

DANVILLE PUBLIC BUILDING COMMISSION  
DANVILLE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended  
OCTOBER 31, 2011

Danville Public Building Commission  
Annual Financial Report  
For the fiscal year ended October 31, 2011

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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, 2011, 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, 2011, 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  
January 6, 2012

## 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, 2011. 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 \$3,633,276 (*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 \$134,278. 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 \$413 while the Management agreements increased by \$4,109. The Capital Improvements fund increased by \$7,075 and the Maintenance fund increased by \$19,769. The increase in the Capital Improvements fund was due to the revenue of \$100,358 and capital outlay of \$93,284. The capital outlay for this fund consisted of \$14,989 for twelve Optiplex 980 computer systems, \$19,311 for a computer server, \$2,415 for three HP 4015N black and white laser printers, \$36,769 for a narrow band system, and \$19,800 for the conversion of 3 cells to isolation cells. The Maintenance fund increase was due to revenue of \$50,033 and capital outlay of \$30,264. The capital outlay consisted of \$12,956 for six jail combo toilet units, \$2,600 for a Toshiba copy machine for the city police department, \$4,350 for 3 laser printers in the sheriff's department, \$7,920 for a phone logger, and \$2,438 for an Ingersoll air compressor.
- ◆ The Commission's total debt of \$5,535,000 during this fiscal year was reduced by \$235,000, 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 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 \$3,633,276 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			
	2011	2010	2011	2010	2011	2010
Current and other assets	2,447,784	2,295,599	8,048,284	8,362,350	10,496,068	10,657,949
Capital assets, net	3,554,377	3,835,129	-	-	3,554,377	3,835,129
Total assets	6,002,161	6,130,728	8,048,284	8,362,350	14,050,445	14,493,078
Long-term liabilities	-	-	5,535,000	5,770,000	5,535,000	5,770,000
Due to other governments, net	1,344,641	1,219,643	2,399,697	2,472,350	3,744,338	3,691,993
Other liabilities	1,014,069	1,134,278	123,762	129,253	1,137,831	1,263,531
Total liabilities	2,358,710	2,353,921	8,058,459	8,371,603	10,417,169	10,725,524
Invested in capital assets	3,554,377	3,835,129	-	-	3,554,377	3,835,129
Ending net assets	3,643,451	3,776,807	(10,175)	(9,253)	3,633,276	3,767,554

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 \$3,633,276 from \$3,767,554, a decrease of \$134,278. 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			
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	12,269	10,032	-	-	12,269	10,032
Operating leases and contributions	6,065,757	5,893,433	501,537	516,826	6,567,294	6,410,259
Capital grants and contributions	-	35,664	-	-	-	35,664
Excess due from (to) other governments	-	-	20,223	(15,521)	20,223	(15,521)
General revenues:						
Interest Income	4,082	6,992	-	-	4,082	6,992
Other	889	2,014	-	-	889	2,014
Total revenue	6,082,997	5,948,135	521,760	501,305	6,604,757	6,449,440
Expenses:						
Administrative	121,061	117,043	-	-	121,061	117,043
Operations and maintenance	1,243,713	1,253,669	-	-	1,243,713	1,253,669
Communications	979,211	1,005,877	-	-	979,211	1,005,877
Assigned personnel and dietary	2,316,743	2,248,254	-	-	2,316,743	2,248,254
911 Center	-	-	-	-	-	-
Excess due to other governments	1,119,502	994,848	-	-	1,119,502	994,848
Depreciation expense	437,045	440,861	-	-	437,045	440,861
Direct-financing leases	-	-	347,687	356,353	347,687	356,353
Juvenile Detention Center	-	-	174,073	144,952	174,073	144,952
Total expenses	6,217,275	6,060,552	521,760	501,305	6,739,035	6,561,857
Increase (decrease) in net assets	(134,278)	(112,417)	-	-	(134,278)	(112,417)
Net Assets-Beginning of period	3,767,554	3,879,971	-	-	3,767,554	3,879,971
Net Assets-End of period	3,633,276	3,767,554	-	-	3,633,276	3,767,554

Governmental operating lease income increased slightly by 2.45% 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, 2011 and due back to the City and County in the amount of \$1,119,338 represents 18.0 percent of total general fund expenditures, or conversely, only about 18.4 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 \$272,003 for utilities of the PSB. This had a favorable variance of approximately 48% of budget. Management made conservative estimates of energy usage and the region once again experienced a less severe winter than expected. This favorable variance was also because of the agreements to purchase power and gas with Integrys Energy Services, Inc.

