

DANVILLE PUBLIC BUILDING COMMISSION  
DANVILLE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended  
OCTOBER 31, 2010

Danville Public Building Commission  
Annual Financial Report  
For the fiscal year ended October 31, 2010

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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, 2010, which collectively comprise the Building 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 opinions 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, 2010, and the respective changes in financial position, the respective budgetary comparison for the General Fund and, where applicable cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require the management's discussion and analysis, and changes in reserve accounts – general fund on pages 2 through 9 and pages 36 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Danville Public Building Commission, Danville, Illinois, financial statements as a whole. The introductory section and the changes in reserved accounts are presented for purposes of additional analysis and are not a required part of the financial statements. The statement of changes in reserved accounts are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

*Crowder CPA's Ltd.*

Danville, Illinois  
March 4, 2011

## 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, 2010. The Commission is to be disclosed as a joint venture in the financial statements of Vermilion County, Illinois, and the City of Danville, Illinois.

### Financial Highlights

- ◆ The assets of the Danville Public Building Commission exceeded its liabilities at the close of the most recent fiscal year by \$3,767,554 (*net assets*). Due to the unique custodial relationship between the Commission as project manager of two 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 or Vermilion County.
- ◆ The government's total net assets decreased by \$112,417. 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 reserves for the Burglar Alarm increased by \$552 while the Maintenance agreements increased by \$4,079. The Capital Improvements fund increased by \$9,178 and the Maintenance fund increased by \$8,026. The increase in the Capital Improvements fund was due to the revenue of \$136,378 and capital outlay of \$127,201. Included in revenue were an \$18,720 grant from the Illinois Clean Energy Community Foundation and a \$16,944 grant from the Illinois Department of Commerce and Economic Opportunity. These grants were received for the installation of the energy efficient lighting. The capital outlay for this fund consisted of \$6,359 for ½ costs of two Mobile Data laptops for the county, \$46,027 for twenty-one Variable Frequency Drive Motors, \$17,010 for six Spectra Tac Remote Receivers, \$5,703 for one 100 W Repeater with cabinet and power supply and \$13,325 for Tower equipment and work for the Vermilion narrow band tower, and \$38,777 for the energy efficient lighting upgrade performed in the Public Safety Building. The Maintenance fund increase was due to revenue of \$50,044 and capital outlay of \$40,453. The capital outlay consisted of \$10,144 for 456 foam filled food trays, \$2,263 for 96 lids for the food trays, \$6,270 for seven delivery carts, \$9,427 for a Dell Server for the county, \$8,136 for 27 copies of Microsoft Office 2007 for the county, \$1,872 for the docking station and backup software for the new server for the county, and \$2,341 for a Duplex Color Scanner.
- ◆ The Commission's total debt of \$5,770,000 during this fiscal year was reduced by \$225,000, 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 12-15 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 lessee. 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 Courthouse Renovation fund was deemed important enough to the Commission's financial statement users to be identified also to be a major fund, 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'). 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 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 \$3,767,554 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			
	2010	2009	2010	2009	2010	2009
Current and other assets	2,295,599	2,174,609	8,362,350	8,636,391	10,657,949	10,811,000
Capital assets, net	3,835,129	4,067,826	-	-	3,835,129	4,067,826
Total assets	6,130,728	6,242,435	8,362,350	8,636,391	14,493,078	14,878,826
Long-term liabilities	-	-	5,770,000	5,995,000	5,770,000	5,995,000
Due to other governments, net	1,219,643	1,103,704	2,472,350	2,519,445	3,691,993	3,623,149
Other liabilities	1,134,278	1,248,878	129,253	131,828	1,263,531	1,380,706
Total liabilities	2,353,921	2,352,582	8,371,603	8,646,273	10,725,524	10,998,855
Invested in capital assets	3,835,129	4,067,826	-	-	3,835,129	4,067,826
Ending net assets	3,776,807	3,889,853	(9,253)	(9,882)	3,767,554	3,879,971

