

CITY OF URBANA, ILLINOIS

POLICE PENSION FUND

Audit Report

For the Years Ended June 30, 1985 and 1984

BRAY, DRAKE, GUTHRIE & RICHARDSON
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

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TABLE OF CONTENTS

	<u>Page No.</u>
Opinion	1
Exhibit A: <u>Comparative Balance Sheet</u> As of June 30, 1985 and 1984	2
Exhibit B: <u>Comparative Statement of Revenues</u> <u>and Expenditures</u> For the Years Ended June 30, 1985 and 1984 . . .	3
Exhibit C: <u>Comparative Statement of Changes in</u> <u>Municipal Equity</u> For the Years Ended June 30, 1985 and 1984 . . .	4
<u>Notes to Financial Statements</u> , June 30, 1985 and 1984	5
Schedule 1: <u>Schedule of Government Investments</u> June 30, 1985	6
Schedule 2: <u>Schedule of Other Investments</u> , June 30, 1985	7

BRAY, DRAKE, GUTHRIE & RICHARDSON

JAMES P. BRAY, CPA
KARL E. DRAKE, CPA
MAX E. GUTHRIE, CPA
R. NEIL RICHARDSON, CPA

Certified Public Accountants
1606 N. Willow View Road, Suite 2J
Urbana, Illinois 61801

Phone 217/337-0004

September 18, 1985

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, 1985 and June 30, 1984, 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, 1985 and June 30, 1984, 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, 1985 and 1984

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Cash in Bank-Checking Account	\$ 76	\$ 1,793
Property and Replacement Tax Receivable (Net of Allowance for Uncollectibles)	146,233	130,431
Accrued Investment Interest Receivable	93,830	79,573
Investments (Note 1):		
U.S. Government Securities	2,420,782	2,160,134
Certificates of Deposit	1,345,012	1,095,037
Savings Accounts	<u>185,206</u>	<u>220,706</u>
 Total Assets	 \$4,191,139 =====	 \$3,687,674 =====
<u>LIABILITIES AND MUNICIPAL EQUITY</u>		
<u>Liabilities:</u>	\$ -0-	\$ -0-
 <u>Municipal Equity:</u>		
Statutory Reserve (Note 3) Unrestricted	560,000 <u>3,631,139</u>	560,000 <u>3,127,674</u>
 Total Liabilities and Municipal Equity	 \$4,191,139 =====	 \$3,687,674 =====

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

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Comparative Statement of Revenues and Expenses
For the Years Ended June 30, 1985 and 1984

	<u>1985</u>	<u>1984</u>
<u>Revenues:</u>		
Property Tax Revenue	\$274,132	\$261,011
Replacement Tax Revenue	20,000	20,000
Interest Income	414,648	354,070
Employee Contributions	<u>88,454</u>	<u>84,055</u>
 Total Revenues	 <u>797,234</u>	 <u>719,136</u>
<u>Expenses:</u>		
Disability Pension	23,381	17,772
Widow Pension	26,242	25,073
Service Pension	188,977	176,763
Refunds to Resigning Members	28,236	9,006
Professional Fees	22,489	2,845
Continuing Education	1,200	1,200
Clerk Salary	1,500	1,200
Physical Examination	534	1,502
Secretarial Services	140	190
Filing Fees	50	50
Miscellaneous	<u>1,020</u>	<u>1,008</u>
 Total Expenses	 <u>293,769</u>	 <u>236,609</u>
 Excess of Revenues Over Expenses	 \$503,465 =====	 \$482,527 =====

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, 1985 and 1984

	1985		1984	
	Statutory Reserve	Unrestricted Fund Total	Statutory Reserve	Unrestricted Fund Total
Balance, Beginning of Year	\$560,000	\$3,127,674	\$560,000	\$2,645,147
Excess of Revenues Over Expenses		503,465		482,527
Balance, End of Year	\$560,000	\$3,631,139	\$560,000	\$3,127,674

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, 1985 and 1984

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 accrual basis of accounting. Revenues are recognized when earned, and expenses when incurred. Property tax revenue includes the 1984 tax levy for fiscal year 1985 and the 1983 tax levy for fiscal year 1984 certified against real property as of the beginning of the calendar year. Interest on investments is accrued as of June 30, 1985 and 1984. 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 \$2,527,083 at 1984 and \$2,296,465 at 1983 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 35.5068 years at \$123,006 per year. The 1985 tax levy and estimated corporate personal property replacement tax amount includes \$123,006 plus \$183,928 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, 1985 and 1984 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

