

**CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND**

A FIDUCIARY COMPONENT UNIT OF THE CITY OF
BLOOMINGTON, ILLINOIS

Annual Financial Report
For the Year Ended April 30, 2023

Prepared by
Board of Trustees

**CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND**

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INTRODUCTORY SECTION

**CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND**

Officers and Officials
As of April 30, 2023

PENSION FUND BOARD OF TRUSTEES

Ronald Fowler, President

Jeffery Emmert – Vice President

Carl Reeb – Secretary

Curt Oyer – Trustee

Scott Rathbun – Treasurer

**CITY OF BLOOMINGTON
CITY COUNCIL**

Mboka Mwilambwe, Mayor

Sheila Montney

Donna Boelen

Nick Becker

Julie Emig

Mollie Ward

De Urban

Tom Crumpler

Jeff Crabill

Grant Walch

ADMINISTRATIVE

Tim Gleason, City Manager

Leslie Yocum, City Clerk

FINANCE DEPARTMENT

Scott Rathbun, Director of Finance

PUBLIC SAFETY

Eric West, Fire Chief

**CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND**

Officers and Officials (continued)

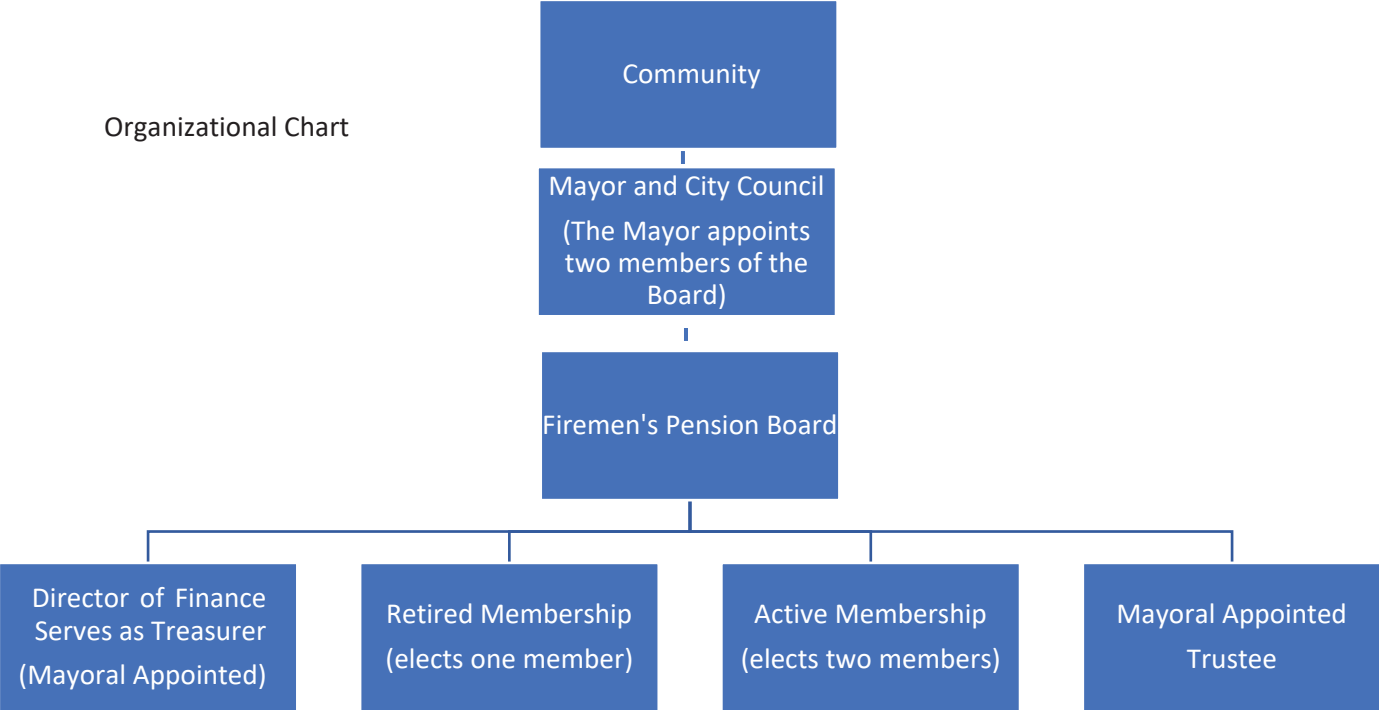
As of April 30, 2023

CONSULTING SERVICES

Foster & Foster, Inc. Heidi Andorfer	Actuary
Insight CPAs & Financial LLC Mark Nicholas, Managing Member	Accountant
Donald M. Craven Donald M. Craven, P.C.	Legal Counsel
Baker Tilly US, LLP Michael Malatt, Partner	Auditor
Wall Capital Group David J. Wall, Founder and President	Investment Consultant

