

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Audit Report

For the Years Ended June 30, 1982 and 1981

BRAY, DRAKE, GUTHRIE & RICHARDSON
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

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August 25, 1982

Board of Trustees
Police Pension Fund
Urbana, Illinois

We have examined the balance sheets of the Police Pension Fund of the City of Urbana, Illinois, as of June 30, 1982 and June 30, 1981, and the related statements of revenue and expenditures, and changes in municipal equity, together with the supporting schedules, for the years 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 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, 1982 and June 30, 1981, and the results of its operations and the changes in its municipal equity for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

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

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Comparative Balance Sheet
As of June 30, 1982 and 1981

	<u>1982</u>	<u>1981</u>
<u>ASSETS</u>		
Cash in Bank-Checking Account	\$ 1,992.38	\$ 1,448.08
Due From Bank	-0-	70.68
Property and Replacement Tax Receivable (Net of Allowance for Uncollectible of \$2,813.02 in 1982 and \$3,182.34 in 1981)	223,736.38	243,170.62
Accrued Investment Interest Receivable	61,754.81	36,845.49
Investments (Note 1):		
U.S. Government Securities	1,226,897.00	833,893.50
Certificates of Deposit	1,170,000.00	1,145,000.00
Savings Accounts	47,077.89	38,598.45
	<u>2,731,458.46</u>	<u>2,299,026.82</u>
	=====	=====
	\$2,731,458.46	\$2,299,026.82
	=====	=====
<u>LIABILITIES AND MUNICIPAL EQUITY</u>		
<u>Liabilities:</u>	\$ -0-	\$ -0-
<u>Municipal Equity:</u>		
Statutory Reserve (Note 4)	560,000.00	560,000.00
Unrestricted	2,171,458.46	1,739,026.82
	<u>2,731,458.46</u>	<u>1,739,026.82</u>
	=====	=====
	\$2,731,458.46	\$2,299,026.82
	=====	=====

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

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Comparative Statement of Revenues and Expenditures
For the Years Ended June 30, 1982 and 1981

	<u>1982</u>	<u>1981</u>
<u>Revenues:</u>		
Property Tax Revenue	\$220,588.32	\$240,334.25
Replacement Tax Revenue	18,895.66	5,101.96
Interest Income	258,155.68	193,139.51
Employee Contributions	<u>85,956.03</u>	<u>70,425.48</u>
Total Revenues	<u>583,595.69</u>	<u>509,001.20</u>
<u>Expenditures:</u>		
Disability Pension	4,992.60	4,992.60
Widow Pension	22,418.40	22,418.40
Service Pension	141,138.74	125,899.29
Refunds to Resigning Members	16,179.66	20,268.23
Professional Fees	1,520.00	2,125.00
Continuing Education	1,275.00	1,200.00
Clerk Salary	1,200.00	1,760.00
Physical Examination	476.50	463.50
Brokerage Fees	-0-	415.00
Secretarial Services	125.00	87.50
Filing Fees	50.00	50.00
Miscellaneous	10.00	27.57
Total Expenditures	<u>189,385.90</u>	<u>179,707.09</u>
Excess of Revenues Over Expenditures	<u>\$394,209.79</u> =====	<u>\$329,294.11</u> =====

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

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Comparative Statement of Changes in Municipal Equity
For the Years Ended June 30, 1982 and 1981

	1982		1981	
	(Note 4) Statutory Reserve	Unrestricted Fund Total	(Note 4) Statutory Reserve	Unrestricted Fund Total
Balance, Beginning of Year	\$560,000.00	\$1,739,026.82	\$560,000.00	\$1,223,501.34
Excess of Revenues Over Expenditures		394,209.79		329,294.11
Prior Period Adjustments: (Note 2)				
Property Tax Receivable Reserve for Uncollectible Interest Accrual on Investments				248,245.52 (2,265.59) 25,098.80
Gain (Loss) in Fund Equity Due to Change in Market Value of Government Securities		38,221.85		(84,847.36)
Balance, End of Year	\$560,000.00	\$2,171,458.46	\$560,000.00	\$1,739,026.82

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

BRAY, DRAKE, GUTHRIE & RICHARDSON
Certified Public Accountants

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Notes to Financial Statements
June 30, 1982 and 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 are recognized when the liability is incurred. Property tax revenue includes the 1981 tax levy for fiscal year 1982 and the 1980 tax levy for fiscal year 1981 certified against real property as of the beginning of the calendar year. Interest on investments is accrued as of June 30, 1982 and 1981. Investments in certificates of deposit and savings accounts are carried at cost, while government securities are adjusted to market values at June 30, 1982 and 1981.

