

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS
(A Component Unit of DeKalb County, Illinois)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended
November 30, 2003

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 SYCAMORE, ILLINOIS
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SYCAMORE, ILLINOIS
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Sikich Gardner & Co, LLP
Accountants & Consultants

998 Corporate Boulevard
Aurora, IL 60504

A Member of Sikich Group, LLC

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INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman
Members of the Board of Commissioners
DeKalb County Public Building Commission
Sycamore, Illinois

We have audited the accompanying basic financial statements of the DeKalb County Public Building Commission, Sycamore, Illinois, a component unit of DeKalb County, Illinois, as of and for the year ended November 30, 2003. These basic financial statements are the responsibility of the DeKalb County Public Building Commission's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1a, the basic financial statements present only the DeKalb County Public Building Commission and are not intended to present fairly the financial position, results of operations and cash flows of DeKalb County, Illinois, in conformity with accounting principles generally accepted in the United States of America.

The DeKalb County Public Building Commission has not presented a Management's Discussion and Analysis as required supplementary information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the DeKalb County Public Building Commission, as of November 30, 2003, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The DeKalb County Public Building Commission has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of December 1, 2002. This results in a change in the DeKalb County Public Building Commission's format and content of the basic financial statements and notes to financial statements.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary financial information, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the DeKalb County Public Building Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Aurora, Illinois
February 20, 2004

A handwritten signature in cursive script, appearing to read "Bill Sanders, 6, 2004".

GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

STATEMENT OF NET ASSETS

November 30, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 1,154,950	\$ 336,833	\$ 1,491,783
Receivables, net of allowance where applicable			
Leases	-	9,485,000	9,485,000
Advances to primary government	976,614	-	976,614
Restricted assets			
Cash with paying agent	-	754,152	754,152
Capital assets (net of accumulated depreciation)	26,752,261	-	26,752,261
Total assets	28,883,825	10,575,985	39,459,810
LIABILITIES			
Accounts payable	72,313	-	72,313
Due to primary government	2,096	-	2,096
Accrued interest payable	-	249,152	249,152
Retainage payable	44,791	-	44,791
Deferred revenue	-	262,985	262,985
Noncurrent liabilities			
Due within one year	-	505,000	505,000
Due in more than one year	-	9,485,000	9,485,000
Total liabilities	119,200	10,502,137	10,621,337
NET ASSETS			
Investment in capital assets, net of related debt	26,752,261	-	26,752,261
Unrestricted	2,012,364	73,848	2,086,212
TOTAL NET ASSETS	\$ 28,764,625	\$ 73,848	\$ 28,838,473

See accompanying notes to financial statements.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended November 30, 2003

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
Governmental activities				
Administration	\$ 48,535	\$ -	\$ 17,185	\$ -
Maintenance	2,072,253	1,577,000	-	-
Total governmental activities	2,120,788	1,577,000	17,185	-
Business-type activities				
Sinking fund	498,571	523,317	-	-
Total business-type activities	498,571	523,317	-	-
TOTAL PRIMARY GOVERNMENT	\$ 2,619,359	\$ 2,100,317	\$ 17,185	\$ -

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (31,350)	\$ -	\$ (31,350)
	(495,253)	-	(495,253)
	(526,603)	-	(526,603)
	-	24,746	24,746
	-	24,746	24,746
	(526,603)	24,746	(501,857)
General revenues			
Investment income	85,787	5,890	91,677
Miscellaneous	1,962		1,962
Transfers in (out)	25,000	(25,000)	-
Total	112,749	(19,110)	93,639
CHANGES IN NET ASSETS	(413,854)	5,636	(408,218)
NET ASSETS, DECEMBER 1	29,178,479	68,212	29,246,691
NET ASSETS, NOVEMBER 30	\$ 28,764,625	\$ 73,848	\$ 28,838,473

See accompanying notes to financial statements.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
 SYCAMORE, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

November 30, 2003

	General	Improvements	Capital	Lease Revenue	Nonmajor Governmental Funds		Total
					Legislative Center		
Cash and investments	\$ 112,708	\$ 525,482	\$ 474,617	\$ 42,143	\$	\$	\$ 1,154,950
Advance to primary government	-	976,614	-	-	-	-	976,614
TOTAL ASSETS	\$ 112,708	\$ 1,502,096	\$ 474,617	\$ 42,143	\$	\$	\$ 2,131,564

