

DANVILLE PUBLIC BUILDING COMMISSION
DANVILLE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended
OCTOBER 31, 2008

Danville Public Building Commission
Annual Financial Report
For the fiscal year ended October 31, 2008

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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, 2008, 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 37 through 40 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
January 16, 2009

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, 2008. 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 \$3,999,175 (*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 \$53,250. The general reserve accounts for the municipal building increased modestly, since the remainder of general fund operating net income must by contractual agreement be returned to the respective local governments. The reserve account for the burglar alarm decreased by \$44,971. This was due to \$44,693 being transferred to the 911 Center fund. The Capital Improvements fund increased by \$221,213 and the Maintenance fund decreased by \$127,672. The increase in the Capital Improvements fund was due to the excess earnings due from 911 of \$107,161 and no capital outlay for the period. The Maintenance fund decrease was due to revenue of only \$56,744 capital outlay of \$175,314. Capital outlay consisted of \$101,100 for the Hot Water Boiler Replacement, \$46,577 to repair storm lines due to the washout, \$9,873 for computers for the city, \$6,858 for computers for the county, and the \$10,906 down payment for the boiler renovation.
- ◆ The Commission's total debt of \$6,210,000 during this fiscal year was reduced by \$205,000, 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 narrower 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 12-16 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 17-20 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 21-22 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 23-37 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 38 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 39 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 \$ 3,999,175 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			
	2008	2007	2008	2007	2008	2007
Current and other assets	2,685,027	3,347,707	9,268,056	9,667,374	11,953,083	13,015,081
Capital assets, net	3,844,234	3,192,993	-	-	3,844,234	3,192,993
Total assets	6,529,261	6,540,700	9,268,056	9,667,374	15,797,317	16,208,074
Long-term liabilities	-	-	6,210,000	6,415,000	6,210,000	6,415,000
Due to other governments, net	1,109,496	1,168,878	2,911,814	2,995,121	4,021,310	4,163,999
Other liabilities	1,409,791	1,309,954	157,041	266,696	1,566,832	1,576,650
Total liabilities	2,519,287	2,478,832	9,278,855	9,676,817	11,798,142	12,155,649
Invested in capital assets	3,844,234	3,192,993	-	-	3,844,234	3,192,993
Ending net assets	4,009,974	4,061,868	(10,799)	(9,443)	3,999,175	4,052,425

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 \$3,999,175 from \$4,052,425, a decrease of \$53,250. 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			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	34,555	32,928	-	-	34,555	32,928
Operating leases and contributions	5,574,270	5,401,673	517,880	618,218	6,092,150	6,019,891
Excess due from (to) other governments	-	-	20,890	(21,052)	20,890	(21,052)
General revenues:						
Interest Income	168,157	241,385	-	-	168,157	241,385
Other	17,037	1,849	-	-	17,037	1,849
Total revenue	5,794,019	5,677,835	538,770	597,166	6,332,789	6,275,001
Expenses:						
Administrative	113,104	108,917	-	-	113,104	108,917
Operations and maintenance	1,378,420	1,279,901	-	-	1,378,420	1,279,901
Communications	948,695	925,439	-	-	948,695	925,439
Assigned personnel and dietary	2,146,304	2,105,297	-	-	2,146,304	2,105,297
911 Center	38,116	-	-	-	38,116	-
Excess due to other governments	885,693	945,075	-	-	885,693	945,075
Depreciation expense	336,937	324,047	-	-	336,937	324,047
Direct-financing leases	-	-	369,675	455,279	369,675	455,279
Juvenile Detention Center	-	-	169,095	141,887	169,095	141,887
Total expenses	5,847,269	5,688,676	538,770	597,166	6,386,039	6,285,842
Increase (decrease) in net assets	(53,250)	(10,841)	-	-	(53,250)	(10,841)
Net Assets-Beginning of period	4,052,425	4,063,266	-	-	4,052,425	4,063,266
Net Assets-End of period	3,999,175	4,052,425	-	-	3,999,175	4,052,425

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, 2008 and due back to the City and County in the amount of \$885,693 represents 15 percent of total general fund expenditures, or conversely, only about 15 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 \$70,737 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 operation and maintenance was \$31,293 for Insurance. This had a favorable variance of approximately 24.84% of budget.

The next largest favorable variance for operations and maintenance was \$21,468 (4.29 percent of budget) over the final amended budget for salaries during the year. This also resulted in a favorable variance of \$5,218 (11.93 percent of budget) for payroll taxes.

