



Main Hurdman

Certified Public Accountants

CITY OF URBANA, ILLINOIS

POLICE PENSION FUND

Audit Report

For the Years Ended June 30, 1986 and 1985



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Member of Klynveld Main Goerdeler

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TABLE OF CONTENTS

	<u>Page No.</u>
Accountants' Report on Financial Statements . . . . .	1
Exhibit A: <u>Comparative Balance Sheet</u> As of June 30, 1986 and 1985 . . . . .	2
Exhibit B: <u>Comparative Statement of Revenues</u> <u>and Expenses</u> For the Years Ended June 30, 1986 and 1985. . . . .	3
Exhibit C: <u>Comparative Statement of Changes in</u> <u>Municipal Equity</u> For the Years Ended June 30, 1986 and 1985 . . . . .	4
<u>Notes to Financial Statements, June 30, 1986 and 1985</u> . . . . .	5
 <u>Accompanying Information</u>	
Accountants' Report on Information Accompanying the Basic Financial Statements . . . . .	7
Schedule 1: <u>Schedule of Government Investments</u> June 30, 1986 . . . . .	8
Schedule 2: <u>Schedule of Other Investments,</u> June 30, 1986 . . . . .	9



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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, 1986, and the related statements of revenue and expenses and changes in municipal equity for the year 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 the Police Pension Fund of the City of Urbana, Illinois, for the year ended June 30, 1985, were examined by other auditors whose report dated September 18, 1985, expressed an unqualified opinion on those statements.

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, 1986, and the results of its operations and the changes in its municipal equity for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*KMG Main Hurdman*

August 29, 1986



CITY OF URBANA, ILLINOIS  
POLICE PENSION FUND

Comparative Balance Sheet  
As of June 30, 1986 and 1985

ASSETS

	<u>1986</u>	<u>1985</u>
Cash in Bank-Checking Account	\$ 109	\$ 76
Property and Replacement Tax Receivable (Net of Allowance for Uncollectibles)	148,985	146,233
Accrued Investment Interest Receivable	103,450	93,830
Investments (Note 1):		
U.S. Government Securities	2,037,923	2,420,782
Certificates of Deposit	2,077,446	1,345,012
Savings Accounts	350,993	185,206
Total Assets	<u>\$4,718,906</u>	<u>\$4,191,139</u>

LIABILITIES AND MUNICIPAL EQUITY

Liabilities:

Accounts Payable	\$ 8,817	
Due to City - General Fund	493	
Total Liabilities	<u>9,310</u>	

Municipal Equity:

Statutory Reserve (Note 3)	560,000	\$ 560,000
Reserve for Employees' Retirement System	4,149,596	3,631,139
Total Municipal Equity	<u>4,709,596</u>	<u>4,191,139</u>
Total Liabilities and Municipal Equity	<u>\$4,718,906</u>	<u>\$4,191,139</u>

CITY OF URBANA, ILLINOIS  
POLICE PENSION FUND

Comparative Statement of Revenues and Expenses  
For the Years Ended June 30, 1986 and 1985

	<u>1986</u>	<u>1985</u>
<u>Revenues:</u>		
Property Tax Revenue	\$308,718	\$274,132
Replacement Tax Revenue	20,000	20,000
Interest Income	426,647	414,648
Employee Contributions	<u>89,693</u>	<u>88,454</u>
Total Revenues	<u>845,058</u>	<u>797,234</u>
 <u>Expenses:</u>		
Disability Pension	43,165	23,381
Widow Pension	26,242	26,242
Service Pension	190,898	188,977
Refunds to Resigning Members	28,683	28,236
Professional Fees	31,447	22,489
Continuing Education	299	1,200
Clerk Salary	2,100	1,500
Physical Examination	2,069	534
Secretarial Services	165	140
Filing Fees	50	50
Miscellaneous	483	1,020
Dues and Memberships	<u>1,000</u>	<u>          </u>
Total Expenses	<u>326,601</u>	<u>293,769</u>
Excess of Revenues Over Expenses	<u>\$518,457</u>	<u>\$503,465</u>

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA, ILLINOIS  
POLICE PENSION FUND

Comparative Statement of Changes in Municipal Equity  
For the Years Ended June 30, 1986 and 1985

	1986			1985		
	<u>Statutory Reserve</u>	<u>Reserve for Employees' Retirement System</u>	<u>Total</u>	<u>Statutory Reserve</u>	<u>Reserve for Employees' Retirement System</u>	<u>Total</u>
Balance, Beginning of Year	\$560,000	\$3,631,139	\$4,191,139	\$560,000	\$3,127,674	\$3,687,674
Excess of Revenues Over Expenses	_____	518,457	518,457	_____	503,465	503,465
Balance, End of Year	<u>\$560,000</u>	<u>\$4,149,596</u>	<u>\$4,709,596</u>	<u>\$560,000</u>	<u>\$3,631,139</u>	<u>\$4,191,139</u>

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA, ILLINOIS  
POLICE PENSION FUND

Notes to Financial Statements  
June 30, 1986 and 1985

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 1985 tax levy for fiscal year 1986 and the 1984 tax levy for fiscal year 1985 certified against real property as of the beginning of the calendar year. Interest on investments is accrued as of June 30, 1986 and 1985. Investments are carried at cost, which approximates market.