ASSETS

Cash and investments
 Advance to primary government

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable
 Due to primary government
 Retainage payable

Total liabilities

FUND BALANCES

Reserved for advance to primary government
 Unreserved
 Designated for future capital projects
 Undesignated - general
 Undesignated - capital projects

Total fund balances

TOTAL LIABILITIES AND FUND BALANCES

	\$ 417	\$ -	\$ 2,096	\$ 65,245	\$ 6,651	\$	\$ 72,313
	-	-	-	-	-	-	2,096
	-	-	-	44,791	-	-	44,791
	417	2,096	110,036	6,651			119,200
	-	976,614	-	-	-	-	976,614
	-	523,386	-	-	35,492	-	558,878
	112,291	-	-	-	-	-	112,291
	-	-	364,581	-	-	-	364,581
	112,291	1,500,000	364,581	35,492			2,012,364
	\$ 112,708	\$ 1,502,096	\$ 474,617	\$ 42,143	\$	\$	\$ 2,131,564

See accompanying notes to financial statements.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

November 30, 2003

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 2,012,364
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	<u>26,752,261</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 28,764,625</u>

See accompanying notes to financial statements.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Year Ended November 30, 2003

	General	Capital Improvements	Lease Revenue	Nonmajor Governmental Funds		Total
				Legislative Center		
REVENUES						
Investment income	\$ 10,043	\$ -	\$ 75,063	\$ 681	\$ -	\$ 85,787
Contributions from County	-	-	445,000	-	-	445,000
Rental income	-	-	1,132,000	-	-	1,132,000
Grant revenue	-	-	-	17,185	-	17,185
Miscellaneous	1,962	-	-	-	-	1,962
Total revenues	12,005	-	1,652,063	17,866	-	1,681,934
EXPENDITURES						
Current						
Administration	48,535	-	-	-	-	48,535
Maintenance	-	-	1,132,000	-	-	1,132,000
Capital outlay	-	-	872,121	36,815	-	908,936
Total expenditures	48,535	-	2,004,121	36,815	-	2,089,471
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(36,530)	-	(352,058)	(18,949)	-	(407,537)
OTHER FINANCING SOURCES (USES)						
Transfers in	25,000	-	-	-	-	25,000
NET CHANGE IN FUND BALANCE	(11,530)	-	(352,058)	(18,949)	-	(382,537)
FUND BALANCES, DECEMBER 1	123,821	1,500,000	716,639	54,441	-	2,394,901
FUND BALANCES, NOVEMBER 30	\$ 112,291	\$ 1,500,000	\$ 364,581	\$ 35,492	\$ -	\$ 2,012,364

See accompanying notes to financial statements.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended November 30, 2003

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (382,537)
Amounts reported for governmental activities in the statement activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	732,098
Some expenses in the statement of activities (e.g. depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	<u>(763,415)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (413,854)</u>

See accompanying notes to financial statements.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

November 30, 2003

	<u>Business- Type Activities Sinking Fund</u>
CURRENT ASSETS	
Cash and investments	\$ 336,833
RESTRICTED ASSETS	
Cash with paying agent	754,152
NONCURRENT ASSETS	
Receivables	
Leases	<u>9,485,000</u>
Total assets	<u>10,575,985</u>
CURRENT LIABILITIES	
Deferred revenue	<u>262,985</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Interest payable	249,152
Revenue bonds payable	<u>505,000</u>
Total liabilities payable from restricted assets	<u>754,152</u>
NONCURRENT LIABILITIES	
Revenue bonds payable	<u>9,485,000</u>
Total liabilities	<u>10,502,137</u>
NET ASSETS	
Unrestricted	<u>73,848</u>
TOTAL NET ASSETS	<u>\$ 73,848</u>

See accompanying notes to financial statements.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

PROPRIETARY FUND TYPE

For the Year Ended November 30, 2003

	Business- Type Activities <u>Sinking Fund</u>
OPERATING REVENUES	
Rental from DeKalb County	\$ 523,317
OPERATING EXPENSES	
Administration	
Commercial services	<u>300</u>
OPERATING INCOME	<u>523,017</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	5,890
Interest expense	<u>(498,271)</u>
Total nonoperating revenues (expenses)	<u>(492,381)</u>
INCOME BEFORE TRANSFERS	30,636
TRANSFER (OUT)	<u>(25,000)</u>
CHANGE IN NET ASSETS	5,636
NET ASSETS, DECEMBER 1	<u>68,212</u>
NET ASSETS, NOVEMBER 30	<u>\$ 73,848</u>