The Communications had a favorable variance of \$29,618 for Employee Insurance. This had a favorable variance of approximately 18.49% of budget. This favorable variance was due to a reduction of insurance costs and staff turnover.

The next largest favorable variance for Communications was of \$28,981 for salaries, which was due to less overtime than anticipated and turnover. This had a favorable variance of approximately 4.09% of budget.

The assigned personnel and dietary had a favorable variance of \$21,925 for training for correctional officers. This was due to receiving reimbursement for training classes which had previously been paid.

The next largest favorable variance for assigned personnel and dietary was \$8,528 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, 2008 amounts to \$3,844,234 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, fixtures and equipment. The increase in the Commission's gross investment in capital assets for the current fiscal year was approximately 20% percent.

Major capital asset events during the current fiscal year included the renovation and relocation of the 911 center, the hot water boiler replacement, the reconstruction of the storm line due to the washout, and the purchase of computers for both the city police department and the county.

Additional information on the Commission's capital assets can be found in note 3 on page 27 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 \$6,210,000. 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 32 thru 34.

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:

- ◆ Consider the purchase of gas and electric from a source other than Ameren
- ◆ 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
- ◆ a survey of the exterior brick work
- ◆ the retrofit of the existing boilers will be completed in 2009
- ◆ the new 911 center will be operational by December 2, 2008
- ◆ the second phase of the computer replacement for the county sheriff and city police administrative function will be implemented
- ◆ the courtroom and storage space in the old 911 center will be finished in 2009
- ◆ the mobile data terminals has been approved and should be installed this year
- ◆ a digital photo system has been acquired which will allow the photo lab to be used
- ◆ a series of projects to reduce gas and electric consumption will be surveyed and implemented
- ◆ replacement of the 17kw transfer switch to a 23kw switch will be done
- ◆ planning for the construction of the tunnel for limited use for storage

Additionally, the Commission considered the following in the development of the 2009 fiscal year budget:

- ◆ Inflationary trends in the locale are slightly less favorable compared to national indices.
- ◆ Unemployment in Vermilion county is currently 8.9 percent compared to 5.8 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, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,524,304	1,021,188	2,545,492
Restricted cash and cash equivalents	1,094,613	56	1,094,669
Prepaid expenses	43,564	-	43,564
Accounts receivable	22,546	-	22,546
Capital assets, net of accumulated depreciation	3,844,234	-	3,844,234
Lease receivable	-	5,841,643	5,841,643
Unamortized cost on revenue bonds	-	165,836	165,836
Due from other governments:			
City	-	2,239,333	2,239,333
TOTAL ASSETS	6,529,261	9,268,056	15,797,317
LIABILITIES			
Current Liabilities			
Accounts payable	305,534	29,873	335,407
Interest payable	-	107,620	107,620
Accrued expenses	41,781	3,111	44,892
Prepaid rent	1,000,000	-	1,000,000
Deferred revenue	62,476	-	62,476
Revenue bonds payable	-	215,000	215,000
Due to other governments:			
Vermilion County	790,490	346,835	1,137,325
City	95,203	-	95,203
Due to other government units	223,803	314,006	537,809
Total current liabilities	2,519,287	1,016,445	3,535,732
Noncurrent Liabilities			
Revenue bonds payable	-	5,995,000	5,995,000
Due to other government units	-	2,250,973	2,250,973
Unamortized premium on revenue bonds	-	16,437	16,437
Total noncurrent liabilities	-	8,262,410	8,262,410
TOTAL LIABILITIES	2,519,287	9,278,855	11,798,142
NET ASSETS			
Invested in capital assets	3,844,234	-	3,844,234
Restricted for:			
Burglar Alarm	38,179	-	38,179
Management agreements	48,548	-	48,548
Capital Improvements	688,223	-	688,223
Maintenance	137,698	-	137,698
911 Center	(757,707)	-	(757,707)
Unrestricted	10,799	(10,799)	-
TOTAL NET ASSETS	4,009,974	(10,799)	3,999,175