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 \$3,767,554 from \$3,879,971, a decrease of \$112,417. 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			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	10,032	9,427	-	-	10,032	9,427
Operating leases and contributions	5,893,433	5,640,387	516,826	525,135	6,410,259	6,165,522
Capital grants and contributions	35,664	62,476	-	-	35,664	62,476
Excess due from (to) other governments	-	-	(15,521)	31,181	(15,521)	31,181
General revenues:						
Interest Income	6,992	26,674	-	-	6,992	26,674
Other	2,014	7,347	-	-	2,014	7,347
Total revenue	5,948,135	5,746,311	501,305	556,316	6,449,440	6,302,627
Expenses:						
Administrative	117,043	114,431	-	-	117,043	114,431
Operations and maintenance	1,253,669	1,271,947	-	-	1,253,669	1,271,947
Communications	1,005,877	1,020,335	-	-	1,005,877	1,020,335
Assigned personnel and dietary	2,248,254	2,175,455	-	-	2,248,254	2,175,455
911 Center	-	4,298	-	-	-	4,298
Excess due to other governments	994,848	879,901	-	-	994,848	879,901
Depreciation expense	440,861	399,148	-	-	440,861	399,148
Direct-financing leases	-	-	356,353	413,798	356,353	413,798
Juvenile Detention Center	-	-	144,952	142,518	144,952	142,518
Total expenses	6,060,552	5,865,515	501,305	556,316	6,561,857	6,421,831
Increase (decrease) in net assets	(112,417)	(119,204)	-	-	(112,417)	(119,204)
Net Assets-Beginning of period	3,879,971	3,999,175	-	-	3,879,971	3,999,175
Net Assets-End of period	3,767,554	3,879,971	-	-	3,767,554	3,879,971

Governmental operating lease income increased slightly by 4.0% 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, 2010 and due back to the City and County in the amount of \$994,505 represents 16.4 percent of total general fund expenditures, or conversely, only about 16.7 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 \$242,339 for utilities of the PSB. This had a favorable variance of approximately 43% of budget. Management made conservative estimates of energy usage and the region once again experienced a less severe winter than expected. The commission entered into an agreement on February 25, 2010 with Integrys Energy Services, Inc. to purchase power beginning in April 2010. The commission also entered into a Master Retail Gas Sales Agreement on May 26, 2010 with Integrys Energy Services, Inc. to purchase gas beginning in August 2010.

The next largest favorable variance for operations and maintenance was \$26,638. This had a favorable variance of approximately 21.66% of budget. Premiums were lower than anticipated.

The next largest favorable variance for operation and maintenance was \$26,417 for Employee Insurance. This had a favorable variance of approximately 23.91% of budget. The commission changed health insurance providers in March 2010 which reduced the cost of health insurance expense.

The Communications had a favorable variance of \$70,789 for Employee Insurance. This had a favorable variance of approximately 41.00 % of budget. This favorable variance was due to a staff turnover and the change in health insurance providers.

The next largest favorable variance for Communications was of \$16,627 for salaries, which was due to less staff because of staff turnover and retirement. This had a favorable variance of approximately 2.24% of budget.

The next largest favorable variance for assigned personnel and dietary was \$13,766 for training for correctional officers. This was due to receiving reimbursement for training classes when the training classes were actually paid.

The assigned personnel and dietary had a favorable variance of \$9,038 for jail equipment for prisoners. This was due to less equipment that was needed than anticipated.

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, 2010 amounts to \$3,835,129 (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 6.00 percent.

Major capital asset events during the current fiscal year included the energy efficient lighting project, the tower relocation for narrow band, the new food trays, the new server for the county sheriff's department, the concrete bunks for the book-in holding area, the cost to noise proof one of the mechanical room's, the purchase of 27 copies of Microsoft Office 2007, the purchase of 21 variable frequency drive motors, and six remote receivers along with a 100W repeater.

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, and City. 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.

**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 \$5,770,000. These bonds maintain an "AAA" rating from Moody's rating agency.

Additional information on the Commission's debt obligations can be found in Note 7 on pages 30 thru 32.

### **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
- ◆ a survey of the exterior brick work and repair as needed

- ◆ a series of projects to reduce gas and electric consumption will be surveyed and implemented
- ◆ purchase of a new compressor for the service management garage
- ◆ completion of the acquisition and installation of a low bank radio system for the 911 center
- ◆ will have a consultant prepare specifications to upgrade the 911 center telephone system
- ◆ will have a consultant prepare specifications to upgrade the 911 radio system
- ◆ based on funding availability either the telephone system upgrade or the radio system upgrade or both will be implemented

Additionally, the Commission considered the following in the development of the 2011 fiscal year budget:

