

**KENDALL COUNTY
PUBLIC BUILDING COMMISSION**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
OCTOBER 31, 2011**

Prepared by:

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CERTIFIED PUBLIC ACCOUNTANTS

COUNTY OF KENDALL, ILLINOIS

Table of Contents

| | PAGE |
|--------------------------------------------------------------------------------------------------------------|-------|
| INDEPENDENT AUDITORS' REPORT..... | 1-2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)..... | 3-7 |
| FINANCIAL STATEMENTS | |
| Government-wide Financial Statement- Statement of Net Assets (Statement A)..... | 8 |
| Government-wide Financial Statement- Statement of Activities (Statement B)..... | 9 |
| Balance Sheet – Governmental Funds (Statement C)..... | 10 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Statement D)..... | 11 |
| Balance Sheet – Proprietary Funds (Statement E)..... | 12 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds (Statement F) | 13 |
| Statement of Cash Flows – Proprietary Funds (Statement G) | 14 |
| NOTES TO FINANCIAL STATEMENTS..... | 15-26 |
| <i>Required Supplementary Information:</i> | |
| Administration Fund: | |
| Statement of Assets, Liabilities, and Fund Balance Arising from Cash Transactions (Schedule A-1) | 27 |
| Statement of Revenues, Expenditures, and Changes In Fund Balance (Schedule A-2) | 27 |

COUNTY OF KENDALL, ILLINOIS

Table of Contents

Surplus Fund:

Statement of Assets, Liabilities, and Fund Balance
Arising from Cash Transactions (Schedule A-3)28

Statement of Revenues, Expenditures, and Changes
In Fund Balance (Schedule A-4).....28

Proprietary Fund Types:

Combining Balance Sheet (Schedule C-1)29

Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings (Schedule C-2)30

Supplemental Data:

Assessed Valuations (Schedule 1)31

Legal Debt Margin (Schedule 2)31

Report on Internal Control Over Financial Reporting and
On Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards*32-33

INDEPENDENT AUDITORS' REPORT



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Independent Auditor's Report

To the Board of Commissioners
Kendall County Public Building Commission
Yorkville, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kendall County Public Building Commission, Illinois, as of and for the year ended October 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kendall County Public Building Commission, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, each major fund, and the aggregate remaining fund information of the Kendall County Public Building Commission, Illinois, as of October 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011, on our consideration of the Kendall County Public Building Commission, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kendall County Public Building Commission, Illinois' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
December 14, 2011

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Management's Discussion and Analysis (Unaudited) For the Year Ended October 31, 2011

Our discussion and analysis of the Kendall County Public Building Commission's (Commission) financial performance provides an overview of the Commission's financial activities for the fiscal year ended October 31, 2011, within the limitations of the Commission's modified accrual basis of accounting. Please read it in conjunction with the Kendall County Public Building Commission's financial statements that begin on page 8.

FINANCIAL HIGHLIGHTS

- The Commission's Governmental Activities total revenues were greater than total expenditures, on the modified accrual basis of accounting, by \$27,034, for the year.
- The Commission's governmental funds and business-type funds ended the year with balances of \$880,190 and \$2,599,539 respectively.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Commission's modified accrual basis of accounting.

Report Components

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements (government-wide and fund statements) including notes to the financial statements, and required supplementary information. The basic financial statements include three kinds of statements that present different views of the Public Building Commission:

- The Statement of Net Assets and Statement of Activities provide information on government-wide statements and are in the modified accrual basis method of accounting. The statements present an aggregated view of the Public Building Commission.
- The focus of government and proprietary fund financial statements is on major funds. Combining columns for internal service funds because they are exempt from the major fund reporting requirements. However, all funds are presented in the combining statements.
- The remaining statements are Fund Financial Statements that focus on individual parts of the Public Building Commission, reporting more details statements than the government-wide statements. The fund statements are presented on an accrual basis of accounting, the method the Commission uses for internal accounting.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded information and detail regarding the information reported in the statements.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Management's Discussion and Analysis (Unaudited) For the Year Ended October 31, 2011

Required Supplementary Information: This Management's Discussion and Analysis represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the Commission-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Basis of Accounting

The government-wide financial statements have elected to report information about the Commission using modified accrual basis of accounting, other than generally accepted accounting principles. Accrual basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues and expenses and, related assets and liabilities are recorded when they occur rather than from cash transactions. Depreciation expense on capital assets are reported in the government wide and proprietary statements.

Reporting the Kendall County Public Building Commission as a Whole

The Public Building Commission's Entity Presentation

This annual report includes all activities for which the Commission is fiscally responsible. These activities are defined as the Commission's reporting entity.

The Government-Wide Statement of Net Assets and the Statement of Activities

The General Fund and Proprietary Fund Statement of Net Assets includes all of the Commission's net assets and how they have changed. The difference between the Commission's assets and liabilities are another way to measure the Commission's overall financial position. All of the current year's revenues and expenses are accounted for in the Statement of Activities' regardless of when cash is received or paid. The Statement helps to answer the question "is the Commission as a whole better off or worse off as a result of the year's activities?" These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private companies. Over time, increases or decreases in the Commission's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

In the Statement of Net Assets and the Statement of Activities, we divide the Commission into two kinds of activities:

- Governmental activities—The Construction Fund, Administration Fund, and Surplus Fund make up the Commissions governmental activities. These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and administrative expenditures.
- Business-type activities—The Courthouse and Public Safety Funds make up the Commission's business-type activities. The Commission charges rent to help it cover all or most of the cost of certain services it provides. The Commissions rental income is reported in these funds.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Management's Discussion and Analysis (Unaudited) For the Year Ended October 31, 2011

The Fund Financial Statements

The fund financial statements provide more detailed information about the Commission's funds, focusing on its most significant or "major" funds – not the Commission as a whole. Funds are accounting devices the Commission uses to keep track of specific sources of funding and spending on particular programs. Some Funds are required by state law and by bond covenants. The Commission can establish other funds to control and manage monies for particular purposes or to show that it is properly using certain revenues. The Commission's two kinds of funds—*governmental and proprietary*—use different accounting approaches.

