SIKICH

CITY OF BLOOMINGTON, ILLINOIS
POLICE PENSION FUND

A FIDUCIARY COMPONENT UNIT OF THE CITY OF BLOOMINGTON

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Fiscal Years Ended April 30, 2022 and 2021

SIKICH.COM

CITY OF BLOOMINGTON, ILLINOIS
POLICE PENSION FUND
TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

SIKICH.
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
Members of American Institute of Certified Public Accountants

3051 Hollis Dr., 3rd Floor
Springfield, IL 62704
217.793.3363

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the Police Pension Fund (The Plan), a fiduciary component unit of the City of Bloomington, Illinois (the City) as of and for the years ended April 30, 2022, and April 30, 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The Plan as of April 30, 2022, and April 30, 2021, and the respective changes in financial position for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

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.

The Plan has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Sikich LLP

Springfield, Illinois
October 27, 2022

BASIC FINANCIAL STATEMENTS

CITY OF BLOOMINGTON, ILLINOIS
POLICE PENSION FUND
(A Fiduciary Component Unit of the City of Bloomington)

STATEMENT OF FIDUCIARY NET POSITION

April 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 1,894,240	$ 1,864,583
Investments, at Fair Value		
U.S. government securities	19,136,107	18,533,552
U.S. government agencies	5,480,711	8,759,367
Annuities - fixed	879,199	859,486
Insurance contract	3,054,144	2,365,953
Mutual funds	66,054,756	71,185,056
Corporate bonds	10,713,044	10,763,970
Total Investments, at Fair Value	105,317,961	112,467,384
Receivables		
Accrued interest	234,497	207,384
Contributions	44,577	41,776
Total receivables	279,074	249,160
Prepaids	2,287	2,617
Total assets	107,493,562	114,583,744
LIABILITIES		
Accounts payable	14,413	2,256
Total liabilities	14,413	2,256
NET POSITION RESTRICTED FOR PENSION BENEFITS	$ 107,479,149	$ 114,581,488

See accompanying Notes to Financial Statements.

CITY OF BLOOMINGTON, ILLINOIS
POLICE PENSION FUND
(A Fiduciary Component Unit of the City of Bloomington)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Years Ended April 30, 2022 and 2021

	2022	2021
ADDITIONS		
Contributions		
Employer contributions	$ 7,095,231	$ 5,868,874
Participant contributions	1,176,911	1,167,726
Other Sources	82,488	152,032
Total contributions	8,354,630	7,188,632
Investment income		
Interest and dividends	5,891,104	3,069,523
Net change in fair value	(12,832,703)	26,103,338
Total investment income	(6,941,599)	29,172,861
Less investment expenses	(140,756)	(83,260)
Net investment income	(7,082,355)	29,089,601
Total additions	1,272,275	36,278,233
DEDUCTIONS		
Administration	162,446	94,891
Benefits and refunds		
Benefits	8,099,531	7,519,908
Refunds	112,637	218,546
Total deductions	8,374,614	7,833,345
NET INCREASE (DECREASE)	(7,102,339)	28,444,888
NET POSITION RESTRICTED FOR PENSION BENEFITS		
Beginning of year	114,581,488	86,136,600
End of year	$ 107,479,149	$ 114,581,488

See accompanying Notes to Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Police Pension Fund (the Plan) of the City of Bloomington, Illinois (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). 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 Plan's accounting policies are described below.

a. Reporting Entity

The Plan is a blended fiduciary component unit reported as a pension trust fund of the City pursuant to GASB Statement No. 61 and 84.

b. Fund Accounting

The Plan uses funds to report on its net position and the changes in its net position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The fund is classified in this report as a fiduciary fund.

Fiduciary funds are used to account for fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). When pension plan assets are held under the terms of a formal trust agreement, a pension trust fund is used.

c. Measurement Focus and Basis of Accounting

The pension trust fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Pension trust fund operating statements present increases (e.g., additions) and decreases (deductions) in net position.