- ◆ Inflationary trends in the locale are slightly less favorable compared to national indices.
- ◆ Unemployment in Vermilion county is currently 10.7 percent compared to 11.9 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, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	1,569,366	519,959	2,089,325
Restricted cash and cash equivalents	621,453	56	621,509
Prepaid expenses	69,116	-	69,116
Accounts receivable	35,664	-	35,664
Capital assets, net of accumulated depreciation	3,835,129	-	3,835,129
Lease receivable	-	5,320,141	5,320,141
Unamortized cost on revenue bonds	-	154,274	154,274
Due from other governments:			
City	-	2,367,920	2,367,920
<b>TOTAL ASSETS</b>	<b>6,130,728</b>	<b>8,362,350</b>	<b>14,493,078</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	287,508	11,190	298,698
Interest payable	-	100,021	100,021
Accrued expenses	46,770	3,692	50,462
Prepaid rent	800,000	-	800,000
Revenue bonds payable	-	235,000	235,000
Due to other governments:			
Vermilion County	875,887	-	875,887
City	118,618	-	118,618
Due to other government units	225,138	187,952	413,090
<b>Total current liabilities</b>	<b>2,353,921</b>	<b>537,855</b>	<b>2,891,776</b>
<b>Noncurrent Liabilities</b>			
Revenue bonds payable	-	5,535,000	5,535,000
Due to other government units	-	2,284,398	2,284,398
Unamortized premium on revenue bonds	-	14,350	14,350
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>7,833,748</b>	<b>7,833,748</b>
<b>TOTAL LIABILITIES</b>	<b>2,353,921</b>	<b>8,371,603</b>	<b>10,725,524</b>
<b>NET ASSETS</b>			
Invested in capital assets	3,835,129	-	3,835,129
Restricted for:			
Burglar Alarm	39,152	-	39,152
Management agreements	58,668	-	58,668
Capital Improvements	476,640	-	476,640
Maintenance	16,955	-	16,955
911 Center	(658,990)	-	(658,990)
Unrestricted	9,253	(9,253)	-
<b>TOTAL NET ASSETS</b>	<b>3,776,807</b>	<b>(9,253)</b>	<b>3,767,554</b>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2010

	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	117,043	-	-	-	(117,043)	-	(117,043)
Operations and maintenance	1,253,669	10,032	2,379,136	35,664	1,171,163	-	1,171,163
Communications	1,005,877	-	1,120,338	-	114,461	-	114,461
Assigned personnel and dietary	2,248,254	-	2,280,405	-	32,151	-	32,151
911 Center	-	-	115,000	-	115,000	-	115,000
Excess due to other governments	994,848	-	-	-	(994,848)	-	(994,848)
Depreciation expense	440,861	-	(1,446)	-	(442,307)	-	(442,307)
Total governmental activities	6,060,552	10,032	5,893,433	35,664	(121,423)	-	(121,423)
Business-type activities:							
Direct-financing leases	356,353	-	286,826	-	-	(69,527)	(69,527)
Excess due from (to) other governments	-	-	(15,521)	-	-	(15,521)	(15,521)
Juvenile detention center management	144,952	-	230,000	-	-	85,048	85,048
Total business-type activities	501,305	-	501,305	-	-	-	-
Total Primary Government	6,561,857	10,032	6,394,738	35,664	(121,423)	-	(121,423)
			General revenues:				
			Interest		6,992	-	6,992
			Miscellaneous		2,014	-	2,014
			Total general revenues		9,006	-	9,006
			Change in net assets		(112,417)	-	(112,417)
			Net assets – beginning		3,879,971	-	3,879,971
			Net assets – ending		3,767,554	-	3,767,554

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
BALANCE SHEET – GOVERNMENTAL FUND  
October 31, 2010

	General Fund
ASSETS	
Cash and cash equivalents	1,569,366
Restricted cash and cash equivalents	621,453
Prepaid expenses	69,116
Accounts receivable	<u>35,664</u>
TOTAL ASSETS	<u>2,295,599</u>
LIABILITIES AND FUND BALANCES	
Accounts payable	287,508
Accrued expenses	46,770
Prepaid rent	800,000
Due to other funds	9,253
Due to Vermilion County	875,887
Due to City of Danville	118,618
Due to other governments	<u>225,138</u>
TOTAL LIABILITIES	<u>2,363,174</u>
Fund balances:	
Reserved for:	
Burglar Alarm	39,152
Management agreements	58,668
Capital improvements	476,640
Maintenance	16,955
911 center	<u>(658,990)</u>
Total fund balances	(67,575)
Capital assets used in governmental activities are not financial resources and therefore not reported in the general fund.	3,835,129
Interfund balances are eliminated in the consolidation for the statement of net assets.	<u>9,253</u>
Net assets of governmental activities	<u>3,776,807</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, 2010