City of Bloomington, Illinois
Firemen's Pension Chart

Organizational Chart



Independent Auditors' Report

To the Members of the Pension Board of Trustees of
Bloomington Firemen's Pension Fund

Opinion

We have audited the accompanying financial statements of the Bloomington Firemen's Pension Fund (Fund), a fiduciary component unit of the City of Bloomington, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund'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 financial position of the Fund as of April 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 rise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities 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 auditors' 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 judgment 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 Fund'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 Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit for the year ended April 30, 2023 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information for the year ended April 30, 2023 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended April 30, 2023, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended April 30, 2023.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basicfinancial statements of the Fund as of and for the year ended April 30, 2022 (not presented herein), and have issued our report thereon dated October 27, 2022, which contained unmodified opinions on the respective financial statements. The supplementary information for the year ended April 30, 2022 is presented for purposes of additional analysis and is not a required part of the basicfinancial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basicfinancial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 basicfinancial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basicfinancial statements or to those basicfinancial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basicfinancial statements as a whole for the year ended April 30, 2022.

Report on Summarized Comparative Information

We have previously audited the Fund's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements in our report dated October 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Tilly US, LLP

Oak Brook, Illinois
October 23, 2023

**CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Fiscal Year Ended April 30, 2023

This section presents management's discussion and analysis to the Firemen's 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, 2023, with comparative totals for the year ended April 30, 2022.

The Firemen's Pension Fund is a defined benefit, single-employer public employees' retirement system in accordance with state statutes. It provides services to 110 active employees and 106 benefit recipients as of May 1, 2022, the actuarial valuation date. 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 Firemen's Pension Fund financial reporting which is comprised of the following components:

1. **Basic Financial Statements:** This information presents the fiduciary net position held in trust for pension benefits for the Firemen's Pension Fund as of April 30, 2023. This financial information also summarizes the changes in fiduciary 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 Firemen's Pension Fund.
4. **Supplementary Information:** Other schedules include more detailed information pertaining to the Firemen's Pension Fund, including schedules of revenues by source, cash receipts and disbursements and payments to consultants.

Plan Net Position

The statements of fiduciary net position are presented for the Firemen's Pension Fund as of April 30, 2023 and April 30, 2022. 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 Firemen's Pension Fund Fiduciary Net Position is presented below:

Condensed Statements of Plan Net Position (in Millions)					
	2023	2022	Dollar Change	Percentage Change	
Cash and equivalents	\$ 0.565	\$ 1.711	\$ (1.146)	-66.98%	
Receivables	0.041	0.039	0.002	5.13%	
Prepays	-	0.002	(0.002)	-100.00%	
Investments, at fair value	87.469	86.635	0.834	0.96%	
Total Assets	88.075	88.387	(0.312)	-0.35%	
Liabilities	-	0.002	(0.002)	-100.00%	
Total Net Position	\$ 88.075	\$ 88.385	\$ (0.310)	-0.35%	

**CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Fiscal Year Ended April 30, 2023

Financial Highlights

- The Firemen's Pension Fund fiduciary net position decreased by \$0.310 million (or 0.35%) during the fiscal year ended April 30, 2023. The decrease in fiduciary net position is primarily due to declines in the value of investments during the second half of the fiscal year.
- The Firemen's Pension Fund was actuarially funded at 57.06% as of April 30, 2023, compared to 62.88% as of April 30, 2022.
- The overall rate of return for the Firemen's Pension Fund was -0.16% for the fiscal year ended April 30, 2023, compared to -2.14% as of April 30, 2022.

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 Firemen's Pension Fund on April 30, 2023 decreased to 57.06% from 62.88% on April 30, 2022. The total pension liability was \$154.4 million on April 30, 2023 as compared to \$140.6 million on April 30, 2022. This was an increase of \$13.8 million, or 9.82%. This increase is due to the fact the April 30, 2023 actuarial accrued liability for future benefits owed increased at a faster rate than benefits and refunds made during the year and the impacts of changes in assumptions related to an increase in inflation rates.

