# CITY OF BLOOMINGTON, ILLINOIS
# POLICE PENSION FUND

A FUND OF THE CITY OF BLOOMINGTON, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016

# CITY OF BLOOMINGTON, ILLINOIS
# POLICE PENSION FUND

## A FUND OF THE CITY OF BLOOMINGTON, ILLINOIS

## COMPREHENSIVE
## ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED
## APRIL 30, 2016


Prepared by

Paul Swanlund, President

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

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This section includes miscellaneous data regarding the City of Bloomington Police Pension Fund including the list of officers and officials, the table of organization, the certificate of achievement, and the transmittal letter.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Officers and Officials**
**April 30, 2016**

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## PENSION BOARD OF TRUSTEES

Paul Swanlund, President

| | |
|---|---|
| Matthew Dick – Vice President | Don Wilkey – Assistant Secretary |
| Chad Wamsley – Secretary | Patti-Lynn Silva – Trustee |

## CITY OF BLOOMINGTON
## CITY COUNCIL

Tari Renner, Mayor

| | |
|---|---|
| Kevin Lower | David Sage |
| Mboka Mwilambwe | Amelia Buragas |
| Joni Painter | Karen Schmidt |
| Scott Black | Diana Hauman |
| | Jim Fruin |

## ADMINISTRATIVE

David Hales, City Manager

Cherry Lawson, City Clerk

## FINANCE DEPARTMENT

Patti-Lynn Silva, Director of Finance

## PUBLIC SAFETY

Brendan Heffner, Police Chief

## CONSULTING SERVICES

| | |
|---|---|
| Lauterbach & Amen, LLP<br>Todd Schroeder | Actuary |
| Insight CPAs & Financial LLC<br>Mark Nicholas, Managing Member | Accountant |
| Reimer, Dobrovolny & Karlson, LLC<br>James L. Dobrovolny | Legal Counsel |
| Lauterbach & Amen, LLP<br>Certified Public Accountants | Auditor |

**City of Bloomington, Illinois**
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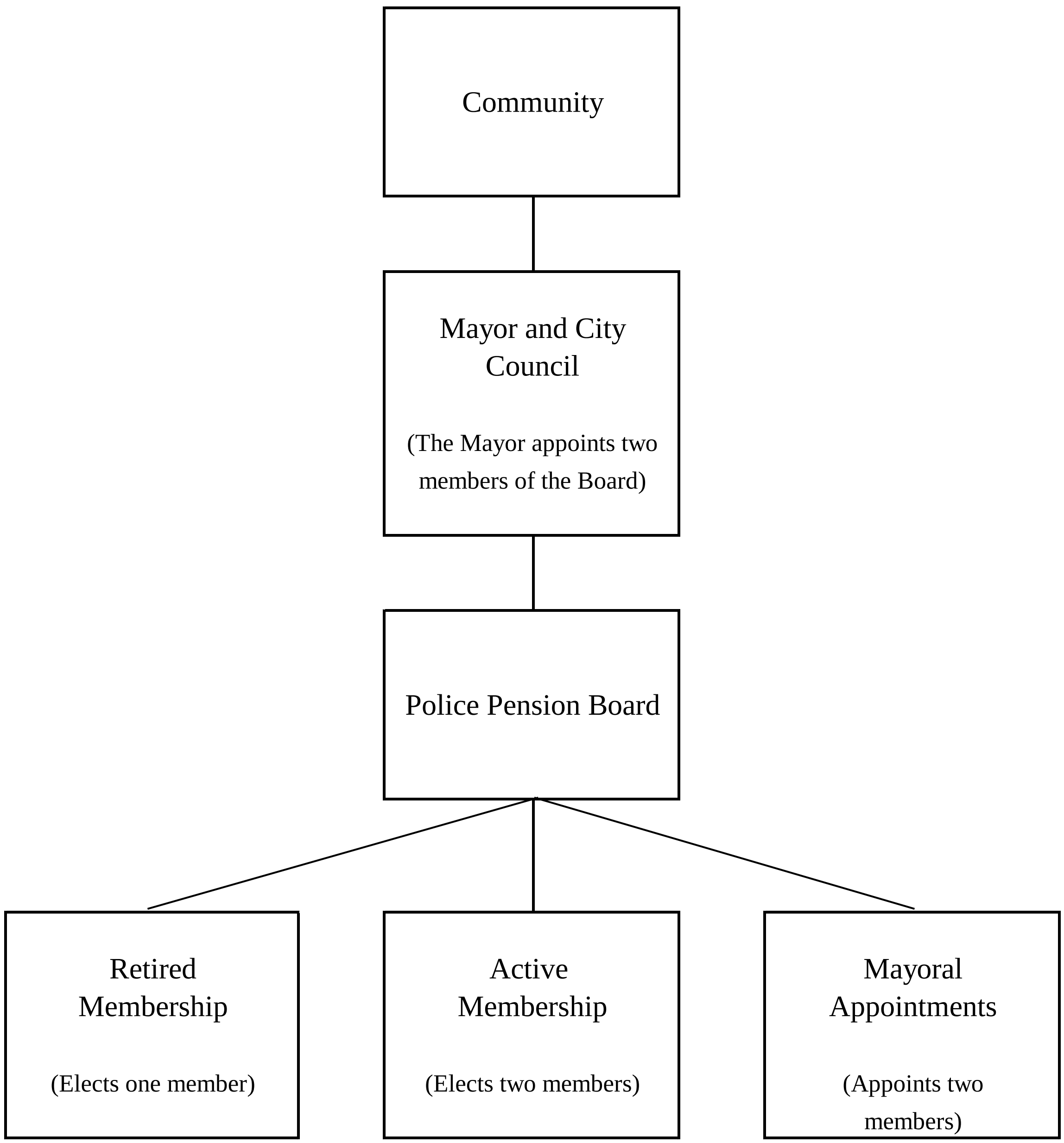
**Organizational Chart**



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Police Pension Fund**

**A Pension Trust Fund of the City**

**of Bloomington, Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**April 30, 2015**

Executive Director/CEO

**_Police Pension Fund_**
**_City of Bloomington_**
**_IPPFA Member since 1986_**



**_Board of Trustees_**
**_305 South East Street_**
**_Bloomington, IL 61702-3157_**

October 17, 2016

Members of the Board of Trustees
Bloomington Police Pension Fund
City of Bloomington, Illinois

The Comprehensive Annual Financial Report (CAFR) of the Police Pension Fund, a pension trust fund of the City of Bloomington, Illinois, for its fiscal year ended April 30, 2016 is hereby submitted. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, rests with the Board of Trustees of the Police Pension Fund. We hope that you will find this CAFR helpful in understanding the Police Pension Fund – a fund that continues to maintain a strong and positive financial future.

The Police Pension Fund, a pension trust fund of the City of Bloomington, Illinois, was created in December 1909 and operates under the Board of Trustees in accordance with Chapter 40, Article 3, of the State statutes. The Board of Trustees consists of five individuals, three of whom are elected by active and retired police personnel. The remaining two trustees are appointed by the Mayor of the City to the Police Pension Board as required by State statutes. The Board of Trustees acts for the City as administration agents, as required by State statutes, only for the Pension Fund. The State statutes require the Board of Trustees to administer the Pension Fund pertaining to investments, pay benefits to retired and/or disabled members, and maintain the required accounting and participant records for active and retired police personnel. The Board of Trustees has prepared the comprehensive annual financial report for the last twenty years to establish the appropriate reporting of its financial activities to the employer of the participants of the Pension fund.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The Pension Fund's MD&A can be found immediately following the report of the independent auditors within the Financial Section.

**Major Initiatives**

Investment decisions that result in the purchase of safe investments while obtaining the highest possible yield continue to be made by the Board of Trustees and their advisors. These investments include US Treasury securities, US Government Agencies, corporation securities, annuities, and mutual funds. The Board of Trustees will continue to ascertain that the City properly funds the Pension Fund as required by law.

**Awards and Recognition**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Police Pension Fund, a pension trust fund of the City of Bloomington, Illinois, for its Comprehensive Annual Financial Report for the fiscal year ended April 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Board of Trustees believes the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and will be submitted to the GFOA to determine its eligibility for another certificate.

## Accounting System Controls

The CAFR was prepared to conform with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board. Transactions of the Police Pension Fund are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable but not absolute assurance in regards to the safekeeping of assets and fair presentation of the financial statements and supporting schedules.

The internal control structure of the Pension Fund is vested with the Board of Trustees. This internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (l) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The Board of Trustees approves all new participants to the Pension Fund, as well as benefit payments to be made to new retirees or disabled employees. The Board of Trustees approves all investments made by the Secretary and Treasurer and all disbursements that pertains to the administration expenses. The safe deposit box cannot be accessed except by two officers of the Pension Fund. The Board of Trustees has retained an outside data service to provide quarterly financial statements that include statements of plan net position and changes in plan net position accompanied by a schedule of cash receipts and disbursements. The investments as reflected in the statement of plan net position are supported by a detailed schedule of individual investments. The Board of Trustees does not deem budget controls necessary because administrative expenses are nominal and retirement benefits paid remain relatively stable from month to month. Benefits paid to retirees monthly are approved by the Board of Trustees and submitted to an outside payroll service bureau for processing, including direct deposits into the pensioner's bank accounts.

The Board of Trustees believes that the financial statements and related supporting schedules and statistical tables are fairly presented in the comprehensive annual financial report.

## Investments

The investments of the Police Pension Fund are governed primarily by an investment authority known as the "prudent person rule." The prudent person rule establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the Pension Fund. The prudent person rule states that fiduciaries shall discharge their duties solely in the interest of the Pension Fund participants and beneficiaries with the degree of diligence, care, and skill which prudent men and women would ordinarily exercise under similar circumstances in a like position. By permitting diversification of assets within a fund, the prudent person standard may enable a fund to reduce overall risk and increase returns. A summary of the asset allocation can be found on page 26 of this report.

The prudent person rule permits the Pension Fund to establish an investment policy based upon certain investment criteria in accordance with the rules and regulations established by the State of Illinois Department of Insurance. For fiscal year 2016, investments provided a (0.45) percent rate of return. The Pension Fund annualized rate of return over the last three years was 6.11 percent and 5.92 percent over the last five years.

## Funding

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. The pension fund's funding objective is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, that larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is the participants can look at assets that are committed to the payment of benefits. The actuarial accrued liability and actuarial value of assets of the Pension Fund as of May 1, 2015, amounted to $128,677,076 and $66,920,059, respectively. As of May 1, 2015, the funded status of the Police Pension Fund was 49.80 percent as compared to 54.92 percent in May 1, 2014. The difference is due to demographics (rate of death and retirement among participants) and lower municipal contributions based upon a change in the State funding formula. The City is required under legislation that by the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded. A detailed discussion of funding is provided in the Actuarial Section of this report.

**Professional Services**

Professional consultants are appointed by the Board of Trustees to perform professional services that are essential to the effective and efficient operation of the Pension Fund. An opinion from the Certified Public Accountants and Actuary are included in this report. The consultants appointed by the Board of Trustees are listed on page ii of this report.

**Acknowledgements**

The compilation of this report reflects the combined efforts of the Pension Fund's officers under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis to make management decisions, as a means to determine compliance with legal provisions, and as a means to determine responsible stewardship of the funds of the Pension Fund.

On behalf of the Board of Trustees, we would like to take this opportunity to express our gratitude to the advisors and to the many people who have worked so diligently to assure the successful operations of the Police Pension Fund.

Respectfully submitted,

Paul Swanlund
President, Board of Trustees

# FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information

# INDEPENDENT AUDITORS' REPORT

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# INDEPENDENT AUDITORS' REPORT

October 17, 2016

Members of the Pension Board of Trustees
Bloomington Police Pension Fund
City of Bloomington, Illinois

We have audited the basic financial statements of the Bloomington Police Pension Fund (the "Pension Fund"), a pension trust fund of the City of Bloomington, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the Pension Fund's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

As discussed in Note 1, these basic financial statements present only the Pension Fund and are not intended to present fairly the financial position and changes in financial position of the City of Bloomington, Illinois, in conformity with accounting principles generally accepted in the United States of America.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Pension Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net position of the Bloomington Police Pension Fund, Illinois, as of April 30, 2016, and the changes in plan net position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

In addition, accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 19 through 21 is presented for 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 audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory, investment, actuarial and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Lauterbach & Amen LLP

LAUTERBACH & AMEN, LLP

# MANAGEMENT’S DISCUSSION AND ANALYSIS

**Police Pension Fund**
**(A Pension Trust Fund of the City of Bloomington, Illinois)**

**Management's Discussion and Analysis**
**For Fiscal Year Ended April 30, 2016**

This section presents management's discussion and analysis to the Police Pension Fund, a pension trust fund of the City of Bloomington, Illinois, financial statements and the major factors affecting the operations and investment performance on the pension fund during the year ended April 30, 2016, with comparative totals for the year ended April 30, 2015.

The Police Pension Fund is a defined benefit, single-employer public employees' retirement system in accordance with state statutes. It provides services to 126 active employees and 98 benefit recipients as of May 1, 2015. Throughout this discussion and analysis, units of measure (millions, thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

**Overview of Financial Statements and Accompanying Information**

This discussion and analysis is intended to serve as an introduction to the Police Pension Fund financial reporting which is comprised of the following components:

1. Basic Financial Statements: This information presents the plan net position held in trust for pension benefits for the Police Pension Fund as of April 30, 2016. This financial information also summarizes the changes in plan net position held in trust for pension benefits for the year then ended.
2. Notes to Basic Financial Statements: The notes to the financial statements provide additional information that is essential to achieve a full understanding of the data provided in the basic financial statements.
3. Required Supplementary Information: The required supplementary information consists of schedules and related notes concerning actuarial information, funded status and required contributions for the Police Pension Fund.
4. Other Supplementary Schedules: Other schedules include more detailed information pertaining to the Police Pension Fund, including schedules of revenues by source, cash receipts and disbursements and payments to consultants.

## Plan Net Position

The statements of plan net position are presented for the Police Pension Fund as of April 30, 2016 and April 30, 2015. These financial statements reflect the resources available to pay benefits to members, including retirees and beneficiaries, at the end of the years reported. A summary of the Police Pension Fund Plan Net Position is presented below:

**Condensed Statements of Plan Net Position (in Millions)**

| | 2016 | 2015 | Dollar Change | Percent Change |
|---|---|---|---|---|
| **Cash and Equivalents** | $ 2.159 | $ 1.724 | $ 0.435 | 25.23% |
| **Receivables** | 0.121 | 0.156 | (0.035) | -22.44% |
| **Prepaids** | 0.001 | - | 0.001 | 0.00% |
| **Investments, at fair value** | 61.809 | 62.067 | (0.258) | -0.42% |
| **Total Assets** | 64.090 | 63.947 | 0.143 | 0.22% |
| **Liabilities** | 0.003 | 0.004 | (0.001) | -25.00% |
| **Total Plan Net Position** | $ 64.087 | $ 63.943 | $ 0.144 | 0.23% |

## Financial Highlights

- The Police Pension Fund net position increased by $.144 million (or 0.23 percent) during the fiscal year ended April 30, 2016 (FY16). The increase in net plan position is primarily due to income from investments as well as the excess of contributions over benefit payments made during the year.
- The Police Pension Fund was actuarially funded at 49.80 percent as of May 1, 2015, compared to 54.92 percent as of May 1, 2014.
- The overall rate of return for the Police Pension Fund was (0.45) percent as of April 30, 2016, compared to 8.19 percent as of April 30, 2015.