	<u>General Fund</u>
<b>OPERATING REVENUES</b>	
Rent	5,778,279
Rebate	116,600
Salary reimbursement	10,032
Interest on investments and deposits	6,992
Miscellaneous	2,014
Grants	<u>35,664</u>
Total operating revenues	<u>5,949,581</u>
<b>OPERATING EXPENDITURES</b>	
Administrative	117,043
Operations and maintenance	1,253,669
Communications	1,005,877
Assigned personnel and dietary	2,248,254
911 center	-
Capital outlay	<u>209,610</u>
Total operating expenditures	<u>4,834,453</u>
<b>INCOME FROM OPERATIONS</b>	<u>1,115,128</u>
<b>NON-OPERATING EXPENDITURES</b>	
Excess earnings due to government units	<u>994,848</u>
Total non-operating expenditures	<u>994,848</u>
Excess of Revenues over (under) Expenditures	120,280
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 (\$209,610) and loss on disposal of capital assets (\$1,446) exceeded depreciation (\$440,861) in the current period.	<u>(232,697)</u>
Changes in net assets	<u>(112,417)</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, 2010

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	With Final Budget + (-)
OPERATING REVENUES				
Rent	5,778,279	5,778,279	5,778,279	-
Rebate	116,600	116,600	116,600	-
Salary reimbursement	16,300	16,300	10,032	(6,268)
Interest on investments and deposits	35,041	35,041	6,992	(28,049)
Miscellaneous	2,100	2,100	2,014	(86)
Grants	-	-	35,664	35,664
TOTAL OPERATING REVENUES	5,948,320	5,948,320	5,949,581	1,261
ADMINISTRATIVE				
Salaries	81,027	81,027	81,080	(53)
Payroll taxes	6,859	6,859	6,389	470
Retirement	6,915	6,915	6,208	707
Employee insurance	13,690	13,690	10,934	2,756
Office supplies	4,000	4,000	1,828	2,172
Maintenance equipment	1,000	1,000	500	500
Accounting / Consulting Services	3,000	3,000	1,518	1,482
Legal	7,000	7,000	5,476	1,524
Travel	3,500	3,500	2,711	789
Miscellaneous	1,500	1,500	399	1,101
TOTAL ADMINISTRATIVE	128,491	128,491	117,043	11,448
OPERATIONS AND MAINTENANCE				
Salaries	495,200	495,200	474,230	20,970
Payroll taxes	42,850	42,850	39,287	3,563
Retirement	42,250	42,250	36,688	5,562
Employee insurance	121,000	110,500	84,083	26,417
Insurance	123,000	123,000	96,362	26,638
Utilities	573,174	565,974	323,635	242,339
Janitorial supplies	29,733	29,733	21,121	8,612
Maintenance supplies	36,414	36,414	30,788	5,626
Maintenance service – equipment	35,018	40,018	33,675	6,343
Maintenance service – building and grounds	15,450	15,450	6,770	8,680
Equipment – rentals	1,030	1,030	144	886
Equipment – contractual service	95,000	102,200	97,599	4,601
Physical exams	500	1,000	447	553
Snow removal	4,434	4,434	2,512	1,922
Miscellaneous	5,600	5,600	1,873	3,727
Uniforms	3,000	3,000	2,197	803
Professional services	28,000	28,000	1,937	26,063
Travel	1,000	1,000	321	679
Contingency	428,680	428,680	-	428,680
TOTAL OPERATIONS AND MAINTENANCE	2,081,333	2,076,333	1,253,669	822,664

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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget + (-)
COMMUNICATIONS				
Salaries	742,560	742,560	725,933	16,627
Payroll taxes	63,078	64,078	60,445	3,633
Retirement	63,350	63,350	56,625	6,725
Employee insurance	177,450	172,650	101,861	70,789
Telephone	4,650	8,450	8,144	306
Maintenance service – equipment	4,500	4,500	4,099	401
Office supplies	4,000	4,000	2,673	1,327
Travel	4,000	6,000	5,163	837
Mobile Data Terminals	38,500	38,500	34,191	4,309
Miscellaneous	4,250	2,250	2,662	(412)
Technology-City/County	4,326	4,326	4,081	245
TOTAL COMMUNICATIONS	1,110,664	1,110,664	1,005,877	104,787
ASSIGNED PERSONNEL AND DIETARY				
Personnel cost – County	2,149,805	2,149,805	2,155,215	(5,410)
Training/correctional officers	14,000	14,000	234	13,766
Contract – Doctor	19,600	19,600	19,519	81
Medical equipment – prisoner	35,000	35,000	33,913	1,087
Equipment-jail	11,000	11,000	1,962	9,038
Supplies – janitorial	30,000	30,000	21,896	8,104
Supplies – prisoner	15,000	15,000	13,302	1,698
Uniforms	6,000	6,000	2,213	3,787
TOTAL ASSIGNED PERSONNEL AND DIETARY	2,280,405	2,280,405	2,248,254	32,151
911 CENTER				
Contingency	-	-	-	-
Contractor - general	-	-	-	-
Miscellaneous	-	-	-	-
Transfer out	-	-	-	-
TOTAL 911 CENTER	-	-	-	-
CAPITAL OUTLAY	863,911	868,911	209,610	659,301
TOTAL EXPENDITURES	6,464,804	6,464,804	4,834,453	1,630,351
INCOME FROM OPERATIONS	(516,484)	(516,484)	1,115,128	1,631,612

