

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Audit Report

For the Years Ended June 30, 1984 and 1983

BRAY, DRAKE, GUTHRIE & RICHARDSON
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

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August 29, 1984

Board of Trustees
Police Pension Fund
Urbana, Illinois

We have examined the comparative balance sheet of the Police Pension Fund of the City of Urbana, Illinois, as of June 30, 1984 and June 30, 1983, 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, 1984 and June 30, 1983, 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, 1984 and 1983

	<u>1984</u>	<u>1983</u>
<u>ASSETS</u>		
Cash in Bank-Checking Account	\$ 1,793	\$ 115
Property and Replacement Tax Receivable (Net of Allowance for Uncollectibles)	130,431	207,700
Accrued Investment Interest Receivable	79,573	80,603
Investments (Note 1):		
U.S. Government Securities (Note 4)	2,160,134	1,522,533
Certificates of Deposit	1,095,037	1,335,037
Savings Accounts	<u>220,706</u>	<u>59,159</u>
 Total Assets	 \$3,687,674 =====	 \$3,205,147 =====
<u>LIABILITIES AND MUNICIPAL EQUITY</u>		
 <u>Liabilities:</u>	 \$ -0-	 \$ -0-
 <u>Municipal Equity:</u>		
Statutory Reserve (Note 3)	560,000	560,000
Unrestricted (Note 4)	<u>3,127,674</u>	<u>2,645,147</u>
 Total Liabilities and Municipal Equity	 \$3,687,674 =====	 \$3,205,147 =====

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, 1984 and 1983

	<u>1984</u>	<u>1983</u>
<u>Revenues:</u>		
Property Tax Revenue	\$261,011	\$227,186
Replacement Tax Revenue	20,000	17,870
Interest Income	354,070	363,576
Employee Contributions	<u>84,055</u>	<u>80,784</u>
Total Revenues	<u>719,136</u>	<u>689,416</u>
<u>Expenditures:</u>		
Disability Pension	17,772	4,993
Widow Pension	25,073	23,591
Service Pension	176,763	166,271
Refunds to Resigning Members	9,006	15,945
Professional Fees	2,845	2,323
Continuing Education	1,200	1,060
Clerk Salary	1,200	1,200
Physical Examination	1,502	-0-
Secretarial Services	190	100
Filing Fees	50	50
Miscellaneous	<u>1,008</u>	<u>194</u>
Total Expenditures	<u>236,609</u>	<u>215,727</u>
Excess of Revenues Over Expenditures	<u>\$482,527</u> =====	<u>\$473,689</u> =====

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

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CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Comparative Statement of Changes in Municipal Equity
For the Years Ended June 30, 1984 and 1983

	1984		1983	
	Statutory Reserve	Unrestricted Fund Total	Statutory Reserve	Unrestricted Fund Total
Balance, Beginning of Year (Note 4)	\$560,000	\$2,645,147	\$560,000	\$2,171,458
Excess of Revenues Over Expenditures		482,527		473,689
Balance, End of Year	\$560,000	\$3,127,674	\$560,000	\$2,645,147
		482,527		473,689
		\$3,687,674		\$3,205,147

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

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CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Notes to Financial Statements
June 30, 1984 and 1983

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 1983 tax levy for fiscal year 1984 and the 1982 tax levy for fiscal year 1983 certified against real property as of the beginning of the calendar year. Interest on investments is accrued as of June 30, 1984 and 1983. Investments are carried at cost, which approximates market.

Note 2 - Actuarial Deficiency:

Unfunded accrued liabilities existed at the end of each fiscal year. These amounts of \$2,296,465 at 1983 and \$2,292,576 at 1982 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 36.5068 years at \$165,930 per year. The 1984 tax levy and estimated corporate personal property replacement tax amount includes \$165,930 plus \$120,609 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, 1984 and 1983 42 policemen, in both years, were participants in the pension fund. This would require that a reserve of at least \$420,000 be set up. The reserve balance is \$560,000.

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Notes to Financial Statements
June 30, 1984 and 1983
(continued)

Note 4 - Restated Fund Balance:

The Pension Fund changed its method of accounting for Government Investments from market value to amortized cost. The result of the change is immaterial to both the balance sheet and the income statement. The assets for last year were restated by \$16,245 and the changes in unrestricted fund balance for last year was restated by \$16,245.