The accrual basis of accounting is utilized by the pension trust fund. Under this method, additions are recorded when earned and deductions are recorded at the time liabilities are incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Cash and Cash Equivalents

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand and demand deposits.

e. Investments

Investments are generally reported at fair value. Short-term investments include investments with a maturity of less than one year at the time of purchase and are reported at cost, which approximates fair value. For investments, the Pension Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

f. Receivables

Pension Fund receivables consist of accrued interest from cash and investments and participant contributions due as of fiscal year end but not yet received.

g. 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.

2. PLAN DESCRIPTION

a. 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.

2. PLAN DESCRIPTION (Continued)

b. Plan Membership

At April 30, 2022 and 2021, the Plan's membership consisted of:

	2022	2021
Inactive plan members or beneficiaries currently receiving benefits	120	114
Inactive plan members entitled to, but not yet receiving benefits	4	2
Active plan members	121	125
Total	245	241

c. 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.

Under Illinois Public Act 096-1495 and Public Act 101-0610, the retirement benefits were revised for new officers hired on or after January 1, 2011. The normal retirement age for this tier of officers is 55, with an early retirement age of 50. Officers who enter into early retirement receive a 6% reduction for each year they retire prior to age 55. The salary used for retirement will be computed using an average salary representing the highest earning 4 consecutive years during the last 5 years of service. The salary amount is also limited to a ceiling of $106,800 with annual increases based on the consumer price index-u. Annual cost of living adjustments will be equal to the lesser of 3% or the annual unadjusted percentage increase of the consumer price index-u. Survivor benefits will be limited to two-thirds of the deceased pensioner's benefits at his or her date of death.

2. PLAN DESCRIPTION (Continued)

d. 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 entry age normal actuarial cost method funding 100% of the past service cost by the year 2040 to fund its pension plan above and beyond the state minimum. For the years ended April 30, 2022 and 2021, the City's contribution was 59.89% and 48.11% of covered payroll respectively.

3. DEPOSITS, INVESTMENTS AND CONCENTRATIONS

The deposits and investments of the Plan are held separately from those of other City funds. The investment policy is adopted by the Plan's Board of Trustees and can be amended by a majority vote of the Board of Trustees. The investment policy was updated in fiscal year 2021 to address the Illinois Sustainable Investing Act.

The Plan's investment policy authorizes the Pension Fund to invest in securities permitted in the Illinois Compiled Statutes (40 ILCS 5/1-113.2). 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 Plan's 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.

3. DEPOSITS, INVESTMENTS AND CONCENTRATIONS (Continued)

Deposits

At April 30, 2022, the carrying amount of the Plan's deposits totaled $1,858,316; the bank balances totaled $1,872,031. At April 30, 2021, the carrying amount of the Plan's deposits totaled $1,828,300 the bank balances totaled $1,850,727. In addition, the Pension Fund had $35,924 and $36,283 invested in the Illinois Metropolitan Investment Fund at April 30, 2022 and 2021, respectively.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the Plan 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 Plan's investment policy does not require pledging collateral for all bank balances in excess of federal depository insurance, since flowthrough FDIC insurance is available for the Plan's deposits with financial institutions. As of April 30, 2022 and 2021, all of the Plan's deposits with financial institutions and money market funds were insured by the FDIC.

Investments

Custodial Credit Risk – Investments

Custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan's investment policy does not mitigate custodial credit risk for investments; however, in practice investments are held at a third-party custodian in the name of the Plan, with the exception of $607 and $987 of Government National Mortgage Association securities held by the Police Pension Fund as of April 30, 2022 and 2021, respectively.

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 Plan's investment policy, the Plan investment portfolio will remain sufficiently liquid to enable the Plan to pay all necessary benefits and meet all operating requirements which might be reasonably anticipated. The Plan's investment policy does not specifically provide limitations on the maturities of investments.