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS  
October 31, 2010

	Courthouse Renovation Fund	Jail Addition Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	194,155	325,804	519,959
Restricted cash and cash equivalents	-	56	56
Due from other funds	-	12,591	12,591
Lease receivable	-	5,320,141	5,320,141
Unamortized cost on revenue bonds	-	154,274	154,274
Due from other government units	-	2,367,920	2,367,920
TOTAL ASSETS	<u>194,155</u>	<u>8,180,786</u>	<u>8,374,941</u>
LIABILITIES			
Current Liabilities			
Accounts payable	813	10,377	11,190
Interest payable	-	100,021	100,021
Accrued expenses	2,052	1,640	3,692
Prepaid rent	-	-	-
Due to other funds	3,338	-	3,338
Revenue bonds payable	-	235,000	235,000
Due to other government units	187,952	-	187,952
Total current liabilities	<u>194,155</u>	<u>347,038</u>	<u>541,193</u>
Noncurrent Liabilities			
Revenue bonds payable	-	5,535,000	5,535,000
Due to other government units	-	2,284,398	2,284,398
Unamortized premium on revenue bonds	-	14,350	14,350
Total noncurrent liabilities	<u>-</u>	<u>7,833,748</u>	<u>7,833,748</u>
TOTAL LIABILITIES	<u>194,155</u>	<u>8,180,786</u>	<u>3,374,941</u>
TOTAL NET ASSETS	<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, 2010

	Courthouse Renovation Fund	Jail Addition Fund	Total
OPERATING REVENUES			
Rent	62,500	225,000	287,500
Miscellaneous	15,000	5,000	20,000
Total operating revenues	77,500	230,000	307,500
OPERATING EXPENSES			
Administrative	1,369	4,292	5,661
Operations and maintenance	65,544	184,402	249,946
Total operating expenses	66,913	188,694	255,607
TOTAL OPERATING INCOME (LOSS)	10,587	41,306	51,893
NONOPERATING REVENUE AND (EXPENSES)			
Amortization of certificates of participation:			
Premium	-	1,043	1,043
Issuance costs	-	(5,910)	(5,910)
Interest expense	-	(240,831)	(240,831)
Interest on capital lease	-	208,309	208,309
Interest on investments and deposits	312	705	1,017
Excess earnings due from (due to) governmental units	(10,899)	(4,622)	(15,521)
Total nonoperating revenue and (expenses)	(10,587)	(41,306)	(51,893)
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, 2010

BUSINESS-TYPE ACTIVITIES  
ENTERPRISE FUNDS

	Courthouse Renovation Fund	Jail Addition Fund	Total
<b>CASH FLOWS FROM OPERATIONS</b>			
Receipts from city/county	-	225,000	225,000
Payments to suppliers and contractors	(15,269)	(90,584)	(105,853)
Payments to employees	(51,470)	(95,909)	(147,379)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(66,739)</u>	<u>38,507</u>	<u>(28,232)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Receipts from (payments to) other funds	32	597	629
Excess distribution to county	-	(40,528)	(40,528)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>32</u>	<u>(39,931)</u>	<u>(39,899)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on revenue bonds	-	(225,000)	(225,000)
Interest paid on revenue bonds	-	(244,737)	(244,737)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(469,737)</u>	<u>(469,737)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from capital lease agreements	-	474,737	474,737
Interest on investments and deposits	312	705	1,017
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>312</u>	<u>475,442</u>	<u>475,754</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(66,395)</u>	<u>4,281</u>	<u>(62,114)</u>
<b>CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR</b>	<u>260,550</u>	<u>321,579</u>	<u>582,129</u>
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<u>194,155</u>	<u>325,860</u>	<u>520,015</u>
<b>CASH AND CASH EQUIVALENTS</b>	194,155	325,804	519,959
<b>RESTRICTED CASH</b>	-	56	56
	<u>194,155</u>	<u>325,860</u>	<u>520,015</u>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONT.)  
Year Ended October 31, 2010