- Governmental funds—focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash.
- Proprietary funds—When the Commission charges customers for the services it provides—whether to outside customers or to other units of the County—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Commission's enterprise funds (a component of proprietary funds) are business-type funds. We provide more detail and additional information, such as cash flows, for proprietary funds. We use revenue funds (the other component of proprietary funds) to report activities that provide supplies and services for the Commission's other programs and activities.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Management's Discussion and Analysis (Unaudited)
For the Year Ended October 31, 2011

Changes in Net Assets—Modified Accrual Basis

For the year ended October 31, 2011, net assets of the Public Building Commission (resulting from modified accrual basis transactions) changed as follows:

| | Governmental Activities | | Business-type Activities | | Totals | | Total Percentage Change |
|--------------------------------------|----------------------------|---------------|-----------------------------|------------------|------------------|------------------|-------------------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2010/2011 |
| Revenues | | | | | | | |
| Program revenues | | | | | | | |
| Fees and charges for services | \$ - | - | 2,654,917 | 2,481,811 | 2,654,917 | 2,481,811 | 6.97% |
| General revenues | | | | | | | |
| Investment income | 2,888 | 3,972 | 865 | 2,132 | 3,753 | 6,104 | -38.52% |
| Rental income | 89,083 | 28,189 | - | - | 89,083 | 28,189 | 216.02% |
| Miscellaneous | - | 1,000 | - | - | - | 1,000 | -100.00% |
| Total revenues | 91,971 | 33,161 | 2,655,782 | 2,483,943 | 2,747,753 | 2,517,104 | 9.16% |
| Expenses | | | | | | | |
| General government | | | | | | | |
| Professional services | 5,271 | 35,943 | - | - | 5,271 | 35,943 | -85.34% |
| Debt service | - | - | 222,302 | 293,651 | 222,302 | 293,651 | -24.30% |
| Unallocated depreciation | 35,031 | 30,849 | 1,202,291 | 1,255,555 | 1,237,322 | 1,286,404 | -3.82% |
| Total expenses | 40,302 | 66,792 | 1,424,593 | 1,549,206 | 1,464,895 | 1,615,998 | -9.35% |
| Excess (deficiency) before transfers | 51,669 | (33,631) | 1,231,189 | 934,737 | 1,282,858 | 901,106 | 42.36% |
| Transfers | 834 | - | (834) | - | - | - | N/A |
| Increase in net assets | 52,503 | (33,631) | 1,230,355 | 934,737 | 1,282,858 | 901,106 | 42.36% |
| Net assets, beginning of year | 1,220,736 | 1,254,367 | 18,877,490 | 17,942,754 | 20,098,226 | 19,197,121 | 4.69% |
| Net assets, end of year | 1,273,239 | 1,220,736 | 20,107,845 | 18,877,490 | 21,381,084 | 20,098,226 | 6.38% |

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Management's Discussion and Analysis (Unaudited)
October 31, 2011

Net Assets--Modified Accrual Basis

The Commission's combined net assets, resulting from modified accrual basis transactions, are shown with comparable figures from 2010.

| | Governmental Activities | | Business-type Activities | | Totals | | Totals Percentage Change |
|-----------------------------|-------------------------|------------------|--------------------------|-------------------|-------------------|-------------------|--------------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2010-2011 |
| <u>Assets</u> | | | | | | | |
| Current and other assets | \$ 880,190 | 852,322 | 2,689,643 | 2,457,257 | 3,569,833 | 3,309,579 | 7.86% |
| Capital assets | | | | | | | |
| Land | - | - | 2,690,000 | 2,690,000 | 2,690,000 | 2,690,000 | 0.00% |
| Buildings | - | - | 31,080,145 | 31,080,145 | 31,080,145 | 31,080,145 | 0.00% |
| Building improvements | 427,355 | 373,819 | - | - | 427,355 | 373,819 | 14.32% |
| Equipment | 113,810 | 107,680 | 1,264,038 | 1,264,038 | 1,377,848 | 1,371,718 | 0.45% |
| Accumulated depreciation | (148,116) | (113,085) | (11,790,877) | (10,588,586) | (11,938,993) | (10,701,671) | 11.56% |
| Total assets | <u>1,273,239</u> | <u>1,220,736</u> | <u>25,932,949</u> | <u>26,902,854</u> | <u>27,206,188</u> | <u>28,123,590</u> | -3.26% |
| <u>Liabilities</u> | | | | | | | |
| Current liabilities | - | - | 90,104 | 120,364 | 90,104 | 120,364 | -25.14% |
| Due in one year | - | - | 2,520,000 | 2,170,000 | 2,520,000 | 2,170,000 | 16.13% |
| Due in more than one year | - | - | 3,215,000 | 5,735,000 | 3,215,000 | 5,735,000 | -43.94% |
| Total liabilities | <u>-</u> | <u>-</u> | <u>5,825,104</u> | <u>8,025,364</u> | <u>5,825,104</u> | <u>8,025,364</u> | -27.42% |
| <u>Net assets</u> | | | | | | | |
| Invested in capital | | | | | | | |
| Assets, net of related debt | 393,049 | 368,414 | 17,508,306 | 16,540,597 | 17,901,355 | 16,909,011 | 5.87% |
| Restricted | 880,190 | 852,322 | 2,599,539 | 2,336,893 | 3,479,729 | 3,189,215 | 9.11% |
| Total net assets | <u>\$ 1,273,239</u> | <u>1,220,736</u> | <u>20,107,845</u> | <u>18,877,490</u> | <u>21,381,084</u> | <u>20,098,226</u> | 6.38% |

