

DANVILLE PUBLIC BUILDING COMMISSION
DANVILLE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended
OCTOBER 31, 2007

Danville Public Building Commission
Annual Financial Report
For the fiscal year ended October 31, 2007

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Danville Public Building Commission
Danville, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Danville Public Building Commission, Danville, Illinois, as of and for the year ended October 31, 2007, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Danville Public Building Commission's, Danville, Illinois management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Danville Public Building Commission, Danville, Illinois as of October 31, 2007, and the respective changes in financial position, and, where applicable cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and changes in reserve accounts – general fund on pages 2 through 9 and pages 36 through 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Danville Public Building Commission, Danville, Illinois, basic financial statements. The introductory section and the changes in reserved accounts are presented for purposes of additional analysis and are not a required part of the basic financial statements. The changes in reserved accounts has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Crowder CPA's Ltd.

Danville, Illinois
December 20, 2007

Management's Discussion and Analysis

As management of the Danville Public Building Commission, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Danville Public Building Commission for the fiscal year ended October 31, 2007. The Commission is to be disclosed as a joint venture in the financial statements of Vermilion County, Illinois, the City of Danville, Illinois, and Danville Community Consolidated School District #118.

Financial Highlights

- ◆ The assets of the Danville Public Building Commission exceeded its liabilities at the close of the most recent fiscal year by \$4,052,425 (*net assets*). Due to the unique custodial relationship between the Commission as project manager of four major intergovernmental construction projects and the local government lessees, all of the net assets are either invested in Commission capital assets or restricted for specific purposes. As a result, any amounts necessary to meet future obligations to citizens and creditors must come from future lease income; in theory any residual unrestricted net assets are recorded as a liability to the City of Danville, Danville School District #118, or Vermilion County.
- ◆ The government's total net assets decreased by \$10,841. The general reserve accounts for the municipal building and the burglar alarm increased modestly, since the remainder of general fund operating net income must by contractual agreement be returned to the respective local governments. The Capital Improvements fund increased by \$208,297 and the Maintenance fund increased by \$15,606. The increase in the Capital Improvements fund was due to the excess earnings due from 911 of \$102,256 and capital outlay of only \$11,739. The Maintenance fund increase was due to revenue of \$62,780 capital outlay of only \$39,900.
- ◆ The Commission's total debt of \$6,415,000 during this fiscal year was reduced by \$55,000, which was for the Jail and Juvenile Detention Center Revenue bonds.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements comprise three components: 1) Government-wide financial statements (new under GASB 34), 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *statement of activities* presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., the inception of new direct financing leases for new construction projects, or earned but uncollected operating lease revenues.)

The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other local governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission can be divided into governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's *near-term* financing requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Commission maintains the general fund as its only governmental fund, also automatically considered a major fund by its very nature of providing for the general operations of the Building Commission.

The Commission adopts an annual appropriated budget for its general fund. Generally accepted accounting principles require a budgetary comparison statement be provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Proprietary funds. The Building Commission uses enterprise funds to report the activities of each of the ongoing construction projects it manages under the joint venture arrangements discussed above. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Enterprise funds are used in situations where a given fund provides services to others outside the financial reporting entity on a cost recovery basis. While the Danville Public Building Commission does not provide its services directly to customers, (normally the case in enterprise funds) neither is the Commission itself the predominant beneficiary (normally the case in internal service funds). Instead, the ultimate beneficiaries are the taxpayers of each local government as leasee. The Commission uses enterprise funds to account for the activities of the High School construction project, Courthouse renovation, and Jail addition and Juvenile Detention Center projects (reported together as the Jail Addition Fund in the financial statements due to the joint bond offering for those projects).

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Jail Addition fund is considered to be a major fund of the Commission since it comprises more than 10 percent of the total assets, revenues, and/or expenditures and at least 5 percent of the corresponding total for the total of all governmental and enterprise funds combined. The High School Construction and Courthouse Renovation funds were deemed important enough to the Commission's financial statement users to be identified also to be major funds, since the primary purpose of the Commission is to manage these construction projects.

Project budgets are developed for each of the construction projects reported in proprietary funds. Additionally, proprietary fund budgets are developed annually for each project, based upon percentage of completion to-date and any new circumstances since the start of each project.

The basic proprietary fund financial statements can be found on pages 16-19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Commission's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Commission has two fiduciary fund types, a Defined Compensation Trust adopted under Section 457 of the Internal Revenue Code and one agency fund for which funds are held on behalf of flexible contribution plan participants.

The Commission is not required to make any contributions into the pension plan, but holds the assets in trust for plan participants. The plan is administrated by Nationwide Retirement Solutions.

The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-35 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Commission's progress in funding its obligation to provide pension benefits to its employees. This plan is a defined benefit plan administrated and held in trust by the State of Illinois for State Municipalities (Illinois Municipal Retirement Fund, or 'IMRF'). Details of the changes in the general fund's reserve accounts are also provided. This information can be found on page 36 of this report.

As all of the Commission's funds are considered to be major, one difference between the former method of financial statement presentation and the new reporting model using GASB 34 is that there is no combining statements presented after the footnotes to the financial statements. In other words, all of the Commission's *required* financial information is presented before the notes to the financial statements. The Commission also provides as supplemental information a Statement of Changes in Reserved Accounts for the General Fund, also referred to as the Public Safety Building (PSB) Fund. This statement details the current year's revenues, expenditures, and changes in net assets for all PSB departments. This information can be found on pages 37-38 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Danville Public Building Commission, assets exceeded liabilities by \$ 4,052,425 at the close of the most recent fiscal year.