See accompanying notes to financial statements.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

For the Year Ended November 30, 2003

<hr/>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from quasi-external transactions	\$ 1,017,137
Payments to suppliers	<u>(300)</u>
Net cash from operating activities	<u>1,016,837</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer (out)	<u>(25,000)</u>
Net cash from noncapital financing activities	<u>(25,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on revenue bonds	(485,000)
Interest paid on revenue bonds	<u>(509,911)</u>
Net cash from capital and related financing activities	<u>(994,911)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>5,890</u>
Net cash from investing activities	<u>5,890</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,816
CASH AND CASH EQUIVALENTS, DECEMBER 1	<u>1,088,169</u>
CASH AND CASH EQUIVALENTS, NOVEMBER 30	<u><u>\$ 1,090,985</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 523,017
Adjustments to reconcile operating income to net cash from operating activities	
Changes in assets and liabilities	
Leases receivable	505,000
Unearned rental income	<u>(11,180)</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 1,016,837</u></u>

See accompanying notes to financial statements.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

November 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The DeKalb County Public Building Commission (the PBC) is a quasi-governmental unit created by the DeKalb County Board in May 1978 under the authority of Chapter 50, Act 20 of the Illinois Compiled Statutes.

The financial statements of the PBC have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the PBC's accounting policies are described below.

a. Reporting Entity

The PBC is governed by a five member board appointed to staggered five year terms by the DeKalb County Board. The PBC is responsible for the construction, refurbishing and/or maintenance of County buildings for which lease agreements are executed with DeKalb County. As required by generally accepted principles, these financial statements present all fund types and the account group of the PBC. There are no component units included. A component unit is a legally separate organization for which a primary government is financially accountable. However, the PBC is considered to be a component unit of DeKalb County, Illinois, since its sole purpose is to finance, construct and maintain certain of the County's public buildings.

b. Basis of Presentation

The accounts of the PBC are organized and operated on the basis of funds. Funds are independent fiscal and accounting entities with self-balancing sets of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A minimum number of funds are maintained for this purpose.

The following fund categories (further defined by fund type) are used by the PBC:

Governmental Funds are used to account for the PBC's general activities. The General Fund is the primary operating fund, accounting for all financial resources not required to be accounted for in another fund. Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not financed by another fund.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties (enterprise funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds*, the PBC has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for proprietary funds and governmental activities.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the PBC. The effect of material inter-fund activity has been eliminated from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

The PBC reports the following major governmental funds:

The general (corporate) fund is the PBC's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The following capital projects fund are also major governmental funds:

The Capital Improvement Fund is used to account for funds set aside for future improvements to the County's facilities.

The Lease Revenue Fund is used to account for operation and maintenance funds paid by the County to the PBC.

The PBC also reports the following major proprietary funds:

The Sinking Fund is used to account for the lease payment from the County and the related payments on the 1997 lease revenue bonds.

d. 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses in the proprietary fund are directly attributable to its operation of the funds.

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund revenues. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The PBC reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period, under the modified accrual basis of accounting, or is measurable but not earned under the accrual basis of accounting. Deferred revenues also arise when resources are received by the PBC before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the PBC has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the PBC's proprietary fund type considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity greater than one year at time of purchase, if any, are stated at fair value. Non-negotiable certificates of deposit and all other investments are reported at cost.

Cash with Paying Agent

Cash with paying agent represents funds on deposit with the PBC's paying agent for bond principal and interest payments due December 1.

f. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

g. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other fund" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, if any, reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
 SYCAMORE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., bike trails, paths, roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the PBC as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year, except for land improvements, where the cost must be greater than \$50,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, building improvements, and land improvements are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	10
Land improvements	8-20

i. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. Bond premiums and discounts, as well as issuance costs and gain (loss) on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs and the gain (loss) on refunding are reported as unamortized bond costs and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
 SYCAMORE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

2. DEPOSITS AND INVESTMENTS

The PBC maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." In addition, investments are separately held by several of the PBC's funds.