## Funded Ratio

The funded ratio of the plan measures the ratio of net position against actuarially determined liabilities and is one indicator of the fiscal strength of a pension fund's ability to meet obligations to its members. An annual actuarial valuation showed the funded status of the Police Pension Fund on May 1, 2015 decreased to 49.80 percent from 54.92 percent on May 1, 2014. The unfunded actuarial accrued liability was $128.7 million on May 1, 2015 as compared to $116.4 million on May 1, 2014. This was an increase of $12.3 million, or 9.6 percent. This increase is due to the fact the May 1, 2015 actuarial accrued liability increased at a higher rate than the increase in the actuarial value of plan assets.

New legislation was passed effective January 1, 2011 which created a second tier of benefits provided to all officers hired on or after January 1, 2011. Please see the Notes to the Financial Statements section of this report, specifically pages 12 and 13, for the new requirements as defined by the new State Statutes.

As of May 1, 2015, the Police Pension Fund had 126 active participants, 96 inactive participants and 2 terminated members entitled to but not yet receiving benefits, for a total of 224. As of May 1, 2014, the Pension Fund had 125 active participants, 91 inactive participants and 10 terminated members entitled to but not yet receiving benefits, for a total of 226.

## Investments

The allocation of investment assets for the Police Pension Fund as of April 30, 2016 and April 30, 2015 are as follows.

**Allocation of Investments**

| | 2016 | 2015 |
|---|---|---|
| **U.S Government Securities** | 6.31% | 5.64% |
| **U.S Government Agencies** | 24.14% | 24.69% |
| **Annuities - Fixed** | 1.24% | 1.18% |
| **Mutual Funds** | 65.41% | 66.19% |
| **Corproate Bonds** | 2.89% | 2.30% |
| **Total:** | 100.00% | 100.00% |

Proper implementation of the investment policy requires that a periodic rebalancing of assets be performed to ensure conformance with policy target levels and statutory limits. The Police Pension Fund Board of Trustees performs this function from time to time.

## Changes in Plan Net Position

The statements of changes in plan net position are presented for the years ended April 30, 2016 and April 30, 2015. These financial statements reflect the changes in the resources available to pay benefits to members, including retirees and beneficiaries.

**Condensed Statement of Changes in Plan Net Position (in Millions)**

| | 2016 | 2015 | Dollar Change | Percent Change |
|---|---|---|---|---|
| **Additions:** | | | | |
| **Participant contributions** | $1.040 | $ 0.999 | $ 0.041 | 4.10% |
| **Employer contributions** | 4.690 | 3.759 | 0.931 | 24.77% |
| **Other sources** | 0.119 | - | 0.119 | 0.00% |
| **Net investment income** | (0.245) | 4.683 | (4.928) | -105.23% |
| **Total additions:** | 5.604 | 9.441 | (3.837) | -40.64% |
| **Deductions:** | | | | |
| **Benefits** | $5.292 | $ 4.885 | $ 0.407 | 8.33% |
| **Refunds** | 0.079 | 0.004 | 0.075 | 0.00% |
| **Administrative expenses** | 0.089 | 0.059 | 0.030 | 50.85% |
| **Total deductions:** | 5.460 | 4.948 | 0.512 | 10.35% |
| **Change in Plan Net Position** | $0.144 | $ 4.493 | $ (4.349) | -96.80% |

### Additions

Additions to plan net position are in the form of employer and participant contributions and investment income or losses. For fiscal year 2016, employer contributions increased by $0.931 million due to higher required contributions from the City as calculated by the statutorily required actuarial report. The contributions from participants also increased by $0.041 million from the previous fiscal year.

The investment income and change in fair market value of investments for the fiscal year 2016 was ($0.245) million compared to fiscal year 2015. This decrease was due to the rate of return for the total portfolio of the Police Pension Fund. As of April 30, 2016, the rate of return was (0.45) percent while the rate of return as of April 30, 2015 was (0.45) percent. Overall, net investment deduction was primarily due to lower returns in the current year. The custom blended benchmark index return was 1.92 percent in fiscal year 2016 and 8.44 percent in fiscal year 2015. The returns of the Police Pension Funds did meet the index performance for 2015. For more details, see the investment section of this report.

### Deductions

Deductions from plan net position are primarily for benefits payments. During fiscal year 2016 and fiscal year 2015, the Police Pension Fund paid out approximately $5.292 million and $4.885 million, respectively. This was an increase of $407 thousand or 8.33 percent from 2015 to 2016. This increase was due to an increase in the benefits received from current members when considering new retirees and deceased members of the fund. Additionally, the increase can also be attributed to the effect of the annual COLA increase of 3 percent as required by statute. The administrative costs of the Police Pension Fund represented approximately 1.6 percent of total deductions in fiscal year 2016 and 1.2 percent of total deductions in 2015.

### Future Outlook

Participant contributions are expected to grow in the future, as well as employer contributions for several reasons. First, the rate of growth in payroll due to pay increases will increase at the rate collectively bargained at the negotiating table. Second, as the City continues to grow, it is expected that the number of officers will grow, as well. This ongoing addition to staff will be reflected in a growing pension obligation to the City in the future. Current legislation requires by the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded. The Police Pension Fund will continue to structure its portfolio with the goal of maximizing returns over the long term.

### Request for Information

This financial report is designed to provide a general overview of the Police Pension Fund finances for all those with an interest in the pension fund's finances. Questions that concern information provided in this report or requests for additional financial information should be addressed to Police Pension Board, City of Bloomington, 305 S. East Street, Bloomington, Illinois 61701.

# BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Statement of Fiduciary Net Position**
**April 30, 2016 and 2015**

| | 2016 | 2015 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | $ 2,158,850 | 1,724,158 |
| Investments, at Fair Value | | |
| U.S. Government Securities | 3,901,439 | 3,499,292 |
| U.S. Government Agencies and Corporations | 14,921,604 | 15,322,423 |
| Annuities - Fixed | 767,211 | 734,811 |
| Mutual Funds | 40,430,464 | 41,082,275 |
| Corporate Bonds | 1,787,959 | 1,427,896 |
| Total Investments, at Fair Value | 61,808,677 | 62,066,697 |
| Receivables | | |
| Accrued Interest | 99,730 | 142,242 |
| Contributions | 21,152 | 13,672 |
| Total Receivables | 120,882 | 155,914 |
| Prepaids | 1,099 | - |
| Total Assets | 64,089,508 | 63,946,769 |
| **Liabilities** | | |
| Accounts Payable | 2,762 | 3,959 |
| **Net Position** | | |
| Net Position Restricted for Pension Benefits | 64,086,746 | 63,942,810 |

The notes to the financial statements are an integral part of this statement.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Statement of Fiduciary Changes in Net Position**
**For the Years Ended April 30, 2016 and 2015**

| | 2016 | 2015 |
|---|---|---|
| **Additions** | | |
| Contributions - Employer | $ 4,690,359 | 3,758,826 |
| Contributions - Plan Members | 1,039,974 | 998,827 |
| Other Sources | 118,866 | - |
| Total Contributions | 5,849,199 | 4,757,653 |
| Investment Income | | |
| Investment Earnings | 2,257,423 | 2,038,581 |
| Net Change in Fair Value | (2,445,651) | 2,700,482 |
| | (188,228) | 4,739,063 |
| Less Investment Expenses | (56,873) | (55,239) |
| Net Investment Income | (245,101) | 4,683,824 |
| Total Additions | 5,604,098 | 9,441,477 |
| **Deductions** | | |
| Administration | 88,855 | 58,926 |
| Benefits and Refunds | | |
| Benefits | 5,292,069 | 4,885,319 |
| Refunds | 79,238 | 4,119 |
| Total Deductions | 5,460,162 | 4,948,364 |
| **Net Increase** | 143,936 | 4,493,113 |
| **Net Position Restricted for Pension Benefits** | | |
| Beginning of Year | 63,942,810 | 59,449,697 |
| End of Year | 64,086,746 | 63,942,810 |

The notes to the financial statements are an integral part of this statement.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Police Pension Fund of the City of Bloomington, Illinois have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Pension Fund's accounting policies are described below.

### REPORTING ENTITY

The Police Pension Fund is a fund of the City of Bloomington, Illinois. The decision to include the Police Pension Fund in the City's reporting entity was made based upon the significance of their operational or financial relationships with the City.

The City's police employees participate in the Police Pension Employees Retirement System (PPERS) pursuant to GASB Statement No. 61. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary, and two elected police employees constitute the pension board. The City and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. The PPERS is included in the City's annual financial report as a pension trust fund.

### BASIS OF PRESENTATION

#### Pension Trust Funds

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's Police Department.

### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

#### Measurement Focus

Pension trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of changes in net position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Pension trust fund equity is classified as net position restricted for pensions.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

#### Basis of Accounting

The accrual basis of accounting is utilized by pension trust funds. Under this method, additions to net position are recorded when earned and deductions from net position are recorded when the time related liabilities are incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS AND NET POSITION

#### Investments

Police Pension Fund investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

#### Receivables

Pension Fund receivables consist of all revenues earned at year-end and not yet received. The major receivable balance for the Pension Fund is accrued interest from cash and investments and contributions from the City.

#### Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in the financial statements. Prepaids are valued at cost and are recorded as expenditures when consumed rather than when purchased.

## NOTE 2 – DETAIL NOTES ON FINANCIAL STATEMENTS

### DEPOSITS, INVESTMENTS AND CONCENTRATIONS

The deposits and investments of the Pension Fund are held separately from those of other City funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of $2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least $5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least $10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

### Credit Risk, Custodial Credit Risk and Concentration Risk

*Deposits*. At year-end, the carrying amount of the Pension Fund's deposits totaled $2,124,156; the bank balances totaled $2,086,770. In addition, the Pension Fund had $34,694 invested in the Illinois Metropolitan Investment Fund at year-end.

**NOTE 2 – DETAIL NOTES ON FINANCIAL STATEMENTS –** Continued

**DEPOSITS, INVESTMENTS AND CONCENTRATIONS –** Continued

**Credit Risk, Custodial Credit Risk, and Concentration Risk** – Continued

*Investments*. At year-end the Pension Fund has the following investments and maturities:

| | | Investment Maturities - in Years | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| U.S. Government Securities | $ 3,901,439 | - | - | 1,015,625 | 2,885,814 |
| U.S. Government Agencies & Corporations | 14,921,604 | 1,001,943 | 8,846,246 | 2,086,381 | 2,987,034 |
| Annuities - Fixed | 767,211 | 767,211 | - | - | - |
| Mutual Funds | 40,430,464 | 40,430,464 | - | - | - |
| Corporate Bonds | 1,787,959 | - | - | 1,787,959 | - |
| Total | 61,808,677 | 42,199,618 | 8,846,246 | 4,889,965 | 5,872,848 |

The Pension Fund assumes any callable securities will not be called.

*Interest Rate Risk*. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Fund's investment policy, the Fund investment portfolio will remain sufficiently liquid to enable the Pension Fund to pay all necessary benefits and meet all operating requirements which might be reasonably anticipated. The Fund's investment policy does not specifically provide limitations on the maturities of investments.

*Credit Risk*. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Pension Fund's investment policy limits the Pension Fund's investment in conventional mortgage pass-through securities to those having not less than an "A" rating from at least one national securities rating service; investments made in contracts and agreements of Life Insurance Companies licensed to do business in the State of Illinois shall be rated at least A+ by A.M. Best Company, Aa rated by Moody's and AA+ rated by Standard & Poor's rating services. Securities issued by the State of Illinois, or any county, township or municipal corporation of the State of Illinois, may be held in the portfolio as long as the said security is not rated less than Aa by Moody's or AA+ by Standard and Poor's.

**NOTE 2 – DETAIL NOTES ON FINANCIAL STATEMENTS** – Continued

**DEPOSITS, INVESTMENTS AND CONCENTRATIONS** – Continued

**Credit Risk, Custodial Credit Risk, and Concentration Risk** – Continued

As of April 30, 2016, the Pension Fund's investments were rated as follows:

| Investment Type | Moody's Investors Service | Standard & Poor's | A.M. Best Company |
|---|---|---|---|
| Annuities - Fixed | | | |
| Prosaver Platinum 8-Year Annuity | Aa3 | N/A | A+ |
| Prosaver Platinum 7-Year Annuity | Aa3 | N/A | A+ |
| U. S. Government Agencies and Corporations | | | |
| Federal Home Loan Mortgage Corporation | A2 | AA+ | N/A |
| Government National Mortgage Association | Aaa | AA+ | N/A |
| Federal Home Loan Bank | Aaa | AA+ | N/A |
| Federal National Mortgage Association | Aaa | AA+ | N/A |
| Corporate Bonds | A3 | AA+ | N/A |
| Mutual Funds | | | |
| American Funds Europacific Growth Fund | Not Rated | Not Rated | N/A |
| American Funds Growth Fund of America | Not Rated | Not Rated | N/A |
| Blackrock Equity Fund | Not Rated | Not Rated | N/A |
| DFA U.S. Small Cap Value Portfolio | Not Rated | Not Rated | N/A |
| Dodge & Cox Stock Fund | Not Rated | Not Rated | N/A |
| Greenhaven Continuous Commodity | Not Rated | Not Rated | N/A |
| Harbor Capital Appreciation Fund | Not Rated | Not Rated | N/A |
| Oppenheimer Developing Markets Equity Fund | Not Rated | Not Rated | N/A |
| Pimco Total Return Fund | Not Rated | Not Rated | N/A |
| Royce Special Equity Fund | Not Rated | Not Rated | N/A |
| Schwab Total Stock Market | Not Rated | Not Rated | N/A |
| SPDR S&P 500 Small Cap Fund | Not Rated | Not Rated | N/A |
| William Blair International Growth Fund | Not Rated | Not Rated | N/A |

*Custodial Credit Risk – Deposits*. Custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the Pension Fund will not be able to recover the value of its deposits that are in the possession of an outside party. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Pension Fund's investment policy does not require pledging collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Pension Fund's deposits with financial institutions. As of April 30, 2016, all of the Police Pension Fund's deposits were covered by FDIC insurance.

**NOTE 2 – DETAIL NOTES ON FINANCIAL STATEMENTS** – Continued

**DEPOSITS, INVESTMENTS AND CONCENTRATIONS** – Continued

**Credit Risk, Custodial Credit Risk, and Concentration Risk** – Continued

*Custodial Credit Risk – Investments*. Custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the Pension Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Police Pension Fund's investment policy does not mitigate custodial credit risk for investments; however in practice investments are held at a third party custodian with the exception of $2,741 of Government National Mortgage Association securities held by the Police Pension Fund. Therefore, as of April 30, 2016, $2,741 of the Pension Fund's investments of $61,808,677 were exposed to custodial credit risk, as they were uninsured and uncollateralized.

*Concentration of Credit Risk*. It is the policy of the Pension Fund to invest in a manner that seeks to ensure the preservation of capital. The Pension Fund is to consciously diversify the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio.

The Pension Fund further requires that the investment in a general account of an insurance company shall not be invested in more than 10 percent of real estate and more than 10 percent of bonds with rating of less than Baa1 by Moody's or BBB+ by Standard & Poor's. Total investments in contracts and agreements of life insurance companies shall not exceed 15 percent of the aggregate market value of the Pension Fund and no more than 5 percent of the Pension Fund assets may be invested in one single insurance company. Up to 5 percent of the assets of the Pension Fund may be invested in nonconvertible bonds, debentures, notes and other corporate obligations; Canadian securities; and direct obligations of Israel. Investments in notes secured by mortgages under Sections 203, 207, 220 and 221 of the National Housing Act are limited to 20 percent of the investment portfolio. Investments in stocks and convertible debt are limited to 50 percent of the investment portfolio.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

| Asset Class | Target | Long-Term Expected Real Rate of Return |
|---|---|---|
| Fixed Income | 42% | 2.03% - 4.14% |
| Domestic Equities | 42% | 5.34% - 6.55% |
| International Equities | 5% | 5.84% |
| Real Estate | 3% | 5.91% |
| Blended | 5% | 2.96% |
| Cash and Cash Equivalents | 0% | 0.0% |

**NOTE 2 – DETAIL NOTES ON FINANCIAL STATEMENTS** – Continued

**DEPOSITS, INVESTMENTS AND CONCENTRATIONS** – Continued

**Credit Risk, Custodial Credit Risk, and Concentration Risk** – Continued

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 55%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2016 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2016 are listed in the table above.