BUSINESS-TYPE ACTIVITIES  
ENTERPRISE FUNDS

	Courthouse Renovation Fund	Jail Addition Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:			
Operating income (loss)	-	-	-
Adjustments to reconcile net income to cash provided (used) by operating activities:			
Amortization of certificates of participation:			
Premiums	-	(1,043)	(1,043)
Issuance cost	-	5,910	5,910
Changes in operating assets and liabilities:			
Increase (Decrease) in account payable	(474)	2,562	2,088
Increase (Decrease) in accrued expenses	649	(360)	289
(Decrease) in interest payable	-	(3,906)	(3,906)
(Decrease) in due to other governments	(66,914)	35,344	(31,570)
Net cash provided (used) by operating activities	<u>(66,739)</u>	<u>38,507</u>	<u>(28,232)</u>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF FIDUCIARY NET ASSETS  
October 31, 2010

ASSETS	Pension Trust Fund	Agency Funds
Cash and cash equivalents	-	1,652
Investments in deferred compensation	266,317	-
Total assets	266,317	1,652
LIABILITIES		
Refunds payable and others	-	1,652
NET ASSETS		
Held in trust for pension benefits	266,317	

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
October 31, 2010

	Pension Trust Fund
ADDITIONS	
Contributions from plan members	22,398
Net increase in fair value of investments	<u>13,222</u>
Total additions	<u>35,620</u>
DEDUCTIONS	
Benefits	165
Withdrawals	34,656
Administrative expenses	<u>632</u>
Total deductions	<u>35,453</u>
Change in net assets	167
Net assets – beginning	<u>266,150</u>
Net assets – ending	<u>266,317</u>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
October 31, 2010

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

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, 2010

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.

The Danville Public Building Commission reports deferred revenue on its government wide financial statements when potential revenue does not meet both the ‘measurable’ and ‘available’ criteria for recognition in the current period.

The Danville Public Building Commission implemented the new financial reporting model, as required by the provisions of GASB No. 34, as of October 31, 2002.

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, 2010

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 checking, money market accounts and liquid investments with an original 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.

Due to and Due From Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transaction occur. These balances have been eliminated in the consolidation for the government-wide financial statements.

Fund Balance - The reserved fund balances for governmental funds represents the amount that has been legally identified for specific purposes.

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, 2010

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
139,224	2,573,172	2,712,396	2,710,734

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, 2010, restricted cash and cash equivalent balances are:

	General Fund	Jail Addition Fund	Total
Capital improvement	464,788	-	464,788
Maintenance	15,655	-	15,655
911 Center	141,010	-	141,010
Bond reserve	-	56	56
Total restricted	621,453	56	621,509

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2010

NOTE 3 – CAPITAL ASSETS

Governmental Funds -The following is a summary of changes in capital assets and for the general fund for the year ended October 31, 2009:

	10/31/09	Reclassifications	Additions	Disposals	10/31/10
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	8,236,667	-	52,045	-	8,288,712
Equipment	3,084,642	-	157,000	(24,306)	3,217,336
Furniture & fixtures	258,517	-	565	-	259,082
Total capital assets, being depreciated	11,579,826	-	209,610	(24,306)	11,765,130
Less accumulated depreciation for:					
Capital Assets, not being depreciated:					
Land	-	-	-	-	-
Total capital assets, not being depreciated	-	-	-	-	-
Capital Assets, being depreciated:					
Building	(5,723,618)	-	(226,641)	-	(5,950,259)
Equipment	(2,168,652)	-	(203,612)	22,860	(2,349,404)
Furniture & fixtures	(178,305)	-	(10,608)	-	(188,913)
Total accumulated depreciation	(8,070,575)	-	(440,861)	22,860	(8,488,576)
Total capital assets, being depreciated, net	3,509,251	-	(231,251)	(1,446)	3,276,554
Governmental activities capital assets, net	4,067,826	-	(231,251)	(1,446)	3,835,129

The depreciation expense for the year ended October 31, 2010, was \$440,861.

NOTE 4 – FUND BALANCE DEFICIT

The 911 Center fund carried a deficit balance of \$658,990 at October 31, 2010.

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of October 31, 2010 is as follows:

Public Service Building – general	(11,948)
Public Service Building – maintenance	1,299
Public Service Building - capital improvements	1,396
Courthouse Operating and Maintenance	(3,338)
Jail Design and Construction	(889,923)
Jail Addition Revenue	(239,511)
Jail Operating and Maintenance	(243,734)
Juvenile Detention	1,385,759
Total interfund effect	-

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2010

NOTE 6 - 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, 2010 the liability due to the County for excess revenues from this lease totaled \$187,952.

