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CITY OF URBANA, ILLINOIS

POLICE PENSION FUND

-Audit Report

For the Years Ended June 30, 1983 and 1982

BRAY, DRAKE, GUTHRIE & RICHARDSON
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Audit Report
For the Years Ended June 30, 1983 and 1982

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August 31, 1983

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, 1983 and June 30, 1982, 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, 1983 and June 30, 1982, 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, 1983 and 1982

| | <u>1983</u> | <u>1982</u> |
|--|--------------------------|--------------------------|
| <u>ASSETS</u> | | |
| Cash in Bank-Checking Account | \$ 115 | \$ 1,992 |
| Property and Replacement Tax Receivable (Net of Allowance for Uncollectible of \$8,106 in 1983 and \$2,813 in 1982) | 207,700 | 223,736 |
| Accrued Investment Interest Receivable | 80,603 | 61,755 |
| Investments (Note 1): | | |
| U.S. Government Securities | 1,538,778 | 1,226,897 |
| Certificates of Deposit | 1,335,037 | 1,170,000 |
| Savings Accounts | <u>59,159</u> | <u>47,078</u> |
| Total Assets | \$3,221,392 ===== | \$2,731,458 ===== |
| <u>LIABILITIES AND MUNICIPAL EQUITY</u> | | |
| <u>Liabilities:</u> | \$ -0- | \$ -0- |
| <u>Municipal Equity:</u> | | |
| Statutory Reserve (Note 3) | 560,000 | 560,000 |
| Unrestricted | <u>2,661,392</u> | <u>2,171,458</u> |
| Total Liabilities and Municipal Equity | \$3,221,392 ===== | \$2,731,458 ===== |

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, 1983 and 1982

| | 1983 | 1982 |
|---|------------------------|------------------------|
| <u>Revenues:</u> | | |
| Property Tax Revenue | \$227,186 | \$220,588 |
| Replacement Tax Revenue | 17,870 | 18,896 |
| Interest Income | 316,950 | 258,156 |
| Employee Contributions | 80,784 | 85,956 |
| Total Revenues | 642,790 | 583,596 |
| <u>Expenditures:</u> | | |
| Disability Pension | 4,993 | 4,993 |
| Widow Pension | 23,591 | 22,418 |
| Service Pension | 166,271 | 141,139 |
| Refunds to Resigning Members | 15,945 | 16,180 |
| Professional Fees | 2,323 | 1,520 |
| Continuing Education | 1,060 | 1,275 |
| Clerk Salary | 1,200 | 1,200 |
| Physical Examination | -0- | 476 |
| Secretarial Services | 100 | 125 |
| Filing Fees | 50 | 50 |
| Miscellaneous | 194 | 10 |
| Total Expenditures | 215,727 | 189,386 |
| Excess of Revenues Over Expenditures | \$427,063 ===== | \$394,210 ===== |

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, 1983 and 1982

| | 1983 | | 1982 | |
|--|-------------------------------|-------------------|-------------------------------|-------------------|
| | (Note 4) Statutory Reserve | Unrestricted Fund | (Note 4) Statutory Reserve | Unrestricted Fund |
| Balance, Beginning of Year | \$560,000 | \$2,171,458 | \$560,000 | \$1,739,027 |
| Excess of Revenue Over Expenditures | | 427,063 | | 394,210 |
| Gain in Fund Equity Due to Change in Market Value of Government Securities | | 62,871 | | 38,221 |
| Balance, End of Year | \$560,000 | \$2,661,392 | \$560,000 | \$2,171,458 |
| | | \$3,221,392 | | \$2,731,458 |
| | | 62,871 | | 38,221 |
| | | \$2,731,458 | | \$2,299,027 |
| | | 427,063 | | 394,210 |
| | | 62,871 | | 38,221 |
| | | \$2,731,458 | | \$2,299,027 |

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, 1983 and 1982

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 1982 tax levy for fiscal year 1983 and the 1981 tax levy for fiscal year 1982 certified against real property as of the beginning of the calendar year. Interest on investments is accrued as of June 30, 1983 and 1982. Investments in certificates of deposit and savings accounts are carried at cost, while government securities are adjusted to market values at June 30, 1983 and 1982.

Note 2 - Actuarial Deficiency:

Unfunded accrued liabilities existed at the end of each fiscal year. These amounts of \$2,292,576 at 1982 and \$2,473,755 at 1981 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 37.5068 years at \$164,529 per year. The 1982 tax levy and estimated corporate personal property replacement tax amount includes \$164,529 plus \$114,591 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.

Note 3 - 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 for each policeman covered by the pension code in the municipality. At June 30, 1983 and 1982 42 and 41 policemen, respectively, were participants in the pension fund. This would require that a reserve of at least \$420,000 and \$410,000, respectively at the end of each year be set up. The reserve balance is \$560,000.