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Schedule of Government Investments

June 30, 1984

	<u>Interest Rate</u>	<u>Investments at Par June 30, 1984</u>	<u>Investments at Amortized Cost June 30, 1984</u>	<u>Maturity Date</u>
<u>U.S. Securities:</u>				
Treasury Notes and Bills	13.125	\$ 10,000	\$ 10,049	08/15/85
Treasury Notes and Bills	8.0	40,000	40,000	08/15/86
Treasury Notes and Bills	8.25	30,000	29,841	05/15/88
Treasury Notes and Bills	8.25	40,000	39,770	08/15/85
Treasury Notes and Bills	10.0	50,000	49,991	06/30/85
Treasury Notes and Bills	8.25	20,000	19,838	05/15/90
Treasury Notes and Bills	9.375	100,000	97,987	05/15/86
Treasury Notes and Bills	11.375	80,000	79,891	08/15/86
Treasury Notes and Bills	10.5	250,000	249,995	10/31/85
Treasury Notes and Bills	9.375	65,000	64,941	12/31/84
Treasury Notes and Bills	13.25	90,000	89,766	08/15/84
Treasury Notes and Bills	9.625	50,000	49,946	03/31/85
Treasury Notes and Bills	10.625	50,000	50,045	07/31/85
Treasury Notes and Bills	10.625	100,000	99,815	08/31/85
Treasury Notes and Bills	15.875	50,000	49,560	09/30/85
Treasury Notes and Bills	11.0	100,000	100,531	11/15/86
Treasury Notes and Bills	11.0	40,000	39,931	11/15/86
Treasury Notes and Bills	12.0	150,000	149,275	05/15/87
Treasury Notes and Bills	9.959	135,000	129,910	11/29/84
Treasury Notes and Bills	14.125	35,000	35,023	05/15/85
Treasury Notes and Bills	12.125	130,000	129,901	09/30/84
Treasury Notes and Bills	13.125	70,000	72,914	08/15/85
Treasury Notes and Bills	11.75	100,000	100,219	01/15/91
Treasury Notes and Bills	14.125	70,000	71,044	05/15/85
Treasury Notes and Bills	10.625	40,000	40,062	01/31/86
Treasury Notes and Bills	10.875	50,000	49,983	02/28/86
Treasury Notes and Bills	12.0	40,000	40,025	03/31/88
Treasury Notes and Bills	10.875	40,000	39,975	09/30/85
Treasury Notes and Bills	12.5	100,000	99,906	05/15/87
First National Mortgage Association	6.90	<u>40,000</u>	<u>40,000</u>	12/10/84
		\$2,165,000	\$2,160,134	
		=====	=====	

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Schedule of Other Investments
June 30, 1984

	<u>Interest Rate</u>	<u>Investments at Cost June 30, 1984</u>	<u>Maturity Date</u>
<u>Certificates of Deposit:</u>			
Busey First National Bank	10.0	140,000	12/09/84
Busey First National Bank	11.5	60,000	05/05/86
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	10.25	30,000	02/13/86
Champaign County Bank and Trust	13.1	60,000	09/23/86
National Bank of Urbana	9.85	100,000	08/24/84
Citizens Building Association	8.0	9,000	10/13/86
Citizens Building Association	9.5	11,000	09/04/85
Citizens Building Association	9.9	20,000	01/07/86
Citizens Building Association	10.0	100,000	08/24/84
American Federal Savings Association	9.7	40,000	10/05/85
Commercial Savings and Loan	8.0	20,000	11/08/86
University Federal Savings and Loan	11.8	20,000	04/04/85
University Federal Savings and Loan	9.95	100,000	07/29/84
First Federal Savings and Loan	9.631	60,000	02/09/86
First Federal Savings and Loan	9.834	20,037	06/24/85
First Federal Savings and Loan	11.254	20,000	04/22/85
Urbana Savings and Loan	9.5	40,000	10/02/85
Rantoul First Federal	10.83	40,000	10/23/86
Mutual Savings and Loan	9.75	60,000	11/04/86
Mutual Savings and Loan	9.85	<u>20,000</u>	03/17/86
		<u>\$1,095,037</u>	

Savings Account:

Champaign County Bank and Trust Money Market Account	8.35 at 6/30/84	\$ 220,706
		<u>=====</u>