Investments that represent 5 percent or more of the total Pension Fund's investments are as follows:

| | |
|---|---|
| Schwab Total Stock Market | $ 16,550,597 |
| Dodge & Cox Stock Fund | 6,673,486 |
| American Funds Growth Fund of America | 3,419,606 |
| Harbor Capital Appreciation Fund | 3,367,415 |

**Rate of Return**

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -0.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOTE 3 – OTHER INFORMATION**

**CONTINGENT LIABILITIES**

**Litigation**

The Police Pension Fund is not currently involved with any lawsuits.

**NOTE 3 – OTHER INFORMATION** – Continued

**CONTINGENT LIABILITIES** – Continued

### Compliance Audit

The Police Pension Fund is subject to a program compliance audit by the Illinois Department of Insurance. The compliance audit by the Illinois Department of Insurance for the year ended April 30, 2016 has not yet been conducted. Accordingly, the Police Pension Fund's compliance with applicable requirements will be established at some future date. The amount of any adjustments to be made by the Illinois Department of Insurance cannot be determined at this time however, the Police Pension Fund expects such adjustments, if any, to be immaterial.

## EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

### Plan Administration

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member Board of Trustees. Two members of the Board are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

### Plan Membership

At April 30, 2016, the measurement date, membership consisted of the following:

| | |
|---|---|
| Inactive Plan Members Currently Receiving Benefits | 96 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 2 |
| Active Plan Members | 126 |
| Total | 224 |

## NOTE 3 – OTHER INFORMATION – Continued

## EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

### Benefits Provided

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

### Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. The City has chosen to use the following parameters to fund its pension plan above and beyond the state minimum. For the year-ended April 30, 2016, the City’s contribution was 43.25% of covered payroll.

**NOTE 3 – OTHER INFORMATION** – Continued

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN** – Continued

### Net Pension Liability

The components of the net pension liability of the City as of April 30, 2016 were as follows:

| | |
|---|---|
| Total Pension Liabiltiy | $ 128,677,076 |
| Plan Fiduciary Net Position | 64,086,746 |
| City's Net Pension Liability | 64,590,330 |
| Plan Fiduciary Net Position as a Percentage of the total Pension Liability | 49.80% |

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the required supplementary information for additional information related to the funded status of the Fund.

### Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions:

| | |
|---|---|
| Actuarial Valuation Date | 4/30/16 |
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Market |
| Actuarial Assumptions | |
| Interest Rate | 7.00% |
| Salary Increases | 3.75% - 14.40% |
| Cost of Living Adjustments | 2.50% |
| Inflation | 2.50% |

Mortality rates are based on the assumption study prepared by an independent actuary in 2016. The table combines observed experience of Illinois Police Officers with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date.

**NOTE 3 – OTHER INFORMATION** – Continued

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN** – Continued

### Discount Rate

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

### Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.00% as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

| Police Pension | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| Net Pension Liability | $ 83,932,642 | 64,590,330 | 48,875,595 |

# REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
- Schedule of Changes in the Employer's Net Pension Liability
- Schedule of Investment Returns

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Required Supplementary Information**
**Schedule of Employer Contributions**
**April 30, 2016**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|---|---|---|---|---|---|
| 2015 | $ 5,065,095 | $ 3,758,825 | $ (1,306,270) | $ 10,408,623 | 36.11% |
| 2016 | 4,667,258 | 4,690,359 | 23,101 | 10,843,786 | 43.25% |

Notes to the Required Supplementary Information:

| | |
|---|---|
| Actuarial Valuation Date | April 30, 2016 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 25 Years |
| Asset Valuation Method | 5-Year Smoothed Market |
| Inflation | 2.50% |
| Salary Increases | 3.75% - 14.40% |
| Investment Rate of Return | 7.00% |
| Retirement Age | See the Notes to the Financial Statements |
| Mortality | Illinois Police Officers with RP-2014 mortality table for blue collar workers |

Note:
This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Required Supplementary Information**
**Schedule of Changes in the Employer's Net Pension Liability**
**April 30, 2016**

| | | 2015 | 2016 |
|---|---|---|---|
| Total Pension Liability | | | |
| Service Cost | $ | 2,726,173 | 2,518,445 |
| Interest | | 7,598,217 | 7,961,798 |
| Changes in Benefit Terms | | - | - |
| Differences Between Expected and Actual Experience | | - | 3,750,208 |
| Change of Assumptions | | - | 3,392,308 |
| Benefit Payments, Including Refunds of Member Contributions | | (4,889,439) | (5,371,307) |
| Net Change in Total Pension Liability | | 5,434,951 | 12,251,452 |
| Total Pension Liability - Beginning | | 110,990,673 | 116,425,624 |
| Total Pension Liability - Ending | | 116,425,624 | 128,677,076 |
| Plan Fiduciary Net Position | | | |
| Contributions - Employer | $ | 3,758,826 | 4,690,359 |
| Contributions - Members | | 998,827 | 1,039,974 |
| Contributions - Other | | - | 118,866 |
| Net Investment Income | | 4,683,824 | (245,101) |
| Benefit Payments, Including Refunds of Member Contributions | | (4,889,438) | (5,371,307) |
| Administrative Expense | | (58,926) | (88,855) |
| Net Change in Plan Fiduciary Net Position | | 4,493,113 | 143,936 |
| Plan Net Position - Beginning | | 59,449,697 | 63,942,810 |
| Plan Net Position - Ending | | 63,942,810 | 64,086,746 |
| Employer's Net Pension Liability | $ | 52,482,814 | 64,590,330 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 54.92% | 49.80% |
| Covered-Employee Payroll | $ | 10,408,623 | 10,843,786 |
| Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll | | 504.22% | 595.64% |

Note:
This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Required Supplementary Information**
**Schedule of Investment Returns**
**April 30, 2016**

| Fiscal Year | Annual Money-Weighted Rate of Return, Net of Investment Expense |
|---|---|
| 2015 | 8.19% |
| 2016 | -0.45% |

# SUPPLEMENTAL SCHEDULES

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Administrative Expenses**
**For the Years Ended April 30, 2016 and 2015**

| | 2016 | 2015 |
|---|---|---|
| Professional Services | | |
| Actuarial | $ 3,575 | 2,450 |
| Accounting | 23,720 | 20,186 |
| Audit | 14,200 | 11,800 |
| Legal Counsel | 7,382 | 6,040 |
| Medical Exams | 21,756 | - |
| Total Professional Services | 70,633 | 40,476 |
| Miscellaneous | | |
| Conference/Seminar Fees | 2,100 | 2,437 |
| Association Dues | 265 | 775 |
| Travel and Lodging | 268 | 511 |
| State of Illinois Compliance Fee - Department of Insurance | 8,000 | 8,000 |
| GFOA Fee for Audit Report | 370 | 370 |
| Fiduciary Insurance Premium | 6,257 | 6,190 |
| Other | 962 | 167 |
| Total Miscellaneous | 18,222 | 18,450 |
| Total Administrative Expenses | 88,855 | 58,926 |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Investment Expenses**
**For the Years Ended April 30, 2016 and 2015**

| | 2016 | 2015 |
|---|---|---|
| Investment Service Fees | $ 56,873 | 55,239 |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Professional Services - by Consultant**
**For the Years Ended April 30, 2016 and 2015**

| Consultant | Nature of Service | 2016 | 2015 |
|---|---|---|---|
| City of Bloomington | Actuarial | $ 3,575 | 2,450 |
| Insight CPAs & Financial (HSJ&S) | Accounting | 23,720 | 20,186 |
| Lauterbach & Amen, LLP | Audit | 14,200 | 11,800 |
| Dobrovolny Law Office | Legal | 7,382 | 6,040 |
| Woodlake Medical Management, Inc. | Medical Exams | 21,756 | - |
| Total Professional Services by Consultant | | 70,633 | 40,476 |

# INVESTMENT SECTION

**_Police Pension Fund_**
**_City of Bloomington_**
**_IPPFA Member since 1986_**



**_Board of Trustees_**
**_305 South East Street_**
**_Bloomington, IL 61702-3157_**

October 17, 2016

Report on Investment Activity

To the Honorable Mayor and
City Council

The Police Pension Fund, a pension trust fund of the City of Bloomington, Illinois, has provided financial information of investments at fair value as of April 30, 2016 and 2015. The investment yields at market are reported on page 24 by type of investments for years 2016 and 2015 with a 3-year and 5-year annualized yield prepared using a time-weighted rate of return based on the market rate of return presented for trend information purposes. Investment asset allocations are presented for years 2016 and 2015 as well as investment allocation by types of investment for years 2006, 2011, and 2016 to provide trend information pertaining to investment allocations.

In addition to the custody of the assets, the officers of the Pension Fund provide various services on behalf of the Board of Trustees pertaining to investment activities. These services are as follows:

1. Receive and deposit monies from contributions (employee and employer), investment income and sale of securities.
2. Purchase securities, pay monthly retirement benefits to retirees and pay all administrative expenses approved by the Board of Trustees.
3. Accept and deliver securities when purchased or sold and/or authorize various investment firms to act on behalf of the Pension Fund.
4. Invest excess cash balances into short-term cash equivalent funds.
5. Employ agents and consultants with the consent of the Board of Trustees.

Patti-Lynn Silva

Patti-Lynn Silva
Finance Director

**Investment Policies**
**April 30, 2016**

The Board of Trustees administers the Police Pension Fund in accordance with the Illinois Pension Code, Illinois Compiled Statutes Chapter 40, Act 5, Articles 1 and 3, and the Illinois Public Funds Investment Act, Illinois Compiled Statutes Chapter 30, Act 235. The Board of Trustees shall discharge its duties solely in the interest of the Pension Fund, with care, skill, prudence and diligence under the circumstances then prevailing, that a like character with like aims.

The Board of Trustees has the authority to hire qualified investment professionals, including Investment Manager(s), Investment Consultant(s) and Custodian(s). All investment professionals who are hired must observe and operate within all policies, guidelines, constraints and philosophies approved by the Board of Trustees. The Board of Trustees shall regularly evaluate and monitor the performance of all investment professionals.

The investment objectives of the Pension Fund are as follows:

1. The primary objective of the investments is to return a yield that will provide investment income in accordance with the specific investment goals within the boundaries of prudent risk, thereby reducing the need for funding retirement benefits from the taxpayers. The investment policy establishes a five-year investment horizon to meet or exceed the actuarial assumption applicable to investments which is 6.75 percent.

2. Investments are diversified to help reduce market fluctuation risks and to obtain the highest investment yield while investing in safe investments. Preferred asset allocation guidelines are (at market value): equities at 52 percent, fixed income investments at 42 percent, real estate at 3 percent and cash and equivalents at 3 percent of total investments.

3. The investment portfolio shall remain sufficiently liquid to enable the Pension Fund to pay monthly retirement benefits, refund participant contributions and pay administrative expenses.

4. Proxies shall be voted by the Board of Trustees unless Investment Managers, who have discretionary control over assets of the Pension Fund, are employed. Then the Pension Fund's managers in accordance with specified guidelines shall vote all proxies.

5. Performance reports are to be generated by Investment Consultants and Investment Managers and shall be compiled at least quarterly and communicated to the Board of Trustees for review. The investment performance of total portfolios will be measured against commonly accepted performance benchmarks. Investment Consultants and Managers shall be reviewed regularly with regard to performance, goals and guidelines as set forth in the investment policy.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

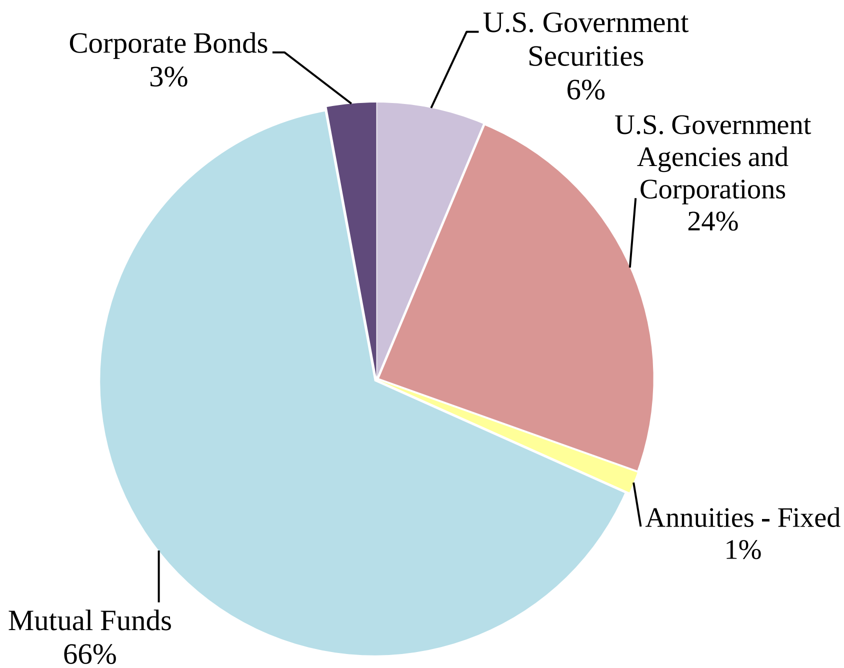
**Investment Results**
**For the Years Ended April 30, 2016 and 2015**

| | 2016 | 2015 | Annualized 3 - Year | Annualized 5 - Year |
|---|---|---|---|---|
| Total Portfolio | -0.45% | 10.60% | 6.11% | 5.92% |
| Custom Blended Benchmark Index | 1.92% | 8.44% | 5.78% | 6.17% |
| | | | | |
| Managed U.S. Government Treasuries and Agencies | 3.29% | 1.80% | 3.18% | 4.41% |
| Barclays Capital Intermediate Government Index | 1.52% | -0.26% | 1.24% | 1.74% |
| Passive U.S. Government Treasuries and Agencies | 1.32% | 0.55% | 1.19% | 1.62% |
| Barclays Aggregate Index | 2.72% | -0.26% | 2.29% | 3.50% |
| | | | | |
| Fixed Annuities (FMV Not Adjusted for Surrender Charges | 4.23% | 5.25% | 4.84% | 4.88% |
| Barclays Capital Intermediate Government/Credit | 3.02% | -0.24% | 1.71% | 2.83% |
| Barclays Capital Intermediate Government | 2.27% | 0.84% | 1.36% | 2.28% |
| | | | | |
| Domestic Equities Inlcuding Real Estate | -1.23% | 19.64% | 9.99% | 9.05% |
| S&P 500 Index | 1.21% | 20.44% | 11.25% | 11.01% |
| Russell 3000 | -0.18% | 20.78% | 10.77% | 10.49% |
| | | | | |
| International Equities | -10.82% | 10.51% | 1.09% | 1.13% |
| MSCI EAFE Index (net) | -9.32% | 13.35% | 1.48% | 1.69% |
| MSCI ACWI Ex US IMI Index | -10.28% | 10.16% | 0.46% | 0.15% |

The above returns were prepared using a time-weighted rate of return based on the market rate of return.

