

FIREMEN'S PENSION FUND

CITY OF URBANA

URBANA, ILLINOIS

AUDIT REPORT

FOR THE YEAR ENDED

APRIL 30, 1961

Gerald D. Brighton  
Certified Public Accountant

May 19, 1961

Mr. Guy T. Frampton, President  
and Members of the Board of Trustees  
Firemen's Pension Fund  
Urbana, Illinois

Gentlemen:

In accordance with our engagement, we have audited the accounts and financial records of the Firemen's Pension Fund of the City of Urbana for the fiscal year ended April 30, 1961.

In addition, we did certain bookkeeping work as follows:

- (a) Totalling cash receipts for the year.
- (b) Totalling cash disbursements for the year.
- (c) Making all ledger postings for the year.

We are submitting herewith our report including the following:

Comments and Recommendations

- Schedule I: Comparative Balance Sheets, April 30, 1961 and 1960.
- Schedule II: Comparative Statements of Revenue Receipts, Expenditures, and Fund Balance, for years ended April 30, 1961 and 1960.
- Schedule III: Statement of Receipts and Disbursements, for year ended April 30, 1961.

Our examination was made in accordance with generally accepted auditing standards and accordingly included tests of the records and other auditing procedures appropriate in the circumstances.

In our opinion, the financial statements in the schedules above enumerated, attached to and forming a part of this report, fairly present the financial position of the Firemen's Pension Fund of the City of Urbana at April 30, 1961, and the results of operations for the fiscal year then ended, on a cash basis, in conformity with generally accepted municipal accounting principles on a basis consistent with the preceding year.

Respectfully submitted,

*Gerald R. Brighton*

Certified Public Accountant

## COMMENTS AND RECOMMENDATIONS

The fund again showed a commendable increase this past year, \$4,806.66, as shown in Schedule II, compared with \$6,588.94, the year before. The increase would have been greater than last year except for a refund to a participant who resigned which amounted to \$2,415.01. The tax levy was unchanged, being \$6,000 in each of the past two years, but investment income increased.

Considering the size of the Fire Department, twenty-three men, and the fact that several men are approaching retirement status, the fund balance increase was desirable and prudent. The fund is being well managed. A similar increase would be desirable each year for the foreseeable future.

## RECOMMENDED INVESTMENTS

Following our suggestion of last year, most of the cash of the fund was placed in interest-bearing investments in July, 1960, and a smaller bank account balance is being carried currently. The bank account balance on April 30, 1961 was the lowest, at \$5,293.16, that it has been on any April 30 for many years. This is good, because a free balance of not over \$1,000.00 would normally be enough at the beginning of any month to meet payments of the next.

Allowing for \$2,800.00 which is payable to the Police Pension Fund (see below), about \$2,000.00 now in the checking account could now be invested. Following the receipt of tax money in June, a further investment of about \$3,000.00 would seem advisable. This would be a total investment of about \$5,000.00 between now and the end of June.

## RECOMMENDED TAX LEVY

The 1959 tax levy which was the one collected during the fiscal year ended April 30, 1961, was for \$6,000. The 1960 levy approved in July, 1960 also for \$6,000 will be collected during the next fiscal year ending April 30, 1962. This levy will result in little or no growth in the fund because the present indication is that one or possibly two members will retire during the next fiscal year.

The 1961 levy, which is the one to be approved in the near future, should be increased to at least \$10,000 in order to continue to increase reserves against future retirements. The practice in recent years has been to maintain a relatively stable amount of levy so as to have only mild increases at times of increased pension load. This seems to us to be very sound practice.

DUE FROM GENERAL FUND

The City again paid \$600.00 on its amount due. This leaves a balance of only \$759.92, which may be paid within the next year.

PAYABLE TO POLICE PENSION FUND

At the time the City paid the above mentioned \$600.00, it also made a payment of \$2,800.00 to the Police Pension Fund. This was deposited by the bank in the Firemen's Pension Account. We suggest that this amount be paid to the Police Pension Fund in the near future.