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 for the new requirements as defined by the new State Statutes.

As of May 1, 2022 (the actuarial valuation date), the Firemen's Pension Fund had 110 active participants, 106 inactive participants and 19 members entitled to but not yet receiving benefits, for a total of 235. As of May 1, 2021, the Pension Fund had 111 active participants, 104 inactive participants and 19 members entitled to but not yet receiving benefits, for a total of 234.

Investments

The allocation of investment assets for the Firemen's Pension Fund as of April 30, 2023 and April 30, 2022 are as follows.

	2023	2022
Certificates of deposit	1.15%	0.00%
Illinois Firefighters' Pension Investment Fund	41.65%	41.76%
Annuities - fixed	7.78%	8.14%
Annuities - variable	49.42%	50.10%
	<u>100.00%</u>	<u>100.00%</u>

During fiscal year 2022, the Fund Board of Trustees adopted a new investment policy and implemented new investment strategies, resulting in a strategic shift in the allocation of investments. 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 Firemen's Pension Fund Board of Trustees performs this function from time to time.

**CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Fiscal Year Ended April 30, 2023

Additionally, during fiscal year 2022, the Fund was required to consolidate investments, excluding annuities, into the Illinois Firefighters' Pension Investment Fund. After consolidation, while the Fund retains ownership of its assets, the Illinois Firefighters' Pension Investment Fund assumes control of investment allocations for all consolidated plans.

Changes in Net Position

The statements of changes in fiduciary net position are presented for the years ended April 30, 2023 and April 30, 2022. These financial statements reflect the changes in the resources available to pay benefits to members, including retirees and beneficiaries.

Condensed Statement of Fiduciary Changes in Net Position (in Millions)

	2023	2022	Dollar Change	Percent Change
Additions:				
Participant contributions	\$ 0.980	\$ 0.946	\$ 0.034	3.59%
Employer contributions	6.089	6.187	(0.098)	-1.58%
Net investment income (loss)	(0.146)	(1.940)	1.794	-92.47%
Miscellaneous	0.005	-	0.005	100.00%
Total additions:	<u>6.928</u>	<u>5.193</u>	<u>1.735</u>	<u>33.41%</u>
Deductions:				
Benefits	7.201	7.064	0.137	1.94%
Refunds	-	0.146	(0.146)	-100.00%
Administrative expenses	0.037	0.062	(0.025)	-40.32%
Total deductions:	<u>7.238</u>	<u>7.272</u>	<u>(0.034)</u>	<u>-0.47%</u>
Change in Fiduciary Net Position	<u>\$ (0.310)</u>	<u>\$ (2.079)</u>	<u>\$ 1.769</u>	<u>-85.09%</u>

Additions

Additions to fiduciary net position are in the form of employer and participant contributions and investment income or losses. For fiscal year 2023, employer contributions decreased by \$0.098 million due to reduced required contributions from the City as calculated by the statutorily required actuarial report. The contributions from participants increased by \$0.034 million from the previous fiscal year.

The investment income and change in fair market value of investments for the fiscal year 2023 increased \$1.794 million compared to fiscal year 2022. This increase was due to portfolio returns, while still resulting in a net unrealized loss for the year, performing better in fiscal year 2023, consistent with overall market performance during the same time period. As of April 30, 2023, the rate of return for the total portfolio of the Firemen's Pension Fund was -0.16% percent while the rate of return as of April 30, 2022 was -2.14%.

Deductions

Deductions from plan net position are primarily benefits payments. During fiscal year 2023 and fiscal year 2022, the Firemen's Pension Fund paid out approximately \$7.201 million and \$7.064 million, respectively. This was an increase of \$0.137 million or 1.94% from 2022 to 2023. 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 Firemen's Pension Fund represented approximately 0.5% and 0.9% of total deductions in fiscal year 2023 and 2022, respectively.

**CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Fiscal Year Ended April 30, 2023

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 firefighters will grow, as well. This ongoing addition to staff will be reflected in a growing pension obligation to the City in the future.

