CITY OF URBANA, ILLINOIS

FIREMEN'S PENSION FUND

Audit Report

For the Years Ended June 30, 1991 and 1990

Board of Trustees
Firemen's Pension Fund
City of Urbana
Urbana, Illinois

Independent Auditor's Report

We have audited the accompanying balance sheet of the Firemen's Pension Fund as of June 30, 1991, and the related statements of revenues, expenditures, and changes in municipal equities and changes in financial position for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements of the Firemen's Pension Fund as of June 30, 1990 were audited by other auditors whose report dated August 23, 1990 expressed an unqualified opinion.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 1991 financial statements referred to above present fairly, in all material respects, the financial position of the Firemen's Pension Fund as of June 30, 1991, and the results of its operations and its changes in financial position for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the year ended June 30, 1991 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton, Gunderson & Co.

Champaign, Illinois
September 27, 1991

CITY OF URBANA, ILLINOIS
FIREMEN'S PENSION FUND

Audit Report

For the Years Ended June 30, 1991 and 1990

TABLE OF CONTENTS

CITY OF URBANA, ILLINOIS

FIREMEN'S PENSION FUND

Comparative Balance Sheet

As of June 30, 1991 and 1990

ASSETS

	1991	1990
Cash and Cash Equivalents:		
Checking Account	$138,192	$1,409
Il. Public Treasurer's Pool	337,729	419,390
Accounts Receivable, Due from City	934	-
Property and Replacement Tax Receivable (Net of Allowance for Uncollectibles)	177,164	174,989
Accrued Interest Receivable	51,947	178,902
Investments (Note 1):		
U.S. Government Securities	6,651,494	4,562,173
Certificates of Deposit	2,492,081	3,579,243
Insurance Company Accounts	408,800	402,800
Total Assets	$10,258,341	$9,318,906

LIABILITIES AND MUNICIPAL EQUITY

	1991	1990
Liabilities:		
Payroll Taxes Withheld	$57	$ -
Municipal Equity:		
Statuatory Reserve (Note 4)	37,000	37,000
Reserve for Employee's Retirement	10,221,284	9,281,906
Total Municipal Equity	10,258,284	9,318,906
Total Liabilities and Municipal Equity	$10,258,341	$9,318,906

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

CITY OF URBANA

FIREMEN'S PENSION FUND

Comparative Statement of Revenues and Expenses
and Changes in Municipal Equity

For the Years Ended June 30, 1991 and 1990

	1991	1990
Revenues:		
Employer Contributions:		
Property Tax	$322,734	$315,229
Replacement Tax	36,000	36,000
Interest Income	777,915	743,688
Employee Contributions	107,244	103,774
Total Revenues	1,243,893	1,198,691
Expenses:		
Disability Pension	69,981	69,505
Firemen's Pension	183,828	150,429
Dependent's Pension	46,629	46,629
Insurance & Accounting	-	737
Hospital and Doctor Fees	791	731
Clerk's Salary and Taxes	3,172	3,227
Filing Fee	50	50
Miscellaneous	64	100
Total Expenses	304,515	271,408
Excess of Revenues Over Expenses	939,378	927,283
Municipal Equity, Beginning of Year	9,318,906	8,391,623
Municipal Equity, End of Year	$10,258,284	$9,318,906

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

CITY OF URBANA

FIREMEN'S PENSION FUND

Comparative Statement of Cash Flows

For the Years Ended June 30, 1991 and 1990

	1991	1990
Cash Flows From Operations:		
Operating Income	$939,378	$927,283
Changes in Assets and Liabilities:		
Decrease (increase) in receivables	123,846	16,544
Increase (decrease) in payables	57	--
Net Cash Provided by Operating Activities	1,063,281	943,827
Cash Flows from Investing Activities:		
Purchase of Investments	(3,259,270)	(4,028,528)
Interest Added to Accounts	(658,738)	(323,848)
Proceeds from Maturities of Investments	2,909,849	3,639,307
Net Cash (Used in) Investing Activities	(1,008,159)	(713,069)
Increase in Cash and Cash Equivalents	55,122	230,758
Beginning Cash and Cash Equivalents	420,799	190,041
Ending Cash and Cash Equivalents	$475,921	$420,799

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

Notes to Financial Statements
June 30, 1991 and 1990

Note 1 - Summary of Significant Accounting Policies:

The Pension fund was organized on April 4, 1927, and is exempt from federal income tax. The pension fund is only one fund of many of the City of Urbana. Only the financial statements of this fund are presented in this report. The pension fund is created and operated under state laws that provide for a fund to be established to provide certain retirement benefits to firefighters and their dependents (see Note 2). The fund is managed by a board of seven trustees made up of three city officials and four persons elected by the members of the board.