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Primary Government							
Governmental activities:							
Administrative	113,104	-	-	-	(113,104)	-	(113,104)
Operations and maintenance	1,378,420	34,555	2,349,384	-	1,005,519	-	1,005,519
Communications	948,695	-	1,035,850	-	87,155	-	87,155
Assigned personnel and dietary	2,146,304	-	2,189,089	-	42,785	-	42,785
911 Center	38,116	-	-	-	(38,116)	-	(38,116)
Excess due to other governments	885,693	-	-	-	(885,693)	-	(885,693)
Depreciation expense	336,937	-	(53)	-	(336,990)	-	(336,990)
Total governmental activities	5,847,269	34,555	5,574,270	-	(238,444)	-	(238,444)
Business-type activities:							
Direct-financing leases	369,675	-	307,880	-	-	(61,795)	(61,795)
Excess due from (to) other governments	-	-	20,890	-	-	20,890	20,890
Juvenile detention center management	169,095	-	210,000	-	-	40,905	40,905
Total business-type activities	538,770	-	538,770	-	-	-	-
Total Primary Government	6,386,039	34,555	6,113,040	-	(238,444)	-	(238,444)
			General revenues:				
			Interest		168,157	-	168,157
			Miscellaneous		17,037	-	17,037
			Total general revenues		185,194	-	185,194
			Change in net assets		(53,250)	-	(53,250)
			Net assets -- beginning		4,052,425	-	4,052,425
			Net assets -- ending		3,999,175	-	3,999,175

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
BALANCE SHEET – GOVERNMENTAL FUND
October 31, 2008

	General Fund
ASSETS	
Cash and cash equivalents	1,524,304
Restricted cash and cash equivalents	1,094,613
Accounts receivable	22,546
Prepaid expenses	43,564
TOTAL ASSETS	<u>2,685,027</u>
LIABILITIES AND FUND BALANCES	
Accounts payable	305,534
Accrued expenses	41,781
Prepaid rent	1,000,000
Deferred revenue	-
Due to other funds	10,799
Due to City of Danville	95,203
Due to Vermilion County	790,490
Due to other governments	223,803
TOTAL LIABILITIES	<u>2,467,610</u>
Fund balances:	
Reserved for:	
Burglar Alarm	38,179
Management agreements	48,548
Capital improvements	688,223
Maintenance	137,698
911 center	(695,231)
Total fund balances	<u>217,417</u>
Capital assets used in governmental activities are not financial resources and therefore not reported in the general fund.	3,844,234
Interfund balances are eliminated in the consolidation for the statement of net assets.	10,799
Pass-thru grant received but expenditures not made during the current period.	<u>(62,476)</u>
Net assets of governmental activities	<u>4,009,974</u>

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, 2008

	General Fund
OPERATING REVENUES	
Rent	5,474,323
Rebate	100,000
Salary reimbursement	34,555
Interest on investments and deposits	168,157
Miscellaneous	17,037
Pass-thru grant	62,476
Total operating revenues	5,856,548
OPERATING EXPENDITURES	
Administrative	113,104
Operations and maintenance	1,378,420
Communications	948,695
Assigned personnel and dietary	2,146,304
911 center	38,116
Capital outlay	988,231
Total operating expenditures	5,612,870
INCOME FROM OPERATIONS	243,678
NON-OPERATING EXPENDITURES	
Excess earnings due to government units	885,693
Total non-operating expenditures	885,693
Excess of Revenues over (under) Expenditures	(642,015)
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 capital outlay (988,231) and loss on disposal of capital assets (53) exceeded depreciation (336,937) in the current period.	651,241
Revenues in the governmental fund financial statements that do not provide current financial resources and are not reported as revenue in the Statement of Activities.	(62,476)
Changes in net assets	(53,250)