3. DEPOSITS, INVESTMENTS AND CONCENTRATIONS (Continued)

Interest Rate Risk (Continued)

At April 30, 2022 the Plan 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	$ 19,136,107	$ 1,502,712	$ 5,356,950	$ 9,009,376	$ 3,267,069
U.S. Government Agencies	5,480,711	1,000,048	-	-	4,480,663
Annuities – Fixed	879,199	879,199	-	-	-
Corporate Bonds	10,713,044	526,465	1,539,719	8,646,860	-
Total	$ 36,209,061	$ 3,908,425	$ 6,896,669	$ 17,656,236	$ 7,747,732

At April 30, 2021 the Plan 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	$ 18,533,553	$ 1,015,313	$ 5,362,558	$ 12,155,682	$ -
U.S. Government Agencies	8,759,367	1,021,791	36,969	-	7,700,607
Annuities – Fixed	859,486	859,486	-	-	-
Corporate Bonds	10,763,970	-	5,185,038	5,578,932	-
Total	$ 38,916,376	$ 2,896,590	$ 10,584,565	$ 17,734,614	$ 7,700,607

The Plan assumes any callable securities will not be called.

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. Investments in corporate bonds must be rated investment grade by at least one of the two largest rating services at the time of purchase.

3. DEPOSITS, INVESTMENTS AND CONCENTRATIONS (Continued)

Credit Risk (Continued)

Corporate bonds downgraded to less than investment grade by any rating service must be sold within 90 days of the downgrade.

As of April 30, 2022, the Plan's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poor's	A.M. Best Company
Annuities - Fixed			
Prosaver Platinum 8-Year Annuity	A1	AA-	A+
Prosaver Platinum 7-Year Annuity	A1	AA-	A+
U. S. Government Agencies			
Federal Home Loan Mortgage	Aaa	AA+	N/A
Government National Mortgage	Aaa	AA+	N/A
Federal Home Loan Bank	Aaa	AA+	N/A
Federal National Mortgage Association	Aaa	AA+	N/A
Tennessee Valley Authority	Aaa	AA+	N/A
Corporate Bonds	A1 – A3	A - BBB+	N/A
Real Estate Insurance Contract	N/A	N/A	A+

As of April 30, 2021, the Plan's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poor's	A.M. Best Company
Annuities - Fixed			
Prosaver Platinum 8-Year Annuity	A1	AA-	A+
Prosaver Platinum 7-Year Annuity	A1	AA-	A+
U. S. Government Agencies			
Federal Home Loan Mortgage	Aaa	AA+	N/A
Government National Mortgage	Aaa	AA+	N/A
Federal Home Loan Bank	Aaa	AA+	N/A
Federal National Mortgage Association	Aaa	AA+	N/A
Federal Agriculture Mortgage Corporation	Aaa	AA+	N/A
Corporate Bonds	A1 – A3	A - BBB+	N/A
Real Estate Insurance Contract	N/A	N/A	A+

3. DEPOSITS, INVESTMENTS AND CONCENTRATIONS (Continued)

Concentration of Credit Risk

It is the policy of the Plan to invest in a manner that seeks to ensure the preservation of capital. The Plan 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 Plan 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 Plan and no more than 5 percent of the Plan assets may be invested in one single insurance company. Up to 5 percent of the assets of the Plan 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 Plan's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes at April 30, 2022:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	32%	0.70% - 4.00%
Domestic Equities	55%	3.60% - 4.50%
International Equities	5%	5.20% - 7.20%
Real Estate	5%	4.00%
Cash and Cash Equivalents	3%	-0.10%

The Plan's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes at April 30, 2021:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	32%	0.70% - 4.00%
Domestic Equities	55%	3.60% - 4.50%
International Equities	5%	5.20% - 7.20%
Real Estate	5%	4.00%
Cash and Cash Equivalents	3%	-0.10%

3. DEPOSITS, INVESTMENTS AND CONCENTRATIONS (Continued)

Concentration of Credit Risk (Continued)

Illinois Compiled Statutes (ILCS) limit the Plan'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 Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant. 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 Plan's target asset allocation as of April 30, 2022 and 2021 are listed in the tables above.