FINANCIAL STATEMENTS

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Statement A

Government-wide Financial Statement- Statement of Net Assets
October 31, 2011

| | Primary Government | | | |
|----------------------------------------------------|----------------------------|-------------------------------------------------|-------------------|-------------------|
| | Governmental Activities | Business-Type Activities Revenue Funds | Total | |
| | | | 2011 | 2010 |
| <u>Assets</u> | | | | |
| Cash | \$ 880,190 | 2,689,643 | 3,569,833 | 3,309,579 |
| Capital assets | | | | |
| Land | - | 2,690,000 | 2,690,000 | 2,690,000 |
| Buildings | - | 31,080,145 | 31,080,145 | 31,080,145 |
| Building improvements | 427,355 | - | 427,355 | 373,819 |
| Equipment | 113,810 | 1,264,038 | 1,377,848 | 1,371,718 |
| Accumulated depreciation | (148,116) | (11,790,877) | (11,938,993) | (10,701,671) |
| Total assets | <u>\$ 1,273,239</u> | <u>25,932,949</u> | <u>27,206,188</u> | <u>28,123,590</u> |
| <u>Liabilities</u> | | | | |
| Accrued interest payable | \$ - | 90,104 | 90,104 | 120,364 |
| Due in one year | - | 2,520,000 | 2,520,000 | 2,170,000 |
| Due in more than one year | - | 3,215,000 | 3,215,000 | 5,735,000 |
| Total liabilities | <u>-</u> | <u>5,825,104</u> | <u>5,825,104</u> | <u>8,025,364</u> |
| <u>Net Assets</u> | | | | |
| Invested in capital assets, net of related debt | 393,049 | 17,508,306 | 17,901,355 | 16,909,011 |
| Restricted | | | | |
| Authorized expenditures | 880,190 | - | 880,190 | 852,322 |
| Restricted accounts | - | 2,599,539 | 2,599,539 | 2,336,893 |
| Total net assets | <u>\$ 1,273,239</u> | <u>20,107,845</u> | <u>21,381,084</u> | <u>20,098,226</u> |

The Notes to Financial Statements are an integral part of this statement.

Government-wide Financial Statement- Statement of Activities
For the Year Ended October 31, 2011

| Program Activities | Expenses | Program Revenues | | | Net (Expenses) Revenue And Changes in Net Assets | | 2011 | 2010 | |
|---------------------------------------|---------------------|-------------------------------------|------------------------------------------|----------------------------------------|-----------------------------------------------------|-----------------------------|------------------|-----------------|---------------|
| | | Fees and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 5,271 | - | - | - | (5,271) | - | (5,271) | (35,943) | |
| Unallocated depreciation | 35,031 | - | - | - | (35,031) | - | (35,031) | (30,849) | |
| Total governmental activities | 40,302 | - | - | - | (40,302) | - | (40,302) | (66,792) | |
| Business-type activities: | | | | | | | | | |
| Professional services | - | 2,654,917 | - | - | - | 2,654,917 | 2,654,917 | 2,481,811 | |
| Debt service | 222,302 | - | - | - | - | (222,302) | (222,302) | (293,651) | |
| Unallocated depreciation | 1,202,291 | - | - | - | - | (1,202,291) | (1,202,291) | (1,255,555) | |
| Total business-type activities | 1,424,593 | 2,654,917 | - | - | - | 1,230,324 | 1,230,324 | 932,605 | |
| Total primary government | \$ 1,464,895 | 2,654,917 | - | - | (40,302) | 1,230,324 | 1,190,022 | 865,813 | |
| | | | | | General revenues | | | | |
| | | | | | Interest on investments | 2,888 | 865 | 3,753 | 6,104 |
| | | | | | Rental Income | 89,083 | - | 89,083 | 28,189 |
| | | | | | Miscellaneous | - | - | - | 1,000 |
| | | | | | Transfers (to) from | 834 | (834) | - | - |
| | | | | | Total general revenues | 92,805 | 31 | 92,836 | 35,293 |
| | | | | | Change in net assets | 52,503 | 1,230,355 | 1,282,858 | 901,106 |
| | | | | | Net assets at beginning of year | 1,220,736 | 18,877,490 | 20,098,226 | 19,197,121 |
| | | | | | Net assets at end of year | \$ 1,273,239 | 20,107,845 | 21,381,084 | 20,098,226 |

The Notes to Financial Statements are an integral part of this statement.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Statement C

**Balance Sheet - Governmental Funds
October 31, 2011**

| | Administration Fund | Surplus Fund | Total 2011 | Total 2010 |
|-----------------------------------------|------------------------|-----------------|----------------|----------------|
| <u>Assets</u> | | | | |
| Cash | \$ 333,600 | 546,590 | 880,190 | 852,322 |
| Total assets | <u>\$ 333,600</u> | <u>546,590</u> | <u>880,190</u> | <u>852,322</u> |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities | \$ - | - | - | - |
| Fund balances: | | | | |
| Reserved for authorized expenditures | 333,600 | 546,590 | 880,190 | 852,322 |
| Total fund balances | <u>333,600</u> | <u>546,590</u> | <u>880,190</u> | <u>852,322</u> |
| Total liabilities and fund balances | <u>\$ 333,600</u> | <u>546,590</u> | | |

Reconciliation to Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets are different because:

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|
| Capital assets used in governmental activities of \$481,499, net of accumulated depreciation of \$113,085, are not financial resources and, therefore, are not reported in the funds. | <u>393,049</u> | <u>368,414</u> |
| Net assets of governmental activities | <u>\$ 1,273,239</u> | <u>1,220,736</u> |

The Notes to Financial Statements are an integral part of this statement.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

**Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Fiscal Year Ended October 31, 2011**

| | Administration Fund | Surplus Fund | Total 2011 | Total 2010 |
|---------------------------------------------------|------------------------|-----------------|---------------|------------------|
| Revenues: | | | | |
| Investment income | \$ 1,404 | 1,484 | 2,888 | 3,972 |
| Rental income | - | 89,083 | 89,083 | 28,189 |
| Other income | - | - | - | 1,000 |
| Total revenues | 1,404 | 90,567 | 91,971 | 33,161 |
| Expenditures: | | | | |
| Current | | | | |
| Administrative expenditures | - | 535 | 535 | 1,020 |
| Project costs | - | - | - | 85,760 |
| Bank fees | - | - | - | 1,969 |
| Audit expenditures | - | 2,800 | 2,800 | 2,700 |
| Professional services | - | - | - | 3,806 |
| Repairs | - | 1,936 | 1,936 | 23,581 |
| Reimbursement | - | - | - | 340 |
| Miscellaneous | - | - | - | - |
| Capital outlay | - | 59,666 | 59,666 | 60,781 |
| Total expenditures | - | 64,937 | 64,937 | 179,957 |
| Excess (deficiency) of revenues over expenditures | 1,404 | 25,630 | 27,034 | (146,796) |
| Other financing sources (uses): | | | | |
| Transfers out | (2,800) | - | (2,800) | (3,576) |
| Transfers in | - | 3,634 | 3,634 | 3,576 |
| Total other financing sources (uses) | (2,800) | 3,634 | 834 | - |
| Net change in fund balances | (1,396) | 29,264 | 27,868 | (146,796) |
| Fund balances - beginning | 334,996 | 517,326 | 852,322 | 999,118 |
| Fund balances - ending | \$ 333,600 | 546,590 | 880,190 | 852,322 |