Note 2 - Prior Period Adjustments:

Since 1981 was the first year the financial statements were 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:

Unfunded accrued liabilities existed at the end of each fiscal year. These amounts of \$2,473,755.00 at 1981 and \$2,359,319.00 at 1980 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 38.5068 years at \$155,900.00 per year. The 1981 tax levy and estimated corporate personal property replacement tax amount includes \$155,900.00 plus \$100,618.00 for the current requirement. 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
POLICE PENSION FUND

Notes to Financial Statements
June 30, 1982 and 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 obligations incurred under the Pension Code. The minimum as specified in the 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, 1982 and 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 is \$560,000.00.

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Schedule of Government Investments
June 30, 1982

	<u>Interest Rate</u>	<u>Investments at Par June 30, 1982</u>	<u>Investments at Market Value June 30, 1982</u>	<u>Maturity Date</u>
<u>U.S. Securities:</u>				
Treasury Notes and Bills	8.125	\$ 10,000.00	\$ 9,934.00	08/15/82
Treasury Notes and Bills	8.0	40,000.00	39,975.00	08/18/86
Treasury Notes and Bills	8.25	30,000.00	23,175.00	05/15/88
Treasury Notes and Bills	8.25	40,000.00	33,975.00	08/15/85
Treasury Notes and Bills	9.375	65,000.00	63,538.00	12/31/82
Treasury Notes and Bills	8.25	20,000.00	14,788.00	05/15/90
Treasury Notes and Bills	10.5	100,000.00	94,688.00	12/31/83
Treasury Notes and Bills	9.25	80,000.00	75,800.00	08/15/83
Treasury Notes and Bills	9.875	40,000.00	37,738.00	11/15/83
Treasury Notes and Bills	11.875	100,000.00	99,531.00	09/30/82
Treasury Notes and Bills	13.25	90,000.00	87,750.00	08/15/84
Treasury Notes and Bills	12.625	25,000.00	24,680.00	03/31/83
Treasury Notes and Bills	15.875	50,000.00	50,578.00	07/31/83
Treasury Notes and Bills	16.25	100,000.00	101,625.00	08/31/83
Treasury Notes and Bills	15.875	50,000.00	51,344.00	09/30/85
Treasury Notes and Bills	15.5	120,000.00	120,900.00	10/31/83
Treasury Notes and Bills	15.0	40,000.00	40,200.00	01/31/84
First National Mortgage Association	6.75	40,000.00	36,525.00	09/12/83
First National Mortgage Association	6.90	40,000.00	33,400.00	12/10/84
First National Mortgage Association	6.8	30,000.00	29,494.00	09/10/82
First National Mortgage Association	8.0	40,000.00	36,463.00	12/12/83
First National Mortgage Association	8.0	40,000.00	36,463.00	12/12/83
Treasury Notes and Bills	15.125	20,000.00	20,106.00	02/29/84
Treasury Notes and Bills	14.125	30,000.00	29,719.00	03/31/84
Treasury Notes and Bills	14.125	35,000.00	34,508.00	05/15/85
		<u>\$1,275,000.00</u>	<u>\$1,226,897.00</u>	
		=====	=====	

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Schedule of Other Investments
June 30, 1982

	Interest Rate	Investments at Cost June 30, 1982	Maturity Date
<u>Certificates of Deposit:</u>			
Bank of Illinois	13.7	\$ 40,000.00	05/17/84
Busey First National Bank	13.5	140,000.00	12/10/82
Commercial Bank	13.0	40,000.00	05/18/84
First National Bank	13.0	40,000.00	05/17/84
Champaign County Bank and Trust	7.5	30,000.00	11/29/82
Champaign County Bank and Trust	11.75	75,000.00	04/02/83
Champaign County Bank and Trust	11.75	10,000.00	08/13/83
Champaign County Bank and Trust	12.367	75,000.00	12/10/82
National Bank of Urbana	13.958	100,000.00	02/24/83
Citizens Building Association	8.0	9,000.00	10/13/86
Citizens Building Association	11.5	11,000.00	03/04/83
Citizens Building Association	12.0	20,000.00	07/07/83
Citizens Building Association	13.95	100,000.00	08/26/82
American Federal Savings Association	12.0	40,000.00	04/02/83
American Federal Savings Association	14.0	60,000.00	05/09/84
Commercial Savings and Loan	7.75	60,000.00	11/03/83
Commercial Savings and Loan	8.0	20,000.00	11/08/86
Commercial Savings and Loan	12.0	20,000.00	09/17/83
University Federal Savings and Loan	7.75	20,000.00	03/18/83
University Federal Savings and Loan	7.75	80,000.00	07/28/83
First Federal Savings and Loan	7.75	60,000.00	06/09/83
First Federal Savings and Loan	12.0	20,000.00	10/22/82
First Federal Savings and Loan	9.5	20,000.00	12/24/82
Urbana Savings and Loan	12.0	40,000.00	04/02/83
Rantoul First Federal	15.0	40,000.00	04/23/84
		\$1,170,000.00	
		=====	
<u>Savings Account:</u>			
Champaign County Bank and Trust	5.25	\$ 47,077.89	--
		=====	