

MEMORANDUM

TO: Chief Administrative Officer
FROM: City Comptroller
RE: Budget Amendment for Pension Funding
DATE: October 14, 2002

Brief Description of Item. The attached ordinance will adjust the 2002-03 budget to appropriate the required amount for Police and Fire pension funding per the actuarial requirement.

Recommendation. Approval of the attached ordinance.

Background Information. In April when the annual budget is prepared, an estimate is made of the amount the City will be required to levy in property taxes for funding of the Fire and Police Pension Funds. The actual required amount is not known until the pension fund books are closed at June 30 and the actuary report is received.

The actual amount the City is required to levy this year is \$1,679,571 (12.4% increase over last year). The amount I estimated was \$1,653,200 (10.6% increase). This difference of \$26,371 will be taken from the amount that would have been levied for the general fund.

The amount of \$26,371 in itself is not large enough to impact the general fund (total budget of \$18.3 million) this year. However, I am quite concerned about future pension funding. The main reason for the 12.4% increase is the decline in the stock market and the impact that this decline has on investment return in the 2 pension funds. Unless the stock market can begin to rebound, the City will probably be faced with an even larger increase for near future.

The ordinance does not change the total amount to be levied or increase the amount paid by any homeowner.

ORDINANCE NO. 2002-10-123

**AN ORDINANCE
REVISING THE ANNUAL BUDGET ORDINANCE
(Police/Fire Pension Funds)**

WHEREAS, the Annual Budget Ordinance of and for the City of Urbana, Champaign County, Illinois, for the fiscal year beginning July 1, 2002, and ending June 30, 2003, (the "Annual Budget Ordinance") has been duly adopted according to sections 8-2-9.1 et seq. of the Illinois Municipal Code (the "Municipal Code") and Division 2, entitled "Budget", of Article VI, entitled "Finances and Purchases", of Chapter 2, entitled "Administration", of the Code of Ordinances, City of Urbana, Illinois (the "City Code"); and

WHEREAS, the City Council of the said City of Urbana finds it necessary to revise said Annual Budget Ordinance by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves; and

WHEREAS, funds are available to effectuate the purpose of such revision; and

WHEREAS, such revision is not one that may be made by the Budget Director under the authority so delegated to the Budget Director pursuant to section 8-2-9.6 of the Municipal Code and section 2-133 of the City Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Annual Budget Ordinance be and the same is hereby revised to provide as follows:

FUND:	Police Pension
AMOUNT:	\$85,884
REDUCE REVENUE:	Property Tax
REDUCE EXPENSE:	Payment to Pension Board

FUND:	Fire Pension
AMOUNT:	\$112,255
INCREASE REVENUE:	Property Tax
INCREASE EXPENSE:	Payment to Pension Board

FUND:	General
AMOUNT:	\$26,371
REDUCE REVENUE:	Property Tax
REDUCE EXPENSE:	Transfer to Gen. Reserve Fund

Section 2. This Ordinance shall be effective immediately upon passage and approval and shall not be published.

Section 3. This Ordinance is hereby passed by the affirmative vote of two-thirds of the members of the corporate authorities then holding office, the "ayes" and "nays" being called at a regular meeting of said Council.

PASSED by the City Council this _____ day of _____,

_____.

AYES:

NAYS:

ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,

_____.

Tod Satterthwaite, Mayor