The Fund's books and records are maintained on the cash basis and converted to accrual basis for preparation of the statements in this report. The accrual basis means revenues are recognized when earned, and expenses when incurred.

Investments are reported at lower of cost or market. Market values for U.S. government securities, insurance contracts and money funds are based upon latest quoted prices. Investment income is recognized as earned. Gain and losses on sales and exchanges of securities are recognized on the transaction date.

The fund considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property taxes are recognized for the year levied. The 1990 levy is reported in fiscal year 1991 and the 1989 levy in fiscal year 1990. The taxes are certified against appraised real property as of the beginning of the previous calendar year.

Note 2 - Retirement Commitments:

a. Plan Description:

The Pension fund is a defined benefit single-employer pension plan that covers all sworn firefighting personnel. Although this is a single-employer plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statues. This fund is accounted for and reported as a pension trust fund. The City's payroll for employees covered by the pension plan for the year ended June 30,

Notes to Financial Statements
June 30, 1991 and 1990

1991, was $1,401,842 out of a total payroll of $6,236,009.

At June 30, 1991, the pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits (none entitled but not receiving benefits)	28
Current employees	42
Total	70

Following is a summary of the firemen's pension plan as provided for in the Illinois Statutes.

The firemen's pension plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held at the date of retirement. The pension shall be increased by one-twelfth of 2% of such salary for each month over 20 years of service through 30 years of service, and one-twelfth of 1% of such service for each additional month between 30 and 35 years of service, to a maximum of 75% of such monthly salary. Employees with at least 10 years, but less than 20 years of credited service, may retire at or after age 60 and receive a reduced benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement, and paid upon reaching at least the age 55, by 3% of the original pension times the number of whole years the employee has been retired since age 50 (up to a maximum of 15%), and 3% annually thereafter on new gross wages.

Covered employees are required to contribute 8 1/4% of their salary to the Firemen's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City of Urbana is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2020, the City's contributions must accumulate to the point where the past service cost for the Firemen's Pension Plan is fully funded.

b. Plan Asset Matters:

The Plan holds $553,664 in certificates of deposit in a single financial institution, American Savings Bank. The only other investments which are greater than 5% of net assets and held by a single organization are U.S. government and U.S. government guaranteed obligations.

There are no investments that are securities or obligations of the City of Urbana.

c. Funding Status and Progress:

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited value of accredited projected benefits and is independent of the funding method used to determine contributions to the system.

Latest Actuarial Valuation Date	July 1, 1990
Significant Actuarial Assumptions:	
Rate of return on investment of present and future assets	7.0% compounded annually
Projected salary increases, attributable to inflation	5.5% compounded annually

Notes to Financial Statements
June 30, 1991 and 1990

Projected salary increases attributable to other than inflation (merit, etc.)	separate information not available
Post retirement benefit increases	3.0% simple interest annually
Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits	$3,712,830
Current employees Accumulated employee contributions including allocated investment earnings and employer financed	6,712,904
Total Pension Benefit Obligation	$10,425,734
Net Assets Available for Benefits (lower of cost or market, market ($9,367,390)	9,318,905
Unfunded Pension Benefit Obligation	$ 1,106,829

Note: Since no allocation can be made between vested and nonvested, these are not stated separately.

Effects on the Pension Benefit Obligation of Current-Year Changes:

There were no significant changes in the actuarial assumptions and benefit provisions.

d. Actuarially Determined Contribution Requirements and Contributions Made:

The funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City's employee group as a whole has tended to remain level as a percentage of annual

Notes to Financial Statements
June 30, 1991 and 1990

covered payroll. The contribution rate for normal cost is determined using the entry age normal actuarial funding method. The system used a level dollar amount method to amortize the unfunded liability over a 40 year period.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation, as described above.

Actuarial Valuation Date	July 1, 1990	
	Dollar Amount	% Covered Payroll
Actuarially Determined Contribution Requirement - Employer:		
Normal Cost	$250,520	19.90%
Amortization of unfunded actuarially accrued liability	89,663	7.12
Total	$340,183	27.02%
Contribution Made:		
Employer	$358,734	28.50%
Employee	107,244	8.52
Total	$465,978	37.02%

Effects on the Contribution Requirements of Current-Year Changes:

There were no significant changes in the actuarial assumptions, actuarial funding methods, and benefit provisions.

Ten year trend information, which is designed to provide information about progress made in accumulating sufficient assets to pay benefits when due, may be found in the Required Supplementary Information, in this report.

Notes to Financial Statements
June 30, 1991 and 1990

Note 3 - 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 37,000 people. The reserve balance as of June 30, 1991 is $37,000. This reserve is not to be considered as an actuarial reserve.