APPRECIATION

We wish to thank the Board members and City officials for their friendly cooperation.

The report schedules follow.

SCHEDULE I

FIREMEN'S PENSION FUND

URBANA, ILLINOIS

COMPARATIVE BALANCE SHEETS, APRIL 30, 1961 AND 1960

ASSETS

	AS OF <u>4/30/61</u>	AS OF <u>4/30/60</u>
Cash in Bank	\$5,293.16	\$8,163.20
Savings Account in Bank	1,010.41	
Shares in Savings and Loan (Cost)	21,000.00	21,000.00
Investment in U. S. Bonds (Cost)	41,979.22	31,912.93
Investment in Stocks (Cost)	2,443.75	2,443.75
Due from General Fund - City of Urbana	<u>759.92</u>	<u>1,359.92</u>
TOTAL	<u>\$72,486.46</u>	<u>\$64,879.80</u>

LIABILITIES AND FUND BALANCE

Due to Police Pension Fund - Urbana	\$ <u>2,800.00</u>	- -
Fund Balance:		
Statutory reserve	29,443.39 (A)	\$29,443.39 (A)
Amount in excess of reserve	<u>40,243.07</u>	<u>35,436.41</u>
	<u>\$69,686.46</u>	<u>\$64,879.80</u>
TOTAL	<u>\$72,486.46</u>	<u>\$64,879.80</u>

(A) The statutory reserve in no sense is intended to represent an actuarial figure. It does not represent a scientifically calculated amount required for future pensions.

SCHEDULE II

FIREMEN'S PENSION FUND  
 COMPARATIVE STATEMENT OF REVENUE RECEIPTS, EXPENDITURES  
 AND FUND BALANCE FOR YEARS ENDED APRIL 30, 1961 and 1960

	Year Ended <u>4/30/61</u>	Year Ended <u>4/30/60</u>
Revenue Receipts:		
Taxes	\$6,006.81	\$6,137.47
Licenses	243.98	255.77
Salary deductions	5,726.25	5,495.25
Interest on U. S. Bonds	968.52	570.45
Interest on Building and Loan Shares	840.00	748.75
Dividends	170.00	147.50
Interest on savings account	<u>10.41</u>	<u>          </u>
Total	<u>\$13,965.97</u>	<u>\$13,355.19</u>
Expenditures:		
Pensions paid	\$6,589.20	\$6,589.20
Auditing expense	148.50	166.00
Bank fees, and misc.	<u>6.60</u>	<u>11.05</u>
Total	<u>\$6,744.30</u>	<u>\$6,766.25</u>
Excess of revenue over expenditures	\$7,221.67	\$6,588.94
Less refund to participant	<u>2,415.01</u>	<u>- -</u>
Increase in Fund Balance	\$4,806.66	\$6,588.94
Fund balance at beginning of year	<u>64,879.80</u>	<u>58,290.86</u>
Fund balance at end of year	<u>\$69,686.46</u>	<u>\$64,879.80</u>

SCHEDULE III

FIREMEN'S PENSION FUND  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR YEAR ENDED APRIL 30, 1961

Cash in Bank, April 30, 1960		\$ 8,163.20
Plus receipts:		
Total revenue receipts (See Schedule II)	\$13,965.97	
Police Pension Fund deposit	2,800.00	
Payment from General Fund on Account	<u>600.00</u>	
	Total receipts	\$ <u>17,365.97</u>
Total cash to be accounted for		\$ 25,529.17
Less Disbursements:		
Expenditures for operations (See Schedule II)	\$ 6,744.30	
Principal amount of U. S. Treasury bonds purchased (\$10,000)	10,066.29	
Deposit in savings account	1,010.41	
Refund to participant	<u>2,415.01</u>	
	Total Disbursements	\$ <u>20,236.01</u>
Cash in Champaign County Bank & Trust Co., April 30, 1961		\$ <u>5,293.16</u>