

FIRE DEPARTMENT PENSION FUND

City of Urbana, Illinois

REPORT of EXAMINATION

June 30, 1976

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Certified Public Accountants

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OF CERTIFIED PUBLIC ACCOUNTANTS

Champaign, Illinois
August 19, 1976

Board of Trustees
Fire Department Pension Fund
Urbana, Illinois

We have examined the statement of financial position of the Fire Department Pension Fund of Urbana, Illinois, as of June 30, 1976, and the related statements of income and changes in fund balance for the fourteen month period 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 accompanying statements present fairly the financial position of the Fire Department Pension Fund of Urbana, Illinois at June 30, 1976 and the results of operation for the fourteen month period then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carpentier, Armstrong, Marshall & Acord
Certified Public Accountants

FIRE DEPARTMENT PENSION FUND

City of Urbana, Illinois

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FIRE DEPARTMENT PENSION FUND
City of Urbana, Illinois
STATEMENT of FINANCIAL POSITION
June 30, 1976

ASSETS

Cash in bank	\$ 60,112.39
Investments - at cost (page 6)	
Interest bearing deposits	154,385.31
Savings and loan associations	156,076.45
Government securities	407,864.99
Interest receivable	
Interest bearing deposits	2,709.99
Savings and loan associations	2,480.83
Government securities	8,503.13
Property taxes receivable (net of \$16,078.10 estimated uncollectible)	137,084.18
City of Urbana - contributions receivable	<u>4,642.07</u>
	<u>\$ 933,859.34</u>

LIABILITIES

Federal withholding taxes	\$ <u>375.20</u>
	\$ 375.20

FUND BALANCE

Automatic increase reserve	26,213.72
Statutory reserve	35,000.00
Unrestricted	<u>872,270.42</u>
	<u>\$ 933,859.34</u>

The accompanying notes to financial statements are a part of this statement.

FIRE DEPARTMENT PENSION FUND
City of Urbana, Illinois
STATEMENT of INCOME
For the Fourteen Month Period Ending June 30, 1976

REVENUE

Property taxes	\$ 175,428.65
Interest income	58,861.36
Salary deductions	41,018.44
Licenses	<u>651.91</u>
Total revenue	\$ 275,960.36

EXPENSES

Fire fighters pension	\$ 33,775.55
Disability pension	15,616.42
Dependant pension	16,422.24
Audit expense	985.00
Commission and fees	120.00
State of Illinois filing fee	50.00
Clerk salary	490.00
Pension contribution refund	3,272.79
Doctor examination fees	89.50
Lock box rental	8.00
Bank service charges	8.49
Advertising	<u>7.48</u>
Total expenses	<u>70,845.47</u>

NET INCOME

\$ 205,114.89

The accompanying notes to financial statements are a part of this statement.

FIRE DEPARTMENT PENSION FUND
City of Urbana, Illinois
STATEMENT of CHANGES in FUND BALANCE
For the Fourteen Month Period Ending June 30, 1976

	<u>Unrestricted Fund</u>	<u>Automatic Increase Reserve</u>	<u>Statutory Reserve</u>
Balance, per audit, April 30, 1975	\$ 512,359.85	\$ 16,044.70	\$ 35,000.00
Changes necessary to reflect accrual basis of accounting	<u>160,192.57</u>	<u>130.06</u>	<u> </u>
Adjusted balance, April 30, 1975	\$ 672,552.42	\$ 16,174.76	\$ 35,000.00
Net income fourteen month period ending June 30, 1976	205,114.89		
Allocation to specific reserves for year	(5,396.89)	5,396.89	
Contribution receivable - City of Urbana, June 30, 1976	<u> </u>	<u>4,642.07</u>	<u> </u>
Balance, per audit, June 30, 1976	\$ <u>872,270.42</u>	\$ <u>26,213.72</u>	\$ <u>35,000.00</u>

The accompanying notes to financial statements are a part of this statement.

FIRE DEPARTMENT PENSION FUNDCity of Urbana, IllinoisNOTES to FINANCIAL STATEMENTSJune 30, 1976SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

Income recognition

The financial statements of the Fire Department Pension Fund are prepared on the accrual basis method of accounting. Revenues are recognized when earned and expenditures when incurred.

Investments

Investments are recorded at cost.

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 $\frac{1}{2}\%$ of participants' salaries including longevity and an equal amount, to be contributed by the municipality, is to be allocated to this account. As of January 1976, the rate was increased to 1% per Section 4-109.1. An additional allocation for interest of 4% on the beginning reserve balance is to be made each year. For the fourteen month period May 1, 1975 - June 30, 1976 the additional amount allocated to this reserve was $\frac{1}{2}\%$ of participants' salaries from May 1, 1975 to December 31, 1975 of \$1,828.60 and 1% of participants' salaries from January 1, 1976 to June 30, 1976 of \$2,813.47 resulting in a total of \$4,642.07; the city's contribution of \$4,642.07, which is receivable as of June 30, 1976; plus 4% interest on the beginning balance amounting to \$754.82. This results in a total increase of \$10,038.96.

STATUTORY RESERVE

As amended in September 1971, the Illinois Pension Code 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. The most recent population figure for the City of Urbana was 34,265 people. Thus, the reserve balance as of June 30, 1976 is \$35,000. This reserve is not to be considered as an actuarial reserve.