At April 30, 2022 and 2021, respectively, the Plan did not have any investments over 5 percent of the total cash and investment portfolio (other than investments in mutual funds and U.S. government agencies and corporations).

Rate of Return

For the years ended April 30, 2022, and 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -6.07% and 33.20%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

4. FAIR VALUE MEASUREMENTS

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

Valuation Techniques

Following is a description of the valuation techniques used for assets and liabilities measured at fair value on a recurring basis.

- U.S. government and U.S. government agency securities: Valued by a pricing service using models that incorporate market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data.

4. FAIR VALUE MEASUREMENTS (Continued)

Valuation Techniques (Continued)

- Corporate bonds and fixed annuity: The investment grade corporate bonds held by the Plan generally do not trade in active markets on the measurement date. Therefore, these securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.
- Mutual funds: Valued at the closing quoted price in an active market.

The Plan has the following recurring fair value measurements as of April 30, 2022:

		Fair Value Measurements Using		
Investments by Fair Value Level	April 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	$ 19,136,107	$ -	$ 19,136,107	$ -
U.S. Agencies	5,480,711	-	5,480,711	-
Corporate Bonds	10,713,044	-	10,713,044	-
Fixed annuity	879,199	-	879,199	-
Mutual Funds	66,054,756	66,054,756	-	-
Total Investments by Fair Value Level	$102,263,817	$ 66,054,756	$ 36,209,061	$ -
Investments Measured at the Net Asset Value (NAV)				
Insurance Contract	3,054,144			
Total Investments Measured at Fair Value	$105,317,961			

The following table sets forth additional disclosures of the Plan's investments whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of April 30, 2022.

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Insurance contract	$ 3,054,144	$ -	N/A	N/A

4. FAIR VALUE MEASUREMENTS (Continued)

This type includes one real estate fund that invests primarily in owned real estate, such as office buildings, industrial buildings, shopping centers, retail stores, and similar commercial property. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest. The Plan may redeem all or a portion of this investment upon notice to Principal Life Insurance Company. When payment is made pursuant to such a notice, the amount to be paid will be generally determined and paid within seven business days of the notice, subject to Principal's right to defer a payment. Principal reserves the right to defer payments for a period as is necessary, up to three years. Such deferment will be based on unstable or disorderly market or investment conditions which do not allow for an orderly investment transfer. The deferment may include, but not be limited to, situations where regular banking has been suspended or when an emergency or other circumstances beyond Principal's control does not allow for the orderly disposal and liquidation of securities or other assets. Due to the illiquid nature of the assets in which the real estate fund is invested, Principal also reserves the right to defer payments that would exceed the amount of cash and other liquid assets held, reduced by amounts committed to purchase properties or needed for operating expenses. If payments are deferred, when made they will be paid on a prorated basis in relation to the total amount of payment requests. On March 20, 2020, Principal Life Insurance Company implemented a withdrawal limitation, which delayed the payment of withdrawal requests and provided for payment of such requests on a pro-rata basis as cash became available for distribution. This limitation was in place at April 30, 2021 and was lifted during FY2022.

The Plan has the following recurring fair value measurements as of April 30, 2021:

		Fair Value Measurements Using		
Investments by Fair Value Level	April 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	$ 18,533,552	$ -	$ 18,533,552	$ -
U.S. Agencies	8,759,367	-	8,759,367	-
Corporate Bonds	10,763,970	-	10,763,970	-
Fixed annuity	859,486	-	859,486	-
Mutual Funds	71,185,056	71,185,056	-	-
Total Investments by Fair Value Level	$110,101,431	$ 71,185,056	$ 38,916,375	$ -
Investments Measured at the Net Asset Value (NAV)				
Insurance Contract	2,365,953			
Total Investments Measured at Fair Value	$112,467,384			

5. PENSION LIABILITY OF THE CITY

a. Net Pension Liability

The components of the net pension liability of the Plan as of April 30, 2022 were as follows:

Total Pension Liability	$ 172,901,423
Plan Fiduciary Net Position	107,479,149
City's Net Pension Liability	$ 65,422,274
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.16%