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Schedule of Government Investments
June 30, 1983

| | <u>Interest Rate</u> | <u>Investments at Par June 30, 1983</u> | <u>Investments at Market Value June 30, 1983</u> | <u>Maturity Date</u> |
|--|--------------------------|---|--|--------------------------|
| <u>U.S. Securities:</u> | | | | |
| Treasury Notes and Bills | 13.125 | \$ 10,000 | \$ 10,525 | 08/15/85 |
| Treasury Notes and Bills | 8.0 | 40,000 | 37,487 | 08/18/86 |
| Treasury Notes and Bills | 8.25 | 30,000 | 27,356 | 05/15/88 |
| Treasury Notes and Bills | 8.25 | 40,000 | 38,562 | 08/15/85 |
| Treasury Notes and Bills | 10.0 | 50,000 | 49,813 | 06/30/85 |
| Treasury Notes and Bills | 8.25 | 20,000 | 17,794 | 05/15/90 |
| Treasury Notes and Bills | 10.5 | 100,000 | 100,500 | 12/31/83 |
| Treasury Notes and Bills | 9.25 | 80,000 | 80,025 | 08/15/83 |
| Treasury Notes and Bills | 9.875 | 40,000 | 40,200 | 11/15/83 |
| Treasury Notes and Bills | 9.375 | 65,000 | 64,431 | 12/31/84 |
| Treasury Notes and Bills | 13.25 | 90,000 | 93,122 | 08/15/84 |
| Treasury Notes and Bills | 9.625 | 50,000 | 49,594 | 03/31/85 |
| Treasury Notes and Bills | 15.875 | 50,000 | 50,281 | 07/31/83 |
| Treasury Notes and Bills | 16.25 | 100,000 | 101,125 | 08/31/83 |
| Treasury Notes and Bills | 15.875 | 50,000 | 55,422 | 09/30/85 |
| Treasury Notes and Bills | 15.5 | 120,000 | 122,325 | 10/31/83 |
| Treasury Notes and Bills | 15.0 | 40,000 | 41,187 | 01/31/84 |
| Treasury Notes and Bills | 15.125 | 20,000 | 20,687 | 02/29/84 |
| Treasury Notes and Bills | 14.125 | 30,000 | 30,947 | 03/31/84 |
| Treasury Notes and Bills | 14.125 | 35,000 | 37,231 | 05/15/85 |
| Treasury Notes and Bills | 12.125 | 130,000 | 133,169 | 09/30/84 |
| Treasury Notes and Bills | 13.125 | 70,000 | 73,675 | 08/15/85 |
| Treasury Notes and Bills | 14.375 | 30,000 | 31,284 | 06/30/84 |
| Treasury Notes and Bills | 14.125 | 70,000 | 74,462 | 05/15/85 |
| First National Mortgage Association | 6.75 | 40,000 | 39,775 | 09/12/83 |
| First National Mortgage Association | 6.90 | 40,000 | 38,325 | 12/10/84 |
| First National Mortgage Association | 8.0 | 40,000 | 39,737 | 12/12/83 |
| First National Mortgage Association | 8.0 | <u>40,000</u> | <u>39,737</u> | 12/12/83 |
| | | \$1,520,000 | \$1,538,778 | |
| | | ===== | ===== | |

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Schedule of Other Investments
June 30, 1983

| | <u>Interest Rate</u> | <u>Investments at Cost June 30, 1983</u> | <u>Maturity Date</u> |
|--------------------------------------|--------------------------|--|--------------------------|
| <u>Certificates of Deposit:</u> | | | |
| Bank of Illinois | 13.7 | \$ 40,000 | 05/17/84 |
| Busey First National Bank | 9.25 | 140,000 | 12/09/83 |
| Busey First National Bank | 11.5 | 60,000 | 05/05/86 |
| Commercial Bank | 13.0 | 40,000 | 05/18/84 |
| First National Bank | 13.0 | 40,000 | 05/17/84 |
| Champaign County Bank and Trust | 9.428 | 50,000 | 05/29/85 |
| Champaign County Bank and Trust | 9.25 | 75,000 | 10/01/85 |
| Champaign County Bank and Trust | 11.75 | 10,000 | 08/13/83 |
| Champaign County Bank and Trust | 9.04 | 100,000 | 12/08/83 |
| Champaign County Bank and Trust | 13.1 | 60,000 | 09/23/86 |
| National Bank of Urbana | 8.5 | 100,000 | 08/25/83 |
| Citizens Building Association | 8.0 | 9,000 | 10/13/86 |
| Citizens Building Association | 9.5 | 11,000 | 09/04/85 |
| Citizens Building Association | 12.0 | 20,000 | 07/07/83 |
| Citizens Building Association | 9.0 | 100,000 | 08/26/83 |
| American Federal Savings Association | 9.7 | 40,000 | 10/05/85 |
| American Federal Savings Association | 14.0 | 60,000 | 05/09/84 |
| Commercial Savings and Loan | 9.75 | 60,000 | 11/03/83 |
| Commercial Savings and Loan | 8.0 | 20,000 | 11/08/86 |
| Commercial Savings and Loan | 12.0 | 20,000 | 09/17/83 |
| University Federal Savings and Loan | 11.8 | 20,000 | 04/04/85 |
| University Federal Savings and Loan | 7.75 | 80,000 | 07/28/83 |
| First Federal Savings and Loan | 7.75 | 60,000 | 08/09/83 |
| First Federal Savings and Loan | 9.5 | 20,037 | 06/24/85 |
| First Federal Savings and Loan | 11.1 | 20,000 | 04/22/85 |
| Urbana Savings and Loan | 9.5 | 40,000 | 10/02/85 |
| Rantoul First Federal | 15.0 | 40,000 | 04/23/84 |
| | | \$1,335,037 | |
| | | ===== | |

Savings Account:

| | | |
|---------------------------------|---------|-----------|
| Champaign County Bank and Trust | 8.03 at | |
| Money Market Account | 6/30/83 | \$ 59,159 |
| | | ===== |