ADDENDUM I

BLOOMINGTON CITY COUNCIL AGENDA

DECEMBER 19, 2011

ADDITION TO CONSENT AGENDA

Item 6B. Bills and Payroll. (Recommend that the bills and payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.) *City Council Memorandum with Attachment 2.*

Item 6H Application of Santok 13 Inc., d/b/a Santok 13, located at 2444 S. Main St., for a GPBS liquor license, which will allow the sale of packaged beer and wine for consumption off the premises seven (7) days a week. This application involves a change of ownership at a location which currently holds a GPBS liquor license. (Recommend that a GPBS liquor license for Santok 13 Inc., d/b/a Santok 13 located at 2444 S. Main St., be created, contingent upon compliance with all applicable health and safety codes.) *City Council Memorandum.*

Item 6L Adoptions of Amendments to Chapter 45 Property Maintenance Code regarding the International Property Maintenance Code, 2009. (Recommend that the Text Amendment to Chapter 45. Property Maintenance Code be approved and the Ordinance passed.) *City Council Memorandum.*

CORRECTION TO REGULAR AGENDA

Item ~~7A~~ 7B Review of the Record of Action by the Zoning Board of Appeals for the property located at 1112 S. Hinshaw St. (Recommend that the Appeal be denied and the recommendation of the Zoning Board of Appeals be upheld.) *(20 minutes)*

Item ~~7B~~ 7A Presentation by Art Tepfer, Tepfer Consulting Group, Ltd., (actuarial firm for Police and Fire Pension Funds).

ADDITION TO REGULAR AGENDA

Item 7A Presentation by Art Tepfer, Tepfer Consulting Group, Ltd. – *City of Bloomington Firefighters' Pension Fund Actuarial Valuation and City of Bloomington Police Pension Fund Actuarial Valuation. (30 minutes)*

FOR COUNCIL: December 19, 2011

SUBJECT: Bills and Payroll

RECOMMENDATION: That the bills and payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.

FINANCIAL IMPACT: Total disbursements to be approved $3,150,977.38 (Payroll total $1,384,713.94 and Accounts Payable total $1,766,263.44).

Respectfully submitted for Council consideration.

Prepared by: Recommended by:

Douglas Ellsworth
Interim Director of Finance

David A. Hales
City Manager

(ON FILE IN CLERK'S OFFICE)

Attachment: Attachment 1. Bills and Payroll on file in the Clerk's office. Also available at www.cityblm.org.
Attachment 2. Summary Sheet Bills and Payroll Report

Motion: That the bills and payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.

Motion: ______________________ Seconded by: ______________________

	Aye	Nay	Other		Aye	Nay	Other
Alderman Stearns				Alderman McDade			
Alderman Mwilambwe				Alderman Anderson			
Alderman Fazzini				Alderman Schmidt			
Alderman Sage				Alderman Fruin			
Alderman Purcell							
				Mayor Stockton			

FOR COUNCIL: November 28, 2011

SUBJECT: Application of Super Parkway Liquor LLC, d/b/a Parkway Liquor, located at 2303 E. Washington, Unit #3, requesting a PAS liquor license, which would allow the sale of all types of packaged alcohol for consumption off the premises seven (7) days a week

RECOMMENDATION: Based upon the report from the Liquor Hearing, the Liquor Commission recommends to the City Council that a PAS liquor license for the Super Parkway Liquor LLC, d/b/a Parkway Liquor, located at 2303 E. Washington, Unit #3, be created, contingent upon compliance with all applicable health and safety codes and with the following condition: hours of operation would be limited to Sunday through Thursday 10:00 a.m. – 10:00 p.m. and Friday and Saturday 10:00 a.m. – 11:00 p.m.

BACKGROUND: The Bloomington Liquor Commissioner Stephen Stockton called the Liquor Hearing to order to hear the request of the Super Parkway Liquor LLC, d/b/a Parkway Liquor, located at 2303 E. Washington, Unit #3, requesting a PAS liquor license, which would allow the sale of all types of packaged alcohol for consumption off the premises seven (7) days a week. Present at the hearing were Liquor Commissioners Steve Stockton, Richard Buchanan, Marabeth Clapp, Steve Petersen and Geoffrey Tompkins; Lt. Tim Stanesa; George Boyle, Asst. Corporation Counsel and Renee Gooderham, Chief Deputy Clerk, Rakesh Patel, Applicant and Mac Arnold, Applicant's attorney.

Absent: Commissioner Mark Gibson and Tracey Covert, City Clerk.

Commissioner Stockton opened the liquor hearing. He reminded those present that this application had appeared on the Liquor Commission's April 12, 2011 meeting agenda. The application had been denied and was scheduled to appear on the Council of May 9, 2011 meeting agenda. A letter was received by the Mercer Turner, Applicant's attorney requesting the application be withdrawn. He requested that the Applicant explain this request. Mac Arnold, Applicant's attorney, addressed the Commission.

Mr. Arnold requested to cross examine witnesses. He requested Carl Schrof**,** Schrof Enterprises, address the Commission. Mr. Schrof has managed the Washington Center for seven (7) years. The property owner McLean County Land Trust #RGK – 100, (a/k/a Gerald and Rosemary Kerber), was currently residing in a nursing home. Mr. Arnold presented photographs to the Commission of the former Jimmy John's, parking lot/corner of Washington St. and Veterans Parkway, and the former Buddy's Liquors front door labeled Exhibit 1, 2 and 3. Mr. Arnold questioned the number of vehicles traveling past Washington Center. Mr. Schrof believed approximately 45,000 – 50,000 vehicles. Mr. Arnold questioned historical use. Mr. Schrof stated when he first began managing the property the building was vacant. Buddy's Liquor store was the former tenants. The business had moved to another location seven (7) months ago. No other inquiries had been made to rent this location. He believed that a package liquor store would be profitable and was needed at this location.

Mr. Arnold presented the Commission with a petition of support, labeled Exhibit 5 from residents and business owners. He acknowledged Mary Strack, owner of Jimmy John's. Mr. Arnold questioned similar businesses. Mr. Schrof responded Potbelly's, Jim's Steakhouse and Starbucks. He believed that patrons from both Jimmy John's and Jim Steakhouse would stop and purchase packaged alcohol. Other tenants located at 2303 E. Washington strip mall were: a smoke shop; a flower shop; Check Into Cash and Noonies Tailor. Coconut Louie's had closed earlier this year.

Commissioner Tompkins questioned if the rent had been reduced. Mr. Schrof responded negatively.

Commissioner Tompkins questioned the difference with Friar Tuck, located at 2401 Maloney, and Parkway Liquor. Mr. Arnold believed that Friar Tuck was a specialty liquor store.

Commissioner Petersen questioned possible usage of the space formerly occupied by Coconut Louie's. Mr. Schrof responded bar/restaurant, furniture store or office space.

Mr. Arnold requested that Mary Strack, owner of Jimmy John's address the Commission. Ms. Strack believed that a liquor store would be good for her business.

Commissioner Buchanan questioned parking lot traffic. Ms. Strack stated that parking was not an issue. Her business and the former Buddy's Liquor were usually busy in the late evening hours.

Rakesh Patel, Applicant and owner/operator, address the Commission. He provided the Commission Exhibit 4 labeled Dram Shop Resume. He provided a brief history of the businesses he owns which hold liquor licenses. He acknowledged that Mankis, Inc., d/b/a Main Street Convenience, located at 1919 S. Main St. had one (1) liquor violation.

Mr. Arnold had contacted Leslie Lebel, Fiscal Operations Manager, and reference to food and beverage payments. Mr. Patel was current regarding food and beverage payments.

Mr. Arnold questioned the investment in Parkway Liquors. Mr. Patel was prepared to invest approximately $200,000 - $300,000.

Commissioner Buchanan questioned the number of employee's at Famous Liquors, located at 1404 E. Empire. Mr. Patel responded seven (7).

George Boyle, Asst. Corporation Counsel, questioned Famous Liquors' purchase date. Mr. Patel acknowledged the typographical error on Exhibit 4. The purchase date was June 2010.

Commissioner Petersen questioned hours of operation at the other locations. Mr. Patel stated that Main Street Convenience's business hours were 6:00 a.m. – 10:00 p.m. Monday through Saturday and 8:00 a.m. – 9:00 p.m. Sunday; Amigo's Express, located at 502 N. Prospect Rd. business hours were 8:30 a.m. – 8:30 p.m. Monday through Saturday and 10:00 a.m. – 6:00 p.m. on Sunday and Famous Liquors business hours were 10:00 a.m. – 10:00 p.m. Monday through

Saturday and 11:00 a.m. – 8:00 p.m. Sundays. Parkway Liquors business hours would be 10:00 a.m. – 10:00 p.m. Sunday through Thursday, and 10:00 a.m. to 11:00 p.m. – 12:00 a.m. (midnight) on Friday and Saturday's. He believed that Buddy's Liquor had been open until 1:00 a.m.

Commissioner Buchanan stated his familiarity with Buddy's Liquor's operations. Commissioner Tompkins and he had visited the store. They had observed the flow of young people between the hours of 10:00 p.m. and 12:00 a.m. (midnight). Mr. Patel stated that identification would be taken. Individuals would not be allowed to "hang out" inside or outside the business.

Commissioner Tompkins requested a description of the neighborhood. Mr. Arnold stated that the neighborhood was a combination of businesses, apartments and single family homes. He represented the Arbors Apartment Complex and acknowledged that most residents were low income. Commissioner Tompkins believed that the neighborhood was in transition.

Commissioner Stockton questioned the types of spirits sold. Mr. Patel stated that vodka, gin and brandy. He planned on selling the whole line of spirits. Commissioner Stockton cited concern with single serve sizes. Smaller sizes have the possibility of being consumed on premise.

Commissioner Tompkins questioned the location of pints and half pints. Mr. Patel responded they would be stocked behind the counter. Commissioner Buchanan questioned the sale of single serve beer on ice. Mr. Patel stated that twenty-four ounce (24 oz.) cold beer would be sold.

Commissioner Stockton questioned the identification policy. Mr. Patel stated that all customers would be asked for identification. He hoped to purchase a system which required entry of the individuals' date of birth which could not be overridden.

Commissioner Buchanan questioned security. Mr. Patel stated there would be video inside and outside the building. Employees would be able to monitor same from behind the counter and he would be able to monitor from his home. Commissioner Clapp questioned lighting. Mr. Patel stated that employees would be able to see cars in the parking lot.

Commissioner Petersen questioned the manager's experience. Mr. Patel responded that the manager had previous experience at his other locations.

Commissioner Stockton opened the hearing to public input. No one came forward.

Commissioner Tompkins expressed support for a motion which would deny the request of the Super Parkway Liquor LLC, d/b/a Parkway Liquor, located at 2303 E. Washington, Unit #3, requesting a PAS liquor license, which would allow the sale of all types of packaged alcohol for consumption off the premises seven (7) days a week.

Commissioner Buchanan questioned the number package stores selling single serve cold beer. Patrick Fruin, owner/operator of Flinger's Pizza, located at 608 Main St., addressed the

Commission. He shopped at Friar Tuck. Friar Tuck sells the sizes mentioned. He believed that cold single serve beer was available in other stores.

Commissioner Tompkins stated his concern regarding an additional packaged liquor store in the neighborhood. There was a possibility of adding to existing neighborhood issues/challenges. The need for an additional package liquor store had not been established. Commissioner Stockton cited other stores in the area which sold alcohol.

Commissioner Clapp believed that problems should not be anticipated. The business should be monitored closely.