With the consolidation of investments, excluding annuities, into the Illinois Firefighters' Pension Investment Fund, ongoing management of the investment allocation becomes the responsibility of the Illinois Firefighters' Pension Investment Fund. The Firemen's Pension Fund will continue to manage the remaining annuities until maturity or death of the annuitants or until it is determined that early termination of the annuities is fiscally beneficial to the Fund, at which point the resulting proceeds would be required to be transferred to the Illinois Firefighters' Pension Investment Fund.

Current legislation requires by the year 2040 the City's contributions must accumulate to the point where the past service cost for the Firemen's Pension Plan is 90% funded. During fiscal year 2015, the Bloomington City Council adopted a Pension Funding Policy which requires full funding of the Fire Pension Fund, rather than the 90% funding level required by the State. The City's Pension Funding Policy should result in higher contribution levels to the Firemen's Pension Plan in the coming years.

Request for Information

This financial report is designed to provide a general overview of the Firemen's 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 Fire Pension Board, City of Bloomington, 310 North Lee Street, Bloomington, Illinois 61701.

FINANCIAL SECTION

CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND
STATEMENT OF FIDUCIARY NET POSITION
As of April 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 564,844	\$ 1,710,967
Investments, at Fair Value		
Illinois Firefighters' Pension Investment Fund	36,426,432	36,180,782
Certificate of Deposit	1,006,802	-
Annuities - fixed	6,807,712	7,051,009
Annuities - variable	43,227,817	43,402,741
Total Investments, at Fair Value	87,468,763	86,634,532
Receivables		
Contributions	40,550	36,485
Other	-	2,723
Total Receivables	40,550	39,208
Prepays	1,049	1,820
Total Assets	88,075,206	88,386,527
Liabilities		
Accounts payable	-	1,905
Net Position		
Net position restricted for pensions	\$ 88,075,206	\$ 88,384,622

CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended April 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Additions		
Contributions - employer	\$ 6,089,432	\$ 6,187,158
Contributions - plan members	980,045	946,322
Contributions - other	<u>3,441</u>	<u>-</u>
 Total Contributions	 <u>7,072,918</u>	 <u>7,133,480</u>
 Investment Income		
Investment earnings	410,365	277,708
Net change in fair value	<u>(504,141)</u>	<u>(2,193,616)</u>
	(93,776)	(1,915,908)
Less investment expense	<u>(51,736)</u>	<u>(23,975)</u>
Net Investment Income (Loss)	<u>(145,512)</u>	<u>(1,939,883)</u>
 Miscellaneous	 <u>1,129</u>	 <u>-</u>
 Total Additions	 <u>6,928,535</u>	 <u>5,193,597</u>
Deductions		
Administrative	36,736	61,696
Benefits and refunds		
Benefits	7,201,215	7,064,099
Refunds	<u>-</u>	<u>146,944</u>
 Total Deductions	 <u>7,237,951</u>	 <u>7,272,739</u>
 Change in Fiduciary Net Position	 (309,416)	 (2,079,142)
Net Position Restricted for Pensions		
Beginning of year	<u>88,384,622</u>	<u>90,463,764</u>
 End of year	 <u>\$ 88,075,206</u>	 <u>\$ 88,384,622</u>

CITY OF BLOOMINGTON, ILLINOIS

FIREMEN'S PENSION FUND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended April 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Firemen's Pension Fund (Pension Fund) is a fiduciary component unit of the City of Bloomington, Illinois. The Pension Fund is used to account for the Firemen's Pension Plan ("the Plan"), a single-employer, defined benefit plan for sworn firefighters' personnel of the City of Bloomington ("the City").

The accounting policies of the Pension Fund conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The Pension Fund is considered a fiduciary component unit of the City of Bloomington, Illinois. The accompanying financial statements are limited to presenting only the individual Pension Fund and do not include any other funds of the City.

The City's fire employees participate in the Firefighters' Pension Employees Retirement System (the Plan). The Plan 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 fire employees constitute the pension board. The City and the Plan participants are obligated to fund all Plan 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.

B. Fund Accounting

The Pension Fund uses funds to report on its fiduciary net position and the changes in its fiduciary 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 Pension Fund is classified in this report in the fiduciary category.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Pension 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 outflows of resources associated with the operation of these funds are included on the balance sheet.

The Pension Fund is accounted for using the accrual basis of accounting. Consequently, its additions are recognized when they are earned and its deductions are recognized when they 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.