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ 27,868 (146,796)

Amounts reported for governmental activities in the Statement of activities are different because:

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. The change in fund balance must be increased by capital purchases and decreased by depreciation expense.

| | | |
|---------------------------------------------------------------|-----------|----------|
| Capital asset purchases capitalized | 59,666 | 144,014 |
| Depreciation | (35,031) | (30,849) |
| Change in net assets of governmental activities (Statement B) | \$ 52,503 | (33,631) |

The Notes to Financial Statements are an integral part of this statement.

**Balance Sheet - Proprietary Funds
October 31, 2011**

| | Revenue Funds | 2011 | Total 2010 |
|-------------------------------------------------|----------------------|-------------------|-------------------|
| <u>Assets</u> | | | |
| Cash | \$ 2,689,643 | 2,689,643 | 2,457,257 |
| Capital Assets: | | | |
| Land | 2,690,000 | 2,690,000 | 2,690,000 |
| Buildings | 31,080,145 | 31,080,145 | 31,080,145 |
| Equipment | 1,264,038 | 1,264,038 | 1,264,038 |
| Accumulated deprecation | (11,790,877) | (11,790,877) | (10,588,586) |
| Total assets | <u>\$ 25,932,949</u> | <u>25,932,949</u> | <u>26,902,854</u> |
| <u>Liabilities and Net Assets</u> | | | |
| Liabilities: | | | |
| Accrued interest payable | \$ 90,104 | 90,104 | 120,364 |
| Due in one year | 2,520,000 | 2,520,000 | 2,170,000 |
| Due in more than one year | 3,215,000 | 3,215,000 | 5,735,000 |
| Total liabilities | <u>5,825,104</u> | <u>5,825,104</u> | <u>8,025,364</u> |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 17,508,306 | 17,508,306 | 16,540,597 |
| Reserved for restricted accounts | 2,599,539 | 2,599,539 | 2,336,893 |
| Total net assets | <u>\$ 20,107,845</u> | <u>20,107,845</u> | <u>18,877,490</u> |

The Notes to Financial Statements are an integral part of this statement.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Statement of Revenues, Expenses, and Changes in Fund Net Assets-
 Proprietary Funds
 For the Year Ended October 31, 2011

| | Business-Type activities | | |
|-----------------------------------------|--------------------------|------------|---------------|
| | Revenue Funds | 2011 | Total 2010 |
| Operating revenues | | | |
| Rental income | \$ 2,654,917 | 2,654,917 | 2,481,811 |
| Total operating revenues | 2,654,917 | 2,654,917 | 2,481,811 |
| Operating expenses | | | |
| Depreciation | 1,202,291 | 1,202,291 | 1,255,555 |
| Total operating expenses | 1,202,291 | 1,202,291 | 1,255,555 |
| Operating income (loss) | 1,452,626 | 1,452,626 | 1,226,256 |
| Non-operating revenue (expense): | | | |
| Investment income | 865 | 865 | 2,132 |
| Interest | (222,302) | (222,302) | (293,651) |
| Total non-operating revenues (expenses) | (221,437) | (221,437) | (291,519) |
| Other financing sources (uses): | | | |
| Transfers in | - | - | - |
| Transfers (out) | (834) | (834) | - |
| Total other financing sources (uses) | (834) | (834) | - |
| Net income | 1,230,355 | 1,230,355 | 934,737 |
| Net assets - beginning | 18,877,490 | 18,877,490 | 17,942,754 |
| Net assets - ending | \$ 20,107,845 | 20,107,845 | 18,877,490 |

The Notes to Financial Statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended October 31, 2011

| | Revenue Funds | Totals |
|------------------------------------------------------------------------------------------------------|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 2,654,917 | 2,654,917 |
| Net cash provided by operating activities | <u>2,654,917</u> | <u>2,654,917</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Operating subsidies and transfers to other funds | (834) | (834) |
| Net cash (used) from noncapital financing activities | <u>(834)</u> | <u>(834)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Principal paid on capital debt | (2,170,000) | (2,170,000) |
| Interest paid on capital debt | (252,562) | (252,562) |
| Net cash (used) by capital and related financing activities | <u>(2,422,562)</u> | <u>(2,422,562)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest and dividends | 865 | 865 |
| Net cash provided by investing activities | <u>865</u> | <u>865</u> |
| Net (decrease) in cash and cash equivalents | 232,386 | 232,386 |
| Balances--beginning of the year | <u>2,457,257</u> | <u>2,457,257</u> |
| Balances--end of the year | <u>\$ 2,689,643</u> | <u>2,689,642</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | |
| Operating income (loss) | 1,452,626 | 1,452,626 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | |
| Depreciation expense | 1,202,291 | 1,202,291 |
| Net cash provided by operating activities | <u>\$ 2,654,917</u> | <u>2,654,917</u> |

The Notes to Financial Statements are an integral part of this statement.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Notes to Financial Statements For the Year Ended October 31, 2011

Note 1: Summary of Significant Accounting Policies

These financial statements are presented on a modified accrual basis of accounting. This modified basis of accounting is accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the Commission's financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified accrual basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

(a) Authorizing Legislation

The Kendall County Public Building Commission is a municipal corporation and a body corporate and politic of the State of Illinois, in accordance with the provisions of the "Public Building Commission Act", (the "Act") approved July 5, 1965, as amended. Under the Act, the Commission is authorized to borrow money from time to time, and in evidence thereof, to issue and sell its revenue bonds to provide funds for its financial expenses. Bonds issued by the Commission are declared by the Act to be negotiable instruments and are payable solely from the income and revenue derived from the operation, management or use of buildings acquired with the proceeds thereof, including payments received through leases or other contracts. The bonds do not constitute an indebtedness of the Commission within the meaning of any constitutional or statutory limitation as to debt; nor, as provided in the Act, are the bonds payable from any other source and the owners of the bonds shall have no claim against the property of the Commission for the payment thereof. No other entities are appropriate for inclusion in the financial statements of the Commission.