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, 2008

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	With Final Budget + (-)
OPERATING REVENUES				
Rent	6,474,529	6,474,529	5,474,323	(1,000,206)
Rebate	100,000	100,000	100,000	-
Salary reimbursement	37,855	37,855	34,555	(3,300)
Interest on investments and deposits	123,090	123,090	168,157	45,067
Miscellaneous	76,293	76,293	17,037	(59,256)
Pass-thru grant	62,476	62,476	62,476	-
TOTAL OPERATING REVENUES	6,874,243	6,874,243	5,856,548	(1,017,695)
ADMINISTRATIVE				
Salaries	77,440	77,440	76,698	742
Payroll taxes	6,685	6,685	5,896	789
Retirement	4,000	4,000	3,767	233
Employee insurance	13,000	13,000	11,980	1,020
Office supplies	4,000	4,000	2,781	1,219
Maintenance equipment	1,000	1,000	990	10
Accounting / Consulting Services	2,500	2,500	1,472	1,028
Legal	7,000	7,000	5,493	1,507
Travel	3,500	3,500	2,664	836
Miscellaneous	2,000	2,000	1,363	637
TOTAL ADMINISTRATIVE	121,125	121,125	113,104	8,021
OPERATIONS AND MAINTENANCE				
Salaries	480,000	500,000	478,532	21,468
Payroll taxes	42,500	43,750	38,532	5,218
Retirement	24,500	25,400	23,468	1,932
Employee insurance	117,850	107,850	95,194	12,656
Insurance	126,000	126,000	94,707	31,293
Utilities	510,200	518,200	447,463	70,737
Janitorial supplies	26,500	26,500	23,867	2,633
Maintenance supplies	34,000	34,000	35,634	(1,634)
Maintenance service – equipment	30,900	40,600	32,422	8,178
Maintenance service – building and grounds	15,000	15,000	13,461	1,539
Equipment – rentals	1,000	1,000	160	840
Equipment – contractual service	79,000	79,000	70,459	8,541
Physical exams	500	900	670	230
Snow removal	4,100	3,700	3,691	9
Miscellaneous	5,600	5,600	4,240	1,360
Uniforms	3,000	3,000	2,294	706
Professional services	28,000	28,000	13,021	14,979
Travel	1,000	1,000	605	395
Contingency	444,125	410,875	-	410,875
TOTAL OPERATIONS AND MAINTENANCE	1,973,775	1,970,375	1,378,420	591,955

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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget + (-)
	Original	Final		
COMMUNICATIONS				
Salaries	708,000	708,000	679,019	28,981
Payroll taxes	61,900	61,900	54,159	7,741
Retirement	38,000	38,000	33,361	4,639
Employee insurance	160,200	160,200	130,582	29,618
Telephone	3,600	4,300	4,296	4
Maintenance service – equipment	4,000	4,000	3,889	111
Office supplies	3,750	3,750	2,993	757
Travel	3,400	3,400	2,629	771
Mobile Data Terminals	35,000	35,000	30,041	4,959
Miscellaneous	4,000	3,300	2,032	1,268
Technology-City/County	14,000	14,000	5,694	8,306
TOTAL COMMUNICATIONS	1,035,850	1,035,850	948,695	87,155
ASSIGNED PERSONNEL AND DIETARY				
Personnel cost – County	2,075,089	2,075,089	2,076,063	(974)
Training/correctional officers	14,000	14,000	(7,925)	21,925
Contract – Doctor	16,900	16,900	16,970	(70)
Medical equipment – prisoner	30,000	30,000	25,169	4,831
Equipment-jail	11,000	11,000	2,472	8,528
Supplies – janitorial	24,600	24,600	21,166	3,434
Supplies – prisoner	13,500	13,500	11,036	2,464
Uniforms	4,000	4,000	1,353	2,647
TOTAL ASSIGNED PERSONNEL AND DIETARY	2,189,089	2,189,089	2,146,304	42,785

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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget + (-)
	Original	Final		
911 CENTER				
Salaries	19,750	19,750	19,319	431
Payroll taxes	1,712	1,712	1,458	254
Retirement	1,004	1,004	968	36
Employee insurance	5,500	5,500	2,600	2,900
Professional Services	65,000	65,000	13,401	51,599
Miscellaneous	500	500	370	130
TOTAL 911 CENTER	93,466	93,466	38,116	55,350
CAPITAL OUTLAY	1,625,797	1,630,797	988,231	642,566
TOTAL EXPENDITURES	7,039,102	7,040,702	5,612,870	1,427,832
INCOME FROM OPERATIONS	(164,859)	(166,459)	243,678	410,137

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
October 31, 2008

	High School Construction Fund	Courthouse Renovation Fund	Jail Addition Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	314,184	371,761	335,243	1,021,188
Restricted cash and cash equivalents	-	-	56	56
Due from other funds	-	-	14,250	14,250
Lease receivable	-	-	5,841,643	5,841,643
Unamortized cost on revenue bonds	-	-	165,836	165,836
Due from other government units	-	-	2,239,333	2,239,333
TOTAL ASSETS	<u>314,184</u>	<u>371,761</u>	<u>8,596,361</u>	<u>9,282,306</u>
LIABILITIES				
Current Liabilities				
Accounts payable	-	19,877	9,996	29,873
Interest payable	-	-	107,620	107,620
Accrued expenses	-	1,776	1,335	3,111
Prepaid rent	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	178	3,273	-	3,451
Revenue bonds payable	-	-	215,000	215,000
Due to other government units	<u>314,006</u>	<u>346,835</u>	<u>-</u>	<u>660,841</u>
Total current liabilities	<u>314,184</u>	<u>371,761</u>	<u>333,951</u>	<u>1,019,896</u>
Noncurrent Liabilities				
Revenue bonds payable	-	-	5,995,000	5,995,000
Due to other government units	-	-	2,250,973	2,250,973
Unamortized premium on revenue bonds	<u>-</u>	<u>-</u>	<u>16,437</u>	<u>16,437</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>8,262,410</u>	<u>8,262,410</u>
TOTAL LIABILITIES	<u>314,184</u>	<u>371,761</u>	<u>8,596,361</u>	<u>9,282,306</u>
TOTAL NET ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS - PROPRIETARY FUNDS
Year Ended October 31, 2008