NOTES to FINANCIAL STATEMENTS, Cont'd.ACTUARIAL DEFICIENCY

As of June 30, 1975, an unfunded accrued liability of \$1,424,723.00 existed, which represents the difference between the total reserve requirements and the present assets of the Fund. This amount is being funded through tax levies for the next 31 2/3 years of \$80,352.00 per year. The \$80,532.00 is included in the 1975 tax levy of \$174,880.00 with the remaining \$94,528.00 being levied to meet current requirements. The deficiency above occurred as a result of prior years tax levies not meeting the minimum levy requirements as prescribed in Section 4-118 of the Illinois Pension Code.

FIRE DEPARTMENT PENSION FUND
City of Urbana, Illinois
SCHEDULE of INVESTMENTS and INTEREST INCOME
June 30, 1976

	Investments at cost <u>June 30, 1976</u>	Interest Income For Fourteen Month Period Ending <u>June 30, 1976</u>
<u>Interest Bearing Deposits</u>		
<u>Certificates of Deposit</u>		
National Bank of Urbana		
#377	\$ 13,000.00	\$ 983.23
#435 R	5,000.00	448.47
#438 R	2,000.00	165.89
#561 - retired	-	273.05
Busey First National Bank		
#51239	20,000.00	1,893.14
#4526	10,000.00	866.50
Champaign County Bank & Trust		
#11242	15,000.00	1,213.84
#2618 - retired	-	236.00
#11920 - retired	-	153.43
#11889	5,000.00	406.20
Commercial Bank		
#2122	20,000.00	1,663.23
First National Bank of Champaign		
#A2406	20,000.00	2,162.99
First National Bank of Rantoul		
#55190	20,000.00	1,739.34
<u>Passbook Savings</u>		
Busey First National Bank	3,776.44	149.48
Champaign County Bank & Trust	446.59	25.28
Bank of Illinois	<u>20,162.28</u>	<u>415.18</u>
	\$ <u>154,385.31</u>	\$ <u>12,795.25</u>
<u>Savings and Loan Associations</u>		
<u>Certificates of Deposit</u>		
Commercial Savings and Loan		
#137 R	\$ 20,000.00	\$ 1,739.37
#216	20,000.00	1,739.37
First Federal Savings and Loan		
#26C1311-7 - retired	-	455.67
#4C245-1 R	10,000.00	892.09
Urbana Savings and Loan		
#1235	20,000.00	1,781.20
#1268 R	20,000.00	1,781.69
Citizens Building and Loan		
#218 R	20,000.00	1,788.61
#451 R	20,000.00	1,788.61

	Investments at cost <u>June 30, 1976</u>	Interest Income For Fourteen Month Period Ending <u>June 30, 1976</u>
<u>Savings and Loan Associations</u>		
<u>Certificates of Deposit Cont'd.</u>		
University Federal		
#15-12	\$ 20,000.00	\$ 1,589.22
Champaign Loan and Building		
#HHH-145-3 - retired	-	854.97
#NNN-408-7	<u>6,076.45</u>	<u>499.91</u>
	\$ <u>156,076.45</u>	\$ <u>14,910.71</u>
<u>U.S. Treasury Notes</u>		
#18177, retired 5/15/76	\$ -	\$ 708.90
#22037,40,46,47, 18309, retired 5/15/76	-	1,003.92
#7251-5, 7 3/4% due 6/30/79 par \$50,000.00 interest dates 6/30 and 12/31	49,516.88	2,816.64
#6220-28, 27207-8, 7 1/2% due 8/15/76 par \$32,000.00 interest dates 8/15 and 2/15	32,000.00	2,787.67
#14364-6, 7 3/4% due 11/15/81 par \$30,000.00 interest dates 5/15 and 11/15	29,416.98	1,702.01
#14195, 36822, 8% due 2/15/77 par \$15,000.00 interest dates 2/15 and 8/15	15,343.00	1,387.26
#13507-11, 8 1/8% due 8/18/82 par \$50,000.00 interest dates 2/15 and 8/15	49,860.63	2,940.41
#26662-66, 8% due 2/15/77 par \$50,000.00 interest dates 2/15 and 8/15	50,645.00	4,624.20
#16891, 8% due 2/15/77 par \$5,000.00 interest dates 2/15 and 8/15	5,096.00	462.42
#6320-5, 7 7/8% due 5/15/86 par \$60,000.00 interest dates 5/15 and 11/15	60,000.00	549.93
#9529-32, 9546-9, 6 7/8% due 5/15/77 par \$90,000.00 interest dates 5/15 and 11/15	86,287.50	9,766.67
<u>U.S. Treasury Bond</u>		
#11473-4, 7% due 8/15/81 par \$20,000.00 interest dates 2/15 and 8/15	19,884.00	1,618.48
<u>Federal National Mortgage Association</u>		
#927, 6 3/4% due 6/10/83 par \$10,000.00 interest dates 6/10 and 12/10	<u>9,815.00</u>	<u>786.89</u>
	\$ <u>407,864.99</u>	\$ <u>31,155.40</u>
Total	\$ <u>718,326.75</u>	\$ <u>58,861.36</u>