



Main Hurdman

Certified Public Accountants

CITY OF URBANA, ILLINOIS

FIREMEN'S PENSION FUND

Audit Report

For the Years Ended June 30, 1986 and 1985



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Member of Klynveld Main Goerdeler

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Board of Trustees  
Firemen's Pension Fund  
Urbana, Illinois

We have examined the balance sheet of the Firemen's Pension Fund of the City of Urbana, Illinois, as of June 30, 1986, and the related statements of revenue and expenses and changes in municipal equity 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. The financial statements of the Firemen's Pension Fund of the City of Urbana for the year ended June 30, 1985, were examined by other auditors, whose report dated August 23, 1985, expressed an unqualified opinion on those statements.

The Firemen's Pension Fund is only one fund of many of the City of Urbana. Only the financial statements of this one fund are presented herewith and covered by this report.

In our opinion, the financial statements referred to above present fairly the financial position of the Firemen's Pension Fund of the City of Urbana as of June 30, 1986, and the results of its operations and the changes in its municipal equity for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*K M G Main Hurdman*

August 29, 1986



CITY OF URBANA, ILLINOIS  
FIREMEN'S PENSION FUND

Comparative Balance Sheet  
For the Years Ended June 30, 1986 and 1985

ASSETS

	<u>1986</u>	<u>1985</u>
Cash in Bank-Checking Account and on Hand	\$ 66,605	\$ 112,810
Property and Replacement Tax Receivable (Net of Allowance for Uncollectibles)	145,329	165,832
Accrued Investment Interest Receivable	67,149	110,932
Investments (Note 1):		
U.S. Government Securities	1,289,473	1,955,797
Certificates of Deposit	<u>4,299,830</u>	<u>2,730,599</u>
Total Assets	<u>\$5,868,386</u>	<u>\$5,075,970</u>

LIABILITIES AND MUNICIPAL EQUITY

Liabilities:

Payroll Taxes Withheld	\$ 85	
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Municipal Equity:

Automatic Increase Reserve (Note 3)		\$ 207,015
Statutory Reserve (Note 4)	37,000	37,000
Reserve for Employees' Retirement System	<u>5,831,301</u>	<u>4,831,955</u>

Total Municipal Equity	<u>5,868,301</u>	<u>5,075,970</u>
Total Liabilities and Municipal Equity	<u>\$5,868,386</u>	<u>\$5,075,970</u>

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA, ILLINOIS  
FIREMEN'S PENSION FUND

Comparative Statement of Revenues and Expenses  
For the Years Ended June 30, 1986 and 1985

	<u>1986</u>	<u>1985</u>
<u>Revenues:</u>		
Property Tax Revenue	\$295,388	\$299,482
Replacement Tax Revenue	28,500	28,500
Interest Income	559,292	493,217
Salary Deductions	<u>85,951</u>	<u>81,691</u>
Total Revenues	<u>969,131</u>	<u>902,890</u>
 <u>Expenses:</u>		
Disability Pension	74,152	73,676
Firemen's Pension	87,308	62,872
Dependent Pension	11,515	10,800
Insurance	292	302
Hospital and Doctor Fees	812	425
Clerk Salary and Taxes	2,570	2,569
Filing Fees	50	50
Miscellaneous	<u>101</u>	<u>23</u>
Total Expenses	<u>176,800</u>	<u>150,717</u>
Excess of Revenues Over Expenses	<u>\$792,331</u>	<u>\$752,173</u>

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA, ILLINOIS  
FIREMEN'S PENSION FUND

Comparative Statement of Changes in Municipal Equity  
For the Years Ended June 30, 1986 and 1985

	1986				1985			
	<u>Automatic Increase Reserve</u>	<u>Statutory Reserve</u>	<u>Employees' Retirement System Reserve</u>	<u>Total</u>	<u>Automatic Increase Reserve</u>	<u>Statutory Reserve</u>	<u>Employees' Retirement System Reserve</u>	<u>Total</u>
Balance, Beginning of Year	\$207,015	\$37,000	\$4,831,955	\$5,075,970	\$178,782	\$35,000	\$4,110,015	\$4,323,797
Excess of Revenues Over Expenses			792,331	792,331			752,173	752,173
Allocation to Reserves for the Year	(207,015)		207,015		28,233	2,000	(30,233)	
Balance, End of Year	<u>\$</u>	<u>\$37,000</u>	<u>\$5,831,301</u>	<u>\$5,868,301</u>	<u>\$207,015</u>	<u>\$37,000</u>	<u>\$4,831,955</u>	<u>\$5,075,970</u>

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA, ILLINOIS  
FIREMEN'S PENSION FUND

Notes to Financial Statements  
June 30, 1986 and 1985

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Note 1 - Summary of Significant Accounting Policies:

The pension fund was organized on April 4, 1927, and is exempt from federal income tax. The fund maintains their books and records on the cash basis of accounting. The statements presented in this report use the accrual basis of accounting. Receipts are recognized when they are earned and become measurable; expenses are recognized when incurred and measurable. Property tax revenue includes the 1985 tax levy for fiscal year 1986 and the 1984 tax levy for fiscal year 1985 certified against real property as of the beginning of the calendar year. Interest on investments is accrued as of June 30, 1986 and 1985. Investments are carried at amortized cost, which approximates market.

