

FIREMEN'S PENSION FUND

CITY OF URBANA

URBANA, ILLINOIS

AUDIT REPORT

FOR THE YEAR ENDED

APRIL 30, 1960

Gerald D. Brighton
Certified Public Accountant

May 24, 1960

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, 1960.

In addition, we did certain bookkeeping work as follows:

- (a) Recording of cash receipts for part of 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, 1960 and 1959.

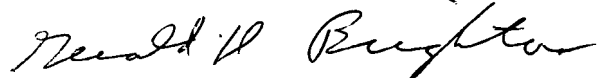
Schedule II: Comparative Statements of Revenue Receipts, Expenditures, and Fund Balance, for years ended April 30, 1960 and 1959.

Schedule III: Statement of Receipts and Disbursements, for year ended April 30, 1960.

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, 1960, 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,



Certified Public Accountant

COMMENTS AND RECOMMENDATIONS

The fund showed a commendable increase this past year, \$6,588.94, as shown in Schedule II, compared with \$5,670.96, the year before. The improvement is mainly attributable to increased investment income. The tax levy was unchanged, being \$6,000 in each of the past two years.

Considering the size of the Fire Department, twenty-three men, and the fact that several men are approaching retirement status, this increase was desirable and prudent. The fund is being well managed.

RECOMMENDED INVESTMENTS

Confirming oral discussion with officers of the Board, it would be desirable for at least \$8,000 to be invested in long-term investments in the near future. This \$8,000 is accounted for as follows:

Cash in the checking account at Champaign County Bank & Trust Co. beyond the needs for current pension payments since these will be covered adequately by tax money in May and June	<u>\$8,000</u>
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The Treasurer of the fund will be able to advise as to the current market for U. S. Treasury and other government bonds, and, of course, savings and loan associations are appropriate investments up to the \$10,000 insured amount.

We recommend that a smaller cash balance in the bank than in the past be carried, and that interest bearing investments be made more frequently. Generally, a cash balance of not over \$1,000 would be adequate at the beginning of any month to meet payments of the next.

RECOMMENDED TAX LEVY

The 1958 tax levy which was the one collected during the fiscal year ended April 30, 1960, was for \$6,000. The 1959 levy approved in August, 1959, for \$6,000 will be collected during the next fiscal year ending April 30, 1961. This should provide for normal growth in the fund.

The 1960 levy, which is the one to be approved in the near future, should also be at least \$6,000 in order to continue to increase reserves against future retirements. The practice in recent years has been to maintain a relatively stable amount of levy so as to avoid drastic increases at times of increased pension load. This seems to us to be very sound practice.

DUE FROM GENERAL FUND

The City again paid \$600 on its amount due.

We understand that the City Council plans a further payment of at least \$600 during the next year. At this rate the balance of \$1,359.92 will be cleared within the next two or three years.

APPRECIATION

We wish to thank the Board members and City officials for their friendly cooperation.

The report schedules follow.

SCHEDULE I

FIREMEN'S PENSION FUND
 URBANA, ILLINOIS
 COMPARATIVE BALANCE SHEETS, APRIL 30, 1960 AND 1959

ASSETS

	AS OF <u>4/30/60</u>	AS OF <u>4/30/59</u>
Cash in Bank	\$ 8,163.20	\$10,765.14
Shares in Savings and Loan (Cost)	21,000.00	21,000.00
Investment in U. S. Bonds (Cost)	31,912.93	22,120.00
Investment in Stocks (Cost)	2,443.75	2,443.75
Due from General Fund - City of Urbana	1,359.92	1,959.92
Due from Police Pension Fund - City of Urbana	<u>---</u>	<u>2.05</u>
	<u>\$64,879.80</u>	<u>\$58,290.86</u>

LIABILITIES AND FUND BALANCE

Fund Balance:		
Statutory reserve	\$29,443.39 (A)	\$29,443.39(A)
Amount in excess of reserve	<u>35,436.41</u>	<u>28,847.47</u>
	<u>\$64,879.80</u>	<u>\$58,290.86</u>

(A) The statutory reserve in no sense is intended to represent an actuarial figure. It does not represent a scientifically calculated amount required for future pensions.

SCHEDULE II

FIREMEN'S PENSION FUND
 COMPARATIVE STATEMENT OF REVENUE RECEIPTS, EXPENDITURES
 AND FUND BALANCE, FOR YEARS ENDED APRIL 30, 1960 AND 1959

	Year Ended <u>4/30/60</u>	Year Ended <u>4/30/59</u>
Revenue Receipts:		
Taxes	\$6,137.47	\$ 6,104.59
Licenses	255.77	251.74
Salary deductions	5,495.25	5,087.52
Interest on U. S. Bonds	570.45	175.00
Interest on Building and Loan Shares	748.75	632.91
Dividends	<u>147.50</u>	<u>140.00</u>
Total	\$13,355.19	\$ 12,391.76
Expenditures:		
Pensions paid	\$ 6,589.20	\$ 6,589.20
Auditing expense	166.00	125.00
Bank fees, and misc.	<u>11.05</u>	<u>6.60</u>
Total	\$ <u>6,766.25</u>	\$ <u>6,720.80</u>
Excess of revenue over expenditures	\$ 6,588.94	\$ 5,670.96
Deposit to Police Pension Fund - in error	---	2.05
Fund balance at beginning of year	<u>58,290.86</u>	<u>52,617.85</u>
Fund balance at end of year	<u>\$64,879.80</u>	<u>\$ 58,290.86</u>

SCHEDULE III

FIREMEN'S PENSION FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR YEAR ENDED APRIL 30, 1960

Cash in Bank, April 30, 1959	\$10,765.14
(This was in Busey First National Bank until June 23, 1959; the balance was transferred to Champaign County Bank & Trust Co. on that date)	
Plus receipts:	
Total revenue receipts (See Schedule II)	\$13,355.19
1959 item from Police Pension Fund	2.05
Payment from General Fund on Account	600.00
Principal amount of U.S bonds matured	<u>7,000.00</u>
Total receipts	<u>\$20,957.24</u>
Total cash to be accounted for	\$31,722.38
Less Disbursements:	
Expenditures for operations (See Schedule II)	\$ 6,766.25
Principal amount of U. S. Treasury bonds purchased	<u>16,792.93</u>
Total disbursements	<u>\$23,559.18</u>
Cash in Champaign County Bank & Trust Co., April 30, 1960	<u>\$ 8,163.20</u>