	High School Construction Fund	Courthouse Renovation Fund	Jail Addition Fund	Total
OPERATING REVENUES				
Rent	-	52,500	210,000	262,500
Miscellaneous	-	25,000	-	25,000
Total operating revenues	-	77,500	210,000	287,500
OPERATING EXPENSES				
Administrative	1,126	1,126	2,252	4,504
Operations and maintenance	-	83,883	187,337	271,220
Total operating expenses	1,126	85,009	189,589	275,724
TOTAL OPERATING INCOME (LOSS)	(1,126)	(7,509)	20,411	11,776
NONOPERATING REVENUE AND (EXPENSES)				
Amortization of certificates of participation:				
Premium	-	-	1,326	1,326
Issuance costs	-	-	(5,379)	(5,379)
Interest expense	-	-	(258,993)	(258,993)
Interest on capital lease	-	-	193,760	193,760
Interest on investments and deposits	8,923	11,729	15,968	36,620
Excess earnings due from (due to) governmental units	(7,797)	(4,220)	32,907	20,890
Total nonoperating revenue and (expenses)	1,126	7,509	(20,411)	(11,776)
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, 2008

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			
	High School Construction Fund	Courthouse Renovation Fund	Jail Addition Fund	Total
CASH FLOWS FROM OPERATIONS				
Receipts from city/county	-	-	210,000	210,000
Payments to suppliers and contractors	(1,126)	(16,105)	(115,004)	(132,235)
Payments to employees	-	(48,642)	(70,779)	(119,421)
Receipts from (payments to) other funds	-	(5)	(1,351)	(1,356)
Net cash used in operating activities	(1,126)	(64,752)	22,866	(43,012)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Excess distribution to county	-	-	(49,155)	(49,155)
Net cash provided (used) by capital and Related financing activities	-	-	(49,155)	(49,155)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on revenue bonds	-	-	(205,000)	(205,000)
Interest paid on revenue bonds	-	-	(262,519)	(262,519)
Net cash provided by (used in) capital and related financing activities	-	-	(467,519)	(467,519)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from capital lease agreements	-	-	310,996	310,996
Interest on investments and deposits	8,923	11,729	15,968	36,620
Net cash provided by investing activities	8,923	11,729	326,964	347,616
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,797	(53,023)	(166,844)	(212,070)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	306,387	424,784	502,143	1,233,314
CASH AND CASH EQUIVALENTS, END OF YEAR	314,184	371,761	335,299	1,021,244
CASH AND CASH EQUIVALENTS RESTRICTED CASH	314,184	371,761	335,243	1,021,188
	-	-	56	56
	314,184	371,761	335,299	1,021,244

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONT.)
Year Ended October 31, 2008

	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	-	-	(1,326)	(1,326)
Issuance cost	-	-	5,379	5,379
Changes in operating assets and liabilities:				
(Increase) decrease in due from other funds	-	-	(1,351)	(1,351)
Increase (decrease) in due to other funds	-	(5)	-	(5)
Increase (Decrease) in account payable	-	19,823	3,338	23,161
Increase (Decrease) in accrued expenses	-	438	469	907
(Decrease) in interest payable	-	-	(3,526)	(3,526)
(Decrease) in due to other governments	(1,126)	(85,008)	19,883	(66,251)
Net cash provided by (used in) operating activities	(1,126)	(64,752)	22,866	(43,012)

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
October 31, 2008

ASSETS	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Cash and cash equivalents	-	21
Investments in deferred compensation	<u>258,629</u>	<u>-</u>
Total assets	<u>258,629</u>	<u>21</u>
LIABILITIES		
Refunds payable and others	<u>-</u>	<u>21</u>
NET ASSETS		
Held in trust for pension benefits	<u>258,629</u>	

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
October 31, 2008

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions from plan members	9,797
Net increase in fair value of investments	<u>(11,770)</u>
Total additions	<u>(1,973)</u>
DEDUCTIONS	
Benefits	238
Withdrawals	5,409
Administrative expenses	<u>983</u>
Total deductions	<u>6,630</u>
Change in net assets	<u>(8,603)</u>
Net assets -- beginning	<u>267,232</u>
Net assets -- ending	<u>258,629</u>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS
October 31, 2008

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.