Note 4 - Deposits and Investments:

The pension fund is authorized by State Statutes to invest in obligations of the U.S. Treasury and its agencies, non-negotiable certificates of deposit and Illinois Public Treasurer's Investment Pool, savings accounts, general and separate accounts of approved life insurance companies (up to a maximum of 10% of the fund's aggregate investment book value), obligations of the State of Illinois or its political subdivisions, credit union shares (if insured by the National Credit Union Administration), and obligations of the State of Israel (up to a maximum of 5% of the fund's aggregate investment book value).

The fund's deposits and investments are categorized below to give an indication of the level of risk assumed at June 30, 1991.

Category 1 - includes amount that are insured and for which the securities are held by the fund or its agent in the fund's name. These are U.S. government and its agencies obligations, certificates of deposit, and insured banks and savings accounts. Certificates of deposit in federally insured banks and savings and loans are insured in an amount equal to $100,000 per fund plus an amount equal to each member's vested beneficial interest up to a maximum of $100,000 per member.

Category 2 - includes amounts invested in separate accounts of life insurance companies. These amounts are not insured nor guaranteed by any federal agency.

Notes to Financial Statements
June 30, 1991 and 1990

	Risk Category	Carrying Value	Market Value
U.S. Government and Its Agencies	1	$6,651,494	$6,628,567
Certificates of Deposit	1	2,492,081	2,492,081
Checking & Savings Accts	1	138,192	138,192
Subtotal, Category	1	$9,281,767	$9,258,840
Insurance Company Accounts	2	408,800	442,984
Subtotal		$9,690,567	$9,701,824
Investment in Illinois Public Treasurer's Pool	-	337,729	337,729
Total		$10,028,296	$10,039,553

No credit risk is assigned to the Illinois Public Treasurer's Investment Pool since the Fund does not own any specific identifiable securities but rather a percentage of the pool.

CITY OF URBANA
FIREMEN'S PENSION FUND

Required Supplementary Information
Ten Year Trend Information on Pension Benefit Funding

June 30, 1991 and 1990

	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
Available for Benefits	$9,318,905	$8,391,622	$7,507,942	$6,675,553	$5,868,300	$5,075,970	$4,323,796	$3,687,077	$3,046,603	$2,516,824
Pension Benefit Obligation	$10,425,734	$9,864,505	$8,918,791	$8,555,196	$6,965,186	$6,567,394	$6,025,077	$5,730,113	$4,889,018	$5,366,335
Percentage Funded	89.38%	85.07%	84.18%	78.03%	84.25%	77.29%	71.76%	64.35%	62.32%	46.90%
Unfunded Pension Benefit Obligation	$1,106,829	$1,472,883	$1,410,849	$1,879,643	$1,096,886	$1,491,424	$1,701,281	$2,043,036	$1,842,415	$2,849,511
Annual Covered Payroll	$1,258,643	$1,229,583	$1,177,261	$1,143,901	$1,088,042	$1,061,874	$1,002,514	$965,736	$833,860	$852,394
Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll	87.94%	119.79%	119.84%	164.32%	100.81%	140.45%	169.70%	211.55%	220.95%	334.30%
City's Contribution to the Pension Plan	$358,734	$351,229	$358,664	$308,573	$312,298	$324,888	$323,888	$327,982	$373,016	$324,437
City's Contribution to the Pension Plan as a Percentage of Annual Covered Payroll	28.50%	28.56%	30.47%	26.98%	28.70%	30.60%	32.31%	33.96%	44.73%	38.06%

CITY OF URBANA
FIREMEN'S PENSION FUND

Required Supplementary Information
Ten Year Trend Information on Revenues by Source and Expenses by Type

June 30, 1991 and 1990

	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
Revenues by Source:										
Employee Contributions	$107,244	$103,774	$100,042	$98,365	$90,533	$85,951	$81,691	$79,945	$71,997	$72,158
Employer Contributions	$358,734	$351,229	$358,664	$308,573	$312,298	$323,888	$327,982	$282,429	$373,016	$324,437
Investment Income	$777,915	$743,688	$675,927	$628,633	$588,704	$559,292	$493,217	$416,734	$398,904	$292,971
Total	$1,243,893	$1,198,691	$1,134,633	$1,035,571	$991,535	$969,131	$902,890	$779,108	$843,917	$689,566
Expenses by Type:										
Benefits	$300,438	$266,563	$245,287	$198,861	$179,633	$172,975	$147,348	$147,470	$138,165	$155,942
Administrative Expense	$4,077	$4,845	$5,665	$4,322	$4,649	$3,825	$3,369	$3,321	$4,381	$2,904
Refunds	--	--	--	--	--	--	--	--	$11,688	$1,533
Total	$304,515	$271,408	$250,952	$203,183	$184,282	$176,800	$150,717	$150,791	$154,234	$160,379

Contributions were made in accordance with actuarially determined contribution requirements.