Commissioner Stockton questioned the impact upon the business if there was an indication of problems with single serve. Mr. Patel responded that it was hard to speculate. He believed it would be burdensome. Commissioner Buchanan questioned not selling items less than forty ounces (40 oz.). Mr. Patel stated that was possible.

Commissioner Buchanan commended Mr. Patel for his positive business record.

Commissioner Buchanan expressed support for a motion of the Super Parkway Liquor LLC, d/b/a Parkway Liquor, located at 2303 E. Washington, Unit #3, requesting a PAS liquor license, which would allow the sale of all types of packaged alcohol for consumption off the premises seven (7) days a week with the following conditions 1.) hours of operation would be limited to Sunday through Thursday 10:00 a.m. – 10:00 p.m. and Friday/Saturday 10:00 a.m. – 11:00 p.m. and 2.) that the sale of refrigerated beer be no less than forty ounces (40 oz.).

Commissioner Petersen stated his concern regarding covered windows. Mr. Patel would follow the liquor code.

Commissioner Petersen believed there was concern about liquor throughout the City.

Commissioner Buchanan reminded the Commission that liquor licenses were renewed yearly. If the Commission determined problems with single serve and/or refrigerated beer there was the possibility of imposing limitations. Mr. Boyle responded a public hearing would be required. Commissioner Clapp questioned triggers for review. Commissioner Stockton stated that the Commission always has the opportunity to review licenses. The Commission reviews licenses on a complaint basis either by a Commissioner or by a member of the public.

Motion by Commissioner Peterson, seconded by Commissioner Clapp that the request of the Super Parkway Liquor LLC, d/b/a Parkway Liquor, located at 2303 E. Washington, Unit #3, requesting a PAS liquor license, which would allow the sale of all types of packaged alcohol for consumption off the premises seven (7) days a week with the following condition: hours of operation would be limited to Sunday through Thursday 10:00 a.m. – 10:00 p.m. and Friday and Saturday 10:00 a.m. – 11:00 p.m.

Ayes: Commissioners Clapp, Buchanan, and Petersen.

Nays: Commissioners Tompkins and Stockton.

Motion carried.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Public notice was published in the Pantagraph in accordance with City Code. In accordance with City Code, approximately forty-nine (49) courtesy copies of the Public Notice were mailed. In addition, the Agenda for the October 11, 2011 Meeting of the Liquor Commission was placed on the City's web site. There also is a list serve feature for the Liquor Commission.

FINANCIAL IMPACT: None.

Respectfully, Reviewed and concur:

Stephen F. Stockton
Chairman of Liquor Commission

Randall D. McKinley
Police Chief

Motion: That a PAS liquor license for the Super Parkway Liquor LLC, d/b/a Parkway Liquor, located at 2303 E. Washington, Unit #3, be created, contingent upon compliance with all applicable health and safety codes and with the following condition: hours of operation would be limited to Sunday through Thursday 10:00 a.m. – 10:00 p.m. and Friday and Saturday 10:00 a.m. – 11:00 p.m.

Motion: ______________________________ Seconded by: ______________________________

	Aye	Nay	Other		Aye	Nay	Other
Alderman Stearns				Alderman McDade			
Alderman Mwilambwe				Alderman Anderson			
Alderman Fazzini				Alderman Schmidt			
Alderman Sage				Alderman Fruin			
Alderman Purcell							
				Mayor Stockton			

FOR COUNCIL: December 19, 2011

SUBJECT: Adoption of Amendments to Chapter 45. Property Maintenance Code regarding the International Property Maintenance Code, 2009

RECOMMENDATION: That the Text Amendment to Chapter 45. Property Maintenance Code be approved and the Ordinance be passed.

BACKGROUND: This ordinance contains provisions of the City's Property Maintenance Code, (Chapter 45), presently in effect and clarifies that these provisions remain in effect following the Council's adoption of the International Property Maintenance Code, 2009 on December 12, 2011. This ordinance makes no substantive changes to existing law. It consists entirely of amendments to previous editions of the International Property Maintenance Code adopted by the City.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Since this ordinance simply clarifies language continuing existing law, no community groups/interested persons have been contacted. All of the amendments involved have been in effect in the City since at least 2007 and many have been in effect since 2002. The ordinance merely clears up any ambiguity as to whether these provisions remain in effect within the City.

FINANCIAL IMPACT: None.

Respectfully submitted for Council consideration.

Prepared by: Recommended by:

George D. Boyle
Asst. Corporation Counsel

David A. Hales
City Manager

Attachment: Attachment 1. Ordinance

Motion: That the Text Amendment to Chapter 45 be approved and the Ordinance be passed.

Motion: ______________________________ Seconded by: ______________________________

	Aye	Nay	Other		Aye	Nay	Other
Alderman Stearns				Alderman McDade			
Alderman Mwilambwe				Alderman Anderson			
Alderman Fazzini				Alderman Schmidt			
Alderman Sage				Alderman Fruin			
Alderman Purcell							
				Mayor Stockton			

CITY OF BLOOMINGTON
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF MAY 1, 2011 FOR THE
FISCAL YEAR ENDING APRIL 30, 2012

December 5, 2011

Tepfer Consulting Group, Ltd. was retained by the **City of Bloomington and City of Bloomington Firefighters' Pension Plan** to perform an independent actuarial valuation for the Firefighters' Pension Fund. This valuation is permitted under 40 ILCS 5/22, Section 503.2.

The actuarial valuation was performed for the year ended April 30, 2012 and indicates a **statutorily required contribution in accordance with 40 ILCS 5/4, Section 118 of $2,861,552 or 38.36% of member payroll, a recommended minimum contribution of $3,925,208 or 52.62% of payroll, and an Annual Required Contribution in accordance with paragraph 36f of Statement No. 25 of the Governmental Accounting Standards Board of $3,545,575 or 47.53% of payroll.** These contributions are net of contributions made by active member firefighters during the fiscal year.

The results shown in this report have been calculated under the supervision of a qualified Actuary as defined in appropriate State statutes. All results are based upon demographic data submitted by the Firefighters' Pension Fund, financial data submitted by the Firefighters' Pension Fund, applications of actuarial assumptions, and generally accepted actuarial methods.

In our opinion, all calculations and procedures are in conformity with generally accepted actuarial principles and practices; and the results presented comply with the requirements of the applicable State statute, Actuarial Standards Board, or Statements of Governmental Accounting Standards, as applicable.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and future expectations, and represent a reasonable and adequate approach to the financing of the retirement program. The costs, actuarial liabilities and other information presented in this report, in our opinion, fully and fairly disclose the actuarial position of the plan.

I, Arthur H. Tepfer, am the President of Tepfer Consulting Group, Ltd. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. I certify that the results presented in this report are accurate and correct to the best of my knowledge.

TEPFER CONSULTING GROUP, LTD.

Arthur H. Tepfer, A.S.A., M.A.A.A.
Enrolled Actuary #11-02352

December 5, 2011

VALUATION OBJECTIVES

The **City of Bloomington Firefighters' Pension Plan** provides benefits to members when they retire, die, become disabled or terminate employment. As with any plan providing these types of benefits, an appropriate budgeting pattern must be established to enable appropriate funds to be accumulated to meet all payments when due. The actual cost of the plan can best be expressed in the following simplistic manner:

ACTUAL COST EQUALS Benefits Paid

Plus

Expenses Paid

Less

Investment Income Earned

If the actual cost is incurred on a "pay as you go" basis, then the future generations of members will be paying for the benefits of current plan participants. Proper financial planning calls for budgeting the actual cost of the plan over the working lifetime of current plan membership in order to establish an equitable allocation. An actuarial valuation is the procedure used to determine an appropriate amount to be contributed to the pension plan each year in order to attain this equity.

An actuarial valuation is an estimate at a particular point in time of the predicted incidence of the future benefit costs. Since the actual cost of the plan is essentially unknown, pre-funding (budgeting for future benefit costs) requires certain assumptions about future events. Assumptions are made for such things as salary increases, terminations of participants, disablement of participants, death of participants and anticipated investment earnings. These assumptions although not affecting the actual costs of the plan will affect the incidence of predicted future costs. For proper funding, it is required that the Actuary select assumptions which are appropriate in light of the economic, demographic, and legislative environment as they relate to the pension program. The assumptions we have made concerning these future events are described more fully in Appendix 2 of this report. Based on these assumptions, a projection of future benefits was made and a current contribution level sufficient to provide the anticipated benefit payments was determined through the use of an actuarial cost method.

VALUATION OBJECTIVES
(Continued)

Selection of the Actuarial Cost Method

An actuarial cost method, sometimes called a "funding method", therefore, is essentially an approach to budgeting the estimated future costs. There are many actuarial cost methods which are available to the actuary and each method operates differently. However, all funding methods accomplish the same objective—to assign to each fiscal year of the employer the portion assumed to have accrued in that year. The portion of the actuarial value of benefits assigned to a particular year in respect of an individual participant or the fund as a whole is called the ***normal cost.*** All funding methods are described by how the normal cost is calculated.

The actuarial cost method prescribed by the State statutes to determine the ***statutorily minimum required contribution*** for periods on or after January 1, 2011 is the Projected Unit Credit Cost Method. Under this actuarial cost method, the ongoing cost as a percentage of total payroll will increase. In this method, the normal cost is determined by first calculating the projected dollar amount of each participant's accumulated benefit under the plan as of both the first day of the fiscal year and as of the last day of the fiscal year and then determining the difference between these two amounts. The second step in deriving the normal cost for a given participant is to multiply the dollar amount of this difference by the actuarial present value of $1 of benefit.

The actuarial cost method selected by our firm to determine the ***recommended plan contribution*** is the Entry Age Normal Cost Method. Under this actuarial cost method, ideally, the ongoing cost as a percentage of total payroll should remain fairly stable. In this method, the normal cost is determined by assuming each participant covered by the plan entered the plan under the same conditions that will apply to future plan entrants. The annual normal cost assigned to each year of an employee's career is calculated as a level percentage of the employees assumed earnings each year. These normal costs accumulate to the present value of the employee's benefit at retirement age.

Under both the Entry Age Normal Cost Method and the Projected Unit Credit Cost Method, the total funding of projected benefit costs is allocated between an ***unfunded liability***, representing past benefit history, and future normal costs. This allocation is based on the assumption that the municipality will pay the normal cost for each plan year on a regular basis. It should be noted that although the term "unfunded liability" is applied to both funding methods, the resulting amount is different because of the method of calculation. Another feature of these methods is that only the unfunded liability is affected by the experience of the plan, and therefore any adjustments are made in the future amortization payments.

In addition to the methodology changes described above, P.A. 96-1495 also addressed the valuation of pension fund assets—the second component in the determination of the unfunded liability. The statute now provides that the actuarial value of a pension fund's assets be set equal to the market value of the assets on March 30, 2011 and that, in determining the actuarial value of assets after that date, any actuarial gains or losses from investment returns incurred in a fiscal year be recognized in equal amounts over the 5-year period following that fiscal year.

VALUATION OBJECTIVES
(Continued)

The actuarial valuation process is usually repeated each year and is to a certain extent self-correcting. As part of these actuarial cost methods, any deviation of actual experience from the chosen actuarial assumptions will be reflected in future contributions. A complete description of these actuarial cost methods is explained in Appendix 4 of this report.

Appendix 3 of this report contains a summary of the principal provisions of the applicable statute.