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, 2008

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, 2008

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
194,580	3,489,229	3,683,809	3,640,082

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 which are backed with repurchase agreements and U.S. government securities. This category includes amounts on deposit with the Illinois Funds.

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, 2008, restricted cash and cash equivalent balances are:

	General Fund	Jail Addition Fund	Total
Capital improvement	580,005	-	580,005
Maintenance	147,305	-	147,305
911 Center	367,303	-	367,303
Bond reserve	-	28	28
Surplus	-	28	28
Total restricted	1,094,613	56	1,094,669

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2008

NOTE 3 – CHANGES IN CAPITAL ASSETS

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

	10/31/07	Reclassifications	Additions	Disposals	10/31/08
Capital Assets, not being depreciated:					
Land	558,575	-	-	-	558,575
Building	-	-	10,906	-	10,906
Total capital assets, not being depreciated	558,575	-	10,906	-	569,481
Capital Assets, being depreciated:					
Building	7,271,882	-	832,592	-	8,104,474
Equipment	2,850,647	-	73,196	(12,314)	2,911,529
Furniture & fixtures	178,422	-	71,537	-	249,959
Total capital assets, being depreciated	10,300,951	-	977,325	(12,314)	11,265,962
	Accumulated Depreciation				Accumulated Depreciation
	10/31/07	Reclassifications	Depreciation	Disposals	10/31/08
Capital Assets, not being depreciated:					
Land	-	-	-	-	-
Building	-	-	-	-	-
Total capital assets, not being depreciated	-	-	-	-	-
Capital Assets, being depreciated:					
Building	(5,276,279)	-	(215,300)	-	(5,491,579)
Equipment	(2,226,736)	-	(116,936)	12,261	(2,331,411)
Furniture & fixtures	(163,518)	-	(4,701)	-	(168,219)
Accumulated depreciation	(7,666,533)	-	(336,937)	12,261	(7,991,209)
Governmental activities capital assets, net	3,192,993	-	651,294	(53)	3,844,234

The depreciation expense for the year ended October 31, 2008, was \$336,937.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2008

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of October 31, 2008 is as follows:

Public Service Building – general	(120,315)
Public Service Building – maintenance	1,299
Public Service Building - capital improvements	108,218
Courthouse Operating and Maintenance	(3,273)
High School Operating and Maintenance	(178)
Jail Design and Construction	(888,552)
Jail Addition Revenue	(239,511)
Jail Operating and Maintenance	(243,734)
Juvenile Detention	1,386,046
Total interfund effect	-

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, 2008 the liability due to the County for excess revenues from this lease totaled \$346,835.

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, 2008, the liability due to the School District for excess revenues from this lease totaled \$314,006.

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 is 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, 2008 the receivable due from the County for excess expenditures from this construction lease totaled \$462,883.

DANVILLE PUBLIC BUILDING COMMISSION
 NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
 October 31, 2008

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, 2008 the liability due to the County for excess revenues from this lease totaled \$2,713,856. The receivable due from the City for excess expenses from this lease totaled \$2,239,333.

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
2009	300,000	45,867	128,871
2010	300,000	46,279	128,871
2011	300,000	41,379	128,871
2012	300,000	41,124	128,871
2013	300,000	45,254	128,871
	<u>1,500,000</u>	<u>219,903</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, 2008 the gross rental income was \$210,000.

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, 2008 net rental receipts were in excess of funds by \$37,898.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2008

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	Total
Total lease payments	2,577,420	3,900,000	3,729,871	10,207,291
Earned interest to date	(411,402)	(126,855)	(43,648)	(581,905)
Unearned interest	(433,672)	(873,604)	(1,812,627)	(3,119,903)
Net investment in direct financing lease	1,732,346	2,899,541	1,873,596	6,505,483
Principal payments received to date	(490,695)	(173,145)	-	(663,840)
TOTAL	1,241,651	2,726,396	1,873,596	5,841,643

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

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
2013	87,189	205,306	-	292,495
Thereafter	839,079	1,755,263	1,873,596	4,467,938
TOTAL	1,241,651	2,726,396	1,873,596	5,841,643

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. The lease agreement is in effect from November 1, 2005 through October 31, 2009. This lease agreement was extended for an additional two years thru October 31, 2011.