The next largest favorable variance for operations and maintenance was \$48,819 for salaries. This had a favorable variance of approximately 9.73% of budget.

The next largest favorable variance for operation and maintenance was \$21,029 for Professional Services. This had a favorable variance of approximately 75.1% of budget. Professional Services were not needed in the amount anticipated.

The Communications had a favorable variance of \$86,403 for salaries. This had a favorable variance of approximately 11.05 % of budget. This favorable variance was due to a staff turnover.

The next largest favorable variance for Communications was of \$38,248 for employee insurance, which was due to less staff because of staff turnover and retirement. This had a favorable variance of approximately 28.73% of budget.

The next largest favorable variance for assigned personnel and dietary was \$14,000 for training for correctional officers. This was due to the fact that there were no training costs.

The assigned personnel and dietary had a favorable variance of \$8,102 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, 2011 amounts to \$3,554,377 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, fixtures and equipment. The decrease in the Commission's gross investment in capital assets for the current fiscal year was approximately 7.34 percent.

Major capital asset events during the current fiscal year included the twelve Optiplex 980 computer systems, the computer server, the narrow band system, the conversion of three cells to isolation cells, the six jail combo toilet units, the Toshiba copy machine for the city police department, three laser printers for sheriff's department, and an Ingersoll air compressor.

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 \$5,535,000. 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
- ◆ completion of the acquisition and installation of a low band radio system for the 911 center
- ◆ contracts have been issued and upgrades to the 911 center telephone system and 911 radio system has begun
- ◆ will continue to work with the County on the probable renovation of the courthouse
- ◆ will continue to provide information as requested by the County Board Chairman relative to the Vermilion County Nursing Home

Additionally, the Commission considered the following in the development of the 2012 fiscal year budget:

- ◆ Inflationary trends in the locale are slightly less favorable compared to national indices.
- ◆ Unemployment in Vermilion County is currently 10.8 percent compared to 10.7 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, 2011

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	1,683,399	428,371	2,111,770
Restricted cash and cash equivalents	695,681	56	695,737
Prepaid expenses	66,616	-	66,616
Accounts receivable	2,088	-	2,088
Capital assets, net of accumulated depreciation	3,554,377	-	3,554,377
Lease receivable	-	5,046,523	5,046,523
Unamortized cost on revenue bonds	-	148,107	148,107
Due from other governments:			
City	-	2,425,227	2,425,227
<b>TOTAL ASSETS</b>	<b>6,002,161</b>	<b>8,048,284</b>	<b>14,050,445</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	292,305	13,598	305,903
Interest payable	-	95,938	95,938
Accrued expenses	21,764	919	22,683
Prepaid rent	700,000	-	700,000
Revenue bonds payable	-	240,000	240,000
Due to other governments:			
Vermilion County	955,631	-	955,631
City	163,707	-	163,707
Due to other government units	225,303	117,213	342,516
<b>Total current liabilities</b>	<b>2,358,710</b>	<b>467,668</b>	<b>2,826,378</b>
<b>Noncurrent Liabilities</b>			
Revenue bonds payable	-	5,295,000	5,295,000
Due to other government units	-	2,282,484	2,282,484
Unamortized premium on revenue bonds	-	13,307	13,307
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>7,590,791</b>	<b>7,590,791</b>
<b>TOTAL LIABILITIES</b>	<b>2,358,710</b>	<b>8,058,459</b>	<b>10,417,169</b>
<b>NET ASSETS</b>			
Invested in capital assets	3,554,377	-	3,554,377
Restricted for:			
Burglar Alarm	39,565	-	39,565
Management agreements	62,777	-	62,777
Capital Improvements	483,715	-	483,715
Maintenance	36,724	-	36,724
911 Center	(543,882)	-	(543,882)
Unrestricted	10,175	(10,175)	-
<b>TOTAL NET ASSETS</b>	<b>3,643,451</b>	<b>(10,175)</b>	<b>3,633,276</b>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2011