Despite the statutory language which requires an application of the Projected Unit Credit method, we feel that funding under this method as a ***level percentage of payroll*** severely undermines the benefit security of the retirement system and transfers the payment for currently earned pensions to future generations of taxpayers. **For these reasons, our valuation report presents a recommended minimum contribution which will operate to maintain the fundamental fiscal soundness of the retirement program**, although a statutorily required contribution has also been calculated. The calculation of the recommended minimum contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a ***level dollar amount*** over 30 years from January 1, 2011, the effective date of P.A. 96-1495. The calculation of the statutorily required contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a ***level percentage of payroll*** over 30 years from January 1, 2011, the effective date of P.L. 96-1495.

Although, I do not agree with the statutorily required level percentage of payroll methodology of determining the amortization of the unfunded accrued liability, I would be remiss if I did not advise my funds as to a "statutorily" acceptable calculation under the State law. *I patently consider the calculation methodology under the statute to be actuarially unsound for funding of municipal retirement programs.*

Effective for periods beginning after June 15, 1996, the Governmental Accounting Standards Board has issued Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans". This Statement establishes a financial reporting framework for defined benefit pension plans that distinguishes between two categories of information: (a) current financial information about plan assets and financial activities and (b) actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due. The calculation of the Annual Required Contribution (ARC) is described in paragraph 36f of the Statement and is based upon an amortization payment of any unfunded accrued liabilities as either a level dollar amount or a level percentage of total payroll over a maximum of 40 years from the effective date of the Statement. Any significant increase in the total unfunded actuarial liability resulting from a change in actuarial methodology should be amortized over a period not less than 10 years.

Actuarial experience since the last actuarial valuation

As part of the actuarial valuation process, it is helpful to examine the actual experience of the fund as compared to the experience which is expected by the actuarial assumptions. The measurement of any deviations of actual to expected experience is commonly referred to as a

VALUATION OBJECTIVES
(Continued)

"Gain and Loss Analysis". In performing this analysis, the actuary analyzes each actuarial assumption used in the valuation process. It is highly unlikely that actual experience will follow expected experience on a year-by-year basis. It is hoped that over the long term, if the actuarial assumptions are "reasonable", the total gains and losses will offset each other.

A "gain and loss analysis' is a useful tool to examine whether the actuarial assumptions used to determine the municipal tax levy are suitable. Care must be taken in placing too much credibility in a short-term analysis as the assumptions are more appropriately measured over the long term. Nonetheless, an annual evaluation of the actuarial assumptions will assist in identifying trends which, if unnoticed, can lead to inappropriate conclusions. When these trends are recognized, it is the actuary's responsibility to modify one or more of the assumptions to better anticipate future experience.

Some assumptions are easier to measure than others. In small plans, credible analysis can generally be made regarding the economic (financial) assumptions. These primarily include investment and salary increase assumptions. Unfortunately, it is often impossible to establish credible long term analysis of demographic assumptions (rates of termination, disability, retirement and mortality). Therefore, in choosing demographic assumptions, the actuary generally relies upon standardized tabular assumptions modified only by fund-specific characteristics.

The actuarial gain and loss analysis for the current year is presented in Exhibit 3-C and 3-D of the report. Exhibit 3-C shows the impact of the actuarial gains or losses on the statutorily required contribution through a reconciliation of this contribution from the end of the prior valuation year to the end of the current valuation year. Exhibit 3-D derives the actuarial gain or loss in total as well as separating the individual financial and demographic components.

The overall experience gain (loss) for the year was $160,087 or 0.21% of the accrued liability at the beginning of the plan year. The dollar amount for the plan's current statutorily required contribution is 83.98% of the prior year's contribution. When measured as a percentage of payroll, the contribution level has changed from 48.31% to 38.36%.

<u>Factors Influencing the Choice of Actuarial Assumptions</u>

As part of the consulting process, it is our policy to talk with selected members of the Board of Trustees and the Sponsor's representatives for the **City of Bloomington Firefighters' Pension Plan** in order to obtain information which will enable the Actuary to properly choose the actuarial assumptions which are most appropriate for the current cost determination for the pension fund.

VALUATION OBJECTIVES
(Continued)

Prior to the meeting, statistics are compiled concerning historical investment returns, salary increases, retirement incidence and other factors which are influential in the actuarial assumption setting process. Based upon an analysis of the specifics as they relate to the **City of Bloomington Firefighters' Pension Plan** and a general understanding of the inter-relationships of the actuarial assumptions, the Board, the Sponsor and the Actuary reach a mutual agreement as to the assumptions which will be used in the current actuarial valuation.

Published statistics regarding experience for police and firefighters are available from the State of Illinois Department of Insurance. These statistics form the basis of the actuarial assumptions selected by the State Actuary in the valuation of pension funds covered under the Downstate Pension System. We have found in our consulting, that whenever appropriate, the actuarial assumptions used by the State Actuary are relied upon as a starting point. However, in order to make the calculations more "***Bloomington-sensitive***", the analysis of the actual historical performance is carefully examined.

Experience Analysis

The results of our experience analysis indicates that the fund has experienced small gains overall. Despite the size of the gain, there is no measurable experience present and therefore, we are not recommending a change in actuarial assumptions this year.

Demographic considerations

For this valuation it was noted that the force continues to remain reasonably stable as to its size and demographic composition. In the current valuation, it was observed that the number of inactive participants (83 exclusive of terminated employees who are entitled to a return of contributions) as compared to active participants (102) in the Fund is slightly higher than the State average (45% of the total participants are inactive as compared to a State average of 40%); on a liability basis the Fund is also slightly higher the State averages. Approximately 60%-64% of the Fund's total liability is attributed to inactive participants compared to a State average of about 53%. This means that the fund is in a comparatively weaker position to other funds in the State.

The average age and service of the active participating group is slightly below the State average. As of May 1, 2011, there are ten (10) active firefighters who are currently eligible to retire, and an additional 16 active firefighters who will become eligible to retire within the next five years. This represents over 25% of the total active group. For the short term pension payments are generally fixed and overall financial planning can be achieved. Absent a large growth in the active force, with proper funding the fund's position should become more favorable for the foreseeable future. We will continue to monitor closely the retirement patterns which emerge in later years to assure that the appropriate retirement rates are in place for our analysis.

VALUATION OBJECTIVES
(Continued)

However, over 120% of the assets available for investment have been committed to provide benefits for existing pensioners and beneficiaries. . Essentially then, all of the assets in the plan are already dedicated to cover the liabilities for the currently retired participants. This is a potentially dangerous situation We are somewhat concerned given that over $3.5 million is disbursed each year in pension payments. *Despite the adequate funding ratios, the fund is currently not in an overly strong financial situation.*

Financial considerations

In these uncertain times, except for the 2008 year, the fund continues to experience limited short-term investment growth as can be noted in the charts in Section 5B and 5C of this valuation. The rate of return during the 2011 year was 11.27%. Please refer to the chart in Exhibit 2 which illustrates the pattern of growth. The funds continue to earn acceptable rates of return over the long term. As shown in Exhibit 5-C of our report, the composite rate of return for the fund since 2003 is 4.90%. However, if we eliminate the 2009 year, the composite rate jumps to 8.21%.

Selection of assumptions

Based mainly upon the comparative rate of funding, as well as a comparison of actual rates of investment return to salary increases, a 7.50% assumed investment return rate was deemed acceptable as a long-term assumption to be used in determining the funding requirements for the 2011 year.

This represents no change in assumption. This rate was chosen to reflect the portfolio composition, investment philosophy and historical performance as compared to other funds in the State. This 7.50% rate includes an inflation component of 3.00%. The actuarial smoothing method used in prior years has also been retained. The actuarial smoothing methodology used in the valuation of assets will be changed for next year as required by State law.

The demographic actuarial assumptions used for this valuation represent no change from those used in the prior valuation performed by our firm. These include, as a result of the publication of a recent independent study analyzing demographic experience among police and fire pension funds in the Downstate System, changes in the retirement, disability and withdrawal assumptions, as well as the use of a more modern mortality table from those used by the State Actuary.

VALUATION OBJECTIVES
(Continued)

Comparison with Other Funds

We are including a comparison to certain State averages which may prove helpful in assessing how the fund compares to similarly situated programs.

	Bloomington (2011)		State*
	EANC	*PUC*	
Funded Ratio	**51.38%**	**54.50%**	55.07%
Percentage of Liability for Inactives	**60.17%**	**63.83%**	52.94%
Percentage of Total Assets for Inactives (market basis)	**121.63%**		96.13%

* Based upon published reports for FYE 2008

Thirty-year Projection of Liabilities

The final section of our report illustrates projected payments from the Trust Fund for a 30-year period commencing with the valuation date. These projections are based upon the actuarial assumptions selected for the fund concerning death, disability and retirement actually occurring. Care should be taken in interpreting or relying on these results—particularly for Funds with fewer than 200 participants. The credibility of this type of projection is rarely realized beyond 10 years. Exhibit 5D presents this projection.

RESULTS OF VALUATION

The following exhibits present the results of our actuarial valuation of the **City of Bloomington Firefighters' Pension Plan** for the fiscal year May 1, 2011 through April 30, 2012.

Exhibit 1 indicates that the recommended minimum contribution, calculated using the Entry Age Normal Cost method (EANC), from the City is $3,925,208 or 52.62% of total participating payroll. **Under the Entry Age Normal actuarial cost method selected, this percentage of payroll should remain reasonably level over the lifetime of the plan.**

Exhibit 1 also indicates that the statutory minimum contribution, calculated using the Projected Unit Credit method (PUC), from the City is $2,861,552 or 38.36% of total participating payroll. **Under the Projected Unit Credit actuarial cost method selected, this percentage of payroll should increase over the lifetime of the plan.**

Exhibits 2 and 3 provide specific information used to develop the recommended minimum and statutorily required City contribution.

Exhibit 4 presents a brief description of the demographic characteristics of the current member group.

Exhibit 5 shows information relating to the pension assets.

Appendix 1 provides information in accordance with the Governmental Accounting Standards Board relating to financial disclosure of pension costs in the auditor's report.

GENERAL VALUATION RESULTS FOR FISCAL YEAR MAY 1, 2011 THROUGH APRIL 30, 2012

Recommended Minimum Contribution

1.	Entry Age Normal Cost:	$ 1,901,172
2.	Unfunded Actuarial Accrued Liability (or Surplus):	37,640,948
3.	Actuarial Value of Assets:	39,770,280
4.	Annual Salaries of Active Firefighters:	7,137,776
5.	Recommended Minimum Contribution from the City:	3,925,208
	Contribution Percentage:	52.62%*

Statutory Minimum Contribution

1.	Projected Unit Credit Normal Cost:	$ 1,998,521
2.	Unfunded Actuarial Accrued Liability (or Surplus):	33,204,889
3.	Actuarial Value of Assets:	39,770,280
4.	Annual Salaries of Active Firefighters:	7,137,776
5.	Statutory Minimum Contribution from the City:	2,861,552
	Contribution Percentage:	38.36%*

* Projected for the fiscal year ending April 30, 2012.