By far the largest portion of the Commission's net assets (percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment). It is useful to note that there is no debt related to the net assets related to that invested in capital assets; normally any related debt would be deducted from the investment to arrive at the amount stated for this reserve. The Commission uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

	Governmental Activities		Business-type Activities		2007	2006
	2007	2006	2007	2006		
Current and other assets	3,347,707	2,063,549	9,667,374	9,522,072	13,015,081	11,585,621
Capital assets, net	3,192,993	3,435,656	-	-	3,192,993	3,435,656
Total assets	6,540,700	5,499,205	9,667,374	9,522,072	16,208,074	15,021,277
Long-term liabilities	-	-	6,415,000	6,360,000	6,415,000	6,360,000
Due to other governments, net	1,168,878	1,160,520	2,995,121	2,938,938	4,163,999	4,099,458
Other liabilities	1,309,954	260,593	266,696	237,960	1,576,650	498,553
Total liabilities	2,478,832	1,421,113	9,676,817	9,536,898	12,155,649	10,958,011
Invested in capital assets	3,192,993	3,435,656	-	-	3,192,993	3,435,656
Ending net assets	4,061,868	4,078,092	(9,443)	(14,826)	4,052,425	4,063,266

It is helpful to note that although by its nature the business-type activities are constructing major capital improvements, these improvements are assets of the other governmental entities and instead the Danville Public Building Commission holds a construction or direct-financing lease receivable as the asset representing the ongoing construction. This is why no capital assets are shown for the business-type activities of the Building Commission.

For more detailed information see the Statement of Net Assets on page 10.

As all of the net assets relate to the Commission's General Fund, amounts not related to the investment in capital assets may be used to meet the Commission's anticipated future needs in each of several reserve accounts, with prior approval by the Commission's board for funds spent from the capital improvements reserve and the maintenance reserve. The Commission's net assets decreased to \$4,052,425 from \$4,063,266, a decrease of \$10,841. The commission closely tracked the general fund budget facilitated in part by use of a contingency reserve in the operations function. It is helpful to note that there is no net asset for any of the enterprise funds because the underlying lease agreements do not allow for an accumulation of net assets for these contracts. Instead, any net profit is due back to the lessees on a prorata basis of their collective payments on the leases.

Danville Public Building Commission's Change in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	32,928	39,501	-	-	32,928	39,501
Operating leases and contributions	5,401,673	5,232,166	618,218	597,878	6,019,891	5,830,044
Capital grants and contributions	-	-	-	-	-	-
Excess due from (to) other governments	-	-	(21,052)	31,485	(21,052)	31,485
General revenues:						
Interest Income	241,385	209,005	-	-	241,385	209,005
Other	1,849	3,065	-	-	1,849	3,065
Total revenue	5,677,835	5,483,737	597,166	629,363	6,275,001	6,113,100
Expenses:						
Administrative	108,917	107,294	-	-	108,917	107,294
Operations and maintenance	1,279,901	1,241,333	-	-	1,279,901	1,241,333
Communications	925,439	900,909	-	-	925,439	900,909
Assigned personnel and dietary	2,105,297	2,006,348	-	-	2,105,297	2,006,348
Excess due to other governments	945,075	936,717	-	-	945,075	936,717
Depreciation expense	324,047	331,623	-	-	324,047	331,623
Direct-financing leases	-	-	455,279	482,939	455,279	482,939
Juvenile Detention Center	-	-	141,887	146,424	141,887	146,424
Total expenses	5,688,676	5,524,224	597,166	629,363	6,285,842	6,153,587
Increase (decrease) in net assets	(10,841)	(40,487)	-	-	(10,841)	(40,487)
Net Assets-Beginning of period	4,063,266	4,103,753	-	-	4,063,266	4,103,753
Net Assets-End of period	4,052,425	4,063,266	-	-	4,052,425	4,063,266

Governmental operating lease income increased slightly by 3.2% compared to the previous year as agreed to by contract. In the business-type funds net expenses exceeded net revenues as shown by the excess due from other government line.

Increases in expenses otherwise closely followed inflation.

Financial Analysis of the Commission's Funds

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Commission's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Commission's ability to meet financial requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As in prior years, all of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate the current portion of revenue bond principle or 2) to finish certain capital projects undertaken through federal and state grants.

As a measure of the general fund's liquidity, most governmental agencies compare both unreserved fund balances and total fund balances to total fund expenditures. Due to the unique relationship between the Commission and its joint venture partners, these typical comparisons cannot be made since all of the excess receipts are recorded as a liability due the other governments instead of as unreserved fund balance.

However, the liability for the year end October 31, 2007 and due back to the City and County in the amount of \$945,075 represents 17 percent of total general fund expenditures, or conversely, only about 17 percent of current year general fund revenues, mostly comprising the PSB operating lease, was needed to cover current year expenditures.

Budgetary Highlights

As discussed above, budgets are developed and used for the general fund on an annual basis, and proprietary funds on both project-wide and annual basis. Primary differences between budget and actual spending amounts were as follows:

The Public Safety Building or General Fund operations and maintenance had a favorable variance of \$68,057 for utilities of the PSB. This had a favorable variance of approximately 14% of budget. Management made conservative estimates of energy usage and the region once again experienced a less severe winter than expected.

The next largest favorable variance for operations and maintenance was \$32,353 (6.74 percent of budget) over the final amended budget for salaries during the year. This also resulted in a favorable variance of \$6,179 (14.11 percent of budget) for payroll taxes.

The next largest favorable operation and maintenance variance was \$24,818 for Insurance. This had a favorable variance of approximately 21.21% of budget.

The Communications Salaries had a favorable variance of \$19,164 which was due to less overtime than anticipated. This had a favorable variance of approximately 2.79% of budget.

The next largest favorable variance for the Communications was \$11,654 for Employee Insurance. This had a favorable variance of approximately 8.32% of budget. This favorable variance was due to a reduction of insurance costs.

The assigned personnel and dietary had a favorable variance of \$5,138 for Prisoner supplies.

The next largest favorable variance for assigned personnel and dietary was \$4,034 for Equipment for the jail.

Other general fund budget variances were relatively minor; since total expenditures were less than budgetary estimates rebates were due the County and City again this year.

Capital Assets, Construction and Debt Administration

Capital assets. The Commission's investment in capital assets for its governmental activities as of October 31, 2007 amounts to \$3,192,993 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, fixtures and equipment. The decrease in the Commission's gross investment in capital assets for the current fiscal year was approximately 7 % percent.

Major capital asset events during the current fiscal year included the network equipment for the phone system, one half of the cost to upgrade a console for the 911 center, and the purchase of a Super Z mower.

Additional information on the Commission's capital assets can be found in note 3 on page 26 of this report.