	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	121,061	-	-	-	(121,061)	-	(121,061)
Operations and maintenance	1,243,713	12,269	2,460,582	-	1,229,138	-	1,229,138
Communications	979,211	-	1,143,876	-	164,665	-	164,665
Assigned personnel and dietary	2,316,743	-	2,346,299	-	29,556	-	29,556
911 Center	-	-	115,000	-	115,000	-	115,000
Excess due to other governments	1,119,502	-	-	-	(1,119,502)	-	(1,119,502)
Depreciation expense	437,045	-	-	-	(437,045)	-	(437,045)
Total governmental activities	6,217,275	12,269	6,065,757	-	(139,249)	-	(139,249)
Business-type activities:							
Direct-financing leases	347,687	-	279,537	-	-	(68,150)	(68,150)
Excess due from (to) other governments	-	-	20,223	-	-	20,223	20,223
Juvenile detention center management	174,073	-	222,000	-	-	47,927	47,927
Total business-type activities	521,760	-	521,760	-	-	-	-
Total Primary Government	6,739,035	12,269	6,587,517	-	(139,249)	-	(139,249)
			General revenues:				
			Interest		4,082	-	4,082
			Miscellaneous		889	-	889
			Total general revenues		4,971	-	4,971
			Change in net assets		(134,278)	-	(134,278)
			Net assets – beginning		3,767,554	-	3,767,554
			Net assets – ending		3,633,276	-	3,633,276

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
BALANCE SHEET – GOVERNMENTAL FUND  
October 31, 2011

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	1,683,399
Restricted cash and cash equivalents	695,681
Prepaid expenses	66,616
Accounts receivable	2,088
<b>TOTAL ASSETS</b>	<u>2,447,784</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Accounts payable	292,305
Accrued expenses	21,764
Prepaid rent	700,000
Due to other funds	10,175
Due to Vermilion County	955,631
Due to City of Danville	163,707
Due to other governments	225,303
<b>TOTAL LIABILITIES</b>	<u>2,368,885</u>
Fund balances:	
Reserved for:	
Burglar Alarm	39,565
Management agreements	62,777
Capital improvements	483,715
Maintenance	36,724
911 center	(543,882)
Total fund balances	<u>78,899</u>
Capital assets used in governmental activities are not financial resources and therefore not reported in the general fund.	3,554,377
Interfund balances are eliminated in the consolidation for the statement of net assets.	<u>10,175</u>
<b>Net assets of governmental activities</b>	<u><u>3,643,451</u></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, 2011