SUMMARY OF SPECIFIC VALUATION RESULTS

	Number	Actuarial Present Value of Projected Benefits	Entry Age Normal Cost	Projected Unit Credit Normal Cost
1. Active Firefighters:	102			
Retirement Pension:		$39,060,711	$1,298,037	$1,416,827
Survivors Pension:		1,126,144	51,810	50,396
Disability Pension:		10,922,057	514,433	502,175
Withdrawal Pension:		474,822	36,892	29,123
TOTAL	102	$51,583,734	$1,901,172	$1,998,521
2. Inactive Firefighters and Survivors:				
Normal Retirees:	53	$36,628,006		
Widows (Survivors):	15	2,930,277		
Children (Survivors):	0	0		
Disabled Retirees:	15	7,008,158		
Deferred Vested:	0	0		
Terminated/Separated:	4	9,660		
TOTAL	87	$46,576,101		

SUMMARY OF SPECIFIC VALUATION RESULTS
(Continued)

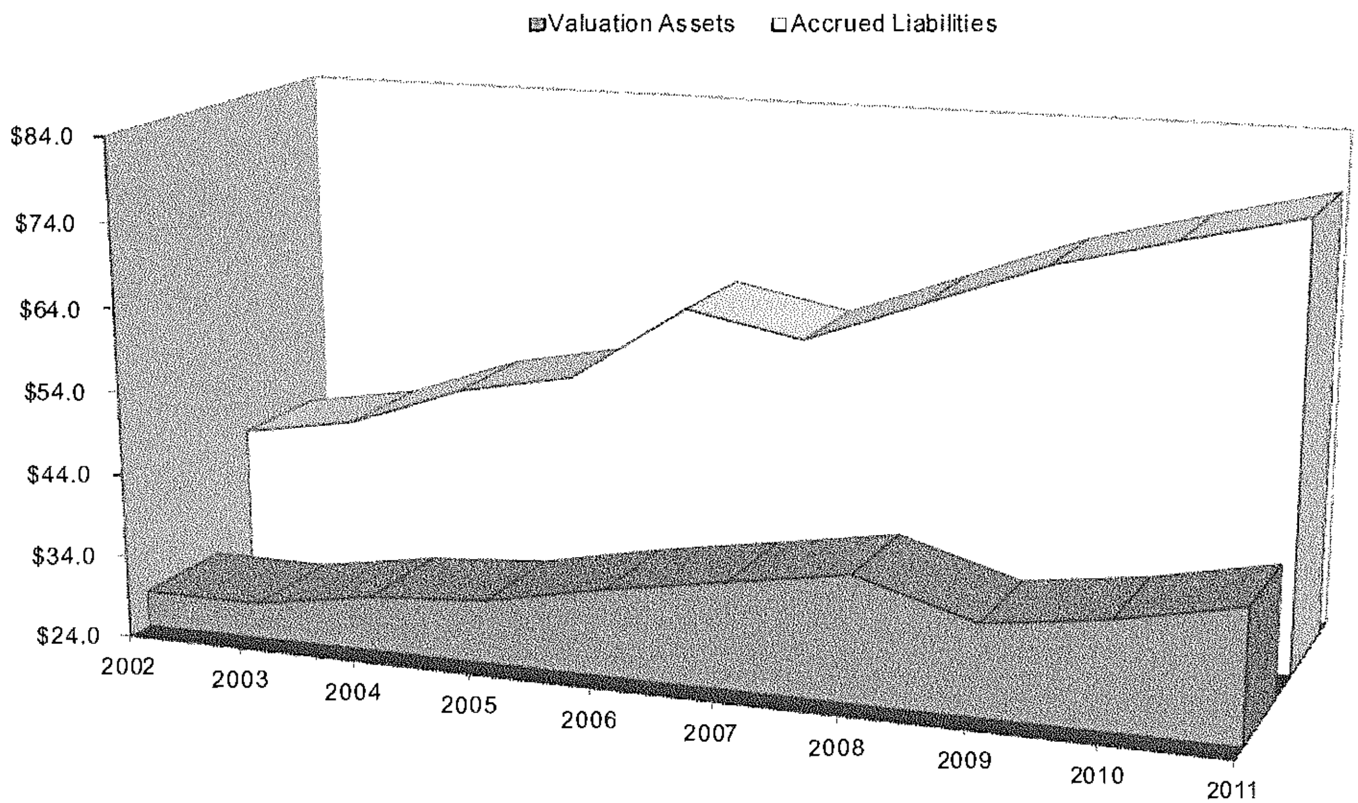
		Entry Age Normal (EAN)	Projected Unit Credit (PUC)
3.	Total Actuarial Present Value of Projected Benefits:	$98,159,835	N/A
4.	Actuarial Present Value of Future Normal Costs:	20,748,607	N/A
5.	Actuarial Accrued Liability: [(3) - (4)]	77,411,228	72,975,169
6.	Actuarial Value of Assets:	39,770,280	39,770,280
7.	Unfunded Actuarial Accrued Liability (or Surplus): [(5) - (6)]	37,640,948	33,204,889
8.	Funded Ratio Percentage: [(6) ÷ (5)] x 100	51.38%	54.50%

HISTORY OF FUNDED PERCENTAGES

For the Year beginning May 1	Valuation Assets	EAN Accrued Liabilities	EAN Funded Percentage	PUC Accrued Liabilities	PUC Funded Percentage
2011	$39,770,280	$77,411,228	51.38%	$72,975,169	54.50%
2010	36,832,670	73,891,946	49.85%	N/A	N/A
2009	34,880,656	70,089,350	49.77%	N/A	N/A
2008	39,077,302	64,675,814	60.42%	N/A	N/A
2007	36,720,534	59,245,402	61.98%	N/A	N/A
2006	34,408,977	61,968,657	55.50%	N/A	N/A
2005	31,579,001	52,474,118	60.20%	N/A	N/A
2004	30,547,302	49,675,449	61.50%	N/A	N/A
2003	28,280,545	44,545,200	63.50%	N/A	N/A
2002	28,367,668	42,134,932	67.30%	N/A	

The chart on the following page presents a progression of these percentages in graphical form.

COMPARISON OF ASSETS AND LIABILITIES
(amount in millions)



DEVELOPMENT OF RECOMMENDED MINIMUM CITY CONTRIBUTION

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Entry Age Normal Cost:	$1,901,172
	Interest to April 30, 2012:	142,588
	(a) Total	$2,043,760
	(b) 17½% of Projected Payroll	1,249,111
	(c) Minimum Cost Payable, greater of (a) and (b):	$2,043,760
2.	Recommended Minimum Payment to Amortize 90 % of the Entry Age Normal Unfunded Accrued Liability as a level dollar amount over 29.00205 Years from May 1, 2011 with interest to April 30, 2012 :	2,556,325
3.	Credit for Surplus:	0
4.	Initial Recommended Minimum Contribution for Fiscal Year 2012: [(1) + (2) + (3)]	4,600,085
5.	Statutory Minimum Contribution (Exhibit 3B line 5)	3,536,429
6.	Total Recommended Minimum Contribution for Fiscal Year 2012: [Greater of Line 4 and Line 5]	4,600,085
7.	Active Member Contributions (9.91% of Salaries):	674,877
8.	Net Recommended Minimum City Contribution: [(6) - (7)]	3,925,208

DEVELOPMENT OF STATUTORILY REQUIRED CITY CONTRIBUTION
(NOTE THAT THIS CONTRIBUTION CALCULATION IS NOT RECOMMENDED)

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Projected Unit Credit Normal Cost:	$1,998,521
	Interest to April 30, 2012:	149,889
	(a) Total	$2,148,410
	(b) 17½% of Projected Payroll	1,249,111
	(c) Minimum Cost Payable, greater of (a) and (b):	$2,148,410
2.	Minimum Payment to Amortize 90% of the Projected Unit Credit Unfunded Accrued Liability as a level percentage of payroll over 29.00205 Years from May 1, 2011 with interest to April 30, 2012:	1,388,019
3.	Credit for Surplus:	0
4.	Total Statutorily Required Contribution for Fiscal Year April 30, 2012: [(1) + (2) + (3)]	3,536,429
5.	Active Member Contributions (9.455% of Salaries):	674,877
6.	Statutorily Required City Contribution: [(4) - (5)]	2,861,552

RECONCILIATION OF THE CHANGE IN THE STATUTORILY REQUIRED CITY CONTRIBUTION

1.	Statutorily Required Contribution for Year ending April 30, 2011:	$3,407,498
2.	Increase in Normal Cost and Amortization Payment due to anticipated pay changes:	164,146
3.	Increase/(Decrease) in Normal Cost resulting from actual pay changes:	18,197
4.	Effect of Asset Smoothing:	0
5.	Increase/(Decrease) resulting from changes in assumptions:	0
6	Increase/(Decrease) resulting from other demographic and financial sources (retirements, deaths, new entrants, salary changes, etc.):	(291,141)
7.	Increase/(Decrease) resulting from change in actuarial cost method	$ (437,149)
8.	Statutorily Required Contribution for Year ending April 30, 2012:	$2,861,552

DERIVATION OF EXPERIENCE GAIN(LOSS) AND COST METHOD CHANGE AS OF MAY 1, 2011

1.	Unfunded Actuarial Accrued Liability at May 1, 2010:	$37,059,276
2.	Normal Cost Due at May 1, 2010:	1,792,420
3.	Interest on (1) and (2) to May 1, 2011 (at 7.50% per year):	2,913,877
4.	Contributions made for the prior year with interest to May 1, 2011:	3,964,538
5.	Expected Unfunded Actuarial Accrued Liability at May 1, 2011 Before Assumption Changes [(1) + (2) + (3) - (4)]:	37,801,035
6.	Change in Unfunded Actuarial Accrued Liability due to Assumptions Change at May 1, 2011:	0
7.	Expected Unfunded Actuarial Accrued Liability at May 1, 2011 [(5) + (6)]:	37,801,035
8.	Actual Unfunded Actuarial Accrued Liability at May 1, 2011:	37,640,948
9.	Gain (Loss) for the prior Plan Year [(7) – (8)]:	**$160,087**
10.	Actual PUC Unfunded Actuarial Liability at May 1, 2011	$33,204,889
11.	Additional liability resulting from Cost Method change (10) –(8)	$ (4,436,059)

DERIVATION OF EXPERIENCE GAIN(LOSS) AS OF MAY 1, 2011

The experience gain (loss) reported above is the net result of the following:

1.	FINANCIAL SOURCES		
	a)	Investment experience (based upon market value of assets):	$ 1,137,303
	b)	Contribution experience:	(249,898)
	c)	Benefit Payments experience:	146,337
	d)	Salary increases (greater)/lower than expected:	(84,561)
		Total from Financial Sources:	949,181
2.	DEMOGRAPHIC SOURCES		
		Mortality, retirement, disability, termination, etc.:	244,648
3.	ACTUARIAL ADJUSTMENTS		
		Market value adjustment for asset smoothing, including expenses	(1,033,742)
4.	GAIN (LOSS) ALL SOURCES		
		Total Gain (Loss) for the prior Plan Year [(1) + (2) + (3)]	$160,087

SUMMARY OF DEMOGRAPHIC INFORMATION AS OF MAY 1, 2011

	Number	Projected Annual Salaries (Fiscal Year 2012)
Active Firefighters:	102	$7,137,776

	Number	Total Monthly Benefits
Normal Retirees:	53	$ 226,271
Survivors (Widows):	15	30,686
Survivors (Children):	0	0
Disabled Retirees:	15	44,598
Deferred Vested:	0	0
Terminated/Separated:	4	9,660 *

* Return of Contributions

The actuarial valuation was performed as of May 1, 2011 to determine contribution requirements for fiscal year 2012.