Lease payments are due as follows:

	Public Safety Building		
	County	City	Total
November 1, 2008	4,449,130	1,049,200	5,498,330
November 1, 2009	4,582,603	1,080,676	5,663,279
November 1, 2010	4,720,081	1,113,096	5,833,177

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2008

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, 2008 net rental receipts were in excess of the funds required. Accordingly, refunds of the excess will be made as follows:

City of Danville, Illinois	95,203
County of Vermilion, Illinois	<u>790,490</u>
	<u>885,693</u>

The amount of the check that the County will receive for their rebate will be reduced by \$108,632. 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 August 8, 2008.

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, 2008

NOTE 6 – LONG-TERM DEBT

Public Safety Building Addition and Juvenile Detention Center Revenue Bonds outstanding net of unamortized premium and issuance cost of \$5,961 and \$30,065 respectively, at October 31, 2008, 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
12/01/08	70,000	4.375
12/01/09	75,000	4.375
12/01/10	80,000	4.500
12/01/11	80,000	4.500
12/01/12	85,000	4.500
12/01/13	90,000	4.600
12/01/14	95,000	4.700
12/01/15	100,000	4.900
12/01/16	105,000	4.900
12/01/17	110,000	4.900
12/01/18	115,000	5.050
12/01/19	120,000	5.050
12/01/20	125,000	5.100
Payable October 31, 2008	<u>1,250,000</u>	

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2008

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 \$10,476 and \$135,771 respectively, at October 31, 2008, 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
12/01/08	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	4.000
12/01/18	210,000	3.800
12/01/19	220,000	3.850
12/01/20	240,000	3.900
12/01/21	385,000	3.900
12/01/22	400,000	3.950
12/01/23	420,000	4.000
12/01/24	435,000	4.000
12/01/25	455,000	4.000
12/01/26	475,000	4.100
Payable October 31, 2008	<u>4,960,000</u>	

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2008

NOTE 6 – LONG TERM DEBT (cont.)

	<u>Balance 10/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 10/31/08</u>
Public Safety Building & Juvenile Detention Center Revenue Bonds	1,320,000	-	70,000	1,250,000
Public Safety Building & Juvenile Detention Center Revenue Bonds	<u>5,095,000</u>	<u>-</u>	<u>135,000</u>	<u>4,960,000</u>
TOTAL	<u>6,415,000</u>	<u>-</u>	<u>205,000</u>	<u>6,210,000</u>

SUMMARY OF LONG-TERM DEBT

	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Total</u>
Public Safety Building & Juvenile Detention Center Revenue Bonds	70,000	1,180,000	1,250,000
Public Safety Building & Juvenile Detention Center Revenue Bonds	<u>145,000</u>	<u>4,815,000</u>	<u>4,960,000</u>
	<u>215,000</u>	<u>5,995,000</u>	<u>6,210,000</u>

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2008

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, 2008 Commission employees had \$258,629 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, 2008, the Commission was involved in the following construction management agreement:

Public Library - The Commission received \$4,647 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 2008, \$22,577 of employment costs was reimbursed to the Commission.

ETSB also paid the Commission rent of \$84,584 annually for their usage of space in the Public Safety Building.

A new agreement, dated January 22, 2008, was formed with the Vermilion County Emergency Telephone System Board (ETSB). The Danville Public Building Commission agreed to make improvements to the facilities used by the ETSB if the ETSB agreed to pay the total costs of the project in the amount of \$1,000,000 which included legal fees and financing costs. The \$1,000,000 is to be considered a prepayment of the base rent due for ten years which is the term of the lease. In addition to the base rent of \$100,000 per year, the Building Commission will receive an additional \$15,000 in rent per year. This additional rent will continue during the life of the lease. The lease will become effective November 1, 2008 and will expire ten years from that date. Effective November 1, 2008, the Building Commission will no longer be reimbursed by the ETSB for a portion of the of the employment costs of the Communications Director which the ETBS appoints as the 911 Director.

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2008

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.

