

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Audit Report

For the Year Ended June 30, 1981

BRAY, DRAKE, GUTHRIE & RICHARDSON
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Audit Report
For the Year Ended June 30, 1981

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August 25, 1981

Board of Trustees
Police Pension Fund
Urbana, Illinois

We have examined the balance sheet of the Police Pension Fund of the City of Urbana, Illinois as of June 30, 1981, and the related statements of revenue and expenditures, and changes in municipal equity, together with the supporting schedules, for the 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. The financial statements for this fund for the prior two years were examined by another auditor, whose report dated September 26, 1980, expressed an unqualified opinion on the cash basis financial statements for the prior two years.

The Police 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 Police Pension Fund as of June 30, 1981, and the results of its operations and the changes in its municipal equity for the period then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive affect to the change, with which we concur, from cash basis to modified accrual basis of accounting, as explained more fully in Note 2 to the financial statements.

Bray, Drake, Guthrie & Richardson
BRAY, DRAKE, GUTHRIE & RICHARDSON

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Balance Sheet
June 30, 1981

ASSETS

Cash In Bank-Checking Account	\$ 1,448.08
Due From Bank	70.68
Property and Replacement Tax Receivable (Net of Allowance for Uncollectible of \$3,182.34)	243,170.62
Accrued Investment Interest Receivable	36,845.49
Investments (Note 1):	
U.S. Government Securities	833,893.50
Certificates of Deposit	1,145,000.00
Savings Accounts	<u>38,598.45</u>
 Total Assets	 <u>\$2,299,026.82</u>

LIABILITIES AND MUNICIPAL EQUITY

<u>Liabilities:</u>	\$ -0-
 <u>Municipal Equity:</u>	
Statutory Reserve (Note 4)	560,000.00
Unrestricted (Note 2)	<u>1,739,026.82</u>
 Total Liabilities and Municipal Equity	 <u>\$2,299,026.82</u>

The Notes to Financial Statements are an integral part of this statement

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Statement of Revenues and Expenditures
For the Year Ended June 30, 1981

Revenues:

Property Tax Revenue	\$240,334.25
Replacement Tax Revenue	5,101.96
Interest Income	193,139.51
Salary Deductions	<u>70,425.48</u>
 Total Revenues	 509,001.20

Expenditures:

Disability Pension	\$ 4,992.60
Widow Pension	22,418.40
Service Pension	125,899.29
Refunds to Resigning Members	20,268.23
Professional Fees	2,125.00
Continuing Education	1,200.00
Clerk Salary	1,760.00
Physical Examination	463.50
Brokerage Fees	415.00
Secretarial Services	87.50
Filing Fees	50.00
Miscellaneous	<u>27.57</u>
 Total Expenditures	 <u>179,707.09</u>
 Excess of Revenues Over Expenditures	 <u>\$329,294.11</u>

The Notes to Financial Statements are an integral part of this statement

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Statement of Changes in Municipal Equity
For the Year Ended June 30, 1981

	<u>(Note 4)</u> <u>Statutory</u> <u>Reserve</u>	<u>Unrestricted</u> <u>Fund</u>	<u>Total</u>
Balance, July 1, 1980	\$560,000.00	\$1,223,501.34	\$1,783,501.34
Excess of Revenues Over Expenditures		329,294.11	329,294.11
Prior Period Adjustments: (Note 2)			
Property Tax Receivable		248,245.52	248,245.52
Reserve for Uncollectible		(2,265.59)	(2,265.59)
Interest Accrual on Investments		25,098.80	25,098.80
Loss in Fund Equity due to Decrease in Market Value of Government Securities		<u>(84,847.36)</u>	<u>(84,847.36)</u>
Balance, June 30, 1981	<u>\$560,000.00</u>	<u>\$1,739,026.82</u>	<u>\$2,299,026.82</u>

The Notes to Financial Statements are an integral part of this statement

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Notes to Financial Statements
June 30, 1981

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 modified accrual basis of accounting. Receipts are recognized when they become both "measurable and available to finance current period expenditures" and expenditures recognized when the liability is incurred. Property tax revenue includes the 1980 tax levy certified against real property as of the beginning of the calendar year. Interest on investments is accrued as of June 30, 1981. Investments in certificates of deposit and savings accounts are carried at cost, while government securities are adjusted to market values at June 30, 1981, which is lower than cost.