The Kendall County Public Building Commission was created by a resolution of Kendall County adopted by the Kendall County Board (the "County Board") on May 10, 1988 as a multi-purpose Commission, to provide for the financing to acquire the site, construct, and equip a new jail facility to be leased by the County. The Commission's five Commissioners are appointed for staggered terms by the County Board Chairman with the consent of the County Board. Subsequent Commissioners will also be appointed by the County Board Chairman with the consent of the County Board. The Commission is a component unit of Kendall County.

The Commission is organized as a multi-purpose Commission with the authority to issue bonds or notes to finance the acquisition and construction of public building facilities for the County.

(b) Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Notes to Financial Statements For the Year Ended October 31, 2011

Note 1: Summary of Significant Accounting Policies (continued)

(b) *Basis of Presentation (continued)*

activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Public Building Commission or meets the following criteria:

- a. at least 10 percent of the corresponding total for all funds of total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at that category or type, and
- b. total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Activities - are used to account for financial resources to be used for the acquisition or construction of major capital facilities under permanently financed projects and administrative expenditures. There were two major governmental activities funds during the current fiscal year.

- Administrative Fund - accounts for general operations of the Commission, and
- Surplus Fund - accounts for project costs related to the Commission.

Business-Type Activities - are used to account for lease payments from lessees and to pay for principal and interest. The major business-type activity during the current fiscal year was the Revenue Fund. This fund is used to account for bond principal and interest payments, expenditures related to bond issuance, and rental income.

Measurement Focus

In the government-wide Statement of Net Assets and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus, using the modified accrual basis of accounting.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Notes to Financial Statements For the Year Ended October 31, 2011

Note 1: Summary of Significant Accounting Policies (continued)

(b) Basis of Presentation (continued)

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the accrual basis of accounting, is used as appropriate.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net asset (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

(c) Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities are presented using a modified accrual basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they occur and not when they result from cash transactions. Depreciation is reported in the government-wide statements. This basis is generally accepted accounting principles in the United States of America.

As a result of the use of this modified accrual basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are recorded in these financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Notes to Financial Statements For the Year Ended October 31, 2011

Note 1: Summary of Significant Accounting Policies (continued)

(c) Basis of Accounting (continued):

| | |
|-------------------------------------|---------------|
| Buildings | 27.5 years |
| Building Improvements | 20 years |
| Machinery, furniture, and equipment | 10 – 15 years |

(d) Capital Assets

Fund Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements

(e) Long-term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental resources is reported as liabilities in the government-wide statements.

(f) Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets—All other net assets that do not meet the definitions of “restricted” or “invested in capital assets, net of related debt.”

All amounts held within each account of the Revenue Funds, proprietary fund types, are restricted by the covenants of the respective revenue bond issue. See Notes 3 and 4. The amounts held in the Construction Fund, governmental fund type, are restricted for the respective construction projects or, if construction is completed, to be transferred to the Revenue Fund surplus account, and utilized in accordance with those restrictions.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Notes to Financial Statements For the Year Ended October 31, 2011

Note 1: Summary of Significant Accounting Policies (continued)

(g) Capitalized Lease Receivables

Leases receivable, discounted at the effective interest rate of the bond issue, is reflected as an asset in the respective Revenue Fund. The portion of the lease receivable attributable to administrative, operations and maintenance expenses, renewal and replacement and other period charges is not capitalized as a lease receivable. The outstanding revenue bonds are reflected as a liability in the Revenue Fund of the respective bond series.

(h) Project Cost

Included in construction cost are all costs incurred by the Commission in constructing, acquiring or enlarging public improvements, buildings and facilities. Also included is a pro rata share of any expenses incurred by the Commission which are reasonably necessary or incident to the placing of these projects in operation. The accumulated construction costs represent assets of the lessee.

(i) Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Commission's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

(j) Total Column on Combined Statements – Overview

The total column on the combined balance sheet is captioned Memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have been made in the aggregation of this data.

Note 2: Cash and Cash Equivalents

For reporting purposes, this includes bank accounts, and all short-term investments such as certificates of deposit, governmental money market funds and repurchase agreements. All amounts are stated at cost, which approximates market.

At October 31, 2011, the carrying amount of the Commission's cash and cash equivalents was \$3,569,833, and the bank balance was \$3,569,833. The entire amount was fully insured or collateralized with securities held by an agent in the Commission's name and stated at cost, which approximates market. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Notes to Financial Statements For the Year Ended October 31, 2011

Note 2: Cash and Cash Equivalents (continued)

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|-------------|----------------------------|-------------------------|
| Category #1 | \$ - | - |
| Category #2 | 3,319,833 | 3,319,833 |
| Category #3 | 250,000 | 250,000 |
| Totals | <u>\$ 3,569,833</u> | <u>3,569,833</u> |

Category #1 Uncollateralized;

Category #2 Collateralized with securities held by pledging financial institution;

Category #3 Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

Note 3: Long-Term Obligations

The Commission's long-term debt arising from cash transactions is segregated between the amounts to be repaid from the governmental activities and amounts to be repaid from business-type activities.

Series 2003 bonds were originally issued in October of 2003 for \$9.990 million and were retired as of October 31, 2011. Series 2006B bonds were issued in February of 2006 for \$6.895 million and currently have an outstanding balance of \$5,735,000 million as of October 31, 2011.

Governmental Activities

As of October 31, 2011, there was no long-term debt arising from cash transactions in governmental funds.