AGE AND SERVICE DISTRIBUTION

Attained Age	COMPLETED YEARS OF SERVICE											Average Salaries
	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total	
15-19											0	-
20-24	1	1									2	50,389
25-29		9									9	57,673
30-34		12	4	1							17	64,059
35-39	1	4	8	10							23	64,532
40-44		2	5	6	6						19	71,896
45-49				4	8	5					17	78,459
50-54				2	3	4	2				11	82,335
55-59						1	2	1			4	84,782
60-64											0	-
65+											0	-
TOTAL	2	28	17	23	17	10	4	1	0	0	102	69,978

Age = 39.95 Years

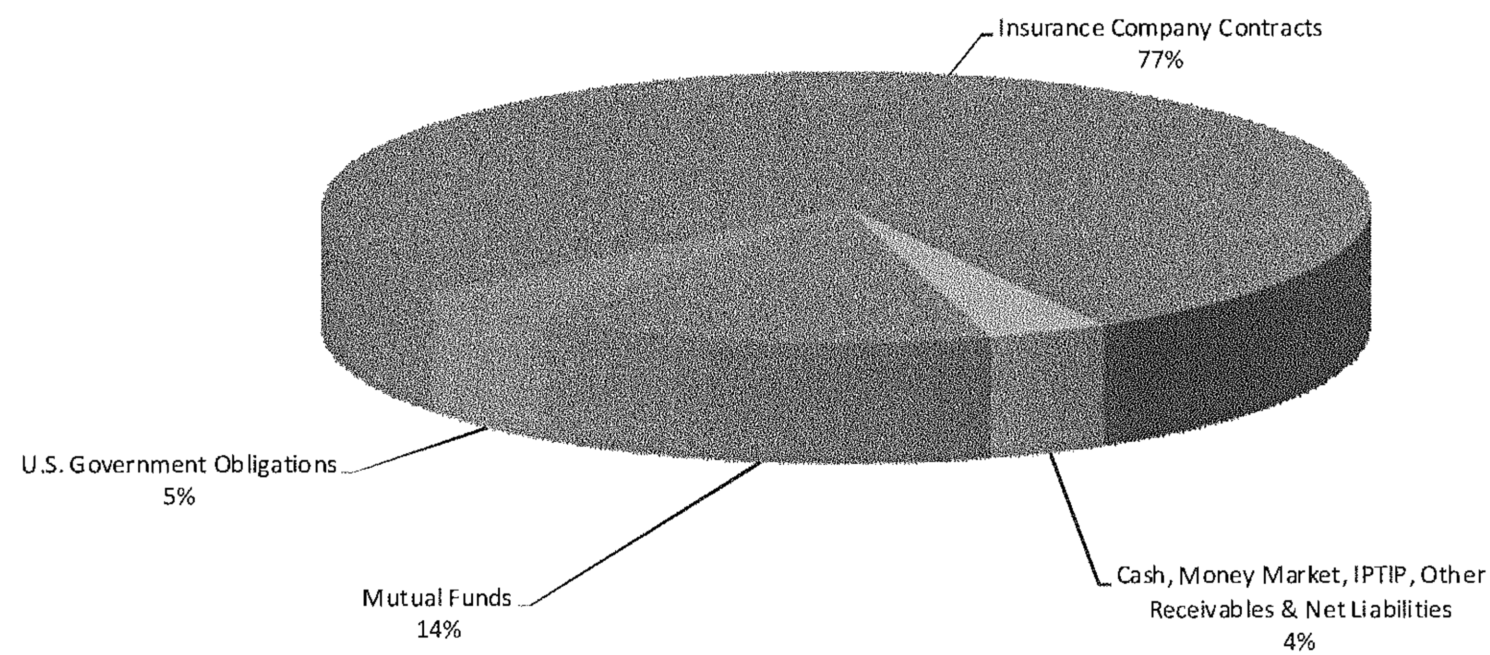
Service = 12.07 Years

ASSET INFORMATION

Cash, Money Market, IPTIP	$1,347,962
Certificates of Deposit	0
State and Local Obligations	0
U.S. Government Obligations	1,784,396
Insurance Company Contracts	29,671,156
Pooled Investment Accounts	0
Mutual Funds	5,423,054
Common & Preferred Stock	0
Taxes Receivable	0
Accrued Interest	0
Other Receivables	72,121
Net Liabilities	3,085
Net Present Assets at Market Value	$38,295,604

The chart on the following page shows a percentage of invested assets.

ASSET INFORMATION



DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

1.	Actuarial Value of Assets, May 1, 2010*	$36,832,670
2.	Contributions Received During 2010-2011	3,832,786
3.	Benefit Payments and Expenses Made During 2010-2011	3,663,447
4.	Assumed Interest at 7.50% on (1), (2) and (3)	2,768,271
5.	Preliminary Actuarial Value of Assets: [(1) + (2) - (3) + (4)]	39,770,280
6.	Market Value, May 1, 2011*	38,295,604
7.	Preliminary Adjustment Account:	
	a) Amount: [(5) - (6)]	1,474,676
	b) Percentage: [(7a) ÷ (6) x 100%]	3.85%
8.	Final Adjustment Amount	
	a) Amount	1,474,676
	b) Percentage	3.85%
	c) Taxes receivable	0
9.	Adjusted Actuarial Value of Assets, May 1, 2011: [(6) + (8a) + (8c)]	39,770,280
10.	Final Actuarial Value of Assets for funding purposes May 1, 2011 [Greater of (6) and (9)]:	39,770,280
11.	Final Actuarial Value of Assets for GASB reporting [(10)-(8c)]*	39,770,280

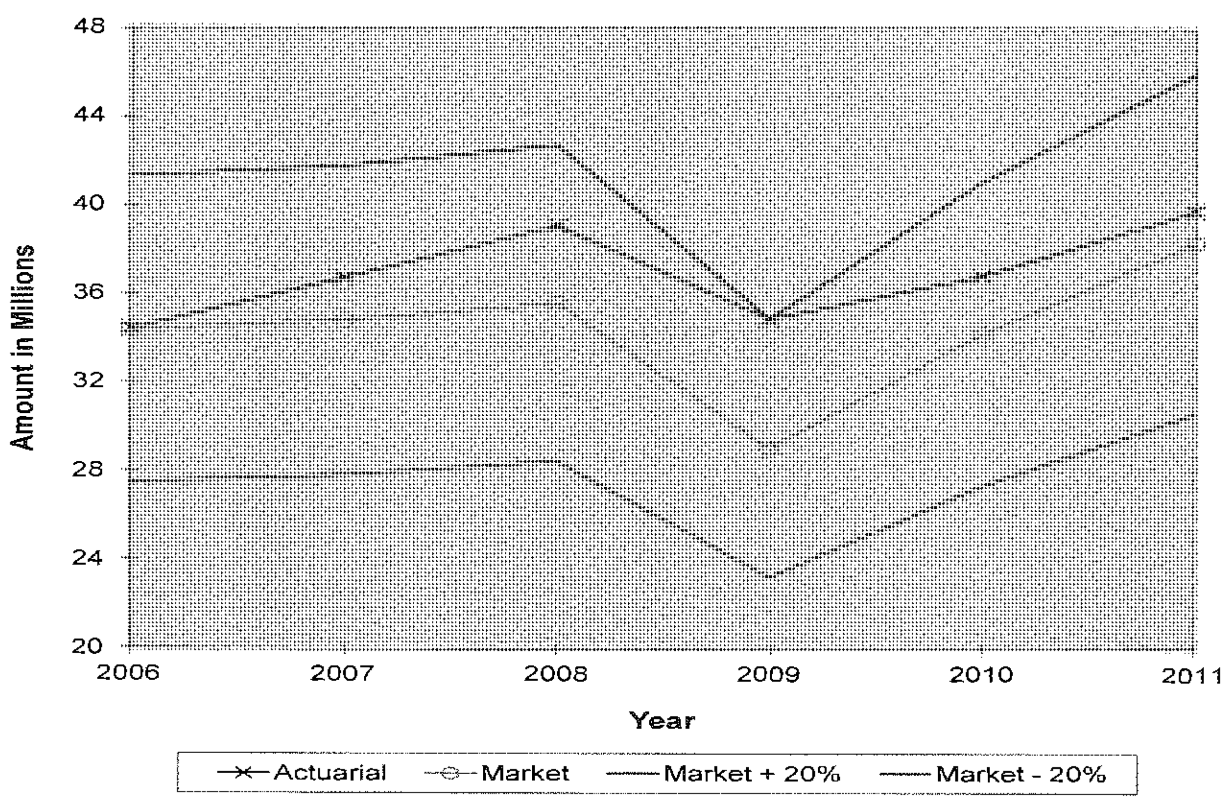
*excluding taxes receivable

ASSET HISTORY

For the Year beginning May 1	Actuarial Value of Assets	Market Value of Assets
2011	$39,770,280	$38,295,604
2010	36,832,670	34,231,927 *
2009	34,880,656	29,067,213
2008	39,077,302	35,599,602
2007	36,720,534	34,811,378 *
2006	34,408,977	34,408,977

* Adjusted for correction

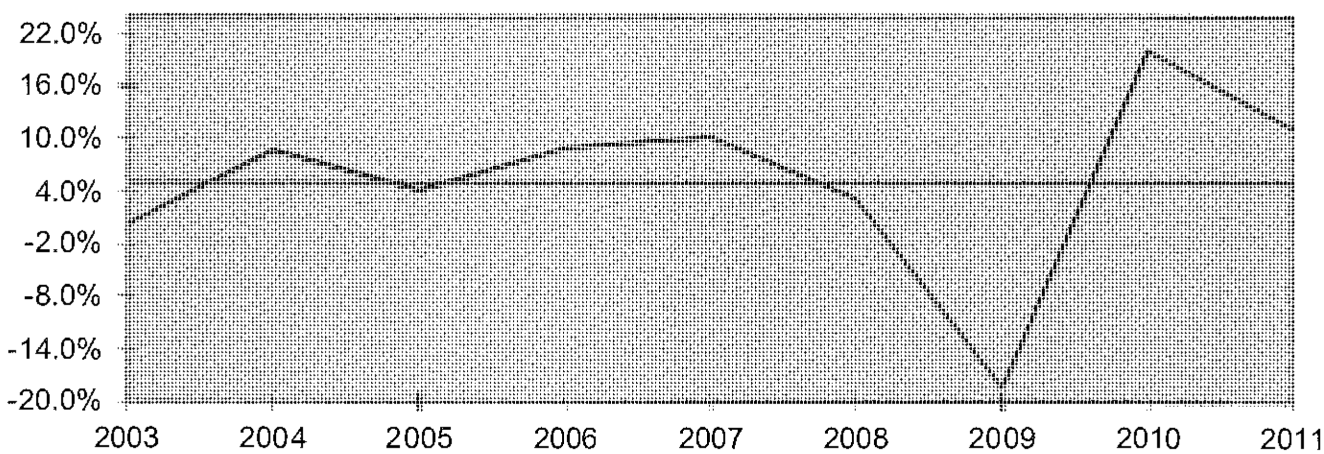
The chart below presents a comparison between the Actuarial Value of Assets and the Market Value of Assets for the current year and the five preceding years. The chart also illustrates the corridor 20% above and 20% below the Market Value of Assets.



ANALYSIS OF INVESTMENT RETURN

Fiscal Year Ending April 30	Annual Rate of Return
2011	11.27%
2010	20.02
2009	-18.21
2008	3.13
2007	10.33
2006	9.00
2005	4.15
2004	8.82
2003	0.14
Composite	
2003-2011	4.90%

The following chart presents a progression of these percentages in graphical form.