Permitted Deposits and Investments - Statutes authorize the PBC to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

a. Deposits

At year-end the carrying amount of the PBC's deposits totaled \$1,491,783 and the bank balances totaled \$1,506,983. The bank balances can be categorized as follows:

	<u>Bank Balances</u>
Category 1	
Deposits covered by federal depository insurance or by collateral held by the PBC, or its agent, in the PBC's name.	\$ 1,326,380
Category 2	
Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the PBC's name.	-
Category 3	
Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the PBC's name, and deposits which are uninsured and uncollateralized.	<u>180,603</u>
TOTAL DEPOSITS	<u><u>\$ 1,506,983</u></u>

DEKALB COUNTY PUBLIC BUILDING COMMISSION
 SYCAMORE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

The PBC's investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the PBC or its agent in the PBC's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the PBC's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the PBC's name, and uninsured, unregistered investments held by the counterparty in the PBC's name.

At year end, the PBC's investment balances were as follows:

	Total	Fair Value
* Cash with paying agent	\$ 754,152	\$ 754,152
TOTAL INVESTMENTS	\$ 754,152	\$ 754,152

* (Not subject to risk categorization)

3. CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2003, was as follows:

	Beginning Balance, Restated	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,704,436	\$ 135,910	\$ -	\$ 2,840,346
Total capital assets not being depreciated	2,704,436	135,910	-	2,840,346
Capital assets being depreciated				
Land improvements	660,777	-	-	660,777
Buildings	26,079,198	-	-	26,079,198
Building improvements	3,940,461	596,188	-	4,536,649
Total capital assets being depreciated	30,680,436	596,188	-	31,276,624

DEKALB COUNTY PUBLIC BUILDING COMMISSION
 SYCAMORE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Beginning Balance, Restated	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES (Continued)				
Less accumulated depreciation for				
Land improvements	\$ 217,770	\$ 36,258	\$ -	\$ 254,028
Buildings and improvements	6,383,524	727,157	-	7,110,681
Total accumulated depreciation	<u>6,601,294</u>	<u>763,415</u>	<u>-</u>	<u>7,364,709</u>
 Total capital assets being depreciated, net	 <u>24,079,142</u>	 <u>(167,227)</u>	 <u>-</u>	 <u>23,911,915</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	 <u>\$26,783,578</u>	 <u>\$ (31,317)</u>	 <u>\$ -</u>	 <u>\$26,752,261</u>

The beginning balance was restated with a decrease of \$471,846 to reflect a change in the capitalization threshold.

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
Maintenance	<u>\$ 763,415</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$ 763,415</u>

4. LEASES RECEIVABLE

a. Operating Lease

The PBC has entered into an operating lease agreement with DeKalb County (the County) which requires the following annual rentals due from DeKalb County on November 1 of the year indicated.

<u>Year</u>	
2004	\$ 1,295,000
2005	1,334,000
2006	<u>1,374,000</u>
 TOTAL	 <u>\$ 4,003,000</u>

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LEASES RECEIVABLE (Continued)

a. Operating Lease (Continued)

The PBC is responsible for maintenance, operation, upkeep and safekeeping of the County Government Complex. The County may be responsible for paying costs of operating and maintaining the Complex to the extent that rentals are not sufficient.

If at any time during the term of this lease all of the financial claims upon the PBC shall be paid in full, or provision made for such payment, then this lease may, at the option of the County, be terminated by written notice to the PBC.

Revenues received from the County in the form of lease payments are to be credited to funds as follows:

1. Operating Fund

The annual rent shall be allocated first to the Operating Fund to provide for the usual and necessary costs of the PBC of operating, maintaining and managing the Complex including administrative costs and the costs of renting and maintaining office equipment.

2. Renewal and Replacement Fund

From annual rentals due on and after November 1, 1993, the PBC shall deposit into the Renewal and Replacement Fund the lesser of \$250,000 or the amount required to equal the lesser of \$1,500,000 or an amount to be determined by the County Board in a resolution. Money shall be applied to the payment of nonrecurring major repairs, renewals, replacements or maintenance items and furnishings and equipment. The aggregate amount withdrawn from this fund in any fiscal year may not exceed \$50,000 without the prior approval of the County Board. The required \$1,500,000 has been accumulated in the capital projects governmental fund.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
 SYCAMORE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. LEASES RECEIVABLE (Continued)

b. Operating Lease - Transportation Facility

During 2000, the PBC entered into an operating lease for the construction of a new transportation facility with DeKalb County which requires the following annual rentals due from the County on November 1 of the year indicated.