	General Fund
OPERATING REVENUES	
Rent	5,948,177
Rebate	117,580
Salary reimbursement	12,269
Interest on investments and deposits	4,082
Miscellaneous	889
	<u>6,082,997</u>
Total operating revenues	
OPERATING EXPENDITURES	
Administrative	121,061
Operations and maintenance	1,243,713
Communications	979,211
Assigned personnel and dietary	2,316,743
911 center	-
Capital outlay	156,293
	<u>4,817,021</u>
Total operating expenditures	
INCOME FROM OPERATIONS	<u>1,265,976</u>
NON-OPERATING EXPENDITURES	
Excess earnings due to government units	<u>1,119,502</u>
Total non-operating expenditures	<u>1,119,502</u>
Excess of Revenues over (under) Expenditures	146,474
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$437,045) exceeded capital outlay (\$156,293) in the current period.	<u>(280,752)</u>
Changes in net assets	<u>(134,278)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget + (-)
	Original	Final		
<b>OPERATING REVENUES</b>				
Rent	5,948,177	5,948,177	5,948,177	-
Rebate	117,580	117,580	117,580	-
Salary reimbursement	16,480	16,480	12,269	(4,211)
Interest on investments and deposits	15,541	15,541	4,082	(11,459)
Miscellaneous	900	900	889	(11)
<b>TOTAL OPERATING REVENUES</b>	<u>6,098,678</u>	<u>6,098,678</u>	<u>6,082,997</u>	<u>(15,681)</u>
<b>ADMINISTRATIVE</b>				
Salaries	82,577	82,577	79,128	3,449
Payroll taxes	7,313	7,598	7,053	545
Retirement	7,830	7,830	7,347	483
Employee insurance	12,045	10,760	10,375	385
Office supplies	4,000	4,000	2,778	1,222
Maintenance equipment	1,000	1,000	913	87
Accounting / Consulting Services	3,000	3,000	1,775	1,225
Legal	7,000	7,000	8,342	(1,342)
Travel	3,500	3,500	2,880	620
Miscellaneous	1,500	500	470	30
<b>TOTAL ADMINISTRATIVE</b>	<u>129,765</u>	<u>127,765</u>	<u>121,061</u>	<u>6,704</u>
<b>OPERATIONS AND MAINTENANCE</b>				
Salaries	501,705	501,705	452,886	48,819
Payroll taxes	45,356	51,231	44,451	6,780
Retirement	47,060	47,060	42,561	4,499
Employee insurance	103,600	103,100	89,712	13,388
Insurance	110,000	110,000	94,138	15,862
Utilities	574,781	567,306	295,303	272,003
Janitorial supplies	29,733	29,733	23,469	6,264
Maintenance supplies	37,142	37,142	27,312	9,830
Maintenance service – equipment	44,921	44,921	38,422	6,499
Maintenance service – building and grounds	15,450	15,450	15,331	119
Equipment – rentals	1,030	1,030	578	452
Equipment – contractual service	103,000	103,000	103,084	(84)
Physical exams	510	1,010	934	76
Snow removal	4,523	4,523	3,300	1,223
Miscellaneous	5,550	5,550	1,266	4,284
Uniforms	3,000	4,500	3,911	589
Professional services	28,000	28,000	6,971	21,029
Travel	1,000	1,000	84	916
Contingency	498,575	498,575	-	498,575
<b>TOTAL OPERATIONS AND MAINTENANCE</b>	<u>2,154,936</u>	<u>2,154,836</u>	<u>1,243,713</u>	<u>911,123</u>

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget + (-)
	Original	Final		
COMMUNICATIONS				
Salaries	781,781	781,781	695,378	86,403
Payroll taxes	68,710	77,310	67,547	9,763
Retirement	73,335	73,335	65,452	7,883
Employee insurance	141,750	133,150	94,902	38,248
Telephone	8,800	9,400	9,437	(37)
Maintenance service – equipment	4,500	4,500	2,262	2,238
Office supplies	4,000	4,000	3,940	60
Travel	6,000	6,000	3,542	2,458
Mobile Data Terminals	38,500	38,500	33,879	4,621
Miscellaneous	2,500	1,900	(121)	2,021
Technology-City/County	3,979	3,979	2,993	986
TOTAL COMMUNICATIONS	1,133,855	1,133,855	979,211	154,644
ASSIGNED PERSONNEL AND DIETARY				
Personnel cost – County	2,214,719	2,214,719	2,220,291	(5,572)
Training/correctional officers	14,000	14,000	-	14,000
Contract – Doctor	20,580	20,580	20,498	82
Medical equipment – prisoner	35,000	35,000	30,923	4,077
Equipment-jail	11,000	11,000	2,898	8,102
Supplies – janitorial	30,000	30,000	23,691	6,309
Supplies – prisoner	15,000	15,000	14,942	58
Uniforms	6,000	6,000	3,500	2,500
TOTAL ASSIGNED PERSONNEL AND DIETARY	2,346,299	2,346,299	2,316,743	29,556
911 CENTER				
Contingency	141,000	141,000	-	141,000
Contractor - general	10,000	10,000	-	10,000
Miscellaneous	5,000	5,000	-	5,000
TOTAL 911 CENTER	156,000	156,000	-	156,000
CAPITAL OUTLAY	666,758	668,858	156,293	512,565
TOTAL EXPENDITURES	6,587,613	6,587,613	4,817,021	1,770,592
INCOME FROM OPERATIONS	(488,935)	(488,935)	1,265,976	1,754,911