Business-Type Activities

The Commission issued Revenue Bonds in accordance with the provisions of the Public Building Commission Act of the State of Illinois, approved July 5, 1955, as amended. The proceeds of the bonds are to be used to finance projects of the Commission.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

**Notes to Financial Statements
For the Year Ended October 31, 2011**

Note 3: Long-Term Obligations (continued)

The bonds payable during the fiscal year is as follows:

| | Bonds Payable October 31, 2010 | Issued | Redeemed/ Refunded | Bonds Payable October 31, 2011 | Due within one year |
|----------------|-----------------------------------|----------|-----------------------|-----------------------------------|------------------------|
| Revenue Bonds: | | | | | |
| Series 2003 | 1,400,000 | - | (1,400,000) | - | - |
| Series 2006B | 6,505,000 | - | (770,000) | 5,735,000 | 2,520,000 |
| Total | \$ 7,905,000 | - | (2,170,000) | 5,735,000 | 2,520,000 |

(A) Public Building Revenue Bond Series 2006A

All income and revenue derived from the operation of the project including rent paid pursuant to the lease agreement shall be deposited as collected to the Revenue Fund, irrevocably pledged to the payment of the bonds. Such revenues of the Revenue Fund, as required by the bond resolution, are segregated and restricted in separate special accounts in the following order of priority:

(1) Administrative Account:

\$5,000 per year of the annual lease payments shall be deposited to this account to pay administrative expenses of the Commission relating to the project and the bonds.

(2) Sinking Fund Account:

A portion of the annual rental payments shall be deposited to this account to the extent needed to increase the aggregate amount in this account equal to the sum of all interest and principal to become due and payable on the bonds, on or prior to the next June 1. Moneys in the Sinking Fund Account shall be used for payment of the principal and interest on the bonds as they shall become due and payable.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Notes to Financial Statements For the Year Ended October 31, 2011

Note 3: Long-Term Obligations (continued)

(A) Public Building Revenue Bond Series 2006A (continued)

(3) Surplus Account:

This account includes the portion of the annual rental payments remaining after making the foregoing deposits. Moneys in the surplus fund can only be used in accordance with the following order of priority.

- (a) Cure deficiencies in future payments to the Sinking Fund Account;
- (b) Increase the amount held in the Administrative Account to the sum required to pay the annual administrative expenses;
- (c) Pay costs and expenses related to the completion, reconstruction, renovation, expansion or improvement of the Project;
- (d) Pay costs and expenses related to any other project of the Commission; and
- (e) Retire bonds.

Bond Details:

The bonds are dated February 23, 2007 at a per annum interest rate range of 3.550% to 3.625%. Interest is payable June 1, 2007 and semi-annually thereafter on the first day of June and December of each year. Principal for the bonds is payable on December 1, 2007. Bonds mature annually on December 1. The bond was paid off during the current fiscal year.

Paying Agent: Amalgamated Bank of Chicago, Chicago, Illinois

The bonds are limited obligations of the Commission and are payable solely from, and secured by a pledge of, any income and revenue derived by the Commission from the project including all lease rental payments required to be paid by the County as lessee of the project under and pursuant to a lease agreement, dated as of February 23, 2007, by and between the Commission and the County which payments have been assigned and pledged by the Commission as security for the payment of the bonds. Such pledge is subject to the provisions of the resolution permitting a pledge of additional rent to secure additional revenue bonds of the Commission.

(B) Public Building Revenue Bond Series 2006B

All income and revenue derived from the operation of the project including rent paid pursuant to the lease agreement shall be deposited as collected to the Revenue Fund, irrevocably pledged to the payment of the bonds. Such revenues of the Revenue Fund, as required by the bond resolution, are segregated and restricted in separate special accounts in the following order of priority:

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Notes to Financial Statements For the Year Ended October 31, 2011

Note 3: Long-Term Obligations (continued)

(B) Public Building Revenue Bond Series 2006B (continued)

(1) Administrative Account:

\$5,000 per year of the annual lease payments shall be deposited to this account to pay administrative expenses of the Commission relating to the project and the bonds.

(2) Sinking Fund Account:

A portion of the annual rental payments shall be deposited to this account to the extent needed to increase the aggregate amount in this account equal to the sum of all interest and principal to become due and payable on the bonds, on or prior to the next June 1. Moneys in the Sinking Fund Account shall be used for payment of the principal and interest on the bonds as they shall become due and payable.

(3) Surplus Account:

This account includes the portion of the annual rental payments remaining after making the foregoing deposits. Moneys in the surplus fund can only be used in accordance with the following order of priority.

- (a) Cure deficiencies in future payments to the Sinking Fund Account;
- (b) Increase the amount held in the Administrative Account to the sum required to pay the annual administrative expenses;
- (c) Pay costs and expenses related to the completion, reconstruction, renovation, expansion or improvement of the Project;
- (d) Pay costs and expenses related to any other project of the Commission; and
- (e) Retire bonds.

Bond Details:

The bonds are dated February 23, 2007 at a per annum interest rate range of 3.625% to 3.750%, interest is payable June 1, 2008 and semi-annually thereafter on the first day of June and December of each year. Principal for the bonds is payable on December 1, 2008. Bonds mature annually on December 1.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

**Notes to Financial Statements
For the Year Ended October 31, 2011**

Note 3: Long-Term Obligations (continued)

(B) Public Building Revenue Bond Series 2006B (continued)

Schedule of Maturities:

| <u>Year Ended October 31,</u> | <u>Principal Due</u> | <u>Interest Due</u> |
|-----------------------------------|----------------------|---------------------|
| 2012 | 2,520,000 | 169,000 |
| 2013 | 2,740,000 | 70,375 |
| 2014 | 150,000 | 16,000 |
| 2015 | 160,000 | 9,800 |
| 2016 | 165,000 | 3,300 |
| Total | <u>\$ 5,735,000</u> | <u>268,475</u> |

Paying Agent: Amalgamated Bank of Chicago, Chicago, Illinois

The bonds are limited obligations of the Commission and are payable solely from, and secured by a pledge of, any income and revenue derived by the Commission from the project including all lease rental payments required to be paid by the County as lessee of the project under and pursuant to a lease agreement, dated as of February 23, 2007, by and between the Commission and the County which payments have been assigned and pledged by the Commission as security for the payment of the bonds. Such pledge is subject to the provisions of the resolution permitting a pledge of additional rent to secure additional revenue bonds of the Commission.