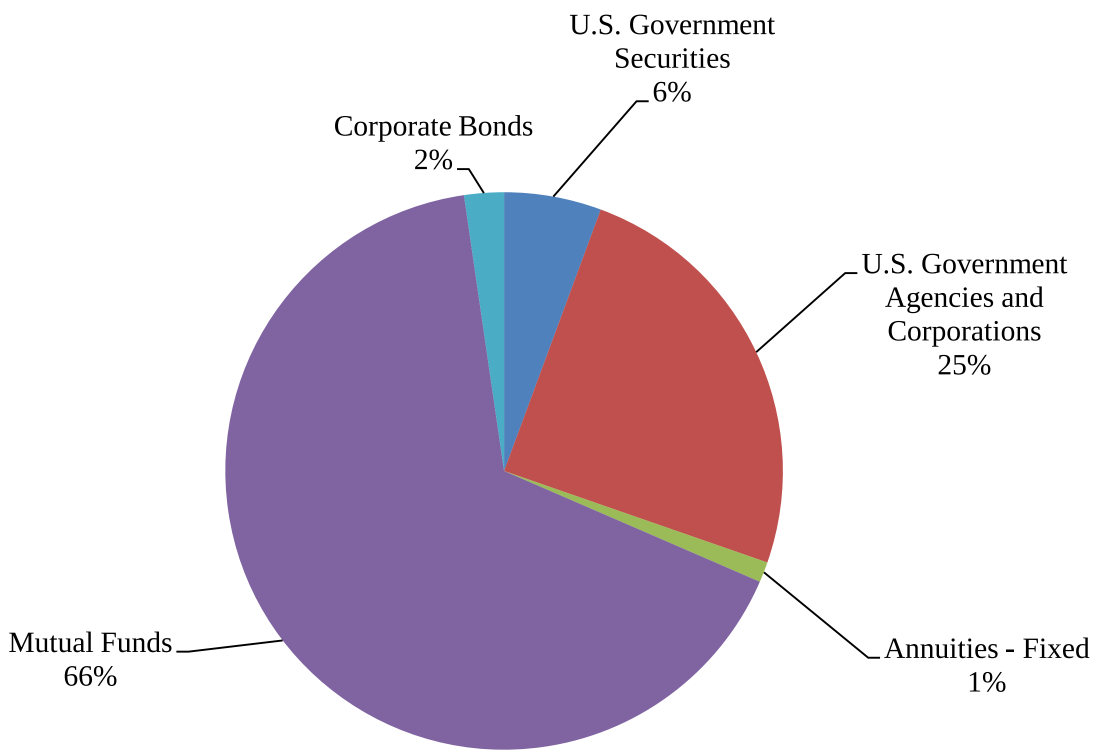
**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Investment Asset Allocation**
**April 30, 2016**



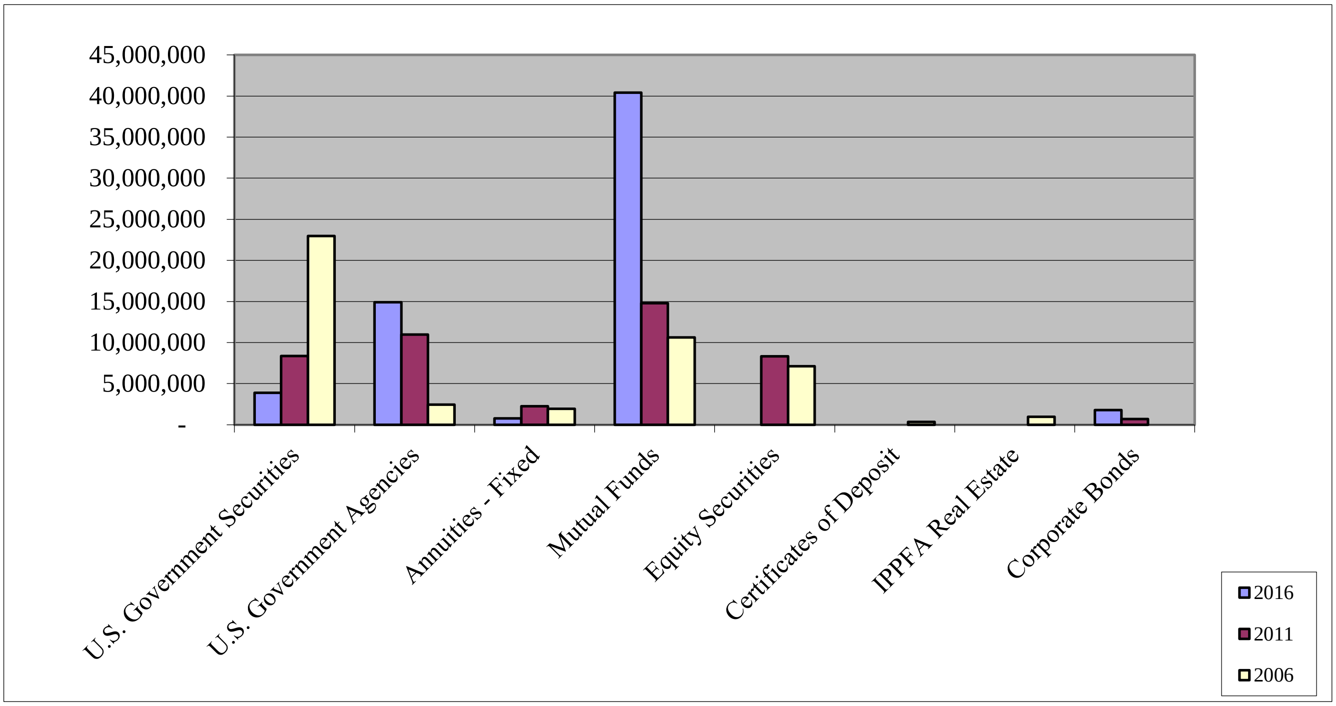
**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Investment Asset Allocation**
**April 30, 2015**



**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Investment Asset Allocation**
**For the Years Ended April 30, 2016, 2011 and 2006**




| | 2016 | 2011 | 2006 |
|---|---|---|---|
| U.S. Government Securities | $ 3,901,439 | 8,361,162 | 22,983,366 |
| U.S. Government Agencies | 14,921,604 | 10,961,314 | 2,464,143 |
| Annuities - Fixed | 767,211 | 2,263,280 | 1,929,029 |
| Mutual Funds | 40,430,464 | 14,787,704 | 10,614,040 |
| Equity Securities | - | 8,320,457 | 7,124,622 |
| Certificates of Deposit | - | - | 350,000 |
| IPPFA Real Estate | - | - | 965,823 |
| Corporate Bonds | 1,787,959 | 712,531 | - |
| Total Investments | 61,808,677 | 45,406,448 | 46,431,023 |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Largest Investments Held**
**April 30, 2016 (Unaudited)**

See Following Page

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Largest Investments Held**
**April 30, 2016**

### Largest Investment Holdings

| | Par | U.S. Government Securities | Fair Value |
|---|---|---|---|
| 1) | $ 1,355,000 | Federal Farm Credit Bank - 0.4814%, due 4/9/18 | $ 1,353,281 |
| 2) | 1,000,000 | Federal Home Loan Banks - 4.875%, due 5/17/17 | 1,043,534 |
| 3) | 1,000,000 | Federal Home Loan Banks - 1.875%, due 03/13/20 | 1,024,861 |
| 4) | 1,000,000 | Federal Home Loan Banks - 1.625%, due 11/27/18 | 1,017,006 |
| 5) | 1,000,000 | Federal Home Loan Banks - 2.125%, due 6/10/16 | 1,001,943 |
| 6) | 1,000,000 | Federal Home Loan Banks - 1.875%, due 8/15/22 | 1,003,930 |
| 7) | 1,000,000 | Federal Home Loan Banks - 0.875%, due 10/26/17 | 1,001,491 |
| 8) | 1,000,000 | Federal Home Loan Banks - 0.875%, due 5/21/18 | 1,000,634 |

| | Original Cost | Annuities - Fixed | Fair Value |
|---|---|---|---|
| 1) | 244,495 | Prosaver Platinum 7-Year Annuity issued by Protective Live Insurance Company, guaranteed rate 6.25% | 767,211 |

A complete list of investments by type of investment can be obtained from the Secretary of the Board. This information is available on a monthly basis from internal financial statements.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Largest Investments Held - Continued**
**April 30, 2016**

### Largest Investment Holdings - Continued

| | Original Cash Investments * | Mutual Funds | Fair Value |
|---|---|---|---|
| 1) | $ 12,023,311 | Schwab Total Stock Market - 451,462.014 units | $ 16,550,597 |
| 2) | 5,889,608 | Dodge and Cox Stock Fund - 41,581.943 units | 6,673,486 |
| 3) | 2,660,886 | American Funds Growth Fund of America Class R5 - 83,608.956 units | 3,419,606 |
| 4) | 2,616,254 | Harbor Capital Appreciation Fund - 58,994.655 units | 3,367,415 |
| 5) | 1,594,628 | American Funds EuroPacific Growth Fund Class R5 - 38,842.547 units | 1,740,535 |

| | Original Cash Investments * | Stocks | Fair Value |
|---|---|---|---|
| 1) | $ 1,331,918 | SPDR S&P 600 Small Capital - 10,870.7047 units | $ 1,882,589 |

A complete list of investments by type of investment can be obtained from the Secretary of the Board. This information is available on a monthly basis from internal financial statements.

* Original cash investments includes original investment plus dividends and capital gains reinvested in mutual funds.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Fees and Commissions**
**For the Years Ended April 30, 2016 and 2015**

| | 2016 | | | 2015 | |
|---|---|---|---|---|---|
| Consultant | | Assets Under Management | Fees | Assets Under Management | Fees |
| Investment Manager's Fees | | | | | |
| Garcia Hamilton & Associates | $ | 12,599,630 | 27,657 | 7,306,487 | 24,427 |
| Investment Consulting Fees | | | | | |
| Wall and Associates | | 62,311,583 | 29,216 | 58,621,184 | 30,812 |

Investment manager's fees and custodian fees paid to Garcia Hamilton & Associates, L.P. are wrap fees based on total assets under management.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Investment Summary**
**For the Years Ended April 30, 2016 and 2015**

| Type of Investment | 2016 Fair Value | 2016 Percent of Total Fair Value | 2015 Fair Value | 2015 Percent of Total Fair Value |
|---|---|---|---|---|
| U.S. Government Securities | $ 3,901,439 | 6.31% | $ 3,499,292 | 5.64% |
| U.S. Government Agencies and Corporations | 14,921,604 | 24.14% | 15,322,423 | 24.69% |
| Annuities - Fixed | 767,211 | 1.24% | 734,811 | 1.18% |
| Mutual Funds | 40,430,464 | 65.41% | 41,082,275 | 66.19% |
| Corporate Bonds | 1,787,959 | 2.89% | 1,427,896 | 2.30% |
| Total Investments | 61,808,677 | 100.00% | 62,066,697 | 100.00% |

# ACTUARIAL SECTION

Lauterbach & Amen, LLP
27W457 Warrenville Road
Warrenville, IL 60555-3902

# Actuarial Valuation as of May 1, 2016

# BLOOMINGTON POLICE PENSION FUND

Contributions Budgeted for the Fiscal Year
May 1, 2016 to April 30, 2017

***LAUTERBACH & AMEN, LLP***

# Actuarial Valuation – Funding Recommendation

Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

# BLOOMINGTON POLICE PENSION FUND

**Contributions Budgeted for the Fiscal Year**
**May 1, 2016 to April 30, 2017**

**Submitted by:**


Lauterbach & Amen, LLP
630.393.1483 Phone
www.lauterbachamen.com


**Contact:**


Todd A. Schroeder

October 27, 2016

***LAUTERBACH & AMEN, LLP***

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# TABLE OF CONTENTS

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CERTIFIED PUBLIC ACCOUNTANTS
27W457 WARRENVILLE RD. • WARRENVILLE, ILLINOIS 60555
PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

# ACTUARIAL CERTIFICATION

This report documents the results of the actuarial valuation of the Bloomington Police Pension Fund. The purpose is to report the actuarial contribution requirement for the contribution year May 1, 2016 to April 30, 2017. Determinations for purposes other than meeting the employer's actuarial contribution requirements may be significantly different from the results herein.

The results in this report are based on information and data submitted by the Bloomington Police Pension Fund including studies performed by prior actuaries. We did not prepare the actuarial valuations for the years prior to May 1, 2014. Those valuations were prepared by other actuaries whose reports have been furnished to us, and our disclosures are based upon those reports. An audit of the information was not performed, but high-level reviews were performed for general reasonableness, as appropriate, based on the purpose of the valuation. The accuracy of the results is dependent upon the accuracy and completeness of the underlying information. The results of the actuarial valuation and these supplemental disclosures rely on the information provided.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The Bloomington Police Pension Fund selected certain assumptions, while others were the result of guidance and/or judgment. We believe that the assumptions used in this valuation are reasonable and appropriate for the purposes for which they have been used.

To the best of our knowledge, all calculations are in accordance with the applicable funding requirements, and the procedures followed and presentation of results conform to generally accepted actuarial principles and practices. The undersigned of Lauterbach & Amen, LLP, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render this Actuarial Opinion. There is no relationship between the Bloomington Police Pension Fund and Lauterbach & Amen, LLP that impairs our objectivity.

The information contained in this report was prepared for the use of the Bloomington Police Pension Fund and the City of Bloomington, Illinois in connection with our actuarial valuation. It is not intended or necessarily suitable for other purposes. It is intended to be used in its entirety to avoid misrepresentations.

Please see pages 37-39 in this report for a Supplemental Actuarial Certification Letter.

Respectfully Submitted,
LAUTERBACH & AMEN, LLP

Todd A Schroeder

Todd A. Schroeder, EA

# MANAGEMENT SUMMARY

Contribution Recommendation
Funded Status
Management Summary

## MANAGEMENT SUMMARY

### CONTRIBUTION RECOMMENDATION

| | Statutory Minimum Contribution | Prior Year Recommended Contribution | City* Recommended Contribution |
|---|---|---|---|
| Contribution Requirement | $4,437,461 | $4,947,245 | $5,429,839 |
| Expected Payroll | $11,033,552 | $10,616,795 | $11,033,552 |
| Contribution Requirement as a Percent of Expected Payroll | 40.22% | 46.60% | 49.21% |

*The City Recommended Contribution is $992,378 Greater than the Statutory Minimum Contribution.*

### FUNDED STATUS

| | Statutory (1) Minimum Contribution | Prior Year Recommended Contribution | City (1) Recommended Contribution |
|---|---|---|---|
| Normal Cost | $2,731,816 | $2,726,173 | $2,518,445 |
| Market Value of Assets | $64,086,746 | $63,941,898 | $64,086,746 |
| Actuarial Value of Assets | $66,920,059 | $62,731,465 | $66,920,059 |
| Actuarial Accrued Liability | $119,877,113 | $116,425,624 | $128,677,076 |
| Unfunded Actuarial Accrued Liability | $52,957,054 | $53,694,159 | $61,757,017 |
| Percent Funded | | | |
| Actuarial Value of Assets | 55.82% | 53.88% | 52.01% |
| Market Value of Assets | 53.46% | 54.92% | 49.80% |

*The Funded Percentage has Decreased 1.87 on an Actuarial Value of Assets Basis.*

(1) Statutory guidelines require 90% funding by 2040 under the Projected Unit Credit cost method, as opposed to the City's goal of 100% funding under the Entry Age Normal cost method.

## Management Summary – Comments and Analysis

Contribution Results
The contribution recommendation is based on the funding policies and procedures that are outlined in the "Actuarial Funding Policies" section of this report.

The State of Illinois statutes for pension funds contain parameters that should be used to determine the minimum amount of contribution to a public pension fund. Those parameters and the resulting minimum contribution can be found in the "Illinois Statutory Minimum Contribution" section of this report.