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS  
October 31, 2011

	Courthouse Renovation Fund	Jail Addition Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	123,727	304,644	428,371
Restricted cash and cash equivalents	-	56	56
Due from other funds	-	13,692	13,692
Lease receivable	-	5,046,523	5,046,523
Unamortized cost on revenue bonds	-	148,107	148,107
Due from other government units	-	2,425,227	2,425,227
TOTAL ASSETS	<u>123,727</u>	<u>7,938,249</u>	<u>8,061,976</u>
LIABILITIES			
Current Liabilities			
Accounts payable	2,433	11,165	13,598
Interest payable	-	95,938	95,938
Accrued expenses	564	355	919
Prepaid rent	-	-	-
Due to other funds	3,517	-	3,517
Revenue bonds payable	-	240,000	240,000
Due to other government units	117,213	-	117,213
Total current liabilities	<u>123,727</u>	<u>347,458</u>	<u>471,185</u>
Noncurrent Liabilities			
Revenue bonds payable	-	5,295,000	5,295,000
Due to other government units	-	2,282,484	2,282,484
Unamortized premium on revenue bonds	-	13,307	13,307
Total noncurrent liabilities	<u>-</u>	<u>7,590,791</u>	<u>7,590,791</u>
TOTAL LIABILITIES	<u>123,727</u>	<u>7,938,249</u>	<u>8,061,976</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, 2011

	Courthouse Renovation Fund	Jail Addition Fund	Total
OPERATING REVENUES			
Rent	62,500	217,000	279,500
Miscellaneous	15,000	5,000	20,000
Total operating revenues	<u>77,500</u>	<u>222,000</u>	<u>299,500</u>
OPERATING EXPENSES			
Administrative	1,539	4,225	5,764
Operations and maintenance	<u>69,319</u>	<u>210,486</u>	<u>279,805</u>
Total operating expenses	<u>70,858</u>	<u>214,711</u>	<u>285,569</u>
TOTAL OPERATING INCOME (LOSS)	<u>6,642</u>	<u>7,289</u>	<u>13,931</u>
NONOPERATING REVENUE AND (EXPENSES)			
Amortization of certificates of participation:			
Premium	-	1,043	1,043
Issuance costs	-	(6,167)	(6,167)
Interest expense	-	(231,067)	(231,067)
Interest on capital lease	-	201,532	201,532
Interest on investments and deposits	119	386	505
Excess earnings due from (due to) governmental units	<u>(6,761)</u>	<u>26,984</u>	<u>20,223</u>
Total nonoperating revenue and (expenses)	<u>(6,642)</u>	<u>(7,289)</u>	<u>(13,931)</u>
NET INCOME	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
Year Ended October 31, 2011