<u>Year</u>	
2004	\$ 208,000
2005	208,000
2006	208,000
2007	208,000
2008	208,000
2009	208,000
2010	<u>203,353</u>
 TOTAL	 <u>\$ 1,451,353</u>

If at any time during the term of this lease all of the financial claims upon the PBC shall be paid in full, or provision made for such payment, then this lease may, at the option of the County, be terminated by written notice to the PBC.

Revenues received from the County in the form of lease payments are to be credited to the Capital Improvement Reserve Fund. Within 180 days of the completion of the project, all moneys remaining shall be transferred to the Surplus Fund.

c. Financing Lease

During 1997, the PBC entered into a new financing lease with the County for construction of a new County Nursing Home/Health Department facilities, which were constructed with the proceeds of the 1997 lease revenue bonds.

The PBC is responsible for maintenance, operation, upkeep and safekeeping of the County Nursing Home/Health Department. The County may be responsible for paying costs of operating and maintaining the Nursing Home/Health Department to the extent that rentals are not sufficient.

If at any time during the term of this lease all of the financial claims upon the PBC shall be paid in full, or provision made for such payment, then this lease may, at the option of the County, be terminated by written notice to the PBC.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
 SYCAMORE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. LEASES RECEIVABLE (Continued)

c. Financing Lease (Continued)

Lease rentals receivable from the County are as follows:

<u>Fiscal Year</u>	<u>Lease Payments</u>
2004	\$ 1,016,343
2005	1,020,183
2006	1,017,703
2007	1,018,903
2008	1,018,663
2009	1,016,646
2010	1,017,358
2011	1,020,858
2012	1,022,161
2013	1,025,816
2014	1,026,870
2015	1,030,140
2016	<u>1,030,480</u>
Total lease payments	13,282,124
Less interest and expenses	<u>3,797,124</u>
 NET LEASE RECEIVABLE	 <u>\$ 9,485,000</u>

Revenues received from the County in the form of lease payments are to be credited to the lease revenue fund as follows:

Administrative Account - \$25,000 per year to be used to pay the administrative expenses of the commission.

Sinking Fund Account - sufficient amounts to pay the principal and interest on the next due date(s).

Surplus Account - any residual amounts to be used to cure deficiencies in the sinking fund account, administrative account, pay rebates (if any), fund the needs of the project and pay any other costs of the commission.

DEKALB COUNTY PUBLIC BUILDING COMMISSION
 SYCAMORE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. REVENUE BONDS PAYABLE

On December 10, 1997, the PBC issued \$11,800,000 of Lease Revenue Bonds, dated December 1, 1997, to finance the construction of a new county nursing home and health department facilities. The bonds are due serially in annual installments ranging from \$425,000 - \$980,000 each December 1, beginning December 1, 1999 maturing December 1, 2016. Interest is payable semi-annually, each June 1 and December 1 at rates ranging from 4.75% - 5.20%. The bonds are secured by a lease with DeKalb County (see Note 4). Debt service to maturity is as follows:

Fiscal Year	Principal*	Interest	Total
2004	\$ 530,000	\$ 474,064	\$ 1,004,064
2005	560,000	448,624	1,008,624
2006	585,000	421,743	1,006,743
2007	615,000	393,664	1,008,664
2008	645,000	364,143	1,009,143
2009	675,000	333,184	1,008,184
2010	710,000	300,109	1,010,109
2011	750,000	264,609	1,014,609
2012	790,000	227,109	1,017,109
2013	835,000	187,214	1,022,214
2014	880,000	144,420	1,024,420
2015	930,000	99,320	1,029,320
2016	980,000	50,960	1,030,960
TOTAL	\$ 9,485,000	\$ 3,709,163	\$ 13,194,163

* Excludes principal payment due December 1, 2003 of \$505,000, which is reported as cash with paying agent and bonds payable at November 30, 2003.

6. RISK MANAGEMENT

The PBC is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The PBC has purchased commercial insurance for surety bond coverage and is included under the liability insurance fund of DeKalb County for all other risks.

