89,570 |
| Net cash provided by investing activities | 501,154 | 555,154 | - | 1,056,308 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (54,760) | 32,978 | (128,431) | (150,213) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 620,999 | 889,780 | 3,090,365 | 4,601,144 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 566,239 | 922,758 | 2,961,934 | 4,450,931 |

DANVILLE PUBLIC BUILDING COMMISSION
 STATEMENT OF EXPENSES COMPARED TO BUDGET -
 PUBLIC SAFETY BUILDING FUND - LEASE ACCOUNT
 Year Ended October 31, 1997

SCHEDULE 4

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|----------------|----------------|--|
| ADMINISTRATIVE | | | |
| Salaries | 56,000 | 57,183 | (1,183) |
| Payroll taxes | 8,200 | 4,831 | 3,369 |
| Employee insurance | 7,500 | 5,942 | 1,558 |
| Office supplies | 3,500 | 3,372 | 128 |
| Maintenance-office equipment | 1,000 | 646 | 354 |
| Audit | 4,000 | 3,799 | 201 |
| Legal | 12,000 | 4,974 | 7,026 |
| Travel | 4,500 | 3,644 | 856 |
| Miscellaneous | <u>1,500</u> | <u>1,165</u> | <u>335</u> |
| TOTAL ADMINISTRATIVE | <u>98,200</u> | <u>85,556</u> | <u>12,644</u> |
| | | | |
| OPERATIONS AND MAINTENANCE | | | |
| Salaries | 281,300 | 276,257 | 5,043 |
| Payroll taxes | 29,400 | 24,675 | 4,725 |
| Employee insurance | 37,000 | 34,894 | 2,106 |
| Insurance | 60,000 | 59,451 | 549 |
| Utilities | 246,000 | 233,790 | 12,210 |
| Janitorial supplies | 17,500 | 17,259 | 241 |
| Maintenance supplies | 30,000 | 27,999 | 2,001 |
| Maintenance service - equipment | 25,000 | 16,610 | 8,390 |
| Maintenance service - building and grounds | 24,600 | 11,145 | 13,455 |
| Equipment - rentals | 500 | 292 | 208 |
| Equipment - contractual service | 70,000 | 53,129 | 16,871 |
| Physical exams | 500 | - | 500 |
| Snow removal | 2,000 | 1,625 | 375 |
| Miscellaneous | 2,900 | 2,370 | 530 |
| Uniforms | 2,000 | 1,569 | 431 |
| Professional services | 20,000 | 11,940 | 8,060 |
| Travel | <u>1,000</u> | <u>772</u> | <u>228</u> |
| TOTAL OPERATIONS AND MAINTENANCE | <u>849,700</u> | <u>773,777</u> | <u>75,923</u> |

DANVILLE PUBLIC BUILDING COMMISSION
 STATEMENT OF EXPENSES COMPARED TO BUDGET -
 PUBLIC SAFETY BUILDING FUND - LEASE ACCOUNT
 Year Ended October 31, 1997

SCHEDULE 4

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|------------------|------------------|--|
| COMMUNICATIONS | | | |
| Salaries | 527,000 | 478,050 | 48,950 |
| Payroll taxes | 79,000 | 45,246 | 33,754 |
| Employee insurance | 59,000 | 53,255 | 5,745 |
| Telephone | 7,000 | 2,130 | 4,870 |
| Maintenance service - equipment | 2,500 | 2,608 | (108) |
| Office supplies | 2,800 | 2,235 | 565 |
| Travel | 1,000 | 418 | 582 |
| Miscellaneous | <u>2,200</u> | <u>2,329</u> | <u>(129)</u> |
| TOTAL COMMUNICATIONS | <u>680,500</u> | <u>586,271</u> | <u>94,229</u> |
| | | | |
| ASSIGNED PERSONNEL AND DIETARY | | | |
| Personnel cost - County | 966,155 | 975,603 | (9,448) |
| Dietary services - County | 140,223 | 139,592 | 631 |
| Training/correctional officers | <u>(28)</u> | <u>(139)</u> | <u>111</u> |
| TOTAL ASSIGNED PERSONNEL AND DIETARY | <u>1,106,350</u> | <u>1,115,056</u> | <u>(8,706)</u> |

DANVILLE PUBLIC BUILDING COMMISSION
 STATEMENT OF CHANGES IN RESERVED ACCOUNTS - PUBLIC SAFETY BUILDING FUND
 Year Ended October 31, 1997