Note 2 - Actuarial Deficiency:

Unfunded accrued liabilities existed at the end of each fiscal year. These amounts of \$1,491,423 at 1985 and \$1,701,280 at 1984 are the required amounts necessary to meet the actuarial reserve requirement of the State of Illinois Department of Insurance. This deficiency is being funded over the next 34.5068 years at \$109,402 per year. The 1986 tax levy and estimated corporate personal property replacement tax amount included \$188,118 for the current portion and \$109,402 for the accrued liability. The 1985 tax levy and estimated corporate personal property replacement tax amount included \$177,597 for the current requirement and \$123,824 required to fund the accrued liability. The deficiency occurred as the result of prior year's tax levies not meeting the minimum levy requirements as prescribed in Section 4-118 of the Illinois Pension Code.



CITY OF URBANA, ILLINOIS  
FIREMEN'S PENSION FUND

Notes to Financial Statements  
June 30, 1986 and 1985  
(Continued)

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Note 3 - Automatic Increase Reserve:

A 1971 amendment to the Illinois Pension Code specified that an Automatic Increase Reserve was to be established and an amount, based on participant's salary, was to be allocated to the reserve each year. This requirement has since been removed from the Code. Therefore, the amount of \$217,015, balance at July 1, 1985, was allocated back to the reserve for Employees' Retirement System during 1986.

Note 4 - 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 approximately 36,000 people. The reserve balance as of June 30, 1986 is \$37,000. This reserve is not to be considered as an actuarial reserve.

ACCOMPANYING INFORMATION

ACCOUNTANTS' REPORT ON INFORMATION ACCOMPANYING  
THE BASIC FINANCIAL STATEMENTS

Our examination of the basic financial statements for the year ended June 30, 1986, presented in the preceding section of this report, was made for the purpose of forming an opinion on such financial statements taken as a whole. The accompanying financial information shown on pages 9 and 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 1986, taken as a whole.

*K M G Main Hudman*

CITY OF URBANA, ILLINOIS  
FIREMEN'S PENSION FUND

Schedule of Government Securities  
June 30, 1986

<u>U.S. Securities:</u>	<u>Interest Rate</u>	<u>Investments At Par June 30, 1986</u>	<u>Investments At Amortized Cost June 30, 1986</u>	<u>Maturity Date</u>
Treasury Note	11.125	\$ 320,000	\$ 320,341	9/30/87
Treasury Note	11.25	150,000	149,958	12/31/87
Treasury Note	12.625	70,000	70,009	7/31/86
Treasury Note	12.375	250,000	250,073	8/31/86
Treasury Note	11.875	100,000	99,980	9/30/86
Treasury Note	10.375	80,000	79,907	2/15/88
Treasury Note	11.25	118,000	118,697	3/31/89
Treasury Note	10.375	<u>200,000</u>	<u>200,508</u>	7/15/92
Total		<u>\$1,288,000</u>	<u>\$1,289,473</u>	

CITY OF URBANA, ILLINOIS  
FIREMEN'S PENSION FUND

Schedule of Certificates of Deposit  
June 30, 1986

	<u>Interest Rate</u>	<u>Investments At Par June 30, 1986</u>	<u>Maturity Date</u>
<u>Certificates of Deposit:</u>			
American Savings	10.5	\$ 300,000	10/23/87
Champion Federal	10.5	104,845	1/10/89
Urbana Federal Savings and Loan	10.1	100,000	11/17/86
Gibson Federal Savings and Loan	10.85	150,000	10/11/86
Gibson Federal Savings and Loan	10.75	100,000	11/02/86
Mid-State Savings and Loan	11.0	196,072	9/30/86
Mid-State Savings and Loan	11.0	100,000	1/16/87
Mid-State Savings and Loan	11.25	350,000	2/01/89
Champaign National Bank	10.25	110,651	6/05/88
American Savings	9.6	214,929	8/21/90
Citicorp Savings	11.15	700,000	3/04/90
Citicorp Savings	11.97	60,000	10/10/87
American Savings	8.25	100,000	4/16/91
American Savings	7.75	100,000	4/23/87
American Savings	10.25	300,000	7/15/91
American Savings	10.15	100,000	12/11/91
American Savings	9.75	300,000	2/19/91
Citicorp Savings	10.4	250,000	10/02/91
Citicorp Savings	9.4	70,000	11/27/90
Far West Savings	8.0	75,000	6/01/96
Olympic Federal	10.25	218,333	8/19/92
Citicorp Savings	8.35	150,000	6/06/91
Citicorp savings	8.15	150,000	6/30/91
Total		<u>\$4,299,830</u>	