Construction Projects (Proprietary Funds)

As noted above, the construction projects managed by the Commission will be assets of the County, City, and School District. The status of each project in order of their significance is as follows:

Juvenile Detention Center

This project is complete. Agreements for operations and maintenance between the County and the Commission will continue until the end of the terms of the agreements or the agreement is terminated.

Jail Addition

The project is complete.

Courthouse Renovation

The Commission continues to make necessary improvements using their professional maintenance staff as the Board separately considers and approves or disapproves each identified Courthouse project, using funds remaining in the Courthouse Lease Fund as permitted by the lease document. The surplus funds were to be remitted to the county at the end of the lease; however the county has requested the Commission retain the surplus funds until directed by them on the allocation of the funds.

High School Renovation

As this project is complete, the School District has requested the Commission retain the surplus funds until directed by them on the allocation of the funds.

Long-term debt. At the end of the current fiscal year, the Commission had two issues of Jail addition and Juvenile Detention Center revenue bonds outstanding in the amount of \$6,415,000. These bonds maintain an "AAA" rating from Moody's rating agency.

Additional information on the Commission's debt obligations can be found in Note 6 on pages 31 thru 33.

Economic Factors and Next Year's Budgets and Rates

The Commission's administration of the Public Safety Building includes assessing the continued functionality of the building. As demonstrated by the relatively minor increase or decrease in net assets year to year for the General Fund, the Board continues to manage and assess potential capital projects closely within the annual budget. Management of the Public Safety Building believes that a number of potential projects exist for which the spending of the excess balance in the Jail Addition Fund might be appropriate. These include:

- ◆ phase II of the repairing of the jail parking lot
- ◆ the isolation of equipment as required for servicing
- ◆ the replacement of the computer systems in both the city and county police cars as a joint venture with 911

- ◆ the testing of the boiler tubes and tube trays. If the test is positive it will be recommended to retrofit the existing boilers which would accomplish the following objectives: a. the existing boilers can be utilized for an additional ten to fifteen years; b. the costs of this is 1/6th of the cost of replacing the old boilers; and c. the gas usage for these boilers will be reduced by approximately ten to twenty percent.
- ◆ the construction of the new 911 center will be completed by October 31, 2008
- ◆ upon completion and relocation of the 911 center the construction of the court room will begin
- ◆ planning for the construction of the tunnel for limited use for storage
- ◆ analysis of the existing utility systems to find an alternative to reduce consummation of gas and electric
- ◆ a two year plan will be started to replace the computers for the administrative functions for the sheriff's department
- ◆ establish a multi-year program to replace the city's computers that are used for administrative functions

Additionally, the Commission considered the following in the development of the 2008 fiscal year budget:

- ◆ Inflationary trends in the locale are slightly less favorable compared to national indices.
- ◆ Unemployment in Vermilion county is currently 5.8 percent compared to 4.6 percent one year ago

Request for information

This financial report is designed to provide a general overview of the Danville Public Building Commission's finances for all those with an interest in the Commission's finances. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to:

Danville Public Building Commission
2 East South Street
Danville, Illinois 61832-5865

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF NET ASSETS
October 31, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	2,588,739	1,233,258	3,821,997
Restricted cash and cash equivalents	678,632	56	678,688
Prepaid expenses	40,604	-	40,604
Accounts receivable	39,732	-	39,732
Capital assets, net of accumulated depreciation	3,192,993	-	3,192,993
Lease receivable	-	6,087,749	6,087,749
Unamortized cost on revenue bonds	-	171,215	171,215
Due from other governments:			
City	-	2,175,096	2,175,096
TOTAL ASSETS	6,540,700	9,667,374	16,208,074
LIABILITIES			
Current Liabilities			
Accounts payable	254,877	6,712	261,589
Interest payable	-	111,146	111,146
Accrued expenses	34,377	2,204	36,581
Deferred revenue	1,020,700	128,871	1,149,571
Revenue bonds payable	-	205,000	205,000
Due to other governments:			
Vermilion County	817,985	420,114	1,238,099
City	127,090	-	127,090
Due to other government units	223,803	306,209	530,012
Total current liabilities	2,478,832	1,180,256	3,659,088
Noncurrent Liabilities			
Revenue bonds payable	-	6,210,000	6,210,000
Due to other government units	-	2,268,798	2,268,798
Unamortized premium on revenue bonds	-	17,763	17,763
Total noncurrent liabilities	-	8,496,561	8,496,561
TOTAL LIABILITIES	2,478,832	9,676,817	12,155,649
NET ASSETS			
Invested in capital assets	3,192,993	-	3,192,993
Restricted for:			
Burglar Alarm	83,150	-	83,150
Management agreements	43,902	-	43,902
Capital Improvements	467,010	-	467,010
Maintenance	265,370	-	265,370
Unrestricted	9,443	(9,443)	-
TOTAL NET ASSETS	4,061,868	(9,443)	4,052,425

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Primary Government						
Governmental activities:						
Administrative	108,917	-	-	(108,917)	-	(108,917)
Operations and maintenance	1,279,901	2,304,114	-	1,057,141	-	1,057,141
Communications	925,439	983,550	-	58,111	-	58,111
Assigned personnel and dietary	2,105,297	2,114,477	-	9,180	-	9,180
Excess due to other governments	945,075	-	-	(945,075)	-	(945,075)
Depreciation expense	324,047	(468)	-	(324,515)	-	(324,515)
Total governmental activities	5,688,676	5,401,673	-	(254,075)	-	(254,075)
Business-type activities:						
Direct-financing leases	455,279	427,218	-	-	(28,061)	(28,061)
Excess due from (to) other governments	-	(21,052)	-	-	(21,052)	(21,052)
Juvenile detention center management	141,887	191,000	-	-	49,113	49,113
Total business-type activities	597,166	597,166	-	-	-	-
Total Primary Government	6,285,842	5,998,839	-	(254,075)	-	(254,075)
		General revenues:				
		Interest		241,385	-	241,385
		Miscellaneous		1,849	-	1,849
		Total general revenues		243,234	-	243,234
		Change in net assets		(10,841)	-	(10,841)
		Net assets – beginning		4,063,266	-	4,063,266
		Net assets – ending		4,052,425	-	4,052,425