The components of the net pension liability of the Plan as of April 30, 2021 were as follows:

Total Pension Liability	$ 170,071,770
Plan Fiduciary Net Position	114,581,488
City's Net Pension Liability	$ 55,490,282
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.37%

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.

b. Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2022 and April 30, 2021 using the following actuarial methods and assumptions:

	2022	2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market	Market
Actuarial Assumptions		
Interest Rate	7.00%	7.00%
Salary Increases	3.50% - 14.15%	3.50% - 14.15%
Cost of Living Adjustments	2.25%	2.25%
Inflation	2.25%	2.25%

5. PENSION LIABILITY OF THE CITY (Continued)

b. Actuarial Assumptions (Continued)

Mortality rates were not updated from fiscal year 2021. Mortality rates are based on the PubS-2010 and PubS-2010(A) Study, improved fully generationally using MP-2019 improvement rates. Retirement rates, termination rates and disability rates were updated in fiscal year 2020 based on an assumption study performed in 2020.

c. 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.

d. Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate at April 30, 2022 and April 30, 2021, respectively. 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
April 30, 2022			
Net Pension Liability	$ 90,234,779	$ 65,422,274	$ 45,189,107

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
April 30, 2021			
Net Pension Liability	$ 81,252,802	$ 55,490,282	$ 34,688,165

6. CONTINGENT LIABILITIES

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, 2022 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLOOMINGTON, ILLINOIS
POLICE PENSION FUND
(A Fiduciary Component Unit of the City of Bloomington)

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS

Last Eight Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability								
Service Cost	$ 2,726,173	$ 2,518,445	$ 2,481,510	$ 2,655,216	$ 2,699,824	$ 2,739,948	$ 2,901,009	$ 2,894,068
Interest	7,598,217	7,961,798	8,806,662	9,486,867	9,908,609	10,363,574	11,183,498	11,382,322
Changes in Benefit Terms	-	-	-	-	-	1,049,860	-	-
Differences Between Expected and Actual Experience	-	3,750,208	3,058,467	151,124	604,653	2,811,551	(103,906)	(3,234,569)
Change of Assumptions	-	3,392,308	1,304,863	-	-	2,325,560	-	-
Benefit Payments, Including Refunds of Member Contributions	(4,889,439)	(5,371,307)	(5,735,238)	(6,133,350)	(6,403,290)	(7,023,863)	(7,738,454)	(8,212,168)
Net Change in Total Pension	5,434,951	12,251,452	9,916,264	6,159,857	6,809,796	12,266,630	6,242,147	2,829,653
Total Pension Liability -	110,990,673	116,425,624	128,677,076	138,593,340	144,753,197	151,562,993	163,829,623	170,071,770
Total Pension Liability - Ending	$ 116,425,624	$ 128,677,076	$ 138,593,340	$ 144,753,197	$ 151,562,993	$ 163,829,623	$ 170,071,770	$ 172,901,423
Plan Fiduciary Net Position								
Contributions - Employer	3,758,826	4,690,359	4,947,245	5,429,839	5,691,552	5,859,993	5,868,874	7,095,231
Contributions - Members	998,827	1,039,974	1,090,131	1,125,471	1,175,603	1,184,785	1,167,726	1,176,911
Contributions - Other	-	118,866	23,986	56,902	51,470	63,155	152,032	82,488
Net Investment Income	4,683,824	(245,101)	7,946,053	6,794,179	6,240,395	19,789	29,089,601	(7,082,355)
Benefit Payments, Including Refunds of Member Contributions	(4,889,438)	(5,371,307)	(5,735,238)	(6,133,349)	(6,403,290)	(7,023,863)	(7,738,454)	(8,212,168)
Administrative Expense	(58,926)	(88,855)	(80,336)	(74,143)	(96,055)	(104,420)	(94,891)	(162,446)
Net Change in Plan Fiduciary Net Position	4,493,113	143,936	8,191,841	7,198,899	6,659,675	(561)	28,444,888	(7,102,339)
Plan Net Position - Beginning	59,449,697	63,942,810	64,086,746	72,278,587	79,477,486	86,137,161	86,136,600	114,581,488
Plan Net Position - Ending	$ 63,942,810	$ 64,086,746	$ 72,278,587	$ 79,477,486	$ 86,137,161	$ 86,136,600	$ 114,581,488	$ 107,479,149
Employer's Net Pension Liability	$ 52,482,814	$ 64,590,330	$ 66,314,753	$ 65,275,711	$ 65,425,832	$ 77,693,023	$ 55,490,282	$ 65,422,274
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.92%	49.80%	52.15%	54.91%	56.83%	52.58%	67.37%	62.16%
Covered Payroll	10,408,623	10,843,786	11,133,837	11,309,331	11,820,133	12,204,287	12,200,039	11,847,718
Employer's Net Pension Liability as a Percentage of Covered Payroll	504.22%	595.64%	595.61%	577.18%	553.51%	636.60%	454.84%	552.19%