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, 2010 the receivable due from the County for excess expenditures from this construction lease totaled \$148,012.

At the end of the Jail addition lease, all remaining assets will be transferred to the County and City. As of October 31, 2010 the liability due to the County for excess revenues from this lease totaled \$2,432,409. The receivable due from the City for excess expenses from this lease totaled \$2,367,920.

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
2011	300,000	41,379	128,871
2012	300,000	41,124	128,871
2013	300,000	45,254	128,871
2014	300,000	43,712	128,871
2015	300,000	46,534	128,871
	<u>1,500,000</u>	<u>218,003</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, 2010 the gross rental income was \$225,000.

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, 2010 net rental receipts were in excess of funds by \$32,239. The amount of the check that the County will receive for their rebate will be reduced by \$5,000. The funds will be retained by the Danville Public Building Commission per the County's request.

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2010

NOTE 6 – 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	(516,989)	(357,508)	(134,499)	(1,008,996)
Unearned interest	(328,085)	(642,951)	(1,721,776)	(2,692,812)
Net investment in direct financing lease	1,732,346	2,899,541	1,873,596	6,505,483
Principal payments received to date	(642,850)	(542,492)	-	(1,185,342)
TOTAL	1,089,496	2,357,049	1,873,596	5,320,141

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

2011	79,794	193,825	-	273,619
2012	83,434	202,655	-	286,089
2013	87,189	211,774	-	298,963
2014	90,211	219,426	-	309,637
2015	93,614	227,996	-	321,610
Thereafter	655,254	1,301,373	1,873,596	3,830,223
TOTAL	1,089,496	2,357,049	1,873,596	5,320,141

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 was in effect from November 1, 2005 through October 31, 2009. This lease agreement was extended for an additional two years thru October 31, 2011. In November 2010 the lease agreement was extended for an additional two years through October 31, 2013.

Lease payments are due as follows:

	Public Safety Building		
	County	City	Total
November 1, 2010	4,720,081	1,113,096	5,833,177
November 1, 2011	4,786,943	1,113,096	5,900,039
November 1, 2012	4,855,810	1,113,096	5,968,906

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2010

NOTE 6 - 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, 2010 net rental receipts were in excess of the funds required. Accordingly, refunds of the excess will be made as follows:

City of Danville, Illinois	118,618
County of Vermilion, Illinois	<u>875,887</u>
	<u>994,505</u>

The amount of the check that the County will receive for their rebate will be reduced by \$117,580. 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 10, 2010.

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, 2010

NOTE 7 – LONG-TERM DEBT

Public Safety Building Addition and Juvenile Detention Center Revenue Bonds outstanding net of unamortized premium and issuance cost of \$5,007 and \$26,578 respectively, at October 31, 2010, 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
12/01/10	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, 2010	<u>1,105,000</u>	



DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2010

NOTE 7 – LONG TERM DEBT (cont.)

Public Safety Building Addition and Juvenile Detention Center Revenue Bonds outstanding net of unamortized premium and issuance cost of \$9,343 and \$127,696 respectively, at October 31, 2010, 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
12/01/10	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, 2010	<u>4,665,000</u>	

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2010

NOTE 7 – LONG TERM DEBT (cont.)

	<u>Balance 10/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 10/31/10</u>
Public Safety Building & Juvenile Detention Center Revenue Bonds	1,180,000	-	75,000	1,105,000
Public Safety Building & Juvenile Detention Center Revenue Bonds	<u>4,815,000</u>	<u>-</u>	<u>150,000</u>	<u>4,665,000</u>
TOTAL	<u>5,995,000</u>	<u>-</u>	<u>225,000</u>	<u>5,770,000</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	80,000	1,025,000	1,105,000
Public Safety Building & Juvenile Detention Center Revenue Bonds	<u>155,000</u>	<u>4,510,000</u>	<u>4,665,000</u>
	<u>235,000</u>	<u>5,535,000</u>	<u>5,770,000</u>

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2010

NOTE 8 - 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, 2010 Commission employees had \$266,317 invested in this plan.

NOTE 9 - 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, 2010, the Commission was involved in the following construction management agreement:

Public Library - The Commission received \$3,973 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. Under this agreement the ETSB reimbursed the Commission for a portion of the Director's employment costs. Under the new lease that became effective November 1, 2008, the Building Commission will no longer be reimbursed by the ETBS for a portion of the Director's employment costs.

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 became effective November 1, 2008 and will expire ten years from that date.