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
BALANCE SHEET – GOVERNMENTAL FUND
October 31, 2007

	General Fund
ASSETS	
Cash and cash equivalents	2,588,739
Restricted cash and cash equivalents	678,632
Accounts receivable	39,732
Prepaid expenses	40,604
	<hr/>
TOTAL ASSETS	3,347,707
	<hr/>
LIABILITIES AND FUND BALANCES	
Accounts payable	254,877
Accrued expenses	34,377
Deferred revenue	1,020,700
Due to other funds	9,443
Due to City of Danville	127,090
Due to Vermilion County	817,985
Due to other governments	223,803
	<hr/>
TOTAL LIABILITIES	2,488,275
	<hr/>
Fund balances:	
Reserved for:	
Burglar Alarm	83,150
Management agreements	43,902
Capital improvements	467,010
Maintenance	265,370
Total fund balances	859,432
	<hr/>
Capital assets used in governmental activities are not financial resources and therefore not reported in the general fund.	3,192,987
	<hr/>
Interfund balances are eliminated in the consolidation for the statement of net assets	9,443
	<hr/>
Net assets of governmental activities	4,061,862
	<hr/>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL
 FUND AND RECONCILIATION OF CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES.
 Year Ended October 31, 2007

	<u>General Fund</u>
OPERATING REVENUES	
Rent	5,306,741
Rebate	95,400
Salary reimbursement	32,928
Interest on investments and deposits	241,385
Miscellaneous	<u>1,849</u>
Total operating revenues	<u>5,678,303</u>
OPERATING EXPENDITURES	
Administrative	108,917
Operations and maintenance	1,279,901
Communications	925,439
Assigned personnel and dietary	2,105,297
Capital outlay	<u>81,852</u>
Total operating expenditures	<u>4,501,406</u>
INCOME FROM OPERATIONS	<u>1,176,897</u>
NON-OPERATING EXPENDITURES	
Excess earnings due to government units	<u>945,075</u>
Total non-operating expenditures	<u>945,075</u>
Excess of Revenues over (under) Expenditures	231,822
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (324,047) and loss on disposal of capital assets (468) exceeded capital outlay (81,852) in the current period.	<u>(242,663)</u>
Changes in net assets	<u>(10,841)</u>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET
AND ACTUAL - GENERAL FUND

For the Year Ended October 31, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget + (-)
	Original	Final		
OPERATING REVENUES				
Rent	5,306,941	5,306,941	5,306,741	(200)
Rebate	-	-	95,400	95,400
Salary reimbursement	26,718	26,718	32,928	6,210
Interest on investments and deposits	28,300	28,300	241,385	213,085
Miscellaneous	2,100	2,100	1,849	(251)
TOTAL OPERATING REVENUES	5,364,059	5,364,059	5,678,303	314,244
ADMINISTRATIVE				
Salaries	75,000	75,000	74,442	558
Payroll taxes	6,350	6,350	5,925	425
Retirement	3,250	3,250	3,114	136
Employee insurance	11,600	11,600	11,281	319
Office supplies	4,000	4,000	2,012	1,988
Maintenance equipment	1,000	1,000	302	698
Accounting / Consulting Services	2,500	2,500	1,773	727
Legal	7,000	7,000	6,265	735
Travel	3,500	3,500	2,492	1,008
Miscellaneous	2,000	2,000	1,311	689
TOTAL ADMINISTRATIVE	116,200	116,200	108,917	7,283
OPERATIONS AND MAINTENANCE				
Salaries	480,000	480,000	447,647	32,353
Payroll taxes	43,800	43,800	37,621	6,179
Retirement	23,000	23,000	18,788	4,212
Employee insurance	97,000	97,000	88,894	8,106
Insurance	117,000	117,000	92,182	24,818
Utilities	474,010	477,710	409,653	68,057
Janitorial supplies	25,000	25,000	21,429	3,571
Maintenance supplies	33,000	33,000	24,877	8,123
Maintenance service – equipment	31,600	31,600	28,690	2,910
Maintenance service – building and grounds	14,500	14,500	10,974	3,526
Equipment – rentals	1,000	1,000	78	922
Equipment – contractual service	79,000	79,000	66,270	12,730
Physical exams	500	500	130	370
Snow removal	4,000	3,300	3,300	-
Miscellaneous	7,600	7,600	3,374	4,226
Uniforms	3,000	3,000	954	2,046
Professional services	28,000	28,000	24,720	3,280
Travel	1,000	1,000	320	680
Contingency	490,284	490,284	-	490,284
TOTAL OPERATIONS AND MAINTENANCE	1,953,294	1,956,294	1,279,901	676,393

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET
AND ACTUAL GENERAL FUND (CONT.)

For the Year Ended October 31, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget + (-)
	Original	Final		
COMMUNICATIONS				
Salaries	686,400	686,400	667,236	19,164
Payroll taxes	60,200	60,200	55,152	5,048
Retirement	30,000	30,000	28,028	1,972
Employee insurance	140,000	140,000	128,346	11,654
Telephone	3,000	3,700	3,376	324
Maintenance service – equipment	4,000	4,000	591	3,409
Office supplies	3,750	3,750	2,815	935
Travel	3,000	3,500	3,174	326
Mobile Data Terminals	35,000	35,000	28,770	6,230
Miscellaneous	4,200	3,000	2,556	444
Technology-City/County	14,000	12,736	5,395	7,341
TOTAL COMMUNICATIONS	983,550	982,286	925,439	56,847
ASSIGNED PERSONNEL AND DIETARY				
Personnel cost – County	2,005,077	2,005,077	2,010,911	(5,834)
Training/correctional officers	14,000	14,000	11,163	2,837
Contract – Doctor	16,900	16,900	16,833	67
Medical equipment – prisoner	30,000	30,000	27,221	2,779
Equipment-jail	11,000	11,000	6,966	4,034
Supplies – janitorial	20,000	20,000	19,871	129
Supplies – prisoner	13,500	13,500	8,362	5,138
Uniforms	4,000	4,000	3,970	30
TOTAL ASSIGNED PERSONNEL AND DIETARY	2,114,477	2,114,477	2,105,297	9,180
CAPITAL OUTLAY	522,000	520,264	81,852	438,412
TOTAL EXPENDITURES	5,689,521	5,689,521	4,501,406	1,188,115
INCOME FROM OPERATIONS	(325,462)	(325,462)	1,176,897	1,502,359