SCHEDULE 5

| | Communication Center | Assigned Personnel | Lease | Fire Dispatch | Burglar Alarm | 911 |
|--|----------------------|--------------------|------------------|---------------|---------------|------------------|
| OPERATING REVENUES | | | | | | |
| Rent | 680,500 | 1,106,350 | 1,454,285 | - | - | 60,684 |
| Salary reimbursement | - | - | 138,174 | - | - | 13,527 |
| Interest | - | - | - | - | - | - |
| Fees | - | - | - | - | 6,280 | - |
| Miscellaneous | 42 | - | 257 | - | - | - |
| Total operating revenues | <u>680,542</u> | <u>1,106,350</u> | <u>1,592,716</u> | - | <u>6,280</u> | <u>74,211</u> |
| OPERATING EXPENSES | | | | | | |
| Administrative | - | - | 85,556 | - | - | - |
| Operations and maintenance | - | - | 773,777 | - | - | - |
| Communications | 586,271 | - | - | - | - | - |
| Assigned personnel and dietary | - | 1,115,056 | - | - | - | - |
| Management agreements | - | - | - | - | - | - |
| Equipment | - | - | 19,403 | - | - | - |
| Depreciation | - | - | - | - | - | - |
| Total operating expenses | <u>586,271</u> | <u>1,115,056</u> | <u>878,736</u> | - | - | - |
| INCOME (LOSS) FROM OPERATIONS | 94,271 | (8,706) | 713,980 | - | 6,280 | 74,211 |
| NON-OPERATING INCOME (EXPENSES) | | | | | | |
| Excess (deficit) earnings due to (from) governmental units | (94,271) | 8,706 | (713,980) | - | - | - |
| Excess earnings due to maintenance | - | - | - | - | - | (293,104) |
| Excess earnings due from 911 | - | - | - | - | - | - |
| NET INCOME (LOSS) | - | - | - | - | <u>6,280</u> | <u>(218,893)</u> |
| RETAINED EARNINGS, BEGINNING OF YEAR | - | - | - | (646) | 58,526 | 218,893 |
| RETAINED EARNINGS, (ACCUMULATED DEFICIT), END OF YEAR | - | - | - | <u>(646)</u> | <u>64,806</u> | - |

DANVILLE PUBLIC BUILDING COMMISSION
 STATEMENT OF CHANGES IN RESERVED ACCOUNTS - PUBLIC SAFETY BUILDING FUND
 Year Ended October 31, 1997

| | Management Agreements | Capital Improvements | Maint. | Total | Eliminating Entries | Total |
|--|--------------------------|-------------------------|----------------|------------------|------------------------|------------------|
| OPERATING REVENUES | | | | | | |
| Rent | - | 100,000 | 50,000 | 3,451,819 | - | 3,451,819 |
| Salary reimbursement | 4,993 | - | - | 18,520 | - | 18,520 |
| Interest | - | 86,239 | 7,044 | 231,457 | - | 231,457 |
| Fees | - | - | - | 6,280 | - | 6,280 |
| Miscellaneous | 89 | - | - | 6,388 | - | 6,388 |
| Total operating revenues | 5,082 | 186,239 | 57,044 | 3,708,464 | - | 3,708,464 |
| OPERATING EXPENSES | | | | | | |
| Administrative Operations and maintenance | - | - | - | 85,556 | - | 85,556 |
| Communications | - | 5,808 | 6,036 | 785,621 | - | 785,621 |
| Assigned personnel and dietary | - | - | - | 586,271 | - | 586,271 |
| Management agreements | - | - | - | 1,115,056 | - | 1,115,056 |
| Equipment | 8,695 | - | - | 8,695 | - | 8,695 |
| Depreciation | - | 82,476 | 34,506 | 136,385 | (136,385) | - |
| | | | | | 262,544 | 262,544 |
| Total operating expenses | 8,695 | 88,284 | 40,542 | 2,717,584 | 126,159 | 2,843,743 |
| INCOME (LOSS) FROM OPERATIONS | (3,613) | 97,955 | 16,502 | 990,880 | (126,159) | 864,721 |
| NON-OPERATING EXPENSES | | | | | | |
| Excess earnings due to governmental units | - | - | - | (799,545) | - | (799,545) |
| Excess earnings due to maintenance | - | - | - | (293,104) | 293,104 | - |
| Excess earnings due from 911 | - | - | 293,104 | 293,104 | (293,104) | - |
| NET INCOME (LOSS) | (3,613) | 97,955 | 309,606 | 191,335 | (126,159) | 65,176 |
| RETAINED EARNINGS, BEGINNING OF YEAR | 1,185 | 1,476,870 | 27,657 | 1,782,485 | - | 1,782,485 |
| RETAINED EARNINGS, (ACCUMULATED DEFICIT), END OF YEAR | (2,428) | 1,574,825 | 337,263 | 1,973,820 | (126,159) | 1,847,661 |