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND

PENSION PLAN

Plan Description. The Danville Public Building Commission's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. Danville Public Building Commission's employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the Danville Public Building Commission's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes required employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Danville Public Building Commission's contribution rate for calendar year 2007 was 4.29 percent of annual covered payroll. Your Danville Public Building Commission's also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2007, Your Danville Public Building Commission's annual pension cost of \$55,295 for the Regular plan was equal to the Danville Public Building Commission's required and actual contributions.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribute d	Net Pension Obligation
12/31/07	55,295	100%	\$0
12/31/06	46,233	100%	0
12/31/05	43,206	100%	0

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Danville Public Building Commission's plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial

DANVILLE PUBLIC BUILDING COMMISSION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)
October 31, 2008

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (cont.)

and market value of assets. The Danville Public Building Commission's Regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 5 years.

Funded Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 109.42 percent funded. The actuarial accrued liability for benefits was \$3,506,319 and the actuarial value of assets was \$3,836,484, resulting in an overfunded actuarial accrued liability (UAAL) of \$330,165. The covered payroll (annual payroll of active employees covered by the plan) was \$1,288,928 and since the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

DANVILLE PUBLIC BUILDING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
October 31, 2008

ILLINOIS MUNICIPAL RETIREMENT FUND

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)
12/31/07	3,836,484	3,506,319	(330,165)	109.42%	1,288,928	0.00%
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%

DANVILLE PUBLIC BUILDING COMMISSION
STATEMENT OF CHANGES IN RESERVED ACCOUNTS – GENERAL FUND
Year Ended October 31, 2008

	Communication Center	Assigned Personnel	Lease	Burglar Alarm	911	Management Agreements	Capital Improvements	Maintenance	911 Center	Total	Eliminating Entries	Total
OPERATING REVENUES												
Rent	1,035,850	2,089,089	2,114,800	-	84,584	-	100,000	50,000	-	5,474,323	-	5,474,323
Rebate	-	100,000	-	-	-	-	-	-	-	100,000	-	100,000
Salary reimbursement	-	-	7,332	-	22,577	4,646	-	-	-	34,555	-	34,555
Interest	-	-	133,945	-	-	-	14,052	6,744	13,416	168,157	-	168,157
Miscellaneous	-	-	16,737	300	-	-	-	-	-	17,037	-	17,037
Pass-thru grant	-	-	-	-	-	-	-	-	62,476	62,476	-	62,476
Total operating revenues	1,035,850	2,189,089	2,272,814	300	107,161	4,646	114,052	56,744	75,892	5,856,548	-	5,856,548
OPERATING EXPENDITURES												
Administrative	-	-	113,104	-	-	-	-	-	-	113,104	-	113,104
Operations and maintenance	-	-	1,368,740	578	-	-	-	9,102	38,116	1,416,536	-	1,416,536
Communications	948,695	-	-	-	-	-	-	-	-	948,695	-	948,695
Assigned personnel and dietary	-	2,146,304	-	-	-	-	-	-	-	2,146,304	-	2,146,304
Capital Outlay	6,451	-	28,766	-	-	-	-	175,314	777,700	988,231	-	988,231
Total operating expenditures	955,146	2,146,304	1,510,610	578	-	-	-	184,416	815,816	5,612,870	-	5,612,870
INCOME FROM OPERATIONS	80,704	42,785	762,204	(278)	107,161	4,646	114,052	(127,672)	(739,924)	243,678	-	243,678
NON-OPERATING INCOME (EXPENDITURES)												
Excess earnings due to governmental units	(80,704)	(42,785)	(762,204)	-	-	-	-	-	-	(885,693)	-	(885,693)
Excess earnings due to Capital Improvements	-	-	-	-	(107,161)	-	-	-	-	(107,161)	107,161	-
Excess earnings due from 911	-	-	-	-	-	-	107,161	-	-	107,161	(107,161)	-
Transfer to other funds	-	-	-	(44,693)	-	-	-	-	-	(44,693)	44,693	-
Transfer from other funds	-	-	-	-	-	-	-	-	44,693	44,693	(44,693)	-
NET INCOME (LOSS)	-	-	-	(44,971)	-	4,646	221,213	(127,672)	(695,231)	(642,015)	-	(642,015)
NET ASSETS, BEGINNING OF YEAR	-	-	-	83,150	-	43,902	467,010	265,370	-	859,432	-	859,432
NET ASSETS, END OF YEAR	-	-	-	38,179	-	48,548	688,223	137,698	(695,231)	217,417	-	217,417