Defined Benefit Plan Risks
*Asset Growth*
Pension funding involves preparing plan assets to pay benefits for the members when they retire. During their working careers, assets need to build with contributions and investment earnings, and then the pension fund distributes assets during retirement. Based on the fund's current mix of employees and funded status, the fund should be experiencing positive asset growth on average if requested contributions are made and expected investment earnings come in. In the current year the fund asset growth was positive by approximately $145,000

Asset growth is important long-term. Long-term cash flow out of the pension fund is primarily benefit payments. Expenses make up a smaller portion. The fund should monitor the impact of expected benefit payments and the impact on asset growth in the future. In the next 5 years, benefits payments are anticipated to increase 30-35%, or approximately $1.7 million dollars. In the next 10 years, the expected increase in benefit payments is 75-80%, or approximately $4.1 million dollars.

*Unfunded Liability:*
Unfunded liability represents dollars we expect to be in the pension fund already for the fund members based on funding policy. To the extent dollars are not in the pension fund the fund is losing investment returns on those dollars going forward. Payments to unfunded liability pay for the lost investment earnings, as well as the outstanding unfunded amount. If payment is not made, the unfunded liability will grow.

In the early 1990s, many pension funds in Illinois adopted an increasing payment to handle unfunded liability due to a change in legislation. The initial payments decreased, and payments were anticipated to increase annually after that. In many situations, payments early on may be less than the interest on unfunded liability, which means unfunded liability is expected to *increase* even if contributions are at the recommended level.

The current contribution recommendation includes a payment to unfunded liability that is approximately $494,000 less than interest on the unfunded liability. All else being equal and contributions being made, unfunded liability would still be expected to increase. The employer and the fund should anticipate currently that improvement in the funded percent will be mitigated in the short-term. The employer and the fund should understand this impact as we progress forward to manage expectations.

*Actuarial Value of Assets:*
The pension fund smooths asset returns that vary from expectations over a five-year period. The intention over time is that asset returns for purposes of funding recommendations are a combination of several years. The impact is intended to smooth out the volatility of contribution recommendations over time, but not necessarily increase or decrease the level of contributions over the long-term.

When asset returns are smoothed, there are always gains or losses on the Market Value of Assets that are going to be deferred for current funding purposes, and recognized in future years. Currently, the pension fund is deferring approximately $2.8 million dollars in losses on the Market Value of Assets. These are asset losses that will be recognized in upcoming periods, independent of the future performance of the Market Value of Assets.

Plan Assets
The results in this report are based on the assets held in the pension fund. Assets consist of funds held for investment and for benefit payments as of the Valuation Date. In addition, assets may be adjusted for other events representing dollars that are reasonably expected to be paid out from the pension fund or deposited into the pension fund after the Actuarial Valuation Date as well.

The current fund assets are audited.

*The Plan Assets Used in this Report are Audited.*

The actuarial value of assets under the funding policy is equal to the fair market value of assets, with unexpected gains and losses smoothed over 5 years. More detail on the Actuarial Value of Assets can be found in the funding policy section of the report.

Demographic Data

Demographic factors can change from year to year within a pension fund. Changes in this category include hiring new employees, employees retiring or becoming disabled, retirees passing away, and other changes. Demographic changes can cause an actuarial gain (contribution that is less than expected compared to the prior year) or an actuarial loss (contribution that is greater than expected compared to the prior year).

Demographic gains and losses occur when the assumptions over the one-year period for employee changes do not meet our long-term expectation. For example, if no employees become disabled during the year, we would expect a liability gain. If more employees become disabled than anticipated last year, we would expect a liability loss. Generally, we expect short-term fluctuations in demographic experience to create 1%-3% gains or losses in any given year, but to balance out in the long-term.

In the current report, the key demographic changes were as follows:

*Active Members:* There are 12 active members of the fund who have been designated as active with service purchase for multiple years. But the service and date of hire were not adjusted for the service transfers until the current year. The increase in the recommended contribution in the current year for fund members is approximately $80,000.

*New hires:* The fund added 9 new active members in the current year through hiring. When a new member is admitted to the pension fund, the employer contribution will increase to reflect the new member. The increase in the recommended contribution in the current year for new fund members is approximately $54,000.

*New hires:* The fund added 1 new active member to the fund who previously worked with the City, but has not been part of IDOI filings until the current year. The increase in the recommended contribution in the current year for new fund member is approximately $50,000.

*Retirement:* There were 5 members of the fund who retired during the year. When a fund member retires the normal cost will decrease. Any change in the actuarial liability will be considered when determining the amount to pay towards unfunded liability each year. The decrease in the recommended contribution in the current year due to the retirement experience is approximately $35,000.

*Termination:* There were 3 members of the fund who terminated employment during the year. The members took a refund. The fund is no longer obligated to pay a benefit to the member in the future. The decrease in the recommended contribution in the current year due to the termination experience is approximately $49,000.

*Salary Increases:* Salary increases were less than anticipated in the current year. Most active members received an increase of 4.50% or less. This caused a decrease in the recommended contribution in the current year of approximately $49,000.

Assumption Changes
We performed a comprehensive study of Police pension funds in the State of Illinois. We reviewed the results of the study in addition to the experience in the current fund. The actuarial assumptions were changed in the current year. The changes were made to better reflect the future anticipated experience in the fund. See the following page for the impact of these changes.

Funding Policy Changes
The funding policy was not changed from the prior year.

## ACTUARIAL CONTRIBUTION RECOMMENDATION - RECONCILIATION

Actuarial liability is expected to increase each year for both interest for the year and as active employees earn additional service years towards retirement. Similarly actuarial liability is expected to decrease when the fund pays benefits to inactive employees.

Contributions are expected to increase as expected pay increases under the funding policy for the Fund.

| | Actuarial Liability | Contribution Recommendation |
|---|---|---|
| Prior Valuation | $ 116,425,624 | $ 4,947,245 |
| Expected Changes | 5,724,013 | 197,890 |
| Initial Expected Current Valuation | $ 122,149,637 | $ 5,145,135 |

Other increases or decreases in actuarial liability (key changes noted below) will increase or decrease the amount of unfunded liability in the plan. To the extent unfunded liability increases or decreases unexpectedly, the contribution towards unfunded liability will also change unexpectedly.

| | Actuarial Liability | Contribution Recommendation |
|---|---|---|
| Salary Increase Less than Expected | (603,103) | (48,820) |
| Demographic Changes | 3,738,234 | 196,276 |
| Assumption Changes | 3,392,308 | 84,715 |
| Asset Return Less than Expected * | - | 43,222 |
| Contributions Less than Expected | - | 9,311 |
| Total Actuarial Experience | $ 6,527,439 | $ 284,704 |
| | | |
| Current Valuation | $ 128,677,076 | $ 5,429,839 |

*The impact on contribution due to asset performance is based on the Actuarial Value of Assets.

Key demographic changes were discussed in the prior section.

# VALUATION OF FUND ASSETS

Market Value of Assets
Actuarial Value of Assets

# VALUATION OF FUND ASSETS

## MARKET VALUE OF ASSETS

Statement of Assets

| | Prior Valuation | Current Valuation |
|---|---|---|
| Money Market | $ 1,723,254 | $ 2,158,850 |
| Fixed Income | 20,249,604 | 20,611,002 |
| Insurance Contracts | 734,811 | 767,211 |
| Mutual Funds | 41,082,274 | 40,430,464 |
| Receivables (Net of Payables) | 151,956 | 119,219 |
| Net Assets Available for Pensions | $ 63,941,898 | $ 64,086,746 |

*The Total Value of Assets has Increased $144,848 from Prior Valuation.*

Statement of Changes in Assets

| | |
|---|---|
| Total Market Value - Prior Valuation | $ 63,941,898 |
| Plus - Employer Contributions | 4,690,359 |
| Plus - Employee Contributions | 1,158,815 |
| Plus - Return on Investments | (245,076) |
| Less - Benefit and Related Payments | (5,371,307) |
| Less - Other Expenses | (88,855) |
| Prior Period Audit Adjustment | 912 |
| Total Market Value - Current Valuation | $ 64,086,746 |

*The Return on Investment on the Market Value of Assets for the Fund was Approximately (0.5%) Net of Administrative Expenses.*

The return on investments shown has been determined as the Return on Assets from the statement of changes in assets, as a percent of the average of the beginning and ending Market Value of Assets. Return on Investment is net of the Other Expenses as shown. The Return on Investments has been excluded from the Total Market Value of Assets at the end of the year for this calculation.

## MARKET VALUE OF ASSETS (GAIN)/LOSS

### Current Year (Gain)/Loss on Market Value of Assets

| | |
|---|---|
| Total Market Value - Prior Valuation | $ 63,941,898 |
| Contributions | 5,849,174 |
| Benefit Payments | (5,371,307) |
| Expected Return on Investments | 4,492,658 |
| Initial Expected Total Market Value - Current Valuation | 68,912,423 |
| Prior Period Audit Adjustments | 912 |
| Expected Total Market Value - Current Valuation | 68,913,335 |
| Actual Total Market Value - Current Valuation | 64,086,746 |
| Current Market Value (Gain)/Loss | $ 4,826,589 |

*The Return on the Market Value of Assets was Lower than Expected Over the Most Recent Year.*

| | |
|---|---|
| Expected Return on Investments | $ 4,492,658 |
| Actual Return on Investments (Net of Expenses) | (333,931) |
| Current Market Value (Gain)/Loss | $ 4,826,589 |

The (Gain)/Loss on the Market Value of Assets has been determined based on expected returns at the actuarial rate.

## *VALUATION OF FUND ASSETS*

### DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS

| | | |
|---|---|---|
| Total Market Value - Current Valuation | | $ 64,086,746 |
| Adjustment for Prior (Gains)/Losses | | |
| | Full Amount | |
| First Preceding Year | $ 4,826,589 | 3,861,271 |
| Second Preceding Year | (393,548) | (236,129) |
| Third Preceding Year | (1,511,792) | (604,717) |
| Fourth Preceding Year | (935,558) | (187,112) |
| Total Deferred (Gain)/Loss | | 2,833,313 |
| Initial Actuarial Value of Assets - Current Valuation | | 66,920,059 |
| Less Contributions for the Current Year and Interest | | - |
| Less Adjustment for the Corridor | | - |
| Actuarial Value of Assets - Current Valuation | | $ 66,920,059 |

*The Actuarial Value of Assets is Equal to the Fair Market Value of Assets with Unanticipated Gains/Losses Recognized over 5 Years. The Actuarial Value of Assets is Currently 104% of the Market Value.*

### (GAIN)/LOSS ON THE ACTUARIAL VALUE OF ASSETS

| | |
|---|---|
| Total Actuarial Value - Prior Valuation | $ 62,731,465 |
| Plus - Employer Contributions | 4,690,359 |
| Plus - Employee Contributions | 1,158,815 |
| Plus - Return on Investments | 3,798,670 |
| Less - Benefit and Related Payments | (5,371,307) |
| Less - Other Expenses | (88,855) |
| Prior Period Audit Adjustment | 912 |
| Total Actuarial Value - Current Valuation | $ 66,920,059 |

*The Return on Investment on the Actuarial Value of Assets for the Fund was Approximately 5.9% Net of Administrative Expenses.*

The Actuarial Value of Assets incorporates portions of gains and losses over multiple years.

# VALUATION OF FUND ASSETS

## HISTORICAL ASSET PERFORMANCE

The chart below shows the historical rates of return on plan assets for both Market Value of Assets and Actuarial Value of Assets.

| | Market Value | Actuarial Value |
|---|---|---|
| First Preceding Year | -0.5% | 5.9% |
| Second Preceding Year | 7.7% | 7.4% |

The returns on assets shown above were calculated based on the annual return on investment for the year, as a percentage of the average value of the assets for the year.

For purposes of determining the average value of assets during the year, the ending market value of assets has been adjusted to net out to the portion related to the investment returns themselves. All other cash flows are included.

For purposes of determining the annual return on investment we have adjusted the figures shown on the preceding pages. The figures shown on the preceding pages are net of investment expenses. We have made an additional adjustment to net out administrative expenses. Netting out administrative expenses allows us to capture returns for the year that can be used to make benefit payments as part of the ongoing actuarial process.

The adjustment we make is for actuarial reporting purposes only. By netting out administrative expenses and capturing return dollars that are available to pay benefits, it provides us a comparison to the estimated rate of return on assets, but does not provide a figure that would be consistent with the return rates that are determined by other parties. Therefore this calculated rate of return should not be used to analyze investment performance of the Fund or the performance of the investment professionals.

# CITY RECOMMENDED CONTRIBUTION DETAIL

Actuarial Accrued Liability
Funded Status
Development of the Normal Cost
Recommended Contribution
Actuarial Methods – Recommended Contribution

## ACTUARIAL ACCRUED LIABILITY

| | Prior Valuation | Current Valuation |
|---|---|---|
| Active Employees | $ 49,624,063 | $ 49,377,785 |
| Inactive Employees | | |
| Terminated Employees - Vested | 812,877 | 786,894 |
| Retired Employees | 55,268,976 | 67,347,990 |
| Disabled Employees | 7,879,753 | 7,761,100 |
| Other Beneficiaries | 2,839,955 | 3,403,307 |
| Total Inactive Employees | 66,801,561 | 79,299,291 |
| Total Actuarial Accrued Liability | $ 116,425,624 | $ 128,677,076 |

*Acturaial Accrued Liability is Based on the Funding Policy Adopted by the City.*

## FUNDED STATUS

| | Prior Valuation | Current Valuation |
|---|---|---|
| Total Actuarial Accrued Liability | $ 116,425,624 | $ 128,677,076 |
| Total Actuarial Value of Assets | 62,731,465 | 66,920,059 |
| Unfunded Actuarial Accrued Liability | $ 53,694,159 | $ 61,757,017 |
| Total Market Value of Assets | $ 63,941,898 | $ 64,086,746 |
| Percent Funded | | |
| Actuarial Value of Assets | 53.88% | 52.01% |
| Market Value of Assets | 54.92% | 49.80% |

*The Current Funding Policy is for the Pension Fund to be 100% Funded on an Actuarial Basis (Entry Age Normal Cost Method) by the Year 2041.*

# *CITY RECOMMENDED CONTRIBUTION DETAIL*

## DEVELOPMENT OF THE EMPLOYER NORMAL COST

| | Prior Valuation | Current Valuation |
|---|---|---|
| Total Normal Cost | $ 2,726,173 | $ 2,518,445 |
| Estimated Employee Contributions | (1,052,124) | (1,093,425) |
| Employer Normal Cost | $ 1,674,049 | $ 1,425,020 |

*At a 100% Funding Level, the Normal Cost Contribution is Still Required.*

## NORMAL COST AS A PERCENTAGE OF EXPECTED PAYROLL

| | Prior Valuation | Current Valuation |
|---|---|---|
| Expected Payroll | $ 10,616,795 | $ 11,033,552 |
| Employee Normal Cost Rate | 9.910% | 9.910% |
| Employer Normal Cost Rate | 15.77% | 12.92% |
| Total Normal Cost Rate | 25.68% | 22.83% |

*Ideally, the Employer Normal Cost Rate will Remain Stable.*

## CONTRIBUTION RECOMMENDATION

| | Prior Valuation | Current Valuation |
|---|---|---|
| Employer Normal Cost* | $ 1,864,881 | $ 1,601,311 |
| Amortization of Unfunded Accrued Liability/(Surplus) | 3,082,364 | 3,828,528 |
| Funding Requirement | $ 4,947,245 | $ 5,429,839 |

*The Recommended Contribution is Based on the Funding Policy Adopted by the City Which Includes 100% Funding Target.*

*Employer Normal Cost Contribution includes interest through the end of the year.