Note 2 - Actuarial Deficiency: 2,605,509

Unfunded accrued liabilities existed at the end of each fiscal year. These amounts of ~~\$2,805,509~~ at 1985 and \$2,527,083 at 1984 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 34.5068 years at \$191,124 per year. The 1986 tax levy and estimated corporate personal property replacement tax amount includes \$123,616 for the current portion plus \$191,124 for the accrued liability. 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 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, 1986 and 1985, 43 policemen, in both years, were participants in the pension fund. This would require that a reserve of at least \$430,000 be set up. The reserve balance is \$560,000.

Note 4 - Due to City General Fund:

By error, the city general fund overpaid the employee contributions during the year. This amount of \$493 was repaid to the city general fund shortly after year-end.



ACCOMPANYING INFORMATION

ACCOUNTANTS' REPORT ON INFORMATION ACCOMPANYING  
THE BASIC FINANCIAL STATEMENTS

Our examination of the basic financial statements for the year ended June 30, 1986, presented in the preceding section of this report, was made for the purpose of forming an opinion on such financial statements taken as a whole. The accompanying financial information shown on pages 8 and 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 1986, taken as a whole.

*K M G Main Hudman*

CITY OF URBANA, ILLINOIS  
POLICE PENSION FUND

Schedule of Government Investments  
June 30, 1986

	<u>Interest Rate</u>	<u>Investments at Par June 30, 1986</u>	<u>Investments At Amortized Cost June 30, 1986</u>	<u>Maturity Date</u>
<u>U.S. Securities:</u>				
U.S. Treasury Note	8.0 %	\$ 40,000	\$ 40,000	08/15/86
U.S. Treasury Note	8.25	30,000	29,920	05/15/88
U.S. Treasury Note	8.25	20,000	19,892	05/15/90
U.S. Treasury Note	11.375	80,000	79,991	08/15/86
U.S. Treasury Note	11.0	140,000	140,077	11/15/86
U.S. Treasury Note	12.5	250,000	249,755	05/15/87
U.S. Treasury Note	11.75	100,000	100,144	01/15/91
U.S. Treasury Note	12.0	40,000	40,011	03/31/88
U.S. Treasury Note	10.0	135,000	135,688	05/15/88
U.S. Treasury Note	12.625	140,000	140,049	07/31/86
U.S. Treasury Note	12.375	30,000	30,005	08/31/86
U.S. Treasury Note	11.875	250,000	249,944	09/30/86
U.S. Treasury Note	10.375	50,000	50,032	11/30/86
U.S. Treasury Note	9.875	65,000	65,009	12/31/86
U.S. Treasury Note	10.625	40,000	40,048	12/31/88
U.S. Treasury Note	11.25	60,000	60,294	03/31/89
U.S. Treasury Note	9.5	275,000	276,014	08/15/88
U.S. Treasury Note	9.375	250,000	250,911	09/30/89
U.S. Treasury Note	8.125	40,000	40,139	01/31/88
		<u>\$2,035,000</u>	<u>\$2,037,923</u>	

CITY OF URBANA, ILLINOIS  
POLICE PENSION FUND

Schedule of Other Investments  
June 30, 1986

	<u>Interest Rate</u>	<u>Investments At Cost June 30, 1986</u>	<u>Maturity Date</u>
<u>Certificates of Deposit:</u>			
Busey First National Bank	8.5 %	\$ 140,000	12/09/86
Busey First National Bank	7.1	60,000	05/05/88
Champaign County Bank and Trust	8.65	30,000	06/14/87
Champaign County Bank and Trust	8.05	30,000	02/14/88
Champaign County Bank and Trust	9.5	140,000	07/01/87
Champaign County Bank and Trust	13.1	60,000	09/23/86
Champaign County Bank and Trust	8.75	30,000	11/29/87
National Bank of Urbana	8.25	106,316	08/23/86
Champion Federal Savings and Loan	8.45	140,000	08/27/86
Champion Federal Savings and Loan	11.25	220,690	11/29/86
Champion Federal Savings and Loan	8.0	9,000	10/13/86
Champion Federal Savings and Loan	8.15	100,000	08/01/86
Champion Federal Savings and Loan	8.0	11,000	09/05/86
Champion Federal Savings and Loan	10.5	20,000	10/04/87
American Federal Savings Association	9.0	40,000	04/05/88
First Federal Savings and Loan	8.274	60,000	08/09/86
First Federal Savings and Loan	9.0	20,037	12/24/87
First Federal Savings and Loan	9.5	50,000	10/22/87
Mutual Savings and Loan	8.0	20,000	09/17/88
Mutual Savings and Loan	9.75	76,808	11/04/86
Mutual Savings and Loan	8.0	20,000	11/08/86
Champaign County Bank and Trust	8.9	75,000	04/02/88
Champaign County Bank and Trust	8.9	80,000	08/02/87
Commercial Bank	7.26	150,000	05/20/87
Olympic Federal Savings and Loan	10.83	40,000	10/23/86
Urbana Federal Savings and Loan	8.8	40,000	04/02/88
American Federal Savings and Loan	9.5	128,861	08/16/89
Champion Federal Savings and Loan	8.75	21,019	07/07/88
Gibson Federal Savings and Loan	9.0	78,715	12/31/88
Mid-State Savings	8.5	80,000	02/28/89
		<u>\$2,077,446</u>	

Savings Account:

Champaign County Bank and Trust Money Market Account	5.25%	<u>\$350,993</u>
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