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
October 31, 2007

	High School Construction Fund	Courthouse Renovation Fund	Jail Addition Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	306,387	424,784	502,087	1,233,258
Restricted cash and cash equivalents	-	-	56	56
Due from other funds	-	-	12,899	12,899
Lease receivable	-	-	6,087,749	6,087,749
Unamortized cost on revenue bonds	-	-	171,215	171,215
Due from other government units	-	-	2,175,096	2,175,096
TOTAL ASSETS	306,387	424,784	8,949,102	9,680,273
LIABILITIES				
Current Liabilities				
Accounts payable	-	54	6,658	6,712
Interest payable	-	-	111,146	111,146
Accrued expenses	-	1,338	866	2,204
Deferred revenue	-	-	128,871	128,871
Due to other funds	178	3,278	-	3,456
Revenue bonds payable	-	-	205,000	205,000
Due to other government units	306,209	420,114	-	726,323
Total current liabilities	306,387	424,784	452,541	1,183,712
Noncurrent Liabilities				
Revenue bonds payable	-	-	6,210,000	6,210,000
Due to other government units	-	-	2,268,798	2,268,798
Unamortized premium on revenue bonds	-	-	17,763	17,763
Total noncurrent liabilities	-	-	8,496,561	8,496,561
TOTAL LIABILITIES	306,387	424,784	8,949,102	9,680,273
TOTAL NET ASSETS	-	-	-	-

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS - PROPRIETARY FUNDS
Year Ended October 31, 2007

	High School Construction Fund	Courthouse Renovation Fund	Jail Addition Fund	Total
OPERATING REVENUES				
Rent	-	52,500	191,000	243,500
Miscellaneous	-	25,000	-	25,000
Total operating revenues	-	77,500	191,000	268,500
OPERATING EXPENSES				
Administrative	1,093	-	-	1,093
Operations and maintenance	-	119,787	182,201	301,988
Total operating expenses	1,093	119,787	182,201	303,081
TOTAL OPERATING INCOME (LOSS)	(1,093)	(42,287)	8,799	(34,581)
NONOPERATING REVENUE AND (EXPENSES)				
Amortization of certificates of participation:				
Premium	-	-	79,211	79,211
Issuance costs	-	-	(106,247)	(106,247)
Interest expense	-	-	(267,049)	(267,049)
Interest on capital lease	-	-	283,465	283,465
Interest on investments and deposits	15,477	25,146	25,630	66,253
Excess earnings due from (due to) governmental units	(14,384)	17,141	(23,809)	(21,052)
Total nonoperating revenue and (expenses)	1,093	42,287	(8,799)	34,581
NET INCOME	-	-	-	-
NET ASSETS, BEGINNING OF YEAR	-	-	-	-
NET ASSETS, END OF YEAR	-	-	-	-

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended October 31, 2007

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			
	High School Construction Fund	Courthouse Renovation Fund	Jail Addition Fund	Total
CASH FLOWS FROM OPERATIONS				
Receipts from city/county	-	-	319,871	319,871
Payments to suppliers and contractors	(1,093)	(74,168)	(89,942)	(165,203)
Payments to employees	-	(45,556)	(92,006)	(137,562)
Receipts from (payments to) other funds	-	1,852	3,531	5,383
Net cash used in operating activities	(1,093)	(117,872)	141,454	22,489
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Excess distribution to county	-	-	(19,822)	(19,822)
Net cash provided (used) by capital and Related financing activities	-	-	(19,822)	(19,822)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on revenue bonds	-	-	(280,000)	(280,000)
Interest paid on revenue bonds	-	-	(299,613)	(299,613)
Net cash provided by (used in) capital and related financing activities	-	-	(579,613)	(579,613)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from capital lease agreements	-	-	623,479	623,479
Interest on investments and deposits	15,477	25,146	25,630	66,253
Net cash provided by investing activities	15,477	25,146	649,109	689,732
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,384	(92,726)	191,128	112,786
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	292,003	517,510	311,015	1,120,528
CASH AND CASH EQUIVALENTS, END OF YEAR	306,387	424,784	502,143	1,233,314
CASH AND CASH EQUIVALENTS RESTRICTED CASH	306,387	424,784	502,087	1,233,258
	-	-	56	56
	306,387	424,784	502,143	1,233,314

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONT.)
Year Ended October 31, 2007

	BUSINESS-TYPE ACTIVITIES			
	ENTERPRISE FUNDS			
	High School Construction Fund	Courthouse Renovation Fund	Jail Addition Fund	Total
Reconciliation of income (loss) to net cash used in operating activities:				
Net income (loss)	-	-	-	-
Adjustments to reconcile net income to cash provided by operating activities:				
Amortization of certificates of participation:				
Premiums	-	-	(79,211)	(79,211)
Issuance cost	-	-	106,247	106,247
Changes in operating assets and liabilities:				
(Increase) decrease in due from other funds	-	-	3,531	3,531
Increase (decrease) in due to other funds	-	1,852	-	1,852
Increase (Decrease) in account payable	-	24	7	31
Increase (Decrease) in accrued expenses	-	40	244	284
(Decrease) in interest payable	-	-	(32,564)	(32,564)
(Decrease) in due to other governments	(1,093)	(119,788)	143,200	22,319
Net cash provided by (used in) operating activities	(1,093)	(117,872)	141,454	22,489

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
October 31, 2007

ASSETS	Pension Trust Fund	Agency Funds
Cash and cash equivalents	-	17,217
Investments in deferred compensation	267,232	-
Total assets	267,232	17,217
LIABILITIES		
Refunds payable and others	-	17,217
NET ASSETS		
Held in trust for pension benefits	267,232	

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
October 31, 2007

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions from plan members	11,875
Net increase in fair value of investments	<u>25,996</u>
Total additions	<u>37,871</u>
DEDUCTIONS	
Benefits	247
Withdrawals	-
Administrative expenses	<u>1,091</u>
Total deductions	<u>1,338</u>
Change in net assets	36,533
Net assets – beginning	<u>230,699</u>
Net assets – ending	<u><u>267,232</u></u>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS
October 31, 2007

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.