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2010

NOTE 10 – 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 \$225,138. 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 11 – POWER SALE AGREEMENT

The Danville Public Building Commission entered into a three year agreement with Integrys Energy Services, Inc. beginning in April 2010. This contract continues through March 2013 and will automatically renew until terminated by either party in which a written notice of not less than thirty days is required to be given by either party.

NOTE 12 – MASTER RETAIL GAS AGREEMENT

The Danville Public Building Commission entered into a three year agreement with Integrys Energy Services, Inc. beginning in August 2010. This contract continues through July 2013 and will automatically renew until terminated by either party in which a written notice of not less than sixty days is required to be given by either party.

NOTE 13 - 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. The 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](http://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 2009 was 3.43 percent of annual covered payroll. The Danville Public Building Commission 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.

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2010

NOTE 13 - ILLINOIS MUNICIPAL RETIREMENT FUND (cont.)

*Annual Pension Cost.* For fiscal year ending December 31, 2009, the Danville Public Building Commission's annual pension cost of \$47,422 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**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/09	47,422	100%	\$0
12/31/08	67,765	100%	\$0
12/31/07	55,295	100%	\$0

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, 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 regular 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 and market value of assets. The Danville Public Building Commission's Regular plan's unfunded 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 valuation was 5 years.

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 77.98 percent funded. The actuarial accrued liability for benefits was \$3,622,822 and the actuarial value of assets was \$2,825,090, resulting in an underfunded actuarial accrued liability (UAAL) of \$797,732. The covered payroll (annual payroll of active employees covered by the plan) was \$1,382,573 and the ratio of the UAAL to the covered payroll was 58 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10 year basis.

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, 2010

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)
12/31/09	2,825,090	3,622,822	797,732	77.98%	1,382,573	57.40%
12/31/08	3,063,463	3,476,198	412,735	88.13%	1,333,949	30.94%
12/31/07	3,836,484	3,506,319	(330,165)	109.42%	1,288,928	0.00%

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF CHANGES IN RESERVED ACCOUNTS -- GENERAL FUND  
Year Ended October 31, 2010

	Communication Center	Assigned Personnel	Lease	Burglar Alarm	Management Agreements	Capital Improvements	Maintenance	911 Center	Total	Eliminating Entries	Total
<b>OPERATING REVENUES</b>											
Rent	1,120,338	2,163,805	2,229,136	-	-	100,000	50,000	115,000	5,778,279	-	5,778,279
Rebate	-	116,600	-	-	-	-	-	-	116,600	-	116,600
Salary reimbursement	-	-	6,059	-	3,973	-	-	-	10,032	-	10,032
Interest	-	-	5,862	60	106	714	44	206	6,992	-	6,992
Miscellaneous	30	-	1,492	492	-	-	-	-	2,014	-	2,014
Grants	-	-	-	-	-	35,664	-	-	35,664	-	35,664
Total operating revenues	1,120,368	2,280,405	2,242,549	552	4,079	136,378	50,044	115,206	5,949,581	-	5,949,581
<b>OPERATING EXPENDITURES</b>											
Administrative	-	-	117,043	-	-	-	-	-	117,043	-	117,043
Operations and maintenance	-	-	1,252,104	-	-	-	1,565	-	1,253,669	-	1,253,669
Communications	1,005,877	-	-	-	-	-	-	-	1,005,877	-	1,005,877
Assigned personnel and dietary	-	2,248,254	-	-	-	-	-	-	2,248,254	-	2,248,254
Capital Outlay	9,127	-	16,068	-	-	127,201	40,453	16,761	209,610	-	209,610
Total operating expenditures	1,015,004	2,248,254	1,385,215	-	-	127,201	42,018	16,761	4,834,453	-	4,834,453
<b>INCOME FROM OPERATIONS</b>	105,364	32,151	857,334	552	4,079	9,177	8,026	98,445	1,115,128	-	1,115,128
<b>NON-OPERATING INCOME (EXPENDITURES)</b>											
Excess earnings due to governmental units	(105,364)	(32,151)	(857,333)	-	-	-	-	-	(994,848)	-	(994,848)
Excess earnings due to Capital Improvements	-	-	(1)	-	-	-	-	-	(1)	1	-
Excess earnings due from lease	-	-	-	-	-	1	-	-	1	(1)	-
<b>NET INCOME (LOSS)</b>	-	-	-	552	4,079	9,178	8,026	98,445	120,280	-	120,280
<b>NET ASSETS, BEGINNING OF YEAR</b>	-	-	-	38,600	54,589	467,462	8,929	(757,435)	(187,855)	-	(187,855)
<b>NET ASSETS, END OF YEAR</b>	-	-	-	39,152	58,668	476,640	16,955	(658,990)	(67,575)	-	(67,575)