THIRTY - YEAR PROJECTION OF PAYMENTS

	Payouts from Active Group Upon					Payouts from		Total
	Termination		Death	Retirement	Disability	Retired Group	Deferred Pensioners	
Year	Lump Sum	Deferred Pension						
2011	6,842	0	11,348	87,112	40,715	3,618,324	9,660	3,774,001
2012	6,596	0	18,046	187,029	83,651	3,636,572	0	3,931,894
2013	5,938	0	18,015	296,476	129,346	3,647,258	0	4,097,033
2014	3,965	0	25,891	433,312	179,321	3,644,056	0	4,286,545
2015	2,724	0	31,015	594,118	230,427	3,634,674	0	4,492,958
2016	565	0	39,228	749,435	284,927	3,618,823	0	4,692,978
2017	616	0	44,701	944,249	342,935	3,596,217	0	4,928,718
2018	0	0	53,179	1,155,552	405,237	3,574,838	0	5,188,806
2019	0	0	59,907	1,389,654	469,114	3,538,826	0	5,457,501
2020	0	0	68,678	1,597,520	534,189	3,495,470	0	5,695,857
2021	0	0	76,419	1,790,807	601,707	3,444,723	0	5,913,656
2022	0	0	85,071	2,039,836	672,536	3,386,662	0	6,184,105
2023	0	0	93,291	2,318,294	747,017	3,321,526	0	6,480,128
2024	0	0	101,650	2,595,221	822,488	3,249,464	0	6,768,823
2025	0	0	110,067	2,876,303	897,243	3,170,572	0	7,054,185
2026	0	0	117,956	3,218,510	973,178	3,085,125	0	7,394,769
2027	0	0	126,304	3,557,052	1,053,549	2,993,402	0	7,730,307
2028	0	0	133,422	3,869,644	1,129,328	2,895,450	0	8,027,844
2029	0	0	141,502	4,210,291	1,206,400	2,791,460	0	8,349,653
2030	0	0	147,591	4,584,564	1,284,410	2,681,489	0	8,698,054
2031	0	0	155,041	4,945,071	1,356,157	2,565,571	0	9,021,840
2032	0	0	159,898	5,289,454	1,436,313	2,443,875	0	9,329,540
2033	0	0	166,640	5,634,862	1,509,128	2,342,328	0	9,652,958
2034	0	0	170,109	5,957,736	1,575,952	2,210,564	0	9,914,361
2035	0	0	175,762	6,269,860	1,640,438	2,074,244	0	10,160,304
2036	0	0	177,593	6,564,633	1,711,818	1,934,003	0	10,388,047
2037	0	0	181,893	6,850,919	1,763,582	1,790,609	0	10,587,003
2038	0	0	179,352	7,111,419	1,811,708	1,645,279	0	10,747,758
2039	0	0	182,047	7,328,416	1,857,460	1,499,160	0	10,867,083
2040	0	0	178,999	7,510,840	1,899,753	1,353,797	0	10,943,389

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION OF THE MUNICIPALITY

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Entry Age Normal Cost	$1,901,172
2.	Actuarial Accrued Liability	77,411,228
3.	Actuarial Value of Assets*	39,770,280
4.	Unfunded Actuarial Accrued Liability	37,640,948
5.	Payment to Amortize Unfunded Actuarial Accrued Liability Over 40 Years from the Effective Date of Application of GASB 25 (22 years remaining)	2,319,280
6.	Total Annual Required Contribution for Fiscal Year April 30, 2012: [(1) + (5)]	4,220,452
7.	Active Member Contributions (9.455% of Salaries):	674,877
8.	**Annual Required Contribution (ARC) payable at the beginning of the current fiscal year: [(6) - (7)]**	**3,545,575**

*Excluding Contributions Receivable

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION
(Continued)

NOTES:

- The Annual Required Contribution as of May 1, 2011 has been determined under the Governmental Accounting Standards Board Statement No. 25 and is required disclosure for the fiscal year ending April 30, 2012. The Entry Age Normal Cost and the Actuarial Accrued Liability were determined using the Entry Age Normal Cost Actuarial Cost Method.

- The Entry Age Normal Cost has been determined as a level percentage of projected payroll of the active members of the group. The amortization method for the Unfunded Actuarial Accrued Liability is determined as a level percentage of payroll amount over a closed Amortization Period as permitted in Governmental Accounting Standards Board Statement No. 25.

- All values were determined on the basis of the actuarial assumptions and methods as more fully described in Appendix 2 of this report.

ACTUARIAL ASSUMPTIONS
(Economic)

Investment Return
7.50% per annum, compounded annualy (net of expenses).

Salary Increases
Representative values of assumed salary increases are as follows:

Age	Increase %
25	4.8611
30	2.9848
35	2.0341
40	1.5239
45	1.3083
50	1.1846
55	1.1220

An additional inflation allowance of 3.00% per year is added to the above.

Payroll Growth
It was assumed that payroll will grow 4.50% per year.

Actuarial Asset Basis
A preliminary actuarial value of assets is calculated by accumulating the prior year's actuarial value with adjustments for contributions and benefit payments at the valuation interest rate. The market value is subtracted from the preliminary actuarial value. The difference, the preliminary adjustment account, is divided by the market value. Then using the following table, the final actuarial value of assets is calculated by adding the final adjustment account to the market value.

Percentage of Market Value (Plus or Minus)	
Preliminary Adjustment Account	**Final Adjustment Account**
0% to 10%	Preliminary adjustment account
10% to 20%	0% plus 1/3 of the excess over 10%
20% to 30%	16 2/3% plus 1/3 of the excess over 20%
Over 30%	20%

ACTUARIAL ASSUMPTIONS
(Demographic)

Effective May 1, 2012, a 5-year cumulative analysis of the actuarial value of assets will be made. If the final actuarial value differentiates by more than 10% (plus or minus) from the market value of assets, the final actuarial value of assets will be further adjusted to equal 90% or 110% of the market value of assets.

Mortality
Active Lives
RP-2000 Combined Healthy Mortality Table (male and female). Five percent (5%) of deaths amongst active firefighters are assumed to be in the performance of their duty.

Non-Active Lives
RP-2000 Combined Healthy Mortality Table (male and female).

Termination
Illustrative rates of withdrawal from the plan for reasons other than death or disability are as follows:

Age	Rate of Withdrawal
20	.0397
25	.0250
30	.0146
35	.0079
40	.0042
45	.0029
50	---

It is assumed that terminated firefighters will not be rehired.

ACTUARIAL ASSUMPTIONS
(Demographic)

Disability Rates
Incidence of disability amongst firefighters eligible for disability benefits:

Age	Rate
25	.0009
30	.0025
35	.0046
40	.0065
45	.0097
50	.0166
55	.0314

15% of disabilities amongst active firefighters are assumed to be in the performance of their duty.

Retirement Rates
Retirements are assumed to occur between the ages of 50 and 69 in accordance with the following table:

Age	Rate of Retirement	Age	Rate of Retirement
50	.19	60	.28
51	.12	61	.36
52	.04	62	.44
53	.06	63	.52
54	.09	64	.60
55	.12	65	.68
56	.15	66	.76
57	.19	67	.84
58	.22	68	.92
59	.25	69	1.00

Marital Status
85% of firefighters are assumed to be married.

ACTUARIAL ASSUMPTIONS
(Demographic)

Spouse's Age
Wives are assumed to be 3 years younger than their husbands.

ACTUARIAL ASSUMPTIONS
(Additional)

Expenses
None assumed.

Actuarial Cost Method
Projected Unit Credit for statutory minimum
Entry Age Normal for recommended and GASB reporting

SUMMARY OF PRINCIPAL PLAN PROVISIONS

Definitions

Tier 1 – For Firefighters first entering Article 4 prior to January 1, 2011

Tier 2 – For Firefighters first entering Article 4 after December 31, 2010

Firefighter (4-106): Any person employed in the municipality's fire service as a firefighter, fire engineer, marine engineer, fire pilot, bomb technician or scuba diver.

Creditable Service (4-108): Time served by a firefighter, excluding furloughs and leaves of absence in excess of 30 days, but including leaves of absence for illness or accident and periods of disability where no disability pension payments are received and also including up to 3 years during which disability payments have been received provided contributions are made.

Creditable Service from other specified agencies is also included. Combined service credit option is available on a voluntary basis.

Pension (4-109)

Normal Pension Age
Tier 1 - Age 50 with 20 or more years of creditable service.

Tier 2 - Age 55 with 10 or more years of creditable service.

Normal Pension Amount
Tier 1 - 50% of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service, plus 2½% of such annual salary for service from 20 to 30 year (maximum 25%)].

Tier 2 - 2½% of Final Average salary for each year of service. Final Average Salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service

Early Retirement at age 50 with 10 or more years of service but with a penalty of ½% for each month prior to age 55.

Annual Salary capped at $106,800 increased yearly by the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.

Minimum Monthly Benefit: $1,000

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Maximum Benefit Percentage: 75% of salary
Minimum Monthly Benefit: Annual step rate increases from $1,030.00 to $1,159.27.

Maximum Benefit Percentage: 75% of salary except line of duty.

Termination Pension Amount
Any firefighter who retires or is separated from service with at least 10, but less than 20 years of credited service, shall be entitled to a monthly pension commencing at age 60 equal to the monthly rate of compensation based on rank at separation multiplied by the applicable percentage below:

Years of Credited Service	Applicable Percentage
10	15.0 %
11	17.6
12	20.4
13	23.4
14	26.6
15	30.0
16	33.6
17	37.4
18	41.4
19	45.6

Pension Increase

Non-Disabled
Tier 1 - 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the original pension amount on each January thereafter. Effective July 1, 1993, 3% of the amount of pension payable at the time of the increase including increases previously granted, rather than 3% of the originally granted pension amount.

Tier 2 - The lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.
For firefighters who retire after January 1, 1986, 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% in each January thereafter.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

For firefighters who retire prior to January 1, 1986, but after July 1, 1971, the 3% increase commences at age 60, and for firefighters who retire before July 1, 1971, the 3% increase commences at age 65.

Disabled
3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount in each January thereafter.

Pension to Survivors (4-114)

Eligibility
Death of a firefighter:

(1) on active duty as a result of any illness or accident;

(2) on disability retirement;

(3) on retirement with 20 years of service;

(4) as a terminated member who has rights to a benefit at age 60; and

(5) as a deferred pensioner.

Death Benefit
Tier 1 - 54% of annual salary based on attained rank at date of separation of service to surviving spouse, plus 12% of such salary to dependent children under 18.

100% of annual salary if death occurs in the line of duty.

Depending upon the survival of the spouse, dependent children benefits may increase to a level of 20% of firefighter's salary.

Greater of 100% of monthly retirement benefit or 54% of annual salary if completed 20 years of service or on disability retirement.

Tier 2 – 66 2/3% of pension amount to surviving spouse (or dependent children), subject to the following increase: the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.

Minimum Monthly Survivor Pension
Annual step rate increases from $1,030.00 to $1,159.27.

Maximum Survivor Pension
75% of such firefighter's salary.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Disability Pension - Line of Duty (4-110)

Eligibility
Suspension or retirement from fire service due to sickness, accident or injury while on duty.

Pension
Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available.

Minimum Monthly Benefit: Annual step rate increases from $1,030.00 to $1,159.27.

For each dependent child under 18, an additional $20 per month increased annually is granted each disabled member. Maximum total benefit is 75% of salary.

Disability Pension - Not on Duty (4-111)

Eligibility
Suspension or retirement from fire service for any cause other than while on duty. Member must have at least 7 years of credited service.

Pension
50% of salary attached to rank at date of suspension or retirement.

Disability Pension - Occupational Disease (4-110.1)

Eligibility
Suspension or retirement from service after 5 years of service from causes of heart disease, cancer, tubercubsis or other lung disease.