Government-Wide and Fund Financial Statements - The government-wide financial statements (i.e., the Statement of Net Assets) report information on all of the activities of the Commission. The effect of material interfund activity has been eliminated from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or programs are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include 1) grants and related revenues such as revenue related to direct financing and operating leases that are restricted to meeting the operational or capital requirements of a particular function and 2) charges for services such as salary reimbursements. Interest income not specifically related to investments of the proprietary funds is reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

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

Measurement Focus, Basis Of Accounting, And Financial Statement Presentation – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Operating rent and direct financing lease revenue are recognized as revenues in the year for which they are earned. The 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. 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.

Fund Accounting - Governmental agencies use funds 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.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”. Presently, the Commission has three categories of funds, the governmental (general fund), the proprietary, (enterprise) and the fiduciary (pension trust fund).

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 if any, and retained earnings.

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.

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

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

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

Fixed Assets and Long-Term Liabilities - Depreciation of all exhaustible fixed assets is charged as an expense against operations on the government-wide financial statements. Accumulated depreciation is reported on the government-wide statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building	40 years
Improvements	40 years, 15 years, and 10 years
Equipment	10 years
Computer Equipment & Software	5 years and 3 years

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.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

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. These are balances that have a maturity of 3 months or less.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (cont.)

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

CATEGORY #1	CATEGORY #2	BANK BALANCE	CARRYING AMOUNT
<u>1,311,086</u>	<u>3,215,589</u>	<u>4,526,675</u>	<u>4,517,903</u>

Category #1 includes deposits and cash equivalents that are insured by the FDIC, or registered, or securities that 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, 2006, restricted cash and cash equivalent balances are:

	General Fund	Jail Addition Fund	Total
Capital improvement	393,507	-	393,507
Maintenance	285,124	-	285,124
Bond reserve	-	28	28
Surplus	-	28	28
Total restricted	<u>678,631</u>	<u>56</u>	<u>678,687</u>

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

NOTE 3 – CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets and related depreciation for the general fund:

	10/31/06	Reclassifications	Additions	Disposals	10/31/07
Capital Assets, not being depreciated:					
Land	558,575	-	-	-	558,575
Total capital assets, not being depreciated	558,575	-	-	-	558,575
Capital Assets, being depreciated:					
Building	7,271,882	-	-	-	7,271,882
Equipment	2,853,784	-	81,353	(84,490)	2,850,647
Furniture & fixtures	178,322	-	499	(399)	178,422
Total capital assets, being depreciated	10,303,988	-	81,852	(84,889)	10,300,951
	Accumulated Depreciation				Accumulated Depreciation
	10/31/06	Reclassifications	Depreciation	Disposals	10/31/07
Capital Assets, not being depreciated:					
Land	-	-	-	-	-
Total capital assets, not being depreciated	-	-	-	-	-
Capital Assets, being depreciated:					
Building	(5,067,373)	-	(208,906)	-	(5,276,279)
Equipment	(2,200,086)	-	(110,798)	84,148	(2,226,736)
Furniture & fixtures	(159,448)	-	(4,343)	273	(163,518)
Accumulated depreciation	(7,426,907)	-	(324,047)	84,421	(7,666,533)
Governmental activities capital assets, net	3,435,656	-	(242,195)	(468)	3,192,993

The depreciation expense for the year ended October 31, 2007, was \$324,047.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of October 31, 2007 is as follows:

Public Service Building – general	(114,054)
Public Service Building – maintenance	1,299
Public Service Building - capital improvements	103,312
Courthouse Operating and Maintenance	(3,278)
High School Operating and Maintenance	(178)
Jail Design and Construction	(889,889)
Jail Addition Revenue	(206,859)
Jail Operating and Maintenance	(276,386)
Juvenile Detention	<u>1,386,033</u>
Total interfund effect	<u>-</u>

NOTE 5 - LEASE AGREEMENT

Courthouse Renovation Fund - The Commission entered into a lease agreement with the County of Vermilion, wherein the Commission renovated the existing Vermilion County Courthouse and Annex and leased it to Vermilion County for the period, which began on December 1, 1987 and ended on December 31, 2002.

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

At the end of the lease, all assets remaining in the fund were to be transferred to the County. The County has requested that the Building Commission retain the surplus funds until directed by them on the allocation of these funds. As of October 31, 2007 the liability due to the County for excess revenues from this lease totaled \$420,114.

High School Renovation Lease - The commission entered into a lease agreement with Danville Community Consolidated School District 118, which began on September 28, 1988 and ended on May 1, 2003.

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 were to be transferred to the School District. The School District has requested that the Building Commission retain the surplus funds until directed by them on the allocation of these funds. As of October 31, 2007, the liability due to the School District for excess revenues from this lease totaled \$306,209.

Jail Addition and Juvenile Detention Center Leases – The Commission has entered into lease agreements with Vermilion County and the City of Danville, where the Commission will be adding an addition to the existing Public Safety Building. The Jail addition will be leased to Vermilion County for a period beginning on November 1, 2001 and ending on December 31, 2020.

At the end of the lease, the title to the Public Safety Building addition will remain with the Commission. Title to the Juvenile Detention Center will revert back to the County when the bonds are retired and providing that there are no operating leases in place. All remaining assets in the Juvenile Detention Facility Fund will be transferred to the County at the end of the lease. As of October 31, 2007 the receivable due from the County for excess expenditures from this construction lease totaled \$586,706.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

NOTE 5 – LEASE AGREEMENT (cont.)

At the end of the Jail addition lease, all remaining assets will be transferred to the County and City. As of October 31, 2007 the liability due to the County for excess revenues from this lease totaled \$2,855,504. The receivable due from the City for excess expenses from this lease totaled \$2,175,096.