D. Receivables

The 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.

E. 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.

CITY OF BLOOMINGTON, ILLINOIS

FIREMEN'S PENSION FUND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended April 30, 2023

2. DEPOSITS AND INVESTMENTS

A. Investment Policy

Illinois Statutes authorize the Pension Fund to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds Investment Pool, and IMET. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net position in excess of \$10,000,000 and an appointed investment adviser may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements.

Illinois Public Act 101-0610 consolidated the assets of the state's more than 650 downstate and suburban public safety pension funds into two consolidated investment funds and required the Firefighters' Pension Funds to pool their funds for investment purposes. Thus, the investments of the Firefighters' Pension Fund were transferred to Illinois Firefighters' Pension Investment Fund during the previous fiscal year, except for the Pension Fund's annuities. The Illinois Firefighters' Pension Investment Fund is an external investment pool valued at share price, the price for which the investments could be sold. Additional information related to the Illinois Firefighters' Pension Investment Fund can be found at <https://ifpif.org/>.

The Pension Fund allows funds to be invested in any type of security authorized by the Illinois Pension Code. The Pension Fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	32%	0.80% - 1.60%
Large-cap Equity	45%	5.20%
Mid-cap Equity	5%	7.00%
Small-cap Equity	5%	8.60%
International Equity/Emerging Market Equity	5%	5.10% - 5.50%
Real Estate	5%	4.90% - 5.10%
Cash and Cash Equivalentents	3%	-0.60%

CITY OF BLOOMINGTON, ILLINOIS

FIREMEN'S PENSION FUND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended April 30, 2023

2. DEPOSITS AND INVESTMENTS (continued)

B. Fair Value Measurements

The long-term expected rate of return on the Pension Fund's investments was determined by the independent actuary using an asset allocation study conducted by the Illinois Department of Insurance dated September 26, 2012 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 long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding 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, 2023 are listed in the table above.

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. As of April 30, 2023, the Pension Fund owns a percentage of the overall net asset value of the consolidated Illinois Firefighters' Pension Investment Fund. Fixed and variable annuities are measured at cash surrender value.

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. In accordance with the Fund's investment policy, the investment portfolio will remain sufficiently liquid to enable the Fund to pay all necessary benefits and meet all operating requirements, which might be reasonably anticipated. The investment policy does not limit the maximum maturity length of investments in the Pension Fund.

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

As of April 30, 2023, the Pension Fund's investments were as follows:

Investment Type	Fair Value	Maturity (in Years)			
		Less than 1	1-5	6-10	More than 10
Annuities	\$ 50,035,529	\$ 44,420,239	\$ 5,615,290	\$ -	\$ -
Totals	\$ 50,035,529	\$ 44,420,239	\$ 5,615,290	\$ -	\$ -

CITY OF BLOOMINGTON, ILLINOIS

FIREMEN'S PENSION FUND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended April 30, 2023

2. DEPOSITS AND INVESTMENTS (continued)

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Pension Fund's investment policy requires the Board of Trustees to diversify the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio. Diversification is to be interpreted to include diversification by asset type, by characteristic, by number of investments, and in by investment style. The state statutes governing the Pension Fund limit combined investments in separate accounts managed by life insurance companies (variable annuities), mutual funds, and common and preferred stocks to 65% and 50% of the Pension Fund's net position.

The Pension Fund's investment policy requires that annuity contracts shall not exceed 65% of the aggregate market value of the Fund and no more than 20% may be invested with one single insurance company. At April 30, 2023, the Pension Board has diversified its insurance contract holdings as follows:

<u>Annuity Contracts</u>	<u>Fair Value</u>
Jackson National Life	\$ 21,115,027 *
American General	8,799,606 *
VOYA	7,558,287 *
Pacific Life	3,229,097
Nationwide	2,877,321
Delaware Life	2,525,800
Integrity	1,881,860
RBC (Athene)	1,192,422
ANICO	856,109

* Represents more than 5% of total net position.

E. Custodial Credit Risk - Deposits

With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Pension Fund's investment policy requires balances for checking accounts and certificates of deposit exceeding FDIC insurance limits must be collateralized by 110% with U.S. Government securities backed by the full faith of the U.S. Government as evidenced by a written agreement. The collateral must be held at a third party institution in the name of the Pension Fund. As of April 30, 2023, the carrying amount of the Pension Fund's deposits totaled \$1,571,646, and the bank balances totaled \$1,587,896. All bank deposits were covered by FDIC insurance or collateralized.