Pension
Same pension as in line of duty.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Disability Pension Option A (4-113(a))

Eligibility
Member receiving a disabled pension who attains age 50 and whose years of creditable service and years of disablement total 20 years.

Pension Option
Eligible for pension increase upon conversion to retirement. Pension amount remains the same at date of conversion but subject to annual pension increases.

Disability Pension Option B (4-113(b))

Eligibility
Member receiving disability pension who attains age 50 and who had 20 years of creditable service at date of disablement.

Pension Option
Convert to normal pension based upon years of service at disablement and salary attached to rank on date of election.

Other Provisions

Refund (4-116)
At death with no survivors, contributions are returned to estate.

At termination with less than 20 years of service, contributions are refunded upon request.

Contributions by Firefighters (4.118.1)
9.455% of salary, including longevity, but excluding overtime pay, holiday pay, bonus pay, merit pay or other cash benefit. Additional 1% of salary if combined service credit option is selected.

GLOSSARY

Actuarial Accrued Liability
See ***Entry Age Normal Cost*** *Method and* ***Projected Unit Credit Cost*** *Method.*

Actuarial Assumptions
The economic and demographic predictions used to estimate the present value of the plan's future obligations. They include estimates of investment earnings, salary increases, mortality, withdrawal and other related items. The *Actuarial Assumptions* are used in connection with the *Actuarial Cost Method* to allocate plan costs over the working lifetimes of plan participants.

Actuarial Cost Method
The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants. Also referred to as an *Actuarial Funding Method.*

Actuarial Funding Method
See *Actuarial Cost Method*

Actuarial Gain (Loss)
The excess of the actual *Unfunded Actuarial Accrued Liability* over the expected *Unfunded Actuarial Accrued Liability* represents an *Actuarial Loss.* If the expected *Unfunded Actuarial Accrued Liability* is greater, an *Actuarial Gain* has occurred.

Actuarial Present Value
The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of *Actuarial Assumptions.*

Actuarial Value of Assets
The asset value derived by using the plan's *Asset Valuation Method.*

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

Employee Retirement Income Security Act of 1974 (ERISA)
The primary federal legislative act establishing funding, participation, vesting, benefit accrual, reporting, and disclosure standards for pension and welfare plans.

GLOSSARY
(Continued)

Entry Age Normal Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The portion of this *Actuarial Present Value* not provided for at a valuation date by the *Actuarial Present Value* of future *Normal Costs* is called the *Actuarial Accrued Liability*.

Normal Cost
The portion of the *Present Value of Projected Plan Benefits* that is allocated to a particular plan year by the *Actuarial Cost Method*. See *Entry Age Normal Cost Method* for a description of the Normal Cost under the *Entry Age Normal Cost Method*. See *Projected Unit Credit Cost Method* for a description of the Normal Cost under the *Projected Unit Credit Cost Method*.

Present Value of Future Normal Costs
The present value of future normal costs determined based on the *Actuarial Cost Method* for the plan. Under the *Entry Age Normal Cost Method*, this amount is equal to the excess of the *Present Value of Projected Plan Benefits* over the sum of the *Actuarial Value of Assets* and *Unfunded Actuarial Accrued Liability*.

Present Value of Projected Plan Benefits
The present value of future plan benefits reflecting projected credited service and salaries. The present value is determined based on the plan's actuarial assumptions.

Projected Unit Credit Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated by a consistent formula to valuation years. The *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The *Actuarial Present Value* of benefits allocated to all periods prior to a valuation year is called the *Actuarial Accrued Liability*.

Statement No. 25 of the Governmental Accounting Standards Board (GASB No. 25)
The accounting statement that established the standards of financial accounting and reporting for the financial statements of defined benefit pension plans.

Unfunded Actuarial Accrued Liability
The excess of the *Actuarial Accrued Liability* over the *Actuarial Value of Assets*.

CITY OF BLOOMINGTON
POLICE PENSION FUND

ACTUARIAL VALUATION
AS OF MAY 1, 2011 FOR THE
FISCAL YEAR ENDING APRIL 30, 2012

December 5, 2011

Tepfer Consulting Group, Ltd. was retained by the **City of Bloomington and the City of Bloomington Police Pension Fund** to perform an independent actuarial valuation for the Police Pension Fund. This valuation is permitted under 40 ILCS 5/22, Section 503.2.

The actuarial valuation was performed for the year ended April 30, 2012 and indicates a **statutorily required contribution in accordance with 40 ILCS 5/3, Section 125 of $3,056,933 or 32.85% of member payroll, a recommended minimum contribution of $4,036,617 or 43.38% of payroll, and an Annual Required Contribution in accordance with paragraph 36f of Statement No. 25 of the Governmental Accounting Standards Board of $3,736,043 or 40.15% of payroll.** These contributions are net of contributions made by active member police officers during the fiscal year.

The results shown in this report have been calculated under the supervision of a qualified Actuary as defined in appropriate State statutes. All results are based upon demographic data submitted by the Police Pension Fund, financial data submitted by the Police Pension Fund, applications of actuarial assumptions, and generally accepted actuarial methods.

In our opinion, all calculations and procedures are in conformity with generally accepted actuarial principles and practices; and the results presented comply with the requirements of the applicable State statute, Actuarial Standards Board, or Statements of Governmental Accounting Standards, as applicable.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and future expectations, and represent a reasonable and adequate approach to the financing of the retirement program. The costs, actuarial liabilities and other information presented in this report, in our opinion, fully and fairly disclose the actuarial position of the plan.

I, Arthur H. Tepfer, am an Enrolled Actuary in good standing under the Employee Retirement Income Security Act of 1974. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. I certify that the results presented in this report are accurate and correct to the best of my knowledge.

TEPFER CONSULTING GROUP, LTD.

Arthur H. Tepfer, A.S.A., M.A.A.A.
Enrolled Actuary #11-02352

December 5, 2011

VALUATION OBJECTIVES

The **City of Bloomington Police Pension Fund** provides benefits to members when they retire, die, become disabled or terminate employment. As with any plan providing these types of benefits, an appropriate budgeting pattern must be established to enable appropriate funds to be accumulated to meet all payments when due. The actual cost of the plan can best be expressed in the following simplistic manner:

ACTUAL COST EQUALS Benefits Paid

Plus

Expenses Paid

Less

Investment Income Earned

If the actual cost is incurred on a "pay as you go" basis, then the future generations of members will be paying for the benefits of current plan participants. Proper financial planning calls for budgeting the actual cost of the plan over the working lifetime of current plan membership in order to establish an equitable allocation. An actuarial valuation is the procedure used to determine an appropriate amount to be contributed to the pension plan each year in order to attain this equity.

An actuarial valuation is an estimate at a particular point in time of the predicted incidence of the future benefit costs. Since the total actual cost of the plan is essentially unknown, pre-funding (budgeting for future benefit costs) requires certain assumptions about future events. Assumptions are made for such things as salary increases, terminations of participants, disablement of participants, death of participants and anticipated investment earnings. These assumptions, although not affecting the actual costs of the plan, will affect the incidence of predicted future costs. For proper funding, it is required that the Actuary select assumptions which are appropriate in light of the economic, demographic, and legislative environment as they relate to the pension program. The assumptions we have made concerning these future events are described more fully in Appendix 2 of this report. Based on these assumptions, a projection of future benefits was made and a current contribution level sufficient to provide the anticipated benefit payments was determined through the use of an actuarial cost method.

VALUATION OBJECTIVES
(Continued)

Selection of the Actuarial Cost Method

An actuarial cost method, sometimes called a "funding method", therefore, is essentially an approach to budgeting the estimated future costs. There are many actuarial cost methods which are available to the actuary and each method operates differently. However, all funding methods accomplish the same objective—to assign to each fiscal year of the employer the portion assumed to have accrued in that year. The portion of the actuarial value of benefits assigned to a particular year in respect of an individual participant or the fund as a whole is called the ***normal cost.*** All funding methods are described by how the normal cost is calculated.

The actuarial cost method prescribed by the State statutes to determine the ***statutorily minimum required contribution*** for periods on or after January 1, 2011 is the Projected Unit Credit Cost Method. Under this actuarial cost method, the ongoing cost as a percentage of total payroll will increase. In this method, the normal cost is determined by first calculating the projected dollar amount of each participant's accumulated benefit under the plan as of both the first day of the fiscal year and as of the last day of the fiscal year and then determining the difference between these two amounts. The second step in deriving the normal cost for a given participant is to multiply the dollar amount of this difference by the actuarial present value of $1 of benefit.

The actuarial cost method selected by our firm to determine the ***recommended plan contribution*** is the Entry Age Normal Cost Method. Under this actuarial cost method, ideally, the ongoing cost as a percentage of total payroll should remain fairly stable. In this method, the normal cost is determined by assuming each participant covered by the plan entered the plan under the same conditions that will apply to future plan entrants. The annual normal cost assigned to each year of an employee's career is calculated as a level percentage of the employees assumed earnings each year. These normal costs accumulate to the present value of the employee's benefit at retirement age.

Under both the Entry Age Normal Cost Method and the Projected Unit Credit Cost Method, the total funding of projected benefit costs is allocated between an ***unfunded liability***, representing past benefit history, and future normal costs. This allocation is based on the assumption that the municipality will pay the normal cost for each plan year on a regular basis. It should be noted that although the term "unfunded liability" is applied to both funding methods, the resulting amount is different because of the method of calculation. Another feature of these methods is that only the unfunded liability is affected by the experience of the plan, and therefore any adjustments are made in the future amortization payments.

In addition to the methodology changes described above, P.A. 96-1495 also addressed the valuation of pension fund assets—the second component in the determination of the unfunded liability. The statute now provides that the actuarial value of a pension fund's assets be set equal to the market value of the assets on March 30, 2011 and that, in determining the actuarial value of assets after that date, any actuarial gains or losses from investment returns incurred in a fiscal year be recognized in equal amounts over the 5-year period following that fiscal year.

VALUATION OBJECTIVES
(Continued)

The actuarial valuation process is usually repeated each year and is to a certain extent self-correcting. As part of these actuarial cost methods, any deviation of actual experience from the chosen actuarial assumptions will be reflected in future contributions. A complete description of these actuarial cost methods is explained in Appendix 4 of this report.

Appendix 3 of this report contains a summary of the principal provisions of the applicable statute.

Despite the statutory language which requires an application of the Projected Unit Credit method, we feel that funding under this method as a ***level percentage of payroll*** severely undermines the benefit security of the retirement system and transfers the payment for currently earned pensions to future generations of taxpayers. **For these reasons, our valuation report presents a recommended minimum contribution which will operate to maintain the fundamental fiscal soundness of the retirement program**, although a statutorily required contribution has also been calculated. The calculation of the recommended minimum contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a ***level dollar amount*** over 30 years from January 1, 2011, the effective date of P.A. 96-1495. The calculation of the statutorily required contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a ***level percentage of payroll*** over 30 years from January 1, 2011, the effective date of P.L. 96-1495.

Although, I do not agree with the statutorily required level percentage of payroll methodology of determining the amortization of the unfunded accrued liability, I would be remiss if I did not advise my funds as to a "statutorily" acceptable calculation under the State law. *I patently consider the calculation methodology under the statute to be actuarially unsound for funding of municipal retirement programs.*

Effective for periods beginning after June 15, 1996, the Governmental Accounting Standards Board has issued Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans". This Statement establishes a financial reporting framework for defined benefit pension plans that distinguishes between two categories of information: (a) current financial information about plan assets and financial activities and (b) actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due. The calculation of the Annual Required Contribution (ARC) is described in paragraph 36f of the Statement and is based upon an amortization payment of any unfunded accrued liabilities as either a level dollar amount or a level percentage of total payroll over a maximum of 40 years from the effective date of the Statement. Any significant increase in the total unfunded actuarial liability resulting from a change in actuarial methodology should be amortized over a period not less than 10 years.