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

	Juvenile Detention Center Lease	County Jail Addition Lease	City Jail Addition Lease
2008	300,000	35,652	128,871
2009	300,000	40,052	128,871
2010	300,000	39,152	128,871
2011	300,000	38,052	128,871
2012	300,000	36,752	128,871
	<u>1,500,000</u>	<u>189,660</u>	<u>644,355</u>

The Commission entered into an operating lease agreement with Vermilion County for the 12 months ending November 30, 2003 for the operation of the Juvenile Detention Facility. This operating lease automatically renews for successive one-year periods until the end of the lease term or the lease is terminated; for the 12-month period ending November 30, 2006 the gross rental income was \$191,000.

If the accrual of receipts in any year is in excess of expenditures for this lease, the Commission shall refund the excess to the County. For the year ended October 31, 2007 net rental receipts were in excess of funds by \$49,155.

DANVILLE PUBLIC BUILDING COMMISSION

NOTE 5 – LEASE AGREEMENT (cont.)

The Building Commission's net investment in the direct financing leases is as follows:

	Jail Addition	Jail Addition	Jail Addition	Jail Addition	Total
Total lease payments	8,116,030	2,189,446	2,577,420	3,900,000	20,512,767
Earned interest to date	(1,423,239)	(230,986)	(355,492)	-	(2,009,717)
Unearned interest	(1,868,849)	(431,752)	(489,582)	(1,000,459)	(5,646,917)
Net investment in direct financing lease	4,823,942	1,526,708	1,732,346	2,899,541	12,856,133
Principal payments received to date	(1,127,633)	(658,666)	(417,734)	-	(2,204,033)
Amendment of Lease	(3,696,309)	(868,042)	-	-	(4,564,351)
TOTAL	-	-	1,314,612	2,899,541	6,087,749

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

2008	-	72,961	173,145	-	246,106
2009	-	74,353	180,720	-	255,073
2010	-	77,802	188,627	-	266,429
2011	-	79,794	193,825	-	273,619
2012	-	83,434	202,655	-	286,089
Thereafter	-	926,268	1,960,569	1,873,596	4,760,433
TOTAL	-	1,314,612	2,899,541	1,873,596	6,087,749

Public Safety Building Lease - A lease agreement was entered into on November 1, 1997, with the City of Danville and County of Vermillion 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. The lease agreement is in effect from November 1, 2005 through October 31, 2009.

Lease payments are due as follows:

	Public Safety Building		
	County	City	Total
November 1, 2007	4,369,039	1,020,700	5,389,739
November 1, 2008	4,449,130	1,049,200	5,498,330

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

NOTE 5 - LEASE AGREEMENT (cont.)

If the accrual of receipts in any year 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. An agreement for the calculation of the rebate was established by the Building Commission in January, 2006. The method of this calculation was to be used for the calculation of the rebate beginning for the year ending October 31, 2005. 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 the use of such available funds. For the year ended October 31, 2007 net rental receipts were in excess of the funds required. Accordingly, refunds of the excess will be made as follows:

City of Danville, Illinois	127,090
County of Vermilion, Illinois	<u>817,985</u>
	<u>945,075</u>

The amount of the check that the County will receive for their rebate will be reduced by \$100,000. These funds will be retained by the Danville Public Building Commission and transferred to the Assigned Personnel Fund as requested by Vermilion County in a letter dated December 6, 2007.

In regard 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 COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

NOTE 6 – LONG-TERM DEBT

Public Safety Building Addition and Juvenile Detention Center Revenue Bonds outstanding net of unamortized premium and issuance cost of \$6,438 and \$31,749 respectively, at October 31, 2007, are as follows:

Indebtedness:
Original Issue: \$3,065,000
Certificates: \$5,000 denomination, each dated June 1, 2001.
Interest paid June 1 and December 1.

	Principal	Rate on Coupons
12/01/07	70,000	4.375
12/01/08	70,000	4.375
12/01/09	75,000	4.500
12/01/10	80,000	4.500
12/01/11	80,000	4.500
12/01/12	85,000	4.600
12/01/13	90,000	4.700
12/01/14	95,000	4.900
12/01/15	100,000	4.900
12/01/16	105,000	4.900
12/01/17	110,000	5.050
12/01/18	115,000	5.050
12/01/19	120,000	5.100
12/01/20	125,000	5.100
Payable October 31, 2007	1,320,000	

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

NOTE 6 – LONG TERM DEBT (cont.)

Public Safety Building Addition and Juvenile Detention Center Revenue Bonds outstanding net of unamortized premium and issuance cost of \$1,325 and \$139,466 respectively, at October 31, 2007, are as follows:

Indebtedness:
Original Issue: \$5,095,000
Certificates: \$5,000 denomination, each dated December 1, 2006.
Interest paid June 1 and December 1

	Principal	Rate on Coupons
12/01/07	135,000	4.000
12/01/08	145,000	4.000
12/01/09	150,000	4.000
12/01/10	155,000	4.000
12/01/11	160,000	4.000
12/01/12	165,000	4.000
12/01/13	175,000	4.000
12/01/14	180,000	4.000
12/01/15	190,000	4.000
12/01/16	195,000	4.000
12/01/17	205,000	3.800
12/01/18	210,000	3.850
12/01/19	220,000	3.900
12/01/20	240,000	3.900
12/01/21	385,000	3.950
12/01/22	400,000	4.000
12/01/23	420,000	4.000
12/01/24	435,000	4.000
12/01/25	455,000	4.100
12/01/26	475,000	4.100
Payable October 31, 2006	<u>5,095,000</u>	

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

NOTE 6 – LONG TERM DEBT (cont.)

	Balance 10/31/06	Additions	Reductions	Reduction From Refinancing	Balance 10/31/07
Public Safety Building & Juvenile Detention Center Revenue Bonds	4,165,000	-	190,000	3,975,000	-
Public Safety Building & Juvenile Detention Center Revenue Bonds	2,195,000	-	90,000	785,000	1,320,000
Public Safety Building & Juvenile Detention Center Revenue Bonds	-	5,095,000	-	-	5,095,000
TOTAL	6,360,000	5,095,000	280,000	4,760,000	6,415,000

SUMMARY OF LONG-TERM DEBT

	Current Portion	Long-term Portion	Total
Public Safety Building & Juvenile Detention Center Revenue Bonds	70,000	1,250,000	1,320,000
Public Safety Building & Juvenile Detention Center Revenue Bonds	135,000	4,960,000	5,095,000
	205,000	6,210,000	6,415,000

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

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 held in trust. They are not available to the general creditors of the Commission. At September 30, 2007, Commission employees had \$267,232 invested in this plan.