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	Courthouse Renovation Fund	Jail Addition Fund	Total
<b>CASH FLOWS FROM OPERATIONS</b>			
Receipts from city/county	-	217,000	217,000
Payments to suppliers and contractors	(18,063)	(118,173)	(136,236)
Payments to employees	(52,664)	(97,033)	(149,697)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(70,727)</u>	<u>1,794</u>	<u>(68,933)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Receipts from (payments to) other funds	180	(1,101)	(921)
Excess distribution to county	-	(27,239)	(27,239)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>180</u>	<u>(28,340)</u>	<u>(28,160)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on revenue bonds	-	(235,000)	(235,000)
Interest paid on revenue bonds	-	(235,150)	(235,150)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(470,150)</u>	<u>(470,150)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from capital lease agreements	-	475,150	475,150
Interest on investments and deposits	119	386	505
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>119</u>	<u>475,536</u>	<u>475,655</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(70,428)</u>	<u>(21,160)</u>	<u>(91,588)</u>
<b>CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR</b>	<u>194,155</u>	<u>325,860</u>	<u>520,015</u>
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<u>123,727</u>	<u>304,700</u>	<u>428,427</u>
<b>CASH AND CASH EQUIVALENTS</b>	123,727	304,644	428,371
<b>RESTRICTED CASH</b>	-	56	56
	<u>123,727</u>	<u>304,700</u>	<u>428,427</u>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONT.)  
Year Ended October 31, 2011

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	-	6,167	6,167
Changes in operating assets and liabilities:			
Increase (Decrease) in account payable	1,620	788	2,408
Increase (Decrease) in accrued expenses	(1,488)	(1,285)	(2,773)
(Decrease) in interest payable	-	(4,083)	(4,083)
(Decrease) in due to other governments	(70,859)	1,250	(69,609)
Net cash provided (used) by operating activities	(70,727)	1,794	(68,933)

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF FIDUCIARY NET ASSETS  
October 31, 2011

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	-	795
Investments in deferred compensation	254,591	-
Total assets	254,591	795
LIABILITIES		
Refunds payable and others	-	795
NET ASSETS		
Held in trust for pension benefits	254,591	

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
October 31, 2011

	Pension Trust Fund
<b>ADDITIONS</b>	
Contributions from plan members	7,020
Net increase in fair value of investments	<u>7,121</u>
Total additions	<u>14,141</u>
<b>DEDUCTIONS</b>	
Benefits	-
Withdrawals	25,226
Administrative expenses	<u>641</u>
Total deductions	<u>25,867</u>
Change in net assets	(11,726)
Net assets – beginning	<u>266,317</u>
Net assets – ending	<u>254,591</u>

See accompanying notes.

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
October 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review – Management has evaluated subsequent events through January 6, 2012, the date on which the financial statements were available to be issued.

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, 2011

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 ‘measureable’ 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, 2011

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, 2011

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
66,574	2,756,404	2,822,978	2,807,407

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, 2011, restricted cash and cash equivalent balances are:

	General Fund	Jail Addition Fund	Total
Capital improvement	504,138	-	504,138
Maintenance	35,425	-	35,425
911 Center	156,118	-	156,118
Bond reserve	-	56	56
Total restricted	695,681	56	695,737

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2011

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, 2011:

	10/31/10	Reclassifications	Additions	Disposals	10/31/11
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	8,288,712	-	38,432	-	8,327,144
Equipment	3,217,336	-	114,571	-	3,331,907
Furniture & fixtures	259,082	-	3,290	-	262,372
Total capital assets, being depreciated	11,765,130	-	156,293	-	11,921,423
Less accumulated depreciation for:					
Capital Assets, not being depreciated:					
Land	-	-	-	-	-
Total capital assets, not being depreciated	-	-	-	-	-
Capital Assets, being depreciated:					
Building	(5,950,259)	-	(212,562)	-	(6,162,821)
Equipment	(2,349,404)	-	(214,160)	-	(2,563,564)
Furniture & fixtures	(188,913)	-	(10,323)	-	(199,236)
Total accumulated depreciation	(8,488,576)	-	(437,045)	-	(8,925,621)
Total capital assets, being depreciated, net	3,276,554	-	(280,752)	-	2,995,802
Governmental activities capital assets, net	3,835,129	-	(280,752)	-	3,554,377

The depreciation expense for the year ended October 31, 2011, was \$437,045 .

NOTE 4 – FUND BALANCE DEFICIT

The 911 Center fund carried a deficit balance of \$543,882 at October 31, 2011.