Actuarial experience since the last actuarial valuation

As part of the actuarial valuation process, it is helpful to examine the actual experience of the fund as compared to the experience which is expected by the actuarial assumptions. The measurement of any deviations of actual to expected experience is commonly referred to as a

VALUATION OBJECTIVES
(Continued)

"Gain and Loss Analysis". In performing this analysis, the actuary analyzes each actuarial assumption used in the valuation process. It is highly unlikely that actual experience will follow expected experience on a year-by-year basis. It is hoped that over the long term, if the actuarial assumptions are "reasonable", the total gains and losses will offset each other.

A "gain and loss analysis' is a useful tool to examine whether the actuarial assumptions used to determine the municipal tax levy are suitable. Care must be taken in placing too much credibility in a short-term analysis as the assumptions are more appropriately measured over the long term. Nonetheless, an annual evaluation of the actuarial assumptions will assist in identifying trends which, if unnoticed, can lead to inappropriate conclusions. When these trends are recognized, it is the actuary's responsibility to modify one or more of the assumptions to better anticipate future experience.

Some assumptions are easier to measure than others. In small plans, credible analysis can generally be made regarding the economic (financial) assumptions. These primarily include investment and salary increase assumptions. Unfortunately, it is often impossible to establish credible long term analysis of demographic assumptions (rates of termination, disability, retirement and mortality). Therefore, in choosing demographic assumptions, the actuary generally relies upon standardized tabular assumptions modified only by fund-specific characteristics.

The actuarial gain and loss analysis for the current year is presented in Exhibit 3-C and 3-D of the report. Exhibit 3-C shows the impact of the actuarial gains or losses on the statutorily required contribution through a reconciliation of this contribution from the end of the prior valuation year to the end of the current valuation year. Exhibit 3-D derives the actuarial gain or loss in total as well as separating the individual financial and demographic components.

The overall experience gain (loss) for the year was $1,416,438 or 1.56% of the accrued liability at the beginning of the plan year. The dollar amount for the plan's current statutorily required contribution is 75.33% of the prior year's contribution. When measured as a percentage of payroll, the contribution level has changed from 40.76% to 32.85%.

Factors Influencing the Choice of Actuarial Assumptions

As part of the consulting process, it is our policy to talk with selected members of the Board of Trustees and the Sponsor's representatives for the **City of Bloomington Police Pension Fund** in order to obtain information which will enable the Actuary to properly choose the actuarial assumptions which are most appropriate for the current cost determination for the pension fund.

VALUATION OBJECTIVES
(Continued)

Prior to the meeting, statistics are compiled concerning historical investment returns, salary increases, retirement incidence and other factors which are influential in the actuarial assumption setting process. Based upon an analysis of the specifics as they relate to the **City of Bloomington Police Pension Fund** and a general understanding of the inter-relationships of the actuarial assumptions, the Board, the Sponsor and the Actuary reach a mutual agreement as to the assumptions which will be used in the current actuarial valuation.

Published statistics regarding experience for police and firefighters are available from the State of Illinois Department of Insurance. These statistics form the basis of the actuarial assumptions selected by the State Actuary in the valuation of pension funds covered under the Downstate Pension System. We have found in our consulting, that whenever appropriate, the actuarial assumptions used by the State Actuary are relied upon as a starting point. However, in order to make the calculations more "***Bloomington-sensitive***", the analysis of the actual historical performance is carefully examined.

Experience Analysis

The results of our experience analysis indicates that the fund has experienced small gains overall. Despite the size of the gain, there is no measurable experience present and therefore, we are not recommending a change in actuarial assumptions this year.

Demographic considerations

For this valuation it was noted that the force continues to remain reasonably stable as to its size and demographic composition. In the current valuation, it was observed that the number of inactive participants (87, exclusive of terminated employees who are entitled to a return of contributions) as compared to active participants (116) in the Fund is slightly higher than the State average (43% of the total participants are inactive as compared to a State average of 38%); on a liability basis the Fund is also slightly higher the State averages. Approximately 55%-60% of the Fund's total liability is attributed to inactive participants compared to a State average of about 53%. This means that the fund is in a comparatively equal position to other funds in the State.

The average age and service of the active participating group is slightly above the State average. As of May 1, 2011, there are twelve (12) active officers who are currently eligible to retire, and an additional 14 active officers who will become eligible to retire within the next five years. This represents about 22% of the total active group. For the short term pension payments are generally fixed and overall financial planning can be achieved. Absent a large growth in the active force, with proper funding the fund's position should become more favorable for the foreseeable future. We will continue to monitor closely the retirement patterns which emerge in later years to assure that the appropriate retirement rates are in place for our analysis.

VALUATION OBJECTIVES
(Continued)

However, over 105% of the assets available for investment have been committed to provide benefits for existing pensioners and beneficiaries. . Essentially then, all of the assets in the plan are already dedicated to cover the liabilities for the currently retired participants. This is a potentially dangerous situation We are somewhat concerned given that over $3.5 million is disbursed each year in pension payments. *Despite the adequate funding ratios, the fund is currently not in an overly strong financial situation.*

Financial considerations

In these uncertain times, except for the 2008 year, the fund continues to experience limited short-term investment growth as can be noted in the charts in Section 5B and 5C of this valuation. The rate of return during the 2011 year was 10.32%. Please refer to the chart in Exhibit 2 which illustrates the pattern of growth. The funds continue to earn acceptable rates of return over the long term. As shown in Exhibit 5-C of our report, the composite rate of return for the fund since 2004 is 5.33%. However, if we eliminate the 2009 year, the composite rate jumps to 9.36%. Nevertheless, the inconsistency in the treatment of the receivable contribution makes comparisons difficult.

The actuarial assumptions for salary increases appear to be appropriate; however, we are considering a study of our downstate funds to determine how the current economy is affecting overall salary schedules.

Selection of assumptions

Based mainly upon the comparative rate of funding, as well as a comparison of actual rates of investment return to salary increases, a 7.50% assumed investment return rate was deemed acceptable as a long-term assumption to be used in determining the funding requirements for the 2011 year.

This represents no change in assumption. This rate was chosen to reflect the portfolio composition, investment philosophy and historical performance as compared to other funds in the State. This 7.50% rate includes an inflation component of 3.00%. The actuarial smoothing method used in prior years has also been retained. The actuarial smoothing methodology used in the valuation of assets will be changed for next year as required by State law.

The demographic actuarial assumptions used for this valuation represent no change from those used in the prior valuation performed by our firm. These include, as a result of the publication of a recent independent study analyzing demographic experience among police and fire pension funds in the Downstate System, changes in the retirement, disability and withdrawal assumptions, as well as the use of a more modern mortality table from those used by the State Actuary.

VALUATION OBJECTIVES
(Continued)

Comparison with Other Funds

We are including a comparison to certain State averages which may prove helpful in assessing how the fund compares to similarly situated programs.

	Bloomington (2011)		State*
	EANC	*PUC*	
Funded Ratio	**58.23%**	**63.70%**	56.18%
Percentage of Liability for Inactives	**55.17%**	**60.34%**	52.55%
Percentage of Total Assets for Inactives (market basis)	**105.30%**		93.52%

* Based upon published reports for FYE 2008

Thirty-year Projection of Liabilities

The final section of our report illustrates projected payments from the Trust Fund for a 30-year period commencing with the valuation date. These projections are based upon the actuarial assumptions selected for the fund concerning death, disability and retirement actually occurring. Care should be taken in interpreting or relying on these results—particularly for Funds with fewer than 200 participants. The credibility of this type of projection is rarely realized beyond 10 years. Exhibit 5D presents this projection.

RESULTS OF VALUATION

The following exhibits present the results of our actuarial valuation of the **City of Bloomington Police Pension Fund** for the fiscal year May 1, 2011 through April 30, 2012.

Exhibit 1 indicates that the recommended minimum contribution, calculated using the Entry Age Normal Cost method (EANC), from the City is $4,036,617 or 43.38% of total participating payroll. **Under the Entry Age Normal actuarial cost method selected, this percentage of payroll should remain reasonably level over the lifetime of the plan.**

Exhibit 1 also indicates that the statutory minimum contribution, calculated using the Projected Unit Credit method (PUC), from the City is $3,056,933 or 32.85% of total participating payroll. **Under the Projected Unit Credit actuarial cost method selected, this percentage of payroll should increase over the lifetime of the plan.**

Exhibits 2 and 3 provide specific information used to develop the recommended minimum and statutorily required City contribution.

Exhibit 4 presents a brief description of the demographic characteristics of the current member group.

Exhibit 5 shows information relating to the pension assets.

Appendix 1 provides information in accordance with the Governmental Accounting Standards Board relating to financial disclosure of pension costs in the auditor's report.

GENERAL VALUATION RESULTS FOR FISCAL YEAR MAY 1, 2011 THROUGH APRIL 30, 2012

Recommended Minimum Contribution

1.	Entry Age Normal Cost:	$ 2,286,587
2.	Unfunded Actuarial Accrued Liability (or Surplus):	37,844,830
3.	Actuarial Value of Assets:	52,763,950
4.	Annual Salaries of Active Police Officers:	8,903,996
5.	Recommended Minimum Contribution from the City:	4,036,617
	Contribution Percentage:	43.38%*

Statutory Minimum Contribution

1.	Projected Unit Credit Normal Cost:	$ 2,578,491
2.	Unfunded Actuarial Accrued Liability (or Surplus):	30,074,105
3.	Actuarial Value of Assets:	52,763,950
4.	Annual Salaries of Active Police Officers:	8,903,996
5.	Statutory Minimum Contribution from the City:	3,056,933
	Contribution Percentage:	32.85%*

* Projected for the fiscal year ending April 30, 2012.

SUMMARY OF SPECIFIC VALUATION RESULTS

	Number	Actuarial Present Value of Projected Benefits	Entry Age Normal Cost	Projected Unit Credit Normal Cost
1. Active Police Officers:	116			
Retirement Pension:		$52,657,936	$1,681,185	$1,950,259
Survivors Pension:		967,964	44,851	50,238
Disability Pension:		7,183,155	411,241	444,004
Withdrawal Pension:		1,867,286	149,310	133,990
TOTAL	116	$62,676,341	$2,286,587	$2,578,491
2. Inactive Police Officers and Survivors:				
Normal Retirees:	57	$39,932,416		
Widows (Survivors):	19	3,583,620		
Children (Survivors):	0	0		
Disabled Retirees:	10	5,674,012		
Deferred Vested:	1	568,132		
Terminated/Separated:	10	226,795		
TOTAL	97	$49,984,975		

SUMMARY OF SPECIFIC VALUATION RESULTS
(Continued)

		Entry Age Normal (EAN)	Projected Unit Credit (PUC)
3.	Total Actuarial Present Value of Projected Benefits:	$112,661,316	N/A
4.	Actuarial Present Value of Future Normal Costs:	22,052,536	N/A
5.	Actuarial Accrued Liability: [(3) - (4)]	90,608,780	82,838,055
6.	Actuarial Value of Assets:	52,763,950	52,763,950
7.	Unfunded Actuarial Accrued Liability (or Surplus): [(5) - (6)]	37,844,830	30,074,105
8.	Funded Ratio Percentage: [(6) ÷ (5)] x 100	58.23%	63.70%