## ACTUARIAL METHODS – RECOMMENDED CONTRIBUTION

| | |
|---|---|
| Actuarial Valuation Date | May 1, 2016 |
| Data Collection Date | April 30, 2016 |
| Actuarial Cost Method | Entry Age Normal (Level % Pay) |
| Amortization Method | Level % Pay (Closed) |
| Amortization Target | 100% Funded over 25 years |
| Asset Valuation Method | 5-Year Smoothed Market Value |

The contribution and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the actuarial cost methods described. The actuarial cost and amortization method allocates the projected obligations of the plan over the working lifetimes of the plan participants.

The recommended contribution amount shown in this report is based on the methods summarized above. The Actuarial Funding Policies section of the report will include a more detail description of the funding methods being used.

The Actuarial Funding Methods are meant to provide a systematic process for determining contributions on an annual basis. The methods do not impact the expectation of future benefit payments. The methods only impact the way dollars are contributed towards future benefit payments.

Different Actuarial Funding Methods may achieve funding goals with differing levels of success. Certain methods are more efficient and more stable on an annual basis.

# ILLINOIS STATUTORY MINIMUM CONTRIBUTION

Minimum Contribution
Methods and Assumptions

## STATUTORY MINIMUM CONTRIBUTION

| | Minimum Contribution |
|---|---|
| Contribution Requirement | $4,437,461 |
| Expected Payroll | $11,033,552 |
| Contribution Requirement as a Percent of Expected Payroll | 40.22% |

## FUNDED STATUS – STATUTORY MINIMUM

| | Minimum Contribution |
|---|---|
| Normal Cost | $2,731,816 |
| Market Value of Assets | $64,086,746 |
| Actuarial Value of Assets | $66,920,059 |
| Actuarial Accrued Liability | $119,877,113 |
| Unfunded Actuarial Accrued Liability | $52,957,054 |
| Percent Funded | |
| Actuarial Value of Assets | 55.82% |
| Market Value of Assets | 53.46% |

## *ILLINOIS STATUTORY MINIMUM CONTRIBUTION*

The Statutory Minimum Contribution is based on funding methods and funding parameters in the Illinois statutes for pension funding. The resulting contribution is lower than the recommended contribution for the current plan year. The lower contribution amount is not recommended because it represents only a deferral of contributions when compared to the recommended contribution method.

Actuarial Funding methods for pensions are best applied to provide a balance between the long-term goals of a variety of stakeholders:

1. Beneficiaries – the fund participants are interested in benefit security and having the dollars there to pay benefits when retired

2. Employers – cost control and cost stability over the long-term

3. Taxpayers – paying for the services they are receiving from active employees

The Statutory Minimum Contribution methods are not intended to provide a better system in any of the above categories long-term. The parameters are not recommended for a long-term funding strategy.

The Statutory Minimum methods put into place in 2011 were intended to provide short-term budget relief for Employer contributions. An employer using the Statutory Minimum parameters for current funding should view the contributions as short-term relief. Our recommendation in this situation is for a pension fund and an employer to work towards a long-term funding strategy that better achieves the long-term funding goals, over a period that does not exceed 3-5 years.

The Securities and Exchange Commission in 2013 used the phrase "Statutory Underfunding" to describe situations where contributions appear to be more manageable in the short-term, but set up future contribution requirements that are less likely to be manageable.

## ACTUARIAL METHODS – ILLINOIS STATUTORY MINIMUM CONTRIBUTION

| | |
|---|---|
| Actuarial Valuation Date | May 1, 2016 |
| Data Collection Date | April 30, 2016 |
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 90% Funded over 24 years |
| Asset Valuation Method | 5-Year Smoothed Market Value |

The contribution and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the actuarial cost methods described. The actuarial cost and amortization method allocates the projected obligations of the plan over the working lifetimes of the plan participants.

The recommended contribution amount shown in this report is based on the methods summarized above. The Actuarial Funding Policies section of the report will include a more detail description of the funding methods being used.

The Actuarial Funding Methods are meant to provide a systematic process for determining contributions on an annual basis. The methods do not impact the expectation of future benefit payments. The methods only impact the way dollars are contributed towards future benefit payments.

Different Actuarial Funding Methods may achieve funding goals with differing levels of success. Certain methods are more efficient and more stable on an annual basis.

# ACTUARIAL VALUATION DATA

Active Employees
Retirees and Beneficiaries

# ACTUARIAL VALUATION DATA

## Active Employees

| | Prior Valuation | Current Valuation |
|---|---|---|
| Vested | 85 | 86 |
| Nonvested | 38 | 40 |
| Total Active Employees | 123 | 126 |
| Total Payroll | $ 10,408,623 | $ 10,843,786 |

## Inactive Employees

| | Prior Valuation | Current Valuation |
|---|---|---|
| Terminated Employees - Vested | 2 | 2 |
| Retired Employees | 63 | 68 |
| Disabled Employees | 12 | 12 |
| Other Beneficiaries | 16 | 16 |
| Total Inactive Employees | 93 | 98 |

## Summary Of Benefit Payments

| | Prior Valuation | Current Valuation |
|---|---|---|
| Terminated Employees - Vested | $ 8,767 | $ 6,749 |
| Retired Employees | 342,937 | 379,412 |
| Disabled Employees | 43,372 | 43,756 |
| Other Beneficiaries | 32,201 | 32,205 |
| Total Inactive Employees | $ 427,277 | $ 462,121 |

Benefits shown for terminated employees under deferred retirement are not currently in pay status.

# ACTUARIAL FUNDING POLICIES

Actuarial Cost Method
Financing Unfunded Accrued Liability
Actuarial Value of Assets

## ACTUARIAL COST METHOD

The actuarial cost method allocates the projected obligations of the plan over the working lifetimes of the plan participants.

In accordance with the Pension Fund's Funding Policy the actuarial cost method for the recommended contribution basis is Entry Age Normal (Level Percent of Pay). The Entry Age Normal Cost Method is a method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age. The portion of this actuarial present value allocated to a valuation year is called normal cost. The portion of the actuarial present value not provided at a valuation date by the actuarial present value of future normal costs is called the actuarial liability.

## FINANCING UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability may be amortized over a period either in level dollar amounts or as a level percentage of projected payroll.

In accordance with the Pension Fund's Funding Policy for the recommended contribution the unfunded actuarial accrued liabilities are amortized by level percent of payroll contributions to 100% funding target over the remaining 25 future years.

## ACTUARIAL VALUE OF ASSETS

The pension fund is an ongoing plan. The employer wishes to smooth the effect of volatility in the market value of assets on the annual contribution. The Actuarial Value of Assets is equal to the Market Value of Assets with unanticipated gains/losses recognized over five years.

The asset valuation method is intended to create an Actuarial Value of Assets that remains reasonable in relation to the Market Value of Assets over time. The method produces results that can fall above and below the Market Value of Assets. The period of recognition is short.

It is intended that the period of recognition is short enough to keep the Actuarial Value of Assets within a decent range of the Market Value. The employer has not placed a specific corridor around the Market Value of Assets.

# ACTUARIAL ASSUMPTIONS

Nature of Actuarial Calculations
Actuarial Assumptions in the Valuation Process
Actuarial Assumptions Utilized

# ACTUARIAL ASSUMPTIONS

## NATURE OF ACTUARIAL CALCULATIONS

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed immaterial, and, therefore, are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that significant items in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

Actual future experience will differ from the assumptions used in the calculations. As these differences arise, the expense for accounting purposes will be adjusted in future valuations to reflect such actual experience.

A range of results different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision which is not inherent in actuarial calculations.

## ACTUARIAL ASSUMPTIONS IN THE VALUATION PROCESS

The contribution and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the actuarial cost methods described in the previous section.

The principal areas of financial risk which require assumptions about future experience are:

- Long-term Rates of Investment Return
- Patterns of Pay Increases for Members
- Rates of Mortality Among Members and Beneficiaries
- Rates of Withdrawal of Active Members
- Rates of Disability Among Members
- Age Patterns of Actual Retirement

Actual experience of the Pension Fund will not coincide exactly with assumed experience. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments to the computed contribution requirement.

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

Details behind the selection of the actuarial assumptions can be found in the assumption document provided to the client. The client has reviewed and approved the assumptions as a reasonable expectation of the future anticipated experience under the plan.

## ACTUARIAL ASSUMPTIONS UTILIZED

**Expected Return on Investments** 7.00% net of adminstrative expenses.

**CPI-U** 2.50%

**Total Payroll Increases** 3.50%

**Individual Pay Increases** 3.75% - 14.40%

Individual salary increases include a long-term average increase for inflation, average annual increases for promotions, and any additional increases for a step program. Sample Rates as Follows:

| Service | Rate | Service | Rate |
|---|---|---|---|
| 0 | 14.40% | 8 | 3.75% |
| 1 | 11.33% | 9 | 7.38% |
| 2 | 12.10% | 10 | 3.75% |
| 3 | 3.75% | 15 | 3.75% |
| 4 | 8.50% | 20 | 3.75% |
| 5 | 3.75% | 25 | 3.75% |
| 6 | 3.75% | 30 | 3.75% |
| 7 | 3.75% | 35 | 3.75% |

**Retirement Rates** 100% of the L&A Assumption Study Cap Age 65 for Police 2016. Sample Rates as Follows:

| Age | Rate | Age | Rate |
|---|---|---|---|
| 50 | 0.117 | 53 | 0.139 |
| 51 | 0.124 | 54 | 0.147 |
| 52 | 0.131 | 55 | 0.156 |

**Withdrawal Rates**

100% of the L&A Assumption Study for Police 2016. Sample Rates as Follows:

| Age | Rate | Age | Rate |
|---|---|---|---|
| 25 | 0.041 | 40 | 0.027 |
| 30 | 0.039 | 45 | 0.014 |
| 35 | 0.036 | 50 | 0.003 |

**Disability Rates**

100% of the L&A Assumption Study for Police 2016. Sample Rates as Follows:

| Age | Rate | Age | Rate |
|---|---|---|---|
| 25 | 0.0005 | 40 | 0.0028 |
| 30 | 0.0010 | 45 | 0.0043 |
| 35 | 0.0018 | 50 | 0.0064 |

**Mortality Rates**

L&A Assumption Study for Police 2016. Sample Male Rates as Follows:

| Age | Rate | Age | Rate |
|---|---|---|---|
| 25 | 0.00054 | 40 | 0.00071 |
| 30 | 0.00052 | 45 | 0.00108 |
| 35 | 0.00061 | 50 | 0.00187 |

L&A Assumption Study for Police 2016. Sample Female Rates as Follows:

| Age | Rate | Age | Rate |
|---|---|---|---|
| 25 | 0.00017 | 40 | 0.00040 |
| 30 | 0.00023 | 45 | 0.00065 |
| 35 | 0.00030 | 50 | 0.00111 |

Mortality improvement to 5 years past the valuation date using MP 2014 is assumed. Active mortality (pre-retirement) and disabled mortality follow RP 2014.

**Married Participants**

80% of Active Participants are Assumed to be Married. Female Spouses are Assumed to be 3 Years Younger than Male Spouses.

# SUMMARY OF PRINCIPAL PLAN PROVISIONS

Establishment of the Fund
Administration
Employee Contributions
Normal Retirement Pension Benefits
Pension to Survivors
Termination Benefits
Disability Benefits

# SUMMARY OF PRINCIPAL PLAN PROVISIONS

## ESTABLISHMENT OF THE FUND

The Police Pension Fund is established and administered as prescribed by "Article 3. Police Pension Fund – Municipalities 500,000 and Under" of the Illinois Pension Code.

## ADMINISTRATION

The Police Pension Fund is administered by a Board of Trustees located in each municipality maintaining a pension fund for its police officers. Its duties are to control and manage the pension fund, to hear and determine applications for pensions, to authorize payment of pensions, to establish rules, to pay expenses, to invest funds, and to keep records.

## EMPLOYEE CONTRIBUTIONS

Employees contribute 9.910% of salary.

## NORMAL RETIREMENT PENSION BENEFIT

Hired Prior to January 1, 2011

*Eligibility:* Age 50 with at least 20 years of creditable service and no longer a police officer.

*Benefit:* 50% of final salary is payable commencing at retirement for 20 years of service. An additional 2.5% of final salary is added for each additional year of service in excess of 20 years of service (not to exceed 75% of final salary). "Final salary" is the salary attached to rank held on the last day of services or for 1 year prior to the last day, whichever is greater.

*Annual Increase in Benefit:* An officer will receive an initial increase of 1/12 of 3% for each month that has elapsed since retirement. The initial increase date will be the later of the first day of the month following the attainment of age 55, or the first anniversary of the date of retirement. Subsequent increases of 3% of the current pension amount (including prior increases) will be provided in each January thereafter.

## NORMAL RETIREMENT PENSION BENEFIT - CONTINUED

Hired on or After January 1, 2011

*Eligibility:* Age 55 with at least 10 years of creditable service and no longer a police officer.

*Benefit:* 2.5% of final average salary for each year of service is payable at retirement (not to exceed 75% of final average salary). "Final average salary" is determined by dividing the highest total salary over 96 consecutive months of service in the last 120 months of service by the total number of months of service in the period. Annual salary for this purpose will not exceed $106,800, indexed by the lesser of 3% or ½ of the CPI-U for the 12 months ending with the September preceding each November 1. The salary cap will not decrease.

*Annual Increase in Benefit:* The initial increase date will be the January 1st following the later of the attainment of age 60, or the first anniversary of the date of retirement. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original benefit.

## EARLY RETIREMENT PENSION BENEFIT

Hired Prior to January 1, 2011

None

Hired on or After January 1, 2011

*Eligibility:* Age 50 with at least 10 years of creditable service and no longer a police officer.

*Benefit:* The normal retirement pension benefit reduced by ½ of 1% for each month that the police officer's age is under age 55.

*Annual Increase in Benefit:* The initial increase date will be the January 1st following the later of the attainment of age 60, or the first anniversary of the date of retirement. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original benefit.

## PENSION TO SURVIVORS

Hired Prior to January 1, 2011

Death - Line of Duty

Surviving spouse is entitled to 100% of the salary attached to the rank of the police officer on the last day of service, payable immediately.

Death - Non-Duty

*Current Pensioners (Including Disabled Pensioners):* Surviving spouse to receive continuation of the pension.

*Active Employee with 20+ Years of Service:* Surviving spouse is entitled to the full pension earned by the police officer at the time of death.

*Active Employee with 10-20 Years of service*: Surviving spouse is entitled to 50% of the salary attached to the rank of the police officer on the last day of service, payable immediately

*Annual Increase in Benefit:* None.

Hired on or After January 1, 2011

Death - Line of Duty

Surviving spouse is entitled to 100% of the salary attached to the rank of the police officer on the last day of service, payable immediately.

Death - Non-Duty

*Current Pensioners (Including Disabled Pensioners), Active Employee with 20+ Years of Service, and Active Employee with 10-20 Years of service*: Surviving spouse to receive 66 ⅔% of the police officer's earned pension at the date of death.

*Annual Increase in Benefit:* The initial increase date will be the January 1st after the attainment of age 60 by the recipient of the survivor's pension. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original survivor's benefit amount.

## TERMINATION BENEFIT

Hired Prior to January 1, 2011

*Eligibility:* At least 8 years but less than 20 years of creditable service.

*Benefit:* 2.5% of final salary for each year of service is payable beginning at age 60. "Final salary" is based on the greater of salary during the last year of service prior to termination of employment or the pay rate for the police officer at termination of employment.

*Annual Increase in Benefit:* An officer will receive an initial increase of 3% on the first anniversary of the date of start of payments. Subsequent increases of 3% of the current pension amount will be provided in each January thereafter.