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of October 31, 2011 is as follows:

Public Service Building – general	(12,890)
Public Service Building – maintenance	1,299
Public Service Building - capital improvements	1,416
Courthouse Operating and Maintenance	(3,517)
Jail Design and Construction	(889,124)
Jail Addition Revenue	(239,511)
Jail Operating and Maintenance	(243,734)
Juvenile Detention	1,386,061
Total interfund effect	-

DANVILLE PUBLIC BUILDING COMMISSION  
 NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
 October 31, 2011

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, 2011 the liability due to the County for excess revenues from this lease totaled \$117,213.

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, 2011 the receivable due from the County for excess expenditures from this construction lease totaled \$30,940.

At the end of the Jail addition lease, all remaining assets will be transferred to the County and City. As of October 31, 2011 the liability due to the County for excess revenues from this lease totaled \$2,313,424. The receivable due from the City for excess expenses from this lease totaled \$2,425,227.

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
2012	300,000	41,379	128,871
2013	300,000	41,124	128,871
2014	300,000	45,254	128,871
2015	300,000	43,712	128,871
2016	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, 2011 the gross rental income was \$217,000.

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, 2011 net rental receipts were in excess of funds by \$16,990. 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, 2011

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	(566,067)	(463,683)	(180,778)	(1,210,528)
Unearned interest	(279,007)	(536,776)	(1,675,497)	(2,491,280)
Net investment in direct financing lease	1,732,346	2,899,541	1,873,596	6,505,483
Principal payments received to date	(722,643)	(736,317)	-	(1,458,960)
<b>TOTAL</b>	<b>1,009,703</b>	<b>2,163,224</b>	<b>1,873,596</b>	<b>5,046,523</b>

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

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
2016	96,757	236,221	-	332,978
Thereafter	558,498	1,065,152	1,873,596	3,497,246
<b>TOTAL</b>	<b>1,009,703</b>	<b>2,163,224</b>	<b>1,873,596</b>	<b>5,046,523</b>

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, 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, 2011

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, 2011 net rental receipts were in excess of the funds required. Accordingly, refunds of the excess will be made as follows:

City of Danville, Illinois	163,707
County of Vermilion, Illinois	<u>955,631</u>
	<u>1,119,338</u>

The amount of the check that the County will receive for their rebate will be reduced by \$118,609. These funds will be retained by the Danville Public Building Commission and transferred to the Assigned Personnel Fund as requested by Vermilion County.

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, 2011

NOTE 7 – LONG-TERM DEBT

Public Safety Building Addition and Juvenile Detention Center Revenue Bonds outstanding net of unamortized premium and issuance cost of \$4,530 and \$24,654 respectively, at October 31, 2011, 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
12/01/11	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, 2011	<u>1,025,000</u>	



DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2011

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 \$8,777 and \$123,453 respectively, at October 31, 2011, 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
12/01/11	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, 2011	<u>4,510,000</u>	

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2011

NOTE 7 – LONG TERM DEBT (cont.)

	<u>Balance 10/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 10/31/11</u>
Public Safety Building & Juvenile Detention Center Revenue Bonds	1,105,000	-	80,000	1,025,000
Public Safety Building & Juvenile Detention Center Revenue Bonds	<u>4,665,000</u>	<u>-</u>	<u>155,000</u>	<u>4,510,000</u>
TOTAL	<u>5,770,000</u>	<u>-</u>	<u>235,000</u>	<u>5,535,000</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	945,000	1,025,000
Public Safety Building & Juvenile Detention Center Revenue Bonds	<u>160,000</u>	<u>4,350,000</u>	<u>4,510,000</u>
	<u>240,000</u>	<u>5,295,000</u>	<u>5,535,000</u>

DANVILLE PUBLIC BUILDING COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT.)  
October 31, 2011

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, 2011 Commission employees had \$254,591 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, 2011, the Commission was involved in the following construction management agreement:

Public Library - The Commission received \$4,064 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, 2011

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 \$225,303. 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 requires 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 2010 was 8.53 percent of annual covered payroll. The Danville Public Building Commission's annual required contribution rate for calendar year 2010 was 12.85 percent. 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, 2011

NOTE 13 - ILLINOIS MUNICIPAL RETIREMENT FUND (cont.)

