

FIRE DEPARTMENT PENSION FUND

City of Urbana, Illinois

Audit Report

For the Year Ended

April 30, 1975

Filbey, Summers, Abolt, Good & Kiddoo

Certified Public Accountants

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FILBEY, SUMMERS, ABOLT, GOOD & KIDDOO

Certified Public Accountants

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Board of Trustees
Fire Department Pension Fund
Urbana, Illinois

We have examined the statement of assets, liabilities and fund balance arising from cash transactions of the Fire Department Pension Fund of Urbana, Illinois, as of April 30, 1975, and the related statements of revenue collected and expenses paid and changes in fund balance resulting from those cash transactions for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned statements present fairly the assets, liabilities, and fund balance of the Fire Department Pension Fund of Urbana, Illinois as of April 30, 1975 arising from cash transactions, and the revenue collected and expenses paid during the year then ended.

Filbey, Summers, Abolt, Good & Kiddoo

May 15, 1975

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS

Fire Department Pension Fund

City of Urbana, Illinois

April 30, 1975

ASSETS

	April 30,	
	<u>1975</u>	<u>1974</u>
Cash in Bank - Checking Account	\$ 6,671.67	\$ 11,903.44
Investments - At Cost (Schedule 1):		
U.S. Securities - Market Value, April 30, 1975, \$243,610.80	244,553.62	156,605.18
Savings and Loan Associations and Certificates of Deposit	310,543.04	240,150.23
Cash in Bank - Savings Accounts	<u>1,636.22</u>	<u>2,895.32</u>
Total Assets	<u>\$563,404.55</u>	<u>\$411,554.17</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ -	\$ -
Fund Balance (Exhibit C):		
Automatic Increase Reserve (Note 2)	16,044.70	10,656.73
Statutory Reserve (Note 3)	35,000.00	35,000.00
Unrestricted	<u>512,359.85</u>	<u>365,897.44</u>
Total Liabilities and Fund Balance	<u>\$563,404.55</u>	<u>\$411,554.17</u>

The notes following Exhibit C are an integral part of this financial statement.

STATEMENT OF REVENUE COLLECTED AND EXPENSES PAID

Fire Department Pension Fund

City of Urbana, Illinois

For the Year Ended April 30, 1975

	<u>April 30,</u>	
	<u>1975</u>	<u>1974</u>
<u>Revenue Collected</u>		
Taxes	\$136,652.05	\$108,941.83
Licenses	512.03	453.99
Salary Deductions	27,655.12	26,248.46
Interest on U.S. Government Securities	14,728.75	12,601.28
Interest on Savings and Loan Shares and Certificates of Deposit	17,933.28	8,782.34
Interest on Savings Account	150.39	105.38
Miscellaneous Income	42.96	-
Total Revenue Collected	<u>197,674.58</u>	<u>157,133.28</u>
<u>Expenses Paid</u>		
Pension Refunds	2,234.64	-
Pensions Paid	42,511.56	38,610.16
Audit Expense	1,020.00	653.00
Bank Fees and Miscellaneous	58.00	124.08
Total Expenses paid	<u>45,824.20</u>	<u>39,387.24</u>
<u>Excess of Revenue Collected</u> <u>Over Expenses Paid</u>	<u>\$151,850.38</u>	<u>\$117,746.04</u>

The notes following Exhibit C are an integral part of this financial statement.

STATEMENT OF CHANGES IN FUND BALANCE

Fire Department Pension Fund

City of Urbana, Illinois

For the Year Ended April 30, 1975

	<u>Unrestricted Fund</u>	<u>Automatic Increase Reserve (Note 2)</u>	<u>Statutory Reserve (Note 3)</u>
<u>Balance, May 1, 1974</u>	\$365,897.44	\$ 10,656.73	\$ 35,000.00
Excess of Revenue Collected Over Expenses Paid (Exhibit B)	151,850.38	-	-
Allocation to Specific Reserves for Year	(<u>5,387.97</u>)	<u>5,387.97</u>	<u>-</u>
<u>Balance, April 30, 1975</u>	<u>\$512,359.85</u>	<u>\$ 16,044.70</u>	<u>\$ 35,000.00</u>

The notes following this Exhibit are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

Fire Department Pension Fund

City of Urbana, Illinois

April 30, 1975

1. Accounting Policies - The Fire Department Pension Fund reports are prepared on the cash basis method of accounting. That is, income is recognized when cash is received and expenses are recorded when cash is disbursed.

The principal assets not listed because of the cash basis method of accounting are net taxes receivable of \$160,701.00 and the contribution of City of Urbana to the Pension Fund of \$2,507.37 for 1974-75, all of which are to be received in the next fiscal year.