F. Custodial Credit Risk - Investments

With respect to investments, custodial credit risk refers to the risk that, in the event of the failure of the counterparty to the investment, the Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The Pension Fund's investment policy does not specifically address custodial credit risk for investments, except for the Pension Fund's compliance with State statutes. As of April 30, 2023, no investments were exposed to custodial credit risk.

CITY OF BLOOMINGTON, ILLINOIS

FIREMEN'S PENSION FUND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended April 30, 2023

2. DEPOSITS AND INVESTMENTS (continued)

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Pension Fund's investment policy requires annuity contracts to be rated at least A+ by A.M. Best Company, Aa rated by Moody's, and AA+ rated by Standard & Poor's by at least one of the rating services. The portfolio of the general account of the insurance company shall not invest more than 10% of the portfolio in real estate and/or more than 10% of the portfolio in bonds with ratings less than Baa1 by Moody's or BBB+ by Standard & Poor's. Should an insurance company's ratings be reduced during the investment period by more than two grade levels, every effort should be made to liquidate the current market value of the investment. The Illinois Firefighters' Pension Investment Fund is not rated.

As of April 30, 2023, the Pension Fund's investments were rated as follows:

Investment Type	Moody's Investors Service	Standard & Poor's
Annuities – Fixed		
ANICO	N/A	A
Integrity	Aa3	AA-
Nationwide	A1	A+
RBC (Athene)	N/A	A+
Annuities – Variable		
American General	A2	A+
VOYA Life	A2	A+
Jackson National Life	A2	A
Pacific Life	AA3	AA-
Delaware Life	N/A	BBB+

H. Rate of Return

For the year ended April 30, 2023, the annual money-weighted rate of return on pension plan investments, net of Pension Fund investment expense, was (0.16)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF BLOOMINGTON, ILLINOIS

FIREMEN'S PENSION FUND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended April 30, 2023

3. EMPLOYEE RETIREMENT SYSTEM

A. Plan Administration

The Firemen's Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature.

B. Plan Membership

At May 1, 2022, the actuarial valuation date, membership of the plan was as follows:

Inactive plan members currently receiving benefits	106
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	<u>110</u>
Total	<u>235</u>

C. Benefits Provided

As provided for in the Illinois Compiled Statutes, the Firemen's Pension Fund provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Firemen's Pension Fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a firefighter shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

D. Contributions

Participants are required by Illinois Compiled Statutes (ILCS) to contribute a fixed percentage of their base salary to the plan. At April 30, 2023, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Plan is 90% funded by the year 2040. For the year ended April 30, 2023, the City's contribution was 58.75% of covered payroll.

CITY OF BLOOMINGTON, ILLINOIS

FIREMEN'S PENSION FUND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended April 30, 2023

3. EMPLOYEE RETIREMENT SYSTEM (continued)

E. Net Pension Liability

The components of the net pension liability of the Pension Fund as of April 30, 2023, were as follows:

Total pension liability	\$ 154,367,948
Plan fiduciary net position	<u>88,075,206</u>
City's net pension liability	<u>\$ 66,292,742</u>
Plan fiduciary net position as a percentage of the total pension liability	57.06%

The schedule of changes in the employer's net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information related to the funded status of the Pension Fund.

F. Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2023 using the following actuarial methods and assumptions:

Asset valuation method	Market
Actuarial cost method	Entry-age normal
Actuarial assumptions:	
Projected salary increases	Service-based rates
Inflation	2.50%
Interest rate	7.00%
Cost-of-living adjustments	2.25%

Mortality rates were based on the PubS-2010 mortality table generationally improved using MP-2021 Improvement Rates.