Hired on or After January 1, 2011

*Eligibility:* At least 10 years but less than 20 years of creditable service.

*Benefit:* 2.5% of final salary for each year of service is payable beginning at age 60. "Final salary" is based on the greater of salary during the last year of service prior to termination of employment or the pay rate for the police officer at termination of employment. Annual salary for this purpose will not exceed $106,800, indexed by the lesser of 3% or ½ of the CPI-U for the 12 months ending with the September preceding each November 1. The salary cap will not decrease.

*Annual Increase in Benefit:* The initial increase date will be the January 1st following the first payment. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 mos. ending with the September preceding each November 1, applied to the original benefit amount.

## DISABILITY BENEFIT

Hired Prior to January 1, 2011

*Eligibility:* Disability (duty or non-duty).

*Benefit:* A police officer who becomes disabled on duty is entitled to receive a pension equal to the greater of 65% of final salary or the pension they would have been entitled to upon retirement at the time of disability. For a non-duty disability, the police officer is entitled to 50% of final salary. "Final salary" is based on the pay rate for the police officer on the last day of service.

*Annual Increase in Benefit:* The initial increase date will be the January 1st following the attainment of age 60. Subsequent increases will occur on each subsequent January 1st. The first increase is 3% of the original benefit for each full year that has passed since the pension began. Subsequent increases will be the 3% of the original pension benefit amount.

Hired on or after January 1, 2011

*Eligibility:* Disability (duty or non-duty).

*Benefit:* A police officer who becomes disabled on duty is entitled to receive a pension equal to the greater of 65% of final salary or the pension they would have been entitled to upon retirement at the time of disability. For a non-duty disability, the police officer is entitled to 50% of final salary. "Final salary" is based on the pay rate for the police officer on the last day of service.

*Annual Increase in Benefit:* The initial increase date will be the January 1st following the attainment of age 60. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original benefit amount.

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# SUPPLEMENTAL ACTUARIAL CERTIFICATION

October 27, 2016

Members of the Pension Board of Trustees
Bloomington Police Pension Fund
Bloomington, Illinois

**RE: Actuarial Certification**

To the Members of the Pension Board of Trustees:

As requested, Lauterbach & Amen, LLP has completed an actuarial valuation for the Bloomington Police Pension Fund effective May 1, 2016. This report documents the results of the actuarial valuation of the Police Pension Fund. The purpose is to report the actuarial contribution requirement for the contribution year May 1, 2016 to April 30, 2017. Determinations for purposes other than meeting the employer's actuarial contribution requirements may be significantly different from the results herein.

The results in this report are based on information and data submitted by the Bloomington Police Pension Fund including studies performed by prior actuaries. We did not prepare the actuarial valuations for the years prior to May 1, 2014. Those valuations were prepared by other actuaries whose reports have been furnished to us, and our disclosures are based upon those reports. Valuations are completed on a yearly basis. The most recent prior valuation was completed as of May 1, 2015. An audit of the information was not performed, but high-level reviews were performed for general reasonableness, as appropriate, based on the purpose of the valuation. The accuracy of the results is dependent upon the accuracy and completeness of the underlying information. The results of the actuarial valuation and these supplemental disclosures rely on the information provided.

Included in the actuarial valuation were the following supporting schedules:

- Management Summary
- Valuation of Fund Assets
- Recommended Contribution Detail
- Illinois Statutory Minimum Contribution
- Actuarial Valuation Data
- Actuarial Funding Policies
- Actuarial Assumptions
- Summary of Principal Plan Provisions

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The following discussion highlights the selection of key assumptions and methods:

Assumptions
The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. Key economic assumptions include the expected rate of return on assets, salary scale and inflation. Key demographic assumptions include mortality, retirement, termination and disability rates. The Bloomington Police Pension Fund selected certain assumptions, while others were the result of our guidance and/or judgment. We believe that the assumptions and funding methods used in this valuation are reasonable and appropriate for the purposes for which they have been used and adhere to guidelines set forth by Actuarial Standards of Practice. The actuarial assumptions used for funding purposes are the same as the actuarial assumptions used for financial reporting purposes.

Actuarial Cost Method
An Actuarial Cost Method is an approach to budgeting contributions made to a Pension Fund during an employee's working lifetime. The State of Illinois has mandated the method to use for purposes of determining the minimum amount of funding required in a given year. That method includes the Project Unit Credit cost method with a funding target of 90% of the liability under that method by the year 2040. The resulting minimum contribution is lower than the recommended contribution for the current plan year. The lower contribution amount is not recommended because it represents a deferral of contributions when compared the recommended contribution method, and is not expected to achieve the goal the fully funding benefits in any future period.

On the contrary, both the Recommended Contribution for tax levy purposes, as well as financial reporting under GASB 67/68, use the Entry Age Normal ("EAN") cost method as a level percent of payroll. The Recommended Contribution uses a funding target of 100% of liability under the EAN method over 25 years as of the current valuation date. This cost method is more actuarially sound for achieving a funding level target over a specified period of time with a more stable and level stream of contributions. The advantages and disadvantages of alternative cost methods were discussed with the Pension Fund to come up with a selection that best fits the goals and objectives of the Pension Fund. The Pension Fund then determined the actuarial cost method used in the calculation of the Recommended Contribution, as set forth in the supporting schedules. We believe that the funding method used in this valuation is reasonable and appropriate for the purposes for which they have been used and adhere to guidelines set forth by Actuarial Standards of Practice. As a result of the EAN funding method selection, the actuarial cost method used for recommended funding purposes is the same as the actuarial cost method used for financial reporting purposes.

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To the best of our knowledge, all calculations are in accordance with the applicable funding requirements, and the procedures followed and presentation of results conform to generally accepted actuarial principles and practices. The undersigned of Lauterbach & Amen, LLP, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render this Actuarial Opinion. There is no relationship between the Bloomington Police Pension Fund and Lauterbach & Amen, LLP that impairs our objectivity.

The information contained in this report was prepared for the use of the Bloomington Police Pension Fund and the City of Bloomington, Illinois in connection with our actuarial valuation. It is not intended or necessarily suitable for other purposes. It is intended to be used in its entirety to avoid misrepresentations.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP

Todd A. Schroeder

Todd A. Schroeder, EA

# GLOSSARY OF TERMS

## Glossary of Terms

***Actuarial Accrued Liability*** –The actuarial present value of future benefits based on employees' service rendered to the measurement date using the selected actuarial cost method. It is that portion of the Actuarial Present Value of plan benefits and expenses allocated to prior years of employment. It is not provided for by future Normal Costs.

***Actuarial Cost Method*** – The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants.

***Actuarial Value of Assets*** – The value of the assets used in the determination of the Unfunded Actuarial Accrued Liability. The Actuarial Value of Assets is related to Market Value of Assets, with adjustments made to spread unanticipated gains and losses for a given year over a period of several years. Actuarial Value of Assets is generally equally likely to fall above or below the Market Value of Assets, and generally does not experience as much volatility over time as the Market Value of Assets.

***Asset Valuation Method*** – A valuation method designed to smooth random fluctuations in asset values. The objective underlying the use of an asset valuation method is to provide for the long-term stability of employer contributions.

***Funding Policy*** – A set of procedures for a Pension Fund that outlines the "best practices" for funding the pension benefits based on the goals of the plan sponsor. A Funding Policy discusses items such as assumptions, Actuarial Cost Method, assets, and other parameters that will best help the sponsor meet their goal of working in the best interest of the plan participant.

***Market Value of Assets*** – The value of the cash, bonds, securities and other assets held in the pension trust as of the measurement date.

***Normal Cost*** –The present value of future benefits earned by employees during the current fiscal year. It is that portion of the Actuarial Present Value of benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

***Unfunded Actuarial Accrued Liability*** – The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. The Unfunded Actuarial Accrued Liability is amortized over a period either in level dollar amounts or as a level percentage of projected payroll

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Active Member Valuation Data - Last Ten Fiscal Years**
**April 30, 2016**

| Valuation Date | Number of Participants | Annual Payroll* | Annual Average Pay | Percent Increase / (Decrease) in Average Pay |
|---|---|---|---|---|
| April 30, 2006 | 121 | $ 8,190,638 | $ 65,421 | (3.35)% |
| April 30, 2007 | 121 | 7,915,950 | 68,409 | 4.57% |
| April 30, 2008 | 121 | 8,277,458 | 66,460 | (2.85)% |
| April 30, 2009 | 121 | 8,041,709 | 66,460 | 0.00% |
| April 30, 2010 | 124 | 8,788,202 | 70,873 | 6.64% |
| April 30, 2011 | 124 | 9,505,164 | 76,655 | 8.16% |
| April 30, 2012 | 116 | 8,903,996 | 76,759 | 0.14% |
| April 30, 2013 | 121 | 9,212,701 | 76,138 | (0.81)% |
| April 30, 2014 | 123 | 10,408,623 | 84,623 | 11.14% |
| April 30, 2015 | 126 | 10,843,786 | 86,062 | 1.70% |

* For the valuation date given, this amount equals the annualized ending payroll for the year.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Retirees and Beneficiaries Added to and Removed From Rolls - Last Ten Fiscal Years**
**April 30, 2016**

| | Added to Rolls | | Removed from Rolls | | Rolls - End of Year | |
|---|---|---|---|---|---|---|
| Year Ended | Number | Annual Allowances | Number | Annual Allowances | Number | Annual Allowances |
| April 30, 2007 | - | $ - | - | $ - | 69 | $ 2,556,889 |
| April 30, 2008 | 7 | 283,764 | - | - | 76 | 2,897,374 |
| April 30, 2009 | 2 | 146,436 | - | | 78 | 3,278,268 |
| April 30, 2010 | - | - | 3 | 40,703 | 75 | 3,290,631 |
| April 30, 2011 | 4 | 144,232 | 1 | 4,354 | 78 | 3,465,873 |
| April 30, 2012 | 7 | 209,147 | 2 | 34,696 | 83 | 3,864,406 |
| April 30, 2013 | 5 | 91,499 | 2 | 37,054 | 86 | 4,147,017 |
| April 30, 2014 | 5 | 187,423 | 2 | 40,064 | 89 | 4,567,646 |
| April 30, 2015 | 3 | 64,452 | - | - | 91 | 4,889,439 |
| April 30, 2016 | 6 | 232,893 | 1 | 50,709 | 96 | 5,292,069 |

| Year Ended | Percent Increase in Annual Allowances | Average Annual Allowances |
|---|---|---|
| April 30, 2007 | 3.88% | $ 34,669 |
| April 30, 2008 | 13.32% | 36,013 |
| April 30, 2009 | 13.15% | 42,029 |
| April 30, 2010 | 0.38% | 43,875 |
| April 30, 2011 | 5.33% | 44,434 |
| April 30, 2012 | 11.50% | 46,559 |
| April 30, 2013 | 7.31% | 48,221 |
| April 30, 2014 | 10.14% | 51,322 |
| April 30, 2015 | 7.05% | 53,730 |
| April 30, 2016 | 8.23% | 55,126 |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Report of Progress Being Made Toward the Funding Objective - Last Ten Fiscal Years**
**April 30, 2016**

| | Aggregate Accrued Liabilities for | | | | | | |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | | | | |
| Valuation Date | Active Member Contributions | Retirees and Beneficiaries | Active Members (Employer-Financed Portion) | Reported Assets | Portion of Accrued Liabilities Covered by Reported Assets (1) | (2) | (3) |
| May 1, 2006 | * $ 6,469,810 | $ 31,743,198 | $ 19,080,178 | $ 38,044,418 | 100.00% | 99.56% | 0.00% |
| May 1, 2007 | * 8,277,458 | 37,928,031 | 20,625,411 | 41,082,107 | 100.00% | 86.49% | 0.00% |
| May 1, 2008 | * 8,041,709 | 43,174,926 | 24,120,310 | 44,388,369 | 100.00% | 84.18% | 0.00% |
| May 1, 2009 | * 8,788,202 | 46,457,564 | 36,465,645 | 42,014,598 | 100.00% | 71.52% | 0.00% |
| May 1, 2010 | * 9,505,164 | 45,235,677 | 41,627,715 | 48,078,031 | 100.00% | 85.27% | 0.00% |
| May 1, 2011 | * 8,903,996 | 49,984,975 | 40,623,805 | 52,763,950 | 100.00% | 87.75% | 0.00% |
| May 1, 2012 | * 9,212,701 | 50,703,372 | 39,752,245 | 51,528,363 | 100.00% | 83.46% | 0.00% |
| May 1, 2013 | * 9,722,152 | 56,865,374 | 44,677,554 | 52,524,514 | 100.00% | 75.27% | 0.00% |
| May 1, 2014 | * 10,408,623 | 66,801,561 | 39,215,440 | 63,945,858 | 100.00% | 80.14% | 0.00% |
| May 1, 2015 | * 10,843,786 | 79,299,291 | 38,533,999 | 64,089,508 | 100.00% | 67.15% | 0.00% |

* For the valuation date given, this amount equals the annualized ending payroll for the year.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Analysis of Financial Experience**

**Gains and Losses in Accrued Liabilities Resulting from Differences Between Assumed Experience and Actual Experience**
**April 30, 2016**

| | 5/1/16 | 5/1/15 |
|---|---|---|
| **FINANCIAL SOURCES** | | |
| Investment Experience (Based Upon Market Value of Assets) | $ (4,826,589) | (497,835) |
| Contribution Experience | (256,886) | (851,222) |
| Salary Increases (Greater)/Lower than Expected | 603,103 | - |
| Total from Financial Sources | (4,480,372) | (1,349,057) |
| **DEMOGRAPHIC SOURCES** | | |
| Mortality, Retirement, Disability, Termination, etc. | 3,738,234 | - |
| **ACTUARIAL ADJUSTMENTS** | | |
| Market Value Adjustment for Asset Smoothing, Including Expenses | 4,043,746 | - |
| Composite Gain or (Loss) | 3,301,608 | (1,349,057) |

# STATISTICAL SECTION
# (Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Pension Fund's overall financial health.

## Revenue Trends

These schedules contain trend information to help the reader understand how the Fund's annual contributions, investment earnings, and other contributions have impacted the overall revenues of the fund.

## Expense Trends

These schedules contain trend information to help the reader understand how the Fund's administrative, benefits, and refunds expenses have changed from a historical standpoint.

## Benefits Analysis

These schedules provide additional information to help the reader understand the Fund's various categories of beneficiaries and their respective benefits received.

## Financial Trends

These schedules contain trend information to help the reader understand how the Fund's financial performance and well-being have changed over time.