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

Year Ended April 30, 2020 - Changes in assumptions related to changes in individual pay increases, total pay increases, consumer price index, and inflation rate. Mortality rates were updated based on the Pub-2010 table and improved using MP-2019 improvement rates, adjusted for plan status, demographics and Illinois Public Pension Data. Retirement rates, termination rates and disability rates were updated based on a 2020 Assumption Study performed by Lauterbach & Amen. Benefit changes were updated based on PA-101-0610, effective January 1, 2020, which includes changes to the Tier II Plan Provisions.

Year Ended April 30, 2017 - Changes in assumptions related to changes in the morality assumptions which included mortality improvements stated in the most recently released MP-2016 table and the rates were applied on a fully-generational basis.

Year Ended April 30, 2016 - Changes in assumptions related to changes in the salary increases, cost of living adjustments and inflation used since the prior measurement date.

CITY OF BLOOMINGTON, ILLINOIS
POLICE PENSION FUND
(A Fiduciary Component Unit of the City of Bloomington)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	$ 4,057,967	$ 3,836,673	$ 5,065,095	$ 4,667,258	$ 4,947,245	$ 5,429,839	$ 5,691,573	$ 5,860,038	$ 5,868,874	$ 7,095,290
Contributions in Relation to the Actuarially Determined Contribution	3,311,122	3,183,834	3,758,825	4,690,359	4,947,245	5,429,839	5,691,552	5,859,993	5,868,874	7,095,231
Contribution deficiency (excess)	$ 746,845	$ 652,839	$ 1,306,270	$ (23,101)	$ -	$ -	$ 21	$ 45	$ -	$ 59
Covered Payroll	$ 9,212,701	$ 9,722,152	$ 10,408,623	$ 10,843,786	$ 11,133,837	$ 11,309,331	$ 11,820,133	$ 12,204,287	$ 12,200,039	$ 11,847,718
Contributions as a Percentage of Covered Payroll	35.94%	32.75%	36.11%	43.25%	44.43%	48.01%	48.15%	48.02%	48.11%	59.89%

Notes to Schedule

The Plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Actuarial cost method	Entry Age Normal
Amortization method	Level % Pay (Closed)
Remaining amortization period	21 Years
Asset valuation method	5-Year Smoothed Market
Inflation	3.0% in 2015, 2.50% through 2021, 2.25% in 2022
Salary increases	4.0% - 14.0% in 2015, 3.75% - 14.40% through 2021, 3.50% - 14.15% in 2022
Investment rate of return	7.00%
Retirement age	See Notes to the Financial Statements
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data

See independent auditor's report.

CITY OF BLOOMINGTON, ILLINOIS
POLICE PENSION FUND
(A Fiduciary Component Unit of the City of Bloomington)

SCHEDULE OF INVESTMENT RETURNS

Last Eight Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	-6.07%	33.20%	-1.05%	8.48%	10.05%	12.67%	-0.45%	8.19%

These schedules are intended to present information for a ten-year period. As updated information becomes available, additional years will be presented.