

FIREMEN'S PENSION FUND

CITY OF URBANA

URBANA, ILLINOIS

AUDIT REPORT

FOR THE YEAR ENDED

APRIL 30, 1957

June 12, 1957

Mr. Guy T. Frampton, President
and Members of the Board of Trustees
Firemen's Pension Fund
Urbana, Illinois

Gentlemen:

In accordance with our engagement we have audited the accounts and financial records of the Firemen's Pension Fund of the City of Urbana for the fiscal year ended April 30, 1957.

In addition, we did certain bookkeeping work as follows:

- (a) Recording of cash receipts for the year.
- (b) Totalling cash disbursements for the year.
- (c) Making all ledger postings for the year.

We are submitting herewith our report including the following:

Comments and Recommendations

Schedule I: Comparative Balance Sheets, April 30,
1957 and 1956.

Schedule II: Statement of Revenue Receipts, Expenditures,
and Fund Balance, for year ended April 30, 1957.

Schedule III: Statement of Receipts and Disbursements, for
year ended April 30, 1957.

Our examination was made in accordance with generally accepted auditing standards and accordingly included tests of the records and other auditing procedures appropriate in the circumstances.

In our opinion, the financial statements in the schedules above enumerated, attached to and forming a part of this report, fairly present the financial position of the Firemen's Pension Fund of the City of Urbana at April 30, 1957, and the results of operations for the fiscal year then ended, on a cash basis, in conformity with generally accepted municipal accounting principles on a basis consistent with the preceding year.

Respectfully submitted,

Gerald D. Brighton

Certified Public Accountant

COMMENTS AND RECOMMENDATIONS

As may be seen by the comparative balance sheets in Schedule I, the fund shows a very striking increase this year, an amount of \$14,562.19, as calculated in Schedule II. The principal reason for this increase was the unusually large tax levy, \$15,000, in 1955 collectible in 1956, which was the collection period falling within the current fiscal year. This increase was desirable and commendable in order to provide for future pension requirements.

The 1956 levy, which will be collected during the fund's fiscal year ending April 30, 1958, is much smaller, amounting to only \$4,000. Unless there is an unexpected retirement, this amount will be adequate for the next year, but will provide only a small amount of increase for future requirements.

Recommended 1957 Tax Levy

It is suggested that the 1957 levy, the next to be made but not collectible until during the fiscal year ending April 30, 1959, be increased by \$1,000 over the 1956 levy, to an amount of \$5,000. This appears to be a "rock-bottom" figure which will be needed assuming the next two eligible pensioners retire within the next two years. If these men do not retire, and if there are no new disability or dependency pensions, this levy will provide some prudent fund balance increase to meet future requirements.

Financial Records

As was indicated in the most recent report from the State Department of Insurance, the records of the fund are complete and well kept. The Board of Trustees is to be commended. Certain bookkeeping work, however, has been left for the auditor to perform at each year end. The Secretary has indicated his willingness to do this work, and his performance on his other work indicates that he is very well qualified to do so. Accordingly, we will make certain suggestions and requests of the City Clerk as to copies of deposit slips in particular for the Secretary, so that he will have the basic information needed in order to make the additional entries.

Annual Bonus

During the year ended April 30, 1957, and again in May, 1957, bonuses additional to base pay were paid to certain firemen. The bonus amount in the current fiscal year was \$1,950. The 5% pension withholding was not taken from these bonuses. Our opinion is that these bonuses are subject to withholding and would be a part of the wage base used to calculate the amount of pension owing to a retiring member. We have, nevertheless, asked the opinion of the City Attorney, Mr. John Barth, and he is seeking an authoritative answer.

If his opinion is that withholding is due on these two bonuses, and assuming a third bonus will be paid, probably in May, 1958, it is suggested that the amounts receivable from members on all three bonuses might be withheld at that time, since that would probably be less burdensome than current withholding.

Due from General Fund

Again this year, a payment of \$100 was received from the City's General Fund on a balance which goes back a number of years, now amounting to \$3,359.92. It is respectfully suggested that thirty-three years will elapse at this payment rate before the amount is settled in full, and that since the balance is now relatively small the City might be requested to increase the annual repayment amount in order to clear this balance.

Appreciation

We wish to take this opportunity to thank the Board members and City officials for their friendly cooperation in the course of our work.

We will be glad to answer any questions we may have raised.

The report schedules follow.

FIREMEN'S PENSION FUND
URBANA, ILLINOIS
COMPARATIVE BALANCE SHEETS, APRIL 30, 1957 AND 1956

| <u>ASSETS</u> | as of <u>4/30/57</u> | as of <u>4/30/56</u> |
|--|-------------------------|-------------------------|
| Cash in Busey First National Bank | \$ 5,716.44 | \$ 9,094.25 |
| Shares in savings and loan (cost) | 15,000.00 | -- |
| Investment in U. S. bonds (cost) | 22,120.00 | 19,080.00 |
| Investment in stocks (cost) | 2,443.75 | 2,443.75 |
| Due from General Fund - City of Urbana | <u>3,359.92</u> | <u>3,459.92</u> |
| | <u>\$ 48,640.11</u> | <u>\$ 34,077.92</u> |

FUND BALANCE

| (A) | | |
|-----------------------------|---------------------|---------------------|
| Statutory reserve | \$ 29,443.39 | \$ 29,443.39 |
| Amount in excess of reserve | <u>19,196.72</u> | <u>4,634.53</u> |
| | <u>\$ 48,640.11</u> | <u>\$ 34,077.92</u> |

(A) The statutory reserve in no sense is intended to represent an actuarial figure.

FIREMEN'S PENSION FUND
 STATEMENT OF REVENUE RECEIPTS, EXPENDITURES
 AND FUND BALANCE, FOR YEAR ENDED APRIL 30, 1957

Revenue Receipts:

| | | |
|------------------------|---------------|--------------|
| Taxes | \$ 15,334.74 | |
| Licenses | 239.15 | |
| Salary deductions | 3,834.96 | |
| Interest on U.S. bonds | 262.50 | |
| Interest on city bonds | 187.64 | |
| Dividends | <u>140.00</u> | |
| Total | | \$ 19,998.99 |

Expenditures:

| | | |
|-------------------------------------|--------------|---------------------|
| Pensions paid | \$ 5,316.00 | |
| Auditing expense | 110.00 | |
| Bank fees | <u>10.80</u> | |
| Total | | \$ <u>5,436.80</u> |
| Excess of revenue over expenditures | | \$ 14,562.19 |
| Fund balance on April 30, 1956 | | <u>34,077.92</u> |
| Fund balance on April 30, 1957 | | <u>\$ 48,640.11</u> |

**FIREMEN'S PENSION FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR YEAR ENDED APRIL 30, 1957**

| | | |
|---|------------------|---------------------------|
| Cash in Busey First National Bank on April 30, 1956 | | \$ 9,094.25 |
| Plus Receipts: | | |
| Total revenue receipts (See Schedule II) | \$ 19,998.99 | |
| Redemption of City bond investment | 2,000.00 | |
| Payment from General Fund on account | <u>100.00</u> | |
| Total | | \$ <u>22,098.99</u> |
| Total cash to be accounted for | | \$ 31,193.24 |
| Less Disbursements: | | |
| Total expenditures (See Schedule II) | \$ 5,436.80 | |
| Purchase of U.S. government bonds | 5,040.00 | |
| Purchase of savings and loan shares | <u>15,000.00</u> | |
| Total | | \$ <u>25,476.80</u> |
| Cash in Busey First National Bank on April 30, 1957 | | \$ <u><u>5,716.44</u></u> |