Note 2 - Prior Period Adjustments:

Since this is the first year the financial statements are reported on the accrual basis, certain prior period adjustments are necessary to adjust municipal equity. The total adjustment of \$271,078.73 is comprised of the following June 30, 1980 balances: Property tax receivable \$248,245.52, Reserve for Uncollectible \$(2,265.59) and Interest Accrual on Investments \$25,098.80.

Note 3 - Actuarial Deficiency:

At June 30, 1980, an unfunded accrued liability of \$2,359,319 exists which is the required amount necessary to meet the actuarial reserve requirement of the State of Illinois Department of Insurance. This amount is being funded through tax levies for the next 39.5068 years at \$147,567.00 per year. The 1980 tax levy of \$241,251.00 includes \$97,247.00 for the current requirement and \$144,004.00 of the \$147,567.00 required to fund the accrued liability. The deficiency occurred as a result of prior years' tax levies not meeting the minimum levy requirements as prescribed in Section 3-125 of the Illinois Pension Code.

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Notes to Financial Statements
June 30, 1981
(continued)

Note 4 - Statutory Reserve:

As revised November 15, 1979, the Illinois Pension Code requires the establishment and maintenance of a reserve to ensure the payment of obligation incurred under the Pension Code. The minimum as specified in Section 3-127 of the code is to be no less than \$10,000.00 for each policeman covered by the pension code in the municipality. At June 30, 1981, 41 policemen were participants in the pension fund. This would require that a reserve of at least \$410,000.00 be set up. The reserve balance at June 30, 1981 is \$560,000.00.

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Schedule of Government Investments
June 30, 1981

	Safekeeping Number	Investments At Par June 30, 1981	Investments At Market Value June 30, 1981	Interest Income Fiscal Year Ended June 30, 1981
<u>U.S. Securities:</u>				
Treasury Notes and Bills	SK307715	\$ 30,000.00	\$ 22,845.00	\$ 2,475.00
Treasury Notes and Bills	SK229560	40,000.00	31,680.00	3,200.00
Treasury Notes and Bills	SK213950	10,000.00	9,373.00	812.50
Treasury Notes and Bills	SK578579	20,000.00	14,750.00	1,650.00
Treasury Notes and Bills	SK314491	65,000.00	60,762.00	6,093.75
Treasury Notes and Bills	SK309565	40,000.00	32,896.00	3,300.00
Treasury Notes and Bills	SK323645	70,000.00	69,580.00	8,837.50
Treasury Notes and Bills	SK326215	100,000.00	92,840.00	10,500.00
Treasury Notes and Bills	SK328439	20,000.00	19,892.00	2,775.00
Treasury Notes and Bills	SK332087	80,000.00	72,672.00	7,400.00
Treasury Notes and Bills	SK334905	40,000.00	36,464.00	3,452.19
Treasury Notes and Bills	SK336594	100,000.00	97,400.00	8,881.84
Treasury Notes and Bills	SK342762	90,000.00	87,480.00	4,345.27
Treasury Notes and Bills	SK344122	25,000.00	24,057.50	789.06
Treasury Notes and Bills	SKA196247		Matured	(10.00)
Treasury Notes and Bills	SK217824		Matured	6,398.44
Treasury Notes and Bills	SK311124		Matured	2,731.25
First National Mortgage Association	SKA147467	40,000.00	31,504.00	2,760.00
First National Mortgage Association	SK146109	40,000.00	33,864.00	2,700.00
First National Mortgage Association	SK158850	30,000.00	27,210.00	2,040.00
First National Mortgage Association	SKA211632	40,000.00	34,312.00	3,200.00
First National Mortgage Association	SKA211637	<u>40,000.00</u>	<u>34,312.00</u>	<u>3,200.00</u>
		<u>\$920,000.00</u>	<u>\$833,893.50</u>	<u>\$87,531.80</u>

