

FIREMEN'S PENSION FUND

CITY OF URBANA

URBANA, ILLINOIS

AUDIT REPORT

FOR THE YEAR ENDED

APRIL 30, 1958

Gerald D. Brighton
Certified Public Accountant

May 27, 1958

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, 1958.

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, 1958 and 1957.

Schedule II: Comparative statements of Revenue Receipts, Expenditures, and Fund Balance, for years ended April 30, 1958 and 1957.

Schedule III: Statement of Receipts and Disbursements, for year ended April 30, 1958.

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, 1958, 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,

Wald D. Brighton
Certified Public Accountant

COMMENTS AND RECOMMENDATIONS

The fund showed only a relatively modest increase this past year, much less than the year before. The year before, the year ended April 30, 1957, however, was somewhat unusual since there had been an unusually large tax levy to make up for too small levies in previous years.

The tax levy which was collected during the past year, the year ended April 30, 1958, was \$4000. It is interesting that the fund increase in round numbers was this same amount, (the exact amount as shown in Schedule II, \$3,977.74). Cost of current pensions was almost exactly covered by payroll deductions and fund earnings. Considering prudent reserves needed for the increase in the size of the Fire Department, six men added during the year, and the fact that several men are approaching retirement status, this balance is desirable and necessary.

RECOMMENDED 1958 TAX LEVY

The 1957 tax levy, which will be collected during the year ending April 30, 1959, was increased to \$5000, an increase of \$1000 over the \$4000 levy for last year. This increase was prudent and necessary since the pension load will be about \$2000 more than it was last year. The "rock bottom" figure for the 1958 levy should be \$5000, the same as the 1957 levy. But with the increased pension load, consideration might be given to increasing the 1958 levy to \$6000, which would make it the same as the 1957 levy for the Police Pension Fund. As a general rule, there seems to be no reason for the levy for either of these funds to be larger or smaller than the other.

ANNUAL BONUS

One question which we raised in the April 30, 1957 audit report which is still not answered to our satisfaction, is the withholding status of the annual bonuses paid to firemen. So far neither the 5% pension withholding nor income tax withholding have been taken from these bonuses, apparently on a gift theory. It is hard to see that this theory has justification.

Bonus amounts to date are as follows:

May, 1956	\$1950
May, 1957	\$2550

In addition the salary ordinance passed on May 1, 1958 provides for another bonus to be paid on June 1, 1958.

We urge that a legal ruling on this be sought from Mr. John Barth, the City Attorney. Unless there is a legal point of which we are not aware, individual firemen owe the pension fund a total of about \$350 for pension deductions not taken. The related matter of income tax withholding does not, of course, affect the pension fund.

DUE FROM GENERAL FUND

The payment on account from the General Fund was \$200 this past year which reduced the balance still owing to \$3,159.92, as is shown in Schedule I. This is now small enough so that it might be practicable for the City to pay it in full. This would be helpful since the money then could be invested so as to earn interest.

DUE TO POLICE PENSION FUND

The Firemen's Pension Fund owes the Police Pension Fund an amount of \$269.65, as is shown in Schedule I. This was an item of fines which was deposited in the wrong bank account. The Secretary is being asked to transfer this amount at his earliest convenience.

AMOUNT AVAILABLE FOR INVESTMENT

The cash balance on April 30, 1958 was over \$10,000. Considering that tax collections are deposited in May and June and build up the bank account against pension payments to be made the rest of the year, it is suggested that an amount of \$10,000 could be invested at this time.

FINANCIAL RECORDS

The Board of Trustees is to be commended for the completeness of its minutes and its well kept financial records. The financial records were complete except that some copies of deposit slips are not being sent to the Secretary so that he is unable to make all cash receipts entries. The practice has been for the auditor to complete this work at year-end. Also at year-end, the auditor does the posting to ledger accounts.

APPRECIATION

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

The report schedules follow.

SCHEDULE I

FIREMEN'S PENSION FUND
 URBANA, ILLINOIS
 COMPARATIVE BALANCE SHEETS, APRIL 30, 1958 AND 1957

ASSETS

	AS OF <u>4/30/58</u>	AS OF <u>4/30/57</u>
Cash in Busey First National Bank	\$10,163.83	\$ 5,716.44
Shares in Savings and Loan (Cost)	15,000.00	15,000.00
Investment in U. S. Bonds (Cost)	22,120.00	22,120.00
Investment in Stocks (Cost)	2,443.75	2,443.75
Due from General Fund - City of Urbana	<u>3,159.92</u>	<u>3,359.92</u>
	<u>\$52,887.50</u>	<u>\$48,640.11</u>

LIABILITIES AND FUND BALANCE

Payable to Police Pension Fund	\$ 269.65	\$ -----
Fund Balance:		
Statutory reserve	29,443.39(A)	29,443.39 (A)
Amount in excess of reserve	<u>23,174.46</u>	<u>19,196.72</u>
	<u>\$52,617.85</u>	<u>\$48,640.11</u>
	<u>\$52,887.50</u>	<u>\$48,640.11</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, 1958 AND 1957

	Year Ended <u>4/30/58</u>	Year Ended <u>4/30/57</u>
Revenue Receipts:		
Taxes	\$ 4,095.21	\$15,334.74
Licenses	253.07	239.15
Salary deductions	4,330.64	3,834.96
Interest on U.S. Bonds	87.50	262.50
Interest on City Bonds	-----	187.64
Interest on Building and Loan Shares	348.42	-----
Dividends	<u>140.00</u>	<u>140.00</u>
Total	<u>\$ 9,254.84</u>	<u>\$19,998.99</u>
Expenditures:		
Pensions paid	\$ 5,121.40	\$ 5,316.00
Auditing expense	146.00	110.00
Bank fees, and misc.	<u>9.70</u>	<u>10.80</u>
Total	<u>\$ 5,277.10</u>	<u>\$ 5,436.80</u>
Excess of revenue over expenditures	\$3,977.74	\$14,562.19
Fund balance at beginning of year	<u>48,640.11</u>	<u>34,077.92</u>
Fund balance at end of year	<u><u>\$52,617.85</u></u>	<u><u>\$48,640.11</u></u>

SCHEDULE III

FIREMEN'S PENSION FUND
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR YEAR ENDED APRIL 30, 1958

Cash in Busey First National Bank, April 30, 1957		\$ 5,716.44
Plus receipts:		
Total revenue receipts (See Schedule II)	\$9,254.84	
Payment from General Fund on account	200.00	
Police Pension money deposited in error	<u>269.65</u>	
Total		<u>\$ 9,724.49</u>
Total Cash to be accounted for		\$15,440.93
Less Disbursements:		
Total expenditures (See Schedule II)		<u>\$ 5,277.10</u>
Cash in Busey First National Bank, April 30, 1958		<u>\$10,163.83</u>