Note 4: Board of Commissioners

The current members of the Kendall County Public Building Commission and their terms of office are:

| <u>Commissioner</u> | <u>Expiration of Term</u> |
|---------------------|---------------------------|
| Anne Vickery | 2013 |
| Nancy Martin | 2014 |
| Bill Wykes | 2011 |
| Jessie Hafenrichter | 2015 |
| Jeff Wehrli | 2012 |

KENDALL COUNTY PUBLIC BUILDING COMMISSION

Notes to Financial Statements For the Year Ended October 31, 2011

Note 5: Lease Agreements

On February 23, 2007 a lease between the Commission and the County of Kendall was adopted. The County, in return for the construction projects, pays the following annual rental payments on or before the due date:

| 2006B Bonds: | | | |
|--------------------|---------------|--------------------|---------------|
| <u>Due Date</u> | <u>Amount</u> | <u>Due Date</u> | <u>Amount</u> |
| <u>November 1,</u> | | <u>November 1,</u> | |
| 2012 | 2,867,000 | 2014 | 183,000 |
| 2013 | 180,000 | 2015 | 180,000 |

Note 6: Intergovernmental Agreement

On October 12, 2010, the Kendall County Public Building Commission entered into an intergovernmental agreement with the City of Yorkville regarding the use of a newly constructed sanitary sewer line. The Commission expended \$175,000 for the installation of the sewer line to the new Public Safety Center. The new sewer line will serve approximately 246 acres of which 143 acres are anticipated to become part of the City of Yorkville.

This agreement allows the City permanent and temporary easements over the sewer line property for public utility and storm sewer purposes.

KENDALL COUNTY PUBLIC BUILDING COMMISSION

**Notes to Financial Statements
For the Year Ended October 31, 2011**

Note 7: Change in Capital Assets

| | Beginning Balance | Additions | Deletions | Ending Balance |
|------------------------------------------|----------------------|--------------------|-----------|---------------------|
| Governmental Activities: | | | | |
| Depreciable Capital Assets: | | | | |
| Building Improvements | \$ 373,819 | 56,176 | - | 429,995 |
| Equipment | 107,680 | 3,490 | - | 111,170 |
| Total Depreciable Capital Assets | \$ 481,499 | 59,666 | - | 541,165 |
| Accumulated Depreciation: | | | | |
| Building Improvements | (92,053) | (23,914) | - | (115,967) |
| Equipment | (21,032) | (11,117) | - | (32,149) |
| Total Accumulated Depreciation | (113,085) | (35,031) | - | (148,116) |
| Net Capital Assets, Governmental | \$ 368,414 | 24,635 | - | 393,049 |
| Business-Type Activities: | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land | \$ 2,690,000 | - | - | 2,690,000 |
| Depreciable Capital Assets: | | | | |
| Equipment | 1,264,038 | - | - | 1,264,038 |
| Building | 31,080,145 | - | - | 31,080,145 |
| Total Capital Assets | 35,034,183 | - | - | 35,034,183 |
| Accumulated Depreciation: | | | | |
| Equipment | (1,170,171) | (72,104) | - | (1,242,275) |
| Building | (9,418,415) | (1,130,187) | - | (10,548,602) |
| Total Accumulated Depreciation | (10,588,586) | (1,202,291) | - | (11,790,877) |
| Net Capital Assets, Business-type | \$ 24,445,597 | (1,202,291) | - | 23,243,306 |

Depreciation for governmental and business-type activities is unallocated.

**KENDALL COUNTY PUBLIC BUILDING COMMISSION
ADMINISTRATION FUND**

**Statements of Assets, Liabilities, and Fund Balance
Arising from Cash Transactions
10/31/2011**

| Assets | |
|-------------------------------------------------------|-------------------|
| Cash in bank | \$ 143,848 |
| Investments, at cost | 189,752 |
| | <u>\$ 333,600</u> |
| Fund Balance | |
| Fund balances - reserved for authorized expenditures: | |
| Public safety | \$ 166,800 |
| Courthouse | 166,800 |
| | <u>\$ 333,600</u> |

Schedule A-2

**Statement of Revenues, Expenditures, and Changes In Fund Balance
For the Year Ended October 31, 2011
(With Comparative Figures from 2010)**

| | Year Ended October 31, | |
|----------------------------------------------|---------------------------|----------------|
| | 2011 | 2010 |
| Revenues: | | |
| Interest on investments | \$ 1,404 | 1,502 |
| Account restructuring | - | - |
| | <u>1,404</u> | <u>1,502</u> |
| Total revenues | | |
| Expenditures: | | |
| Professional services | - | - |
| Audit expense | - | - |
| Bank fees | - | - |
| Project costs | - | - |
| Administrative expenditure | - | - |
| Account restructuring | - | - |
| | <u>-</u> | <u>-</u> |
| Total expenditures | | |
| Excess of revenues over (under) expenditures | <u>1,404</u> | <u>1,502</u> |
| Other financing sources (uses): | | |
| Transfer to other funds | (2,800) | (3,576) |
| Transfer from other funds | - | - |
| | <u>(2,800)</u> | <u>(3,576)</u> |
| Total other financing sources (uses) | | |
| Net change in fund balance | (1,396) | (2,074) |
| Fund balance, beginning of year | <u>334,996</u> | <u>337,070</u> |
| Fund balance, end of year | <u>\$ 333,600</u> | <u>334,996</u> |

**KENDALL COUNTY PUBLIC BUILDING COMMISSION
SURPLUS FUND**

**Statements of Assets, Liabilities, and Fund Balance
Arising from Cash Transactions
October 31, 2011**

| Assets | |
|-------------------------------------------------------|-------------------|
| Investments, at cost | \$ 546,590 |
| Fund Balance | |
| Fund balances - reserved for authorized expenditures: | |
| Public Safety | \$ 283,692 |
| Courthouse | 262,898 |
| | <u>\$ 546,590</u> |