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Additions to Net Position - by Source - Last Ten Fiscal Years**
**April 30, 2016 (Unaudited)**

| Fiscal Year Ended April 30 | Contributions | | | | Net Investment Income | Total Additions |
|---|---|---|---|---|---|---|
| | Employer | Percentage of Annual Covered Payroll | Plan Members | Other Sources | | |
| 2007 | $ 1,966,185 | 24.56% | $ 852,599 | $ 1,790 | $ 3,845,916 | $ 6,579,830 |
| 2008 | 2,036,942 | 24.61% | 907,283 | 4,518 | 633,277 | 6,666,490 |
| 2009 | 2,528,567 | 31.44% | 891,832 | - | (5,761,471) | 3,582,020 |
| 2010 | 3,128,358 | 35.60% | 909,333 | 29,178 | 6,056,640 | (2,341,072) |
| 2011 | 3,867,939 | 40.69% | 899,601 | 116,042 | 4,375,757 | 10,123,509 |
| 2012 | 4,111,770 | 46.18% | 925,210 | 98,978 | 1,141,673 | 9,259,339 |
| 2013 | 3,311,122 | 35.94% | 924,614 | 38,910 | 4,473,301 | 6,277,631 |
| 2014 | 3,183,834 | 32.75% | 1,030,249 | 245,095 | 5,529,840 | 8,747,947 |
| 2015 | 3,758,826 | 38.66% | 998,827 | - | 4,683,824 | 9,989,018 |
| 2016 | 4,690,359 | 48.24% | 1,039,974 | 118,866 | (245,101) | 5,604,098 |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Deductions to Net Position - by Type - Last Ten Fiscal Years**
**April 30, 2016 (Unaudited)**

| Fiscal Year Ended April 30 | Administration | Benefits | Refunds | Total Deductions |
|---|---|---|---|---|
| 2007 | $ 78,672 | 2,556,889 | 14,528 | 2,650,089 |
| 2008 | 81,693 | 2,897,374 | 98,448 | 3,077,515 |
| 2009 | 82,118 | 3,203,299 | 2,950 | 3,288,367 |
| 2010 | 53,112 | 3,276,118 | 152,913 | 3,482,143 |
| 2011 | 66,740 | 3,465,873 | - | 3,532,613 |
| 2012 | 88,121 | 3,864,406 | 196,192 | 4,148,719 |
| 2013 | 84,930 | 4,147,017 | - | 4,231,947 |
| 2014 | 77,997 | 4,567,646 | 9,529 | 4,655,172 |
| 2015 | 58,926 | 4,885,319 | 4,119 | 4,948,364 |
| 2016 | 88,855 | 5,292,069 | 79,238 | 5,460,162 |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Benefit Expenses - by Type - Last Ten Fiscal Years**
**April 30, 2016 (Unaudited)**

See Following Page

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Benefit Expenses - by Type - Last Ten Fiscal Years**
**April 30, 2016 (Unaudited)**

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Age and Service Benefit | | | | | |
| Retirees | $ 4,382,054 | 3,973,787 | 3,659,459 | 3,267,144 | 3,046,157 |
| Survivors | 387,479 | 392,795 | 380,412 | 360,189 | 331,574 |
| Death in Service Benefits | - | - | - | - | - |
| Disability Benefits | | | | | |
| Retirees - Duty | 473,015 | 469,216 | 478,254 | 469,608 | 455,492 |
| Retirees - Nonduty | 36,684 | 36,684 | 36,684 | 37,239 | 18,346 |
| Survivors | 12,837 | 12,837 | 12,837 | 12,837 | 12,837 |
| Total Benefits | 5,292,069 | 4,885,319 | 4,567,646 | 4,147,017 | 3,864,406 |
| Type of Refund | | | | | |
| Death | - | - | - | - | - |
| Separation | 79,238 | 4,119 | 9,529 | - | 196,192 |
| Total Refunds | 79,238 | 4,119 | 9,529 | - | 196,192 |

| 2011 | 2010 | 2009 | 2008 | 2007 | Total |
|---|---|---|---|---|---|
| 2,754,879 | 2,550,588 | 2,436,253 | 2,208,621 | 1,902,357 | 30,181,299 |
| 332,152 | 367,834 | 392,392 | 402,525 | 349,255 | 3,696,607 |
| - | - | - | - | 66,107 | 66,107 |
| 366,005 | 344,859 | 361,817 | 241,323 | 228,481 | 3,888,070 |
| - | - | - | 32,068 | 10,689 | 208,394 |
| 12,837 | 12,837 | 12,837 | 12,837 | - | 115,533 |
| 3,465,873 | 3,276,118 | 3,203,299 | 2,897,374 | 2,556,889 | 38,156,010 |
| - | - | - | - | - | - |
| - | 152,913 | 98,448 | 14,528 | 20,810 | 575,777 |
| - | 152,913 | 98,448 | 14,528 | 20,810 | 575,777 |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Retired Members - by Type of Benefit**
**April 30, 2016 (Unaudited)**

| Amount of Monthly Benefit | | | Number of Retirees | Type of Retirement 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deferred | | | | | | | | | | | |
| $ 1 | - | 1,000 | 4 | - | - | 4 | - | - | - | - | - |
| 1,001 | - | 1,500 | 4 | - | - | 3 | - | - | - | 1 | - |
| 1,501 | - | 2,000 | 5 | 1 | - | 4 | - | - | - | - | - |
| 2,001 | - | 2,500 | 4 | 1 | - | 2 | - | 1 | - | - | - |
| 2,501 | - | 3,000 | - | - | - | - | - | - | - | - | - |
| 3,001 | - | 3,500 | 9 | 5 | - | - | - | 3 | 1 | - | - |
| 3,501 | - | 4,000 | 10 | 5 | - | 1 | - | 4 | - | - | - |
| Over | | 4,000 | 61 | 56 | - | 2 | - | 3 | - | - | - |
| Total | | | 97 | 68 | - | 16 | - | 11 | 1 | 1 | - |

Type of Retirement

1 Normal Retirement for Age and Service
2 Early Retirement
3 Survivor Payment - Normal or Early Retirement
4 Survivor Payment - Death in Service
5 Duty Disability Retirement
6 Nonduty Disability Retirement
7 Survivor Payment - Disability Retirement
8 Survivor Payment - Non duty Death in Service

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Average Benefit Payments**
**April 30, 2016 (Unaudited)**

See Following Page

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Average Benefit Payments**
**April 30, 2016 (Unaudited)**

| Retirement Effective Dates | Years of Credited Service | | | | | | |
|---|---|---|---|---|---|---|---|
| 5/1/06 to 4/30/16 | | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| **Period 5/1/06 to 4/30/07** | | | | | | | |
| Normal Retirees | | | | | | | |
| Average Monthly Benefit | $ | - | 2,595 | - | 2,679 | 3,907 | 5,108 |
| Average Final Salary | $ | - | 48,110 | - | 41,604 | 58,167 | 65,672 |
| Number of Active Retirees | | - | 1 | - | 14 | 18 | 12 |
| Disability Retirees | | | | | | | |
| Average Monthly Benefit | $ | 2,387 | 2,973 | - | 3,079 | - | - |
| Average Final Salary | $ | 44,070 | 61,414 | - | 48,705 | - | - |
| Number of Active Retirees | | 1 | 2 | - | 4 | - | - |
| **Period 5/1/07 to 4/30/08** | | | | | | | |
| Normal Retirees | | | | | | | |
| Average Monthly Benefit | $ | - | 2,672 | - | 2,647 | 4,046 | 5,364 |
| Average Final Salary | $ | - | 31,447 | - | 41,604 | 48,442 | 57,838 |
| Number of Active Retirees | | - | 1 | - | 16 | 18 | 14 |
| Disability Retirees | | | | | | | |
| Average Monthly Benefit | $ | 2,916 | 2,973 | - | 3,114 | - | - |
| Average Final Salary | $ | 26,837 | 35,681 | - | 37,089 | - | - |
| Number of Active Retirees | | 2 | 2 | - | 4 | - | - |
| **Period 5/1/08 to 4/30/09** | | | | | | | |
| Normal Retirees | | | | | | | |
| Average Monthly Benefit | $ | - | 2,753 | - | 2,942 | 4,230 | 5,728 |
| Average Final Salary | $ | - | 48,110 | - | 44,542 | 58,167 | 74,801 |
| Number of Active Retirees | | - | 1 | - | 16 | 18 | 15 |
| Disability Retirees | | | | | | | |
| Average Monthly Benefit | $ | 3,115 | 3,374 | - | 3,150 | - | - |
| Average Final Salary | $ | 57,503 | 61,414 | - | 48,705 | - | - |
| Number of Active Retirees | | 3 | 2 | - | 4 | - | - |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Average Benefit Payments - Continued**
**April 30, 2016 (Unaudited)**

| Retirement Effective Dates | | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|---|
| 5/1/06 to 4/30/16 | | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| **Period 5/1/09 to 4/30/10** | | | | | | | |
| Normal Retirees | | | | | | | |
| Average Monthly Benefit | $ | - | 2,835 | - | 3,005 | 4,383 | 5,941 |
| Average Final Salary | $ | - | 48,110 | - | 44,193 | 58,167 | 74,801 |
| Number of Active Retirees | | - | 1 | - | 15 | 18 | 15 |
| Disability Retirees | | | | | | | |
| Average Monthly Benefit | $ | 3,115 | 3,374 | - | 3,150 | - | - |
| Average Final Salary | $ | 57,503 | 61,414 | - | 48,705 | - | - |
| Number of Active Retirees | | 3 | 2 | - | 4 | - | - |
| **Period 5/1/10 to 4/30/11** | | | | | | | |
| Normal Retirees | | | | | | | |
| Average Monthly Benefit | $ | - | 2,920 | - | 3,123 | 4,569 | 6,035 |
| Average Final Salary | $ | - | 35,043 | - | 37,478 | 54,826 | 72,418 |
| Number of Active Retirees | | - | 1 | - | 16 | 18 | 17 |
| Disability Retirees | | | | | | | |
| Average Monthly Benefit | $ | 3,115 | 3,374 | - | 3,658 | - | - |
| Average Final Salary | $ | 37,377 | 40,492 | - | 43,894 | - | - |
| Number of Active Retirees | | 3 | 2 | - | 5 | - | - |
| **Period 5/1/11 to 4/30/12** | | | | | | | |
| Normal Retirees | | | | | | | |
| Average Monthly Benefit | $ | - | 3,008 | - | 3,249 | 4,761 | 6,298 |
| Average Final Salary | $ | - | 48,110 | - | 50,295 | 60,371 | 79,556 |
| Number of Active Retirees | | - | 1 | - | 16 | 19 | 19 |
| Disability Retirees | | | | | | | |
| Average Monthly Benefit | $ | 3,078 | 3,597 | - | 3,701 | - | - |
| Average Final Salary | $ | 60,931 | 65,822 | - | 54,576 | - | - |
| Number of Active Retirees | | 4 | 3 | - | 5 | - | - |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Average Benefit Payments - Continued**
**April 30, 2016 (Unaudited)**

| Retirement Effective Dates | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| 5/1/06 to 4/30/16 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| **Period 5/1/12 to 4/30/13** | | | | | | |
| Normal Retirees | | | | | | |
| Average Monthly Benefit | $ - | 3,098 | - | 3,436 | 4,988 | 6,552 |
| Average Final Salary | $ - | 48,110 | - | 52,634 | 66,006 | 83,804 |
| Number of Active Retirees | - | 1 | - | 14 | 20 | 21 |
| Disability Retirees | | | | | | |
| Average Monthly Benefit | $ 3,100 | 3,624 | - | 3,906 | - | - |
| Average Final Salary | $ 60,931 | 65,822 | - | 54,576 | - | - |
| Number of Active Retirees | 4 | 3 | - | 5 | - | - |
| **Period 5/1/13 to 4/30/14** | | | | | | |
| Normal Retirees | | | | | | |
| Average Monthly Benefit | $ - | 3,191 | - | 3,611 | 5,146 | 6,606 |
| Average Final Salary | $ - | 48,110 | - | 59,069 | 66,006 | 83,940 |
| Number of Active Retirees | - | 1 | - | 15 | 20 | 23 |
| Disability Retirees | | | | | | |
| Average Monthly Benefit | $ 3,100 | 3,624 | - | 3,970 | - | - |
| Average Final Salary | $ 60,931 | 65,822 | - | 54,576 | - | - |
| Number of Active Retirees | 4 | 3 | - | 5 | - | - |
| **Period 5/1/14 to 4/30/15** | | | | | | |
| Normal Retirees | | | | | | |
| Average Monthly Benefit | $ - | 3,287 | - | 3,682 | 5,317 | 6,733 |
| Average Final Salary | $ - | 48,110 | - | 60,256 | 67,648 | 84,053 |
| Number of Active Retirees | - | 1 | - | 16 | 21 | 25 |
| Disability Retirees | | | | | | |
| Average Monthly Benefit | $ 3,100 | 3,624 | - | 4,033 | - | - |
| Average Final Salary | $ 60,931 | 65,822 | - | 54,576 | - | - |
| Number of Active Retirees | 4 | 3 | - | 5 | - | - |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Average Benefit Payments - Continued**
**April 30, 2016 (Unaudited)**

| Retirement Effective Dates | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| 5/1/06 to 4/30/16 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| **Period 5/1/15 to 4/30/16** | | | | | | |
| Normal Retirees | | | | | | |
| Average Monthly Benefit | $ - | 3,385 | - | 3,826 | 5,479 | 6,896 |
| Average Final Salary | $ - | 48,110 | - | 60,256 | 72,612 | 84,385 |
| Number of Active Retirees | - | 1 | - | 16 | 25 | 26 |
| Disability Retirees | | | | | | |
| Average Monthly Benefit | $ 3,100 | 3,624 | - | 4,096 | - | - |
| Average Final Salary | $ 60,931 | 65,822 | - | 54,576 | - | - |
| Number of Active Retirees | 4 | 3 | - | 5 | - | - |

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Changes in Net Position - Last Ten Fiscal Years**
**April 30, 2016 (Unaudited)**

See Following Page

**CITY OF BLOOMINGTON, ILLINOIS**
**POLICE PENSION FUND**

**Schedule of Changes in Net Position - Last Ten Fiscal Years**
**April 30, 2016 (Unaudited)**

| | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|
| Additions | | | | |
| Contributions - Employer (see Note) | $ 4,690,359 | 3,758,826 | 3,183,834 | 3,311,122 |
| Contributions - Plan Members | 1,039,974 | 998,827 | 1,030,249 | 924,614 |
| Other Sources | 118,866 | - | 245,095 | 38,910 |
| Net Investment Income (Loss) | (245,101) | 4,683,824 | 5,529,840 | 4,473,301 |
| Total Additions | 5,604,098 | 9,441,477 | 9,989,018 | 8,747,947 |
| Deductions | | | | |
| Administration | 88,855 | 58,926 | 77,997 | 84,930 |
| Benefits | | | | |
| Retired Members | 4,382,054 | 3,973,787 | 3,659,459 | 3,267,144 |
| Widows | 387,479 | 405,632 | 393,249 | 373,026 |
| Disability | 522,536 | 505,900 | 514,938 | 506,847 |
| Refunds | | | | |
| Terminated Members | 79,238 | 4,119 | 9,529 | - |
| Total Deductions | 5,460,162 | 4,948,364 | 4,655,172 | 4,231,947 |
| Net Increase (Decrease) | 143,936 | 4,493,113 | 5,333,846 | 4,516,000 |

Note:
The employer contributions for the year ended April 30, 2007 have been retroactively restated to conform to the change in the method of recognizing such revenues that was adopted during the year ended April 30, 2008.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| 4,111,770 | 3,867,939 | 3,128,358 | 2,528,567 | 2,036,942 | 1,966,185 |
| 925,210 | 899,601 | 909,333 | 891,832 | 907,283 | 852,599 |
| 98,978 | 116,042 | 29,178 | - | 4,518 | 1,790 |
| 1,141,673 | 4,375,757 | 6,056,640 | (5,761,471) | 633,277 | 3,845,916 |
| 6,277,631 | 9,259,339 | 10,123,509 | (2,341,072) | 3,582,020 | 6,666,490 |
| 88,121 | 66,740 | 53,112 | 82,118 | 81,693 | 78,672 |
| 3,046,157 | 2,754,879 | 2,550,588 | 2,436,254 | 2,208,621 | 1,902,357 |
| 344,411 | 344,989 | 380,671 | 405,228 | 415,362 | 415,362 |
| 473,838 | 366,005 | 344,859 | 361,817 | 273,391 | 239,170 |
| 196,192 | - | 152,913 | 2,950 | 98,448 | 14,528 |
| 4,148,719 | 3,532,613 | 3,482,143 | 3,288,367 | 3,077,515 | 2,650,089 |
| 2,128,912 | 5,726,726 | 6,641,366 | (5,629,439) | 504,505 | 4,016,401 |