2. Automatic Increase Reserve - The September 1971 amendment to the Illinois Pension Code specifies that an Automatic Increase Reserve is to be established and maintained into which 1/2% of participants' salaries withheld from the participants and an equal amount contributed by the municipality is to be allocated. An additional allocation for interest of 4% on the beginning reserve balance is to be made each year. For 1975, the additional amount allocated to this reserve was 1/2% of participants' salaries, \$2,507.37; the city's contribution, \$2,507.37, that is receivable as of April 30, 1975; plus 4% interest on the beginning balance amounting to \$426.27 for a total increase of \$5,387.97.
3. Statutory Reserve - As amended in September 1971, the Illinois Pension Code also requires the establishment and maintenance of a reserve to ensure the payment of obligations incurred under the pension code. The minimum as specified in the code is to be no less than \$1,000 per 1,000 inhabitants in the municipality concerned. The most recent population figure for the City of Urbana was 34,265 people. Thus, the reserve was established for the year ended April 30, 1975, at \$35,000. This reserve is not to be considered as an actuarial reserve.

4. Actuarial Deficiency - At the present time an unfunded accrued liability of \$1,294,860.00 exists which is the required amount necessary to meet the actuarial reserve requirements of the State of Illinois Department of Insurance. This amount is being funded through tax levies for the next 33 2/3 years of \$70,667.00 per year. The \$70,667.00 is included in the 1974 tax levy of \$160,701.00 with the remaining \$90,034.00 being levied to meet current requirements. The deficiency above occurred as a result of prior year's tax levies not meeting the minimum levy requirement as prescribed in Section 4-118 of the Illinois Pension Code.

Fire Department Pension Fund

City of Urbana, Illinois

April 30, 1975

	Investments At Cost <u>April 30, 1975</u>	Interest Income For Year Ended <u>April 30, 1975</u>
<u>U.S. Treasury Notes:</u>		
6 1/2% due 5/15/76 par \$10,000.00 interest dates 5/15 and 11/15	\$ 9,968.18	\$ 650.00
6 1/2% due 5/15/76 par \$14,000.00 interest dates 5/15 and 11/15	13,854.00	910.00
7 1/2% due 8/15/76 par \$32,000.00 interest dates 8/15 and 2/15	32,000.00	2,400.00
8% due 2/15/77 par \$50,000.00 interest dates 2/15 and 8/15	50,645.00	4,000.00
8% due 2/15/77 par \$15,000.00 interest dates 2/15 and 8/15	15,343.00	1,200.00
8% due 2/15/77 par \$5,000.00 interest dates 2/15 and 8/15	5,096.00	400.00
6 7/8% due 5/15/77 par \$90,000.00	87,948.44	3,093.75
<u>U.S. Treasury Bond:</u>		
7% due 8/15/81 par \$20,000.00 interest dates 8/15 and 2/15	19,884.00	1,400.00
<u>Federal National Mortgage Association:</u>		
6 3/4% due 6/10/83 par \$10,000.00 interest dates 6/10 and 12/10	9,815.00	675.00
<u>Certificates of Deposit:</u>		
National Bank of Urbana		
Matured \$5,000.00	-	143.76
Matured \$2,000.00	-	57.50
National Bank of Urbana	13,000.00	847.47
National Bank of Urbana	5,000.00	182.07
National Bank of Urbana	2,000.00	72.83
Busey First National	20,000.00	1,513.95
Busey First National	10,000.00	-
Champaign County Bank and Trust	15,000.00	1,050.00
Champaign County Bank and Trust	5,000.00	300.13
Commercial Bank	20,000.00	1,444.75
First National Bank of Champaign	20,000.00	1,503.70
First National Bank of Rantoul	20,000.00	1,450.00
Commercial Savings and Loan	20,000.00	705.77
Commercial Savings and Loan	20,000.00	53.49
Commercial Savings and Loan		
Matured \$20,000.00	-	643.91
First Federal Savings and Loan	10,000.00	604.48
First Federal Savings and Loan	10,000.00	383.80
First Federal Savings and Loan		
Matured \$10,000.00	-	302.24
Urbana Savings and Loan	20,000.00	318.92
Urbana Savings and Loan	20,000.00	293.88
Urbana Savings and Loan		
Matured \$20,000.00	-	1,278.53
Citizens Building and Loan	20,000.00	916.14
Citizens Building and Loan	20,000.00	323.42
Citizens Building and Loan		
Matured \$20,000.00	-	494.26
Champaign Loan and Building	15,000.00	1,294.15
Champaign Loan and Building	5,543.04	392.81
University Federal	20,000.00	1,361.32
<u>Savings Accounts:</u>		
Champaign County Bank and Trust	414.37	15.32
Busey First National Bank	1,221.85	135.07
Total	<u>\$556,732.88</u>	<u>\$ 32,812.42</u>