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, 2007, the Commission was involved in the following construction management agreement:

Public Library - The Commission received \$6,947 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 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 2007, \$20,136 of employment costs was reimbursed to the Commission.

ETSB also paid the Commission rent of \$82,120 annually for their usage of space in the Public Safety Building.

NOTE 9 – LITIGATION

The Danville Public Building Commission filed a Complaint and Interpleader on December 14, 2005, joining as Defendants the County of Vermilion, Illinois and the City of Danville. No claim has been filed against the Public Building Commission nor is any recovery sought by the Commission. The purpose of the Interpleader is to determine the entitlement to funds of \$223,803. Both the County of Vermilion and the City of Danville have sought recovery of this sum based in part upon a rebate calculation for the fiscal year ending October 31, 2004. Since the complaint was filed, summons were issued and served upon both the City of Danville and the County of Vermilion. No further action has been initiated by either party since the filing.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2007

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND

DEFINED BENEFIT PENSION PLAN

The Danville Public Building Commission's (EMPLOYER'S) defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs-homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.5% of their annual covered salary. The member rate is established by state statute. The Danville Public Building Commission is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 3.71% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 5 years.

For December 31, 2006 the Danville Public Building Commission's **annual pension cost** of \$46,233 was equal to the Danville Public Building Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

DANVILLE PUBLIC BUILDING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
October 31, 2007

ILLINOIS MUNICIPAL RETIREMENT FUND

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/06	46,233	100%	\$0
12/31/05	43,206	100%	\$0
12/31/04	11,986	100%	0
12/31/03	11,204	100%	0
12/31/02	11,413	100%	0
12/31/01	9,535	100%	0
12/31/00	9,235	100%	0
12/31/99	9,065	100%	0
12/31/98	10,248	100%	0
12/31/97	11,614	100%	0

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a) /c)
12/31/06	3,583,313	3,337,557	(245,756)	107.36%	1,246,179	0.00%
12/31/05	3,396,471	3,108,385	(288,086)	109.27%	1,190,253	0.00%
12/31/04	3,551,139	3,222,621	(328,518)	110.19%	1,186,701	0.00%
12/31/03	3,451,593	3,089,235	(362,358)	111.73%	1,179,422	0.00%
12/31/02	3,311,603	2,831,680	(479,923)	116.95%	1,118,917	0.00%
12/31/01	3,343,556	2,508,633	(834,923)	133.28%	1,014,393	0.00%
12/31/00	3,097,390	2,212,860	(884,530)	139.97%	972,103	0.00%
12/31/99	2,792,926	1,984,654	(808,272)	140.73%	954,253	0.00%
12/31/98	2,614,593	2,279,596	(334,997)	114.70%	948,875	0.00%
12/31/97	2,469,736	2,076,326	(393,410)	118.95%	844,576	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$3,845,146. On a market basis, the funded ratio would be 115.21%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF CHANGES IN RESERVED ACCOUNTS – GENERAL FUND
Year Ended October 31, 2007

	Communication Center	Assigned Personnel	Lease	Burglar Alarm	911
OPERATING REVENUES					
Rent	983,550	2,019,077	2,071,994	-	82,120
Rebate	-	95,400	-	-	-
Salary reimbursement	-	-	5,845	-	20,136
Interest	-	-	210,151	-	-
Miscellaneous	-	-	877	972	-
Total operating revenues	983,550	2,114,477	2,288,867	972	102,256
OPERATING EXPENDITURES					
Administrative	-	-	108,917	-	-
Operations and maintenance	-	-	1,271,953	-	-
Communications	925,439	-	-	-	-
Assigned personnel and dietary	-	2,105,297	-	-	-
Capital Outlay	7,339	-	22,874	-	-
Total operating expenditures	932,778	2,105,297	1,403,744	-	-
INCOME FROM OPERATIONS	50,772	9,180	885,123	972	102,256
NON-OPERATING INCOME (EXPENDITURES)					
Excess earnings due to governmental units	(50,772)	(9,180)	(885,123)	-	-
Excess earnings due to Capital Improvements	-	-	-	-	(102,256)
Excess earnings due from 911	-	-	-	-	-
NET INCOME	-	-	-	972	-
NET ASSETS, BEGINNING OF YEAR	-	-	-	82,178	-
NET ASSETS, END OF YEAR	-	-	-	83,150	-

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF CHANGES IN RESERVED ACCOUNTS-GENERAL FUND
Year Ended October 31, 2007

	Management Agreements	Capital Improvements	Maintenance	Total	Eliminating Entries	Total
OPERATING REVENUES						
Rent	-	100,000	50,000	5,306,741	-	5,306,741
Rebate	-	-	-	95,400	-	95,400
Salary reimbursement	6,947	-	-	32,928	-	32,928
Interest	-	18,454	12,780	241,385	-	241,385
Miscellaneous	-	-	-	1,849	-	1,849
Total operating revenues	6,947	118,454	62,780	5,678,303	-	5,678,303
OPERATING EXPENDITURES						
Administrative	-	-	-	108,917	-	108,917
Operations and maintenance	-	674	7,274	1,279,901	-	1,279,901
Communications	-	-	-	925,439	-	925,439
Assigned personnel and dietary	-	-	-	2,105,297	-	2,105,297
Capital outlay	-	11,739	39,900	81,852	-	81,852
Total operating expenditures	-	12,413	47,174	4,501,406	-	4,501,406
INCOME FROM OPERATIONS	6,947	106,041	15,606	1,176,897	-	1,176,897
NON-OPERATING INCOME (EXPENDITURES)						
Excess earnings due to governmental units	-	-	-	(945,075)	-	(945,075)
Excess earnings due to capital improvements	-	-	-	(102,256)	102,256	-
Excess earnings due from 911	-	102,256	-	102,256	(102,256)	-
NET INCOME	6,947	208,297	15,606	231,822	-	231,822
NET ASSETS, BEGINNING OF YEAR	36,955	258,713	249,764	627,610	-	627,610
NET ASSETS, END OF YEAR	43,902	467,010	265,370	859,432	-	859,432