Schedule A-4

**Statement of Revenues, Expenditures, and Changes In Fund Balance
For the Year Ended October 31, 2011
(With Comparative Figures from 2010)**

| | Year Ended October 31. | |
|----------------------------------------------|---------------------------|------------------|
| | 2011 | 2010 |
| Revenues: | | |
| Interest on investments | \$ 1,484 | 2,470 |
| Rental income | 89,083 | 28,189 |
| Miscellaneous income | - | 1,000 |
| Total revenues | <u>90,567</u> | <u>31,659</u> |
| Expenditures: | | |
| Bank fees | - | 1,969 |
| Project costs | - | 85,760 |
| Audit costs | 2,800 | 2,700 |
| Bond administration cost | 535 | 1,020 |
| Supplies | - | 5,826 |
| Painting | - | 3,806 |
| Reimbursement | - | 340 |
| Repairs | 1,936 | 23,581 |
| Capital outlay | 59,666 | 54,955 |
| Total expenditures | <u>64,937</u> | <u>179,957</u> |
| Excess of revenues over (under) expenditures | <u>25,630</u> | <u>(148,298)</u> |
| Other financing sources (uses): | | |
| Transfer (to) from other funds | 3,634 | 3,576 |
| Total other financing sources (uses) | <u>3,634</u> | <u>3,576</u> |
| Net change in fund balance | 29,264 | (144,722) |
| Fund balance, beginning of year | 517,326 | 662,048 |
| Fund balance, end of year | <u>\$ 546,590</u> | <u>517,326</u> |

COUNTY OF KENDALL PUBLIC BUILDING COMMISSION

Schedule C-1

Combining Balance Sheet - Proprietary Fund Types
October 31, 2011

| | Revenue Fund | | Totals | |
|-------------------------------------|---------------------|---------------|------------------|-------------------|
| | Courthouse | Public Safety | 2011 | 2010 |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 2,689,643 | - | 2,689,643 | 2,457,257 |
| Capitalized leases receivable | 5,735,000 | - | 5,735,000 | 7,905,000 |
| Total assets | <u>\$ 8,424,643</u> | <u>-</u> | <u>8,424,643</u> | <u>10,362,257</u> |
| <u>Liabilities and Fund Balance</u> | | | | |
| Liabilities: | | | | |
| Revenue bonds payable | \$ 5,735,000 | - | 5,735,000 | 7,905,000 |
| Accrued interest payable | 90,104 | - | 90,104 | 120,364 |
| Total liabilities | 5,825,104 | - | 5,825,104 | 8,025,364 |
| Fund balance | <u>2,599,539</u> | <u>-</u> | <u>2,599,539</u> | <u>2,336,893</u> |
| Total liabilities and fund balance | <u>\$ 8,424,643</u> | <u>-</u> | <u>8,424,643</u> | <u>10,362,257</u> |

COUNTY OF KENDALL PUBLIC BUILDING COMMISSION

**Combining Statement of Revenues, Expenditures, and Changes
in Retained Earnings - Proprietary Fund Types
For the Year Ended October 31, 2011**

| | Revenue Fund | | Totals | |
|----------------------------------------------|--------------|---------------|-----------|-----------|
| | Courthouse | Public Safety | 2011 | 2010 |
| Revenues - | | | | |
| Rental income | \$ 2,661,287 | (6,370) | 2,654,917 | 2,481,811 |
| Interest on investments | 421 | 444 | 865 | 2,132 |
| Total revenues | 2,661,708 | (5,926) | 2,655,782 | 2,483,943 |
| Expenditures - | | | | |
| Debt service: | | | | |
| Principal-2003 issue | - | 1,400,000 | 1,400,000 | 1,775,000 |
| Principal-2006A issue | - | - | - | 130,000 |
| Principal-2006B issue | 770,000 | - | 770,000 | 105,000 |
| Interest-2003 issue | - | 3,646 | 3,646 | 47,817 |
| Interest-2006A issue | - | - | - | 392 |
| Interest-2006B issue | 218,656 | - | 218,656 | 245,442 |
| Total expenses | 988,656 | 1,403,646 | 2,392,302 | 2,303,651 |
| Excess of revenues over (under) expenditures | 1,673,052 | (1,409,572) | 263,480 | 180,292 |
| Other financing sources (uses): | | | | |
| Transfer to other funds | - | (834) | (834) | - |
| Transfer from other funds | - | - | - | - |
| Total other financing sources (uses) | - | (834) | (834) | - |
| Net change in fund balance | 1,673,052 | (1,410,406) | 262,646 | 180,292 |
| Fund balance, beginning of year | 926,487 | 1,410,406 | 2,336,893 | 2,156,601 |
| Fund balance, end of year | \$ 2,599,539 | - | 2,599,539 | 2,336,893 |

KENDALL COUNTY PUBLIC BUILDING COMMISSIONS

Schedule 1

Assessed Valuations

| | |
|-----------------|------------------|
| Tax year - 2001 | \$ 1,177,261,438 |
| Tax year - 2002 | \$ 1,386,673,491 |
| Tax year - 2003 | \$ 1,598,750,693 |
| Tax year - 2004 | \$ 1,821,907,832 |
| Tax year - 2005 | \$ 2,132,577,040 |
| Tax year - 2006 | \$ 2,565,091,749 |
| Tax year - 2007 | \$ 3,044,564,911 |
| Tax year - 2008 | \$ 3,277,539,459 |
| Tax year - 2009 | \$ 3,369,658,049 |
| Tax year - 2010 | \$ 3,172,454,510 |

Schedule 2

**Legal Debt Margin
For the Year Ended October 31, 2011**

| | |
|---------------------------------------------------------------------------------------|-----------------------|
| Assessed valuation - 2010 tax year | \$ 3,172,454,510 |
| Statutory debt limitation (5.0% of assessed valuation) | \$ 158,622,726 |
| Total outstanding debt: Public Building Commission Revenues Bonds, Series 2006B | <u>5,735,000</u> |
| Total debt | <u>5,735,000</u> |
| Legal debt margin | <u>\$ 152,887,726</u> |

Statutory Available debt margin 5%



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Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed In Accordance with *Government Auditing Standards*

To the Board of Commissioners
Kendall County Public Building Commission
Yorkville, Illinois

We have audited the financial statements of Kendall County Public Building Commission as of and for the year ended October 31, 2011, and have issued our report thereon dated December 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Kendall County Public Building Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kendall County Public Building Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kendall County Public Building Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first

paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kendall County Public Building Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
December 14, 2011