*Annual Pension Cost.* For calendar year ending December 31, 2010, the Danville Public Building Commission's actual pension cost for the Regular plan was \$122,558. Its required contribution for 2010 was \$184,627.

**Three-Year Trend Information for the Regular Plan**

<b>Calendar Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/10	184,627	66%	\$0
12/31/09	47,422	100%	\$0
12/31/08	67,765	100%	\$0

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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 20% corridor between the actuarial and market value of assets. The Danville Public Building Commission's Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 75.73 percent funded. The actuarial accrued liability for benefits was \$3,618,186 and the actuarial value of assets was \$2,739,974, resulting in an underfunded actuarial accrued liability (UAAL) of \$878,212. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$1,436,784 and the ratio of the UAAL to the covered payroll was 61 percent.

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 in increasing or decreasing over time relative to the actuarial accrued liability for benefits.

DANVILLE PUBLIC BUILDING COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
October 31, 2011

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 )
12/31/10	2,739,974	3,618,186	878,212	75.73%	1,436,784	61.12%
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%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$2,954,302. On a market basis, the funded ratio would be 81.65%.

DANVILLE PUBLIC BUILDING COMMISSION  
STATEMENT OF CHANGES IN RESERVED ACCOUNTS – GENERAL FUND  
(Year Ended October 31, 2011)

	Communication Center	Assigned Personnel	Lease	Burglar Alarm	Management Agreements	Capital Improvements	Maintenance	911 Center	Total	Eliminating Entries	Total
OPERATING REVENUES											
Rent	1,143,876	2,228,719	2,310,582	-	-	100,000	50,000	115,000	5,948,177	-	5,948,177
Rebate	-	117,580	-	-	-	-	-	-	117,580	-	117,580
Salary reimbursement	-	-	8,205	-	4,064	-	-	-	12,269	-	12,269
Interest	-	-	3,509	29	45	358	33	108	4,082	-	4,082
Miscellaneous	-	-	505	384	-	-	-	-	889	-	889
Total operating revenues	1,143,876	2,346,299	2,322,801	413	4,109	100,358	50,033	115,108	6,082,997	-	6,082,997
OPERATING EXPENDITURES											
Administrative	-	-	121,061	-	-	-	-	-	121,061	-	121,061
Operations and maintenance	-	-	1,243,713	-	-	-	-	-	1,243,713	-	1,243,713
Communications	979,211	-	-	-	-	-	-	-	979,211	-	979,211
Assigned personnel and dietary	-	2,316,743	-	-	-	-	-	-	2,316,743	-	2,316,743
Capital Outlay	7,537	-	25,208	-	-	93,284	30,264	-	156,293	-	156,293
Total operating expenditures	986,748	2,316,743	1,389,982	-	-	93,284	30,264	-	4,817,021	-	4,817,021
INCOME FROM OPERATIONS	157,128	29,556	932,819	413	4,109	7,074	19,769	115,108	1,265,976	-	1,265,976
NON-OPERATING INCOME (EXPENDITURES)											
Excess earnings due to governmental units	(157,128)	(29,556)	(932,818)	-	-	-	-	-	(1,119,502)	-	(1,119,502)
Excess earnings due to Capital Improvements	-	-	(1)	-	-	-	-	-	(1)	1	-
Excess earnings due from lease	-	-	-	-	-	1	-	-	1	(1)	-
NET INCOME (LOSS)	-	-	-	413	4,109	7,075	19,769	115,108	146,474	-	146,474
NET ASSETS, BEGINNING OF YEAR	-	-	-	39,152	58,668	476,640	16,955	(658,990)	(67,575)	-	(67,575)
NET ASSETS, END OF YEAR	-	-	-	39,565	62,777	483,715	36,724	(543,882)	78,899	-	78,899