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Schedule of Other Assets
June 30, 1981

	<u>Certificate Number</u>	<u>Investments At Cost June 30, 1981</u>	<u>Interest Income Fiscal Year Ended June 30, 1981</u>
<u>Certificate of Deposit:</u>			
Bank of Illinois	50597	\$ 40,000.00	\$ 3,257.26
Bank of Illinois	1938	Retired	1,841.79
Busey First National Bank	13908	10,000.00	775.00
Busey First National Bank	13907	10,000.00	775.00
Busey First National Bank	13906	20,000.00	1,513.08
Busey First National Bank	56513	100,000.00	780.82
Busey First National Bank	56387	Retired	7,727.94
Commercial Bank	6040	40,000.00	3,070.44
First National Bank	A4549	40,000.00	3,027.99
Champaign County Bank and Trust	11804	Retired	468.49
Champaign County Bank and Trust	12384	30,000.00	2,250.00
Champaign County Bank and Trust	14940	Retired	1,552.56
Champaign County Bank and Trust	15380	75,000.00	6,084.25
Champaign County Bank and Trust	15755	Retired	3,055.42
Champaign County Bank and Trust	16085	10,000.00	444.25
Champaign County Bank and Trust	16741	50,000.00	390.41
National Bank of Urbana	2256	100,000.00	9,842.22
Citizens Building Association	R1298	Retired	149.96
Citizens Building Association	W9119	9,000.00	525.46
Citizens Building Association	A1503	Retired	1,437.71
Citizens Building Association	1060-47	11,000.00	1,068.48
Citizens Building Association	129-907	20,000.00	1,183.68
Citizens Building Association	4606-27	100,000.00	4,812.50
Citizens Building Association	3352	Retired	5,308.35
Champaign Loan and Building Association	A77-177-0	Retired	795.60
Champaign Loan and Building Association	A77-158-2	60,000.00	4,650.00
Champaign Loan and Building Association	1071496-1	40,000.00	3,563.83
Commercial Savings and Loan	513	60,000.00	4,650.00
Commercial Savings and Loan	T-62	20,000.00	1,600.00
Commercial Savings and Loan	138	Retired	732.68
Commercial Savings and Loan	696	20,000.00	690.41
University Federal Savings and Loan	055001246	80,000.00	6,347.58
University Federal Savings and Loan	05-69-47	20,000.00	1,586.91

(continued)

BRAY, DRAKE, GUTHRIE & RICHARDSON

Certified Public Accountants

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Schedule of Other Assets
June 30, 1981
(continued)

	<u>Certificate Number</u>	<u>Investments At Cost June 30, 1981</u>	<u>Interest Income Fiscal Year Ended June 30, 1981</u>
<u>Certificate of Deposit: (cont.)</u>			
First Federal Savings and Loan	6C-98-2	60,000.00	4,760.88
First Federal Savings and Loan	25V-809-4	20,000.00	2,488.46
First Federal Savings and Loan	25V-1378-9	20,000.00	1,921.93
Urbana Savings and Loan	3124	Retired	383.80
Urbana Savings and Loan	6583	40,000.00	3,489.58
Urbana Savings and Loan	16321	Retired	806.04
Rantoul First Federal	C6-731	40,000.00	3,173.80
		<u>\$1,145,000.00</u>	<u>\$102,984.56</u>
<u>Savings Account:</u>			
Champaign County Bank and Trust		<u>\$ 38,598.45</u>	<u>\$ 2,623.15</u>