SUPPLEMENTARY FINANCIAL INFORMATION

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

LEASE REVENUE FUND BY SUBFUND

For the Year Ended November 30, 2003

	Operating Account	Renewal and Replacement Account	Total
REVENUES			
Investment income	\$ -	\$ 75,063	\$ 75,063
Contributions from DeKalb County			
Sycamore Campus	-	150,000	150,000
Health Facility Campus	-	100,000	100,000
Other		195,000	195,000
Rental from DeKalb County	1,132,000	-	1,132,000
 Total revenue	 1,132,000	 520,063	 1,652,063
EXPENDITURES			
Maintenance			
Maintenance contract	1,132,000	-	1,132,000
Capital outlay			
Sycamore campus			
Public safety building updates	-	42,215	42,215
Fire alarm updates	-	29,021	29,021
Site preparation	-	6,249	6,249
Landscaping	-	7,113	7,113
Sidewalk and step repair	-	33,329	33,329
Courthouse tuckpointing	-	150,375	150,375
Courthouse reconfiguration	-	516,345	516,345
Storage reconfiguration	-	4,576	4,576
Inside painting	-	8,602	8,602
Jail updates	-	11,185	11,185
HVAC upgrade	-	19,481	19,481
HVAC condensor - courthouse	-	358	358
Emergency power source	-	15,531	15,531
Health facility			
Security system	-	19,726	19,726
Nature trail	-	8,015	8,015
 Total expenditures	 1,132,000	 872,121	 2,004,121
 NET CHANGE IN FUND BALANCE	 -	 (352,058)	 (352,058)
 FUND BALANCE, DECEMBER 1	 -	 716,639	 716,639
 FUND BALANCE, NOVEMBER 30	 \$ -	 \$ 364,581	 \$ 364,581

(See independent auditor's report.)

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the Year Ended November 30, 2003

	Balances December 1, Restated	Additions and Transfers	Retirements and Transfers	Balances November 30
ADMINISTRATION CENTER				
Land	\$ 39,473	\$ -	\$ -	\$ 39,473
Building	1,268,193	-	-	1,268,193
Building improvements	351,575	-	-	351,575
Total Administration Center	1,659,241	-	-	1,659,241
GOVERNMENT CENTER				
Land	1,813,159	135,910	-	1,949,069
Land improvements	557,304	-	-	557,304
Total Government Center	2,370,463	135,910	-	2,506,373
MAINTENANCE GARAGE				
Land	56,980	-	-	56,980
Land improvements	21,812	-	-	21,812
Building	92,626	-	-	92,626
Total Maintenance Garage	171,418	-	-	171,418
LEGISLATIVE CENTER				
Buildings	2,887,699	-	-	2,887,699
Total Legislative Center	2,887,699	-	-	2,887,699
COURTHOUSE				
Land	40	-	-	40
Land improvements	81,660	-	-	81,660
Building	168,975	-	-	168,975
Building improvements	2,672,841	596,188	-	3,269,029
Total Courthouse	2,923,516	596,188	-	3,519,704
PUBLIC SAFETY CENTER				
Land	301,500	-	-	301,500
Building	2,931,566	-	-	2,931,566
Building improvements	916,046	-	-	916,046
Total Public Safety Center	4,149,112	-	-	4,149,112

(This schedule is continued on the following page.)

DEKALB COUNTY PUBLIC BUILDING COMMISSION
SYCAMORE, ILLINOIS

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (Continued)

For the Year Ended November 30, 2003

	Balances December 1, Restated	Additions and Transfers	Retirements and Transfers	Balances November 30
HIGHWAY DEPARTMENT				
Land	\$ 684	\$ -	\$ -	\$ 684
Building	2,236,816	-	-	2,236,816
Total Highway Department	2,237,500	-	-	2,237,500
NURSING AND REHAB CENTER				
Land	3,785	-	-	3,785
Building	11,869,467	-	-	11,869,467
Total Nursing and Rehab Center	11,873,252	-	-	11,873,252
PUBLIC HEALTH DEPARTMENT AND COMMUNITY FACILITY				
Land	488,815	-	-	488,815
Buildings	4,266,887	-	-	4,266,887
Total Public Health Department and Community Facility	4,755,702	-	-	4,755,702
HEALTH FACILITY STORAGE AND GARAGE				
Building - garage	156,969	-	-	156,969
Building - storage	200,000	-	-	200,000
Total Health Facility Storage and Garage	356,969	-	-	356,969
TOTAL CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS	\$ 33,384,872	\$ 732,098	\$ -	\$ 34,116,970

(See independent auditor's report.)