Schedule of Government Investments
June 30, 1985

	<u>Interest Rate</u>	<u>Investments at Par June 30, 1985</u>	<u>Investments at Amortized Cost June 30, 1985</u>	<u>Maturity Date</u>
<u>U.S. Securities:</u>				
Treasury Notes and Bills	13.125	\$ 10,000	\$ 10,004	08/15/85
Treasury Notes and Bills	8.0	40,000	40,000	08/18/86
Treasury Notes and Bills	8.25	30,000	29,880	05/15/88
Treasury Notes and Bills	8.25	40,000	39,967	08/15/85
Treasury Notes and Bills	8.25	20,000	19,865	05/15/90
Treasury Notes and Bills	9.375	100,000	98,994	05/15/86
Treasury Notes and Bills	11.375	80,000	79,941	08/15/86
Treasury Notes and Bills	10.5	250,000	250,000	10/31/85
Treasury Notes and Bills	10.625	50,000	50,004	07/31/85
Treasury Notes and Bills	10.625	100,000	99,974	08/31/85
Treasury Notes and Bills	15.875	50,000	49,912	09/30/85
Treasury Notes and Bills	11.0	100,000	100,319	11/15/86
Treasury Notes and Bills	11.0	40,000	39,958	11/15/86
Treasury Notes and Bills	12.0	150,000	149,516	05/15/87
Treasury Notes and Bills	13.125	70,000	70,416	08/15/85
Treasury Notes and Bills	11.75	100,000	100,185	01/15/91
Treasury Notes and Bills	10.625	40,000	40,021	01/31/86
Treasury Notes and Bills	10.875	50,000	49,993	02/28/86
Treasury Notes and Bills	12.0	40,000	40,018	03/31/88
Treasury Notes and Bills	10.875	40,000	39,994	09/30/85
Treasury Notes and Bills	12.5	100,000	99,937	05/15/87
Treasury Notes and Bills	10.0	135,000	136,055	05/15/88
Treasury Notes and Bills	13.0	150,000	149,812	06/30/86
Treasury Notes and Bills	12.625	140,000	140,640	07/31/86
Treasury Notes and Bills	12.375	30,000	30,036	08/31/86
Treasury Notes and Bills	11.875	250,000	249,722	09/30/86
Treasury Notes and Bills	10.375	50,000	50,111	11/30/86
Treasury Notes and Bills	9.875	65,000	65,026	12/31/86
Treasury Notes and Bills	10.625	40,000	40,081	12/31/88
Treasury Notes and Bills	11.25	<u>60,000</u>	<u>60,401</u>	03/31/89
		\$2,420,000	\$2,420,782	
		=====	=====	

CITY OF URBANA, ILLINOIS
POLICE PENSION FUND

Schedule of Other Investments
June 30, 1985

	<u>Interest Rate</u>	<u>Investments at Cost June 30, 1985</u>	<u>Maturity Date</u>
<u>Certificates of Deposit:</u>			
Busey First National Bank	10.0	140,000	12/09/85
Busey First National Bank	11.5	60,000	05/05/86
Champaign County Bank and Trust	8.65	30,000	11/29/87
Champaign County Bank and Trust	11.75	75,000	10/01/85
Champaign County Bank and Trust	11.75	33,083	02/13/86
Champaign County Bank and Trust	13.1	60,000	09/23/86
Champaign County Bank and Trust	8.65	30,000	11/29/87
National Bank of Urbana	9.0	100,000	08/23/85
Citizens Building Association	12.33	100,000	07/30/85
Citizens Building Association	11.25	197,313	11/29/86
Citizens Building Association	12.0	100,000	08/24/85
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	10.5	20,000	10/04/87
American Federal Savings Association	9.7	40,000	10/05/85
First Federal Savings and Loan	9.5	60,000	02/09/86
First Federal Savings and Loan	9.5	20,037	12/24/87
First Federal Savings and Loan	9.5	50,000	10/22/87
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	8.0	20,000	11/08/86
Mutual Savings and Loan	9.75	69,579	11/04/86
Mutual Savings and Loan	9.85	<u>20,000</u>	03/17/86
		<u>\$1,345,012</u>	
		=====	
<u>Savings Account:</u>			
Champaign County Bank and Trust Money Market Account	7.25 at 6/30/85	<u>\$ 185,206</u>	
		=====	