G. Discount Rate

The discount rate used to measure the total pension liability for the Plan 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 actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended April 30, 2023

3. EMPLOYEE RETIREMENT SYSTEM (continued)

H. Discount Rate Sensitivity

The following is a sensitivity 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 net pension liability would be if it were to be calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate	1% Increase (8.00%)
Net pension liability	\$87,853,232	\$66,292,742	\$48,682,106

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
Last Nine Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability				
Service cost	\$ 2,332,694	\$ 2,046,451	\$ 2,125,600	\$ 2,274,392
Interest	6,681,712	6,998,650	7,485,870	7,920,899
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	4,979	1,301,818	105,179
Changes of assumptions	-	2,681,272	340,679	-
Contributions - buy back	-	-	-	-
Benefit payments, including refunds of member contributions	<u>(4,320,164)</u>	<u>(4,653,276)</u>	<u>(4,888,863)</u>	<u>(5,189,668)</u>
Net change in total pension liability	4,694,242	7,078,076	6,365,104	5,110,802
Total pension liability - beginning	<u>97,613,111</u>	<u>102,307,353</u>	<u>109,385,429</u>	<u>115,750,533</u>
Total pension liability - ending	<u>\$ 102,307,353</u>	<u>\$ 109,385,429</u>	<u>\$ 115,750,533</u>	<u>\$ 120,861,335</u>
Plan fiduciary net position				
Employer contributions	\$ 3,946,587	\$ 4,416,266	\$ 4,678,635	\$ 4,873,683
Employee contributions	803,646	808,931	810,392	913,926
Other contributions	75	70	-	2,021
Net investment income (loss)	2,891,292	(1,439,295)	6,141,878	6,588,290
Benefit payments, including refunds of member contributions	(4,320,164)	(4,653,276)	(4,888,863)	(5,189,668)
Administration	<u>(62,719)</u>	<u>(57,305)</u>	<u>(58,891)</u>	<u>(68,633)</u>
Net change in plan fiduciary net position	3,258,717	(924,609)	6,683,151	7,119,619
Plan fiduciary net position - beginning	<u>47,335,996</u>	<u>50,594,713</u>	<u>49,670,104</u>	<u>56,353,255</u>
Plan fiduciary net position - ending	<u>\$ 50,594,713</u>	<u>\$ 49,670,104</u>	<u>\$ 56,353,255</u>	<u>\$ 63,472,874</u>
Employer's net pension liability - ending	<u>\$ 51,712,640</u>	<u>\$ 59,715,325</u>	<u>\$ 59,397,278</u>	<u>\$ 57,388,461</u>
Plan fiduciary net position as a percentage of the total pension liability	49.45%	45.41%	48.69%	52.52%
Covered payroll	\$ 8,617,171	\$ 8,338,822	\$ 8,960,353	\$ 9,621,394
Employer's net pension liability as a percentage of covered payroll	600.11%	716.11%	662.89%	596.47%

Notes to Schedule:

The Plan implemented GASB Statement No .67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

	2019	2020	2021	2022	2023
\$	2,338,441	\$ 2,357,522	\$ 2,601,913	\$ 2,543,979	\$ 2,369,834
	8,264,127	8,641,567	9,165,510	9,259,471	9,753,699
	-	735,392	-	-	-
	590,789	1,117,211	(784,594)	(3,477,067)	5,684,931
	-	1,847,611	(217,589)	-	3,187,924
	-	-	-	-	3,441
	<u>(5,604,751)</u>	<u>(5,997,962)</u>	<u>(6,462,528)</u>	<u>(7,211,043)</u>	<u>(7,201,215)</u>
	5,588,606	8,701,341	4,302,712	1,115,340	13,798,614
	<u>120,861,335</u>	<u>126,449,941</u>	<u>135,151,282</u>	<u>139,453,994</u>	<u>140,569,334</u>
\$	<u>126,449,941</u>	<u>\$ 135,151,282</u>	<u>\$ 139,453,994</u>	<u>\$ 140,569,334</u>	<u>\$ 154,367,948</u>
\$	5,075,695	\$ 5,260,364	\$ 5,467,846	\$ 6,187,158	\$ 6,089,432
	908,794	937,983	953,181	944,252	980,045
	4,837	-	-	2,070	3,441
	3,040,210	808,464	22,793,407	(1,939,883)	(144,383)
	(5,604,751)	(5,997,962)	(6,462,528)	(7,211,043)	(7,201,215)
	<u>(72,685)</u>	<u>(65,142)</u>	<u>(56,823)</u>	<u>(61,696)</u>	<u>(36,736)</u>
	3,352,100	943,707	22,695,083	(2,079,142)	(309,416)
	<u>63,472,874</u>	<u>66,824,974</u>	<u>67,768,681</u>	<u>90,463,764</u>	<u>88,384,622</u>
\$	<u>66,824,974</u>	<u>\$ 67,768,681</u>	<u>\$ 90,463,764</u>	<u>\$ 88,384,622</u>	<u>\$ 88,075,206</u>
\$	<u>59,624,967</u>	<u>\$ 67,382,601</u>	<u>\$ 48,990,230</u>	<u>\$ 52,184,712</u>	<u>\$ 66,292,742</u>
	52.85%	50.14%	64.87%	62.88%	57.06%
\$	9,561,272	\$ 9,872,013	\$ 10,059,028	\$ 10,066,419	10,365,362
	623.61%	682.56%	487.03%	518.40%	639.56%

CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Nine Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 4,045,021	\$ 4,405,755	\$ 4,673,635	\$ 4,873,683	\$ 5,075,717
Contributions in relation to the actuarially determined contribution	<u>3,941,587</u>	<u>4,416,266</u>	<u>4,678,635</u>	<u>4,873,683</u>	<u>5,075,695</u>
Contribution deficiency (excess)	<u>\$ 103,434</u>	<u>\$ (10,511)</u>	<u>\$ (5,000)</u>	<u>\$ -</u>	<u>\$ 22</u>
Covered payroll	\$ 8,617,171	\$ 8,338,822	\$ 8,960,353	\$ 9,612,394	\$ 9,561,272
Contributions as a percentage of covered payroll	45.74%	52.96%	52.21%	50.70%	53.09%
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
Actuarially determined contribution	\$ 5,260,410	\$ 5,467,846	\$ 6,187,221	\$ 6,089,466	
Contributions in relation to the actuarially determined contribution	<u>5,260,364</u>	<u>5,467,846</u>	<u>6,187,158</u>	<u>6,089,432</u>	
Contribution deficiency (excess)	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 34</u>	
Covered payroll	\$ 9,872,013	\$ 10,059,028	\$ 10,066,419	\$ 10,365,362	
Contributions as a percentage of covered payroll	53.29%	54.36%	61.46%	58.75%	

The Plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market value
Inflation	2.25%
Salary increases	3.50% - 17.61%
Investment rate of return	7.00%, including inflation, net of investment expenses
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data

CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
 Last Nine Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	6.06%	-2.22%	12.78%	11.00%	4.67%
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
Annual money-weighted rate of return, net of investment expense	1.20%	29.00%	-2.14%	-0.16%	

Notes to Schedule:

The Plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

SUPPLEMENTARY INFORMATION

CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND
SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Year Ended April 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Professional Services		
Actuarial	\$ 4,600	\$ 4,467
Accounting	9,983	8,154
Audit	15,000	15,850
Medical Exams	<u>1,150</u>	<u>-</u>
Total Professional Services	<u>30,733</u>	<u>28,471</u>
Miscellaneous		
Conference and Seminar Fees	1,730	1,419
Association Dues	331	994
State of IL Compliance Fee - Dept of Insurance	-	8,000
Insurance	1,838	20,194
Bank Charges	2,104	2,477
Other	<u>-</u>	<u>141</u>
Total Miscellaneous	<u>6,003</u>	<u>33,225</u>
Total Administrative Expenses	<u>\$ 36,736</u>	<u>\$ 61,696</u>

CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND
SCHEDULE OF INVESTMENT EXPENSES
For the Year Ended April 30, 2023 and 2022

Consultant	2023	2022
Wall Capital Group	\$ 21,215	\$ 22,940
Illinois Firefighters' Pension Investment Fund	<u>30,521</u>	<u>1,035</u>
Total Investment Consulting Fees	<u>\$ 51,736</u>	<u>\$ 23,975</u>

CITY OF BLOOMINGTON, ILLINOIS
FIREMEN'S PENSION FUND
 SCHEDULE OF PROFESSIONAL SERVICES - BY CONSULTANT
 For the Year Ended April 30, 2023 and 2022

Consultant	Nature of Service	2023	2022
Lauterbach & Amen, LLP	Actuarial	\$ 4,600	\$ 4,467
Insight CPAs & Financial	Accounting	9,983	8,154
Baker Tilly US, LLP	Audit	15,000	15,850
SafeWorks Illinois Occupational Health Services	Medical Exams	<u>1,150</u>	<u>-</u>
Total Professional Services by Consultant		<u>\$ 30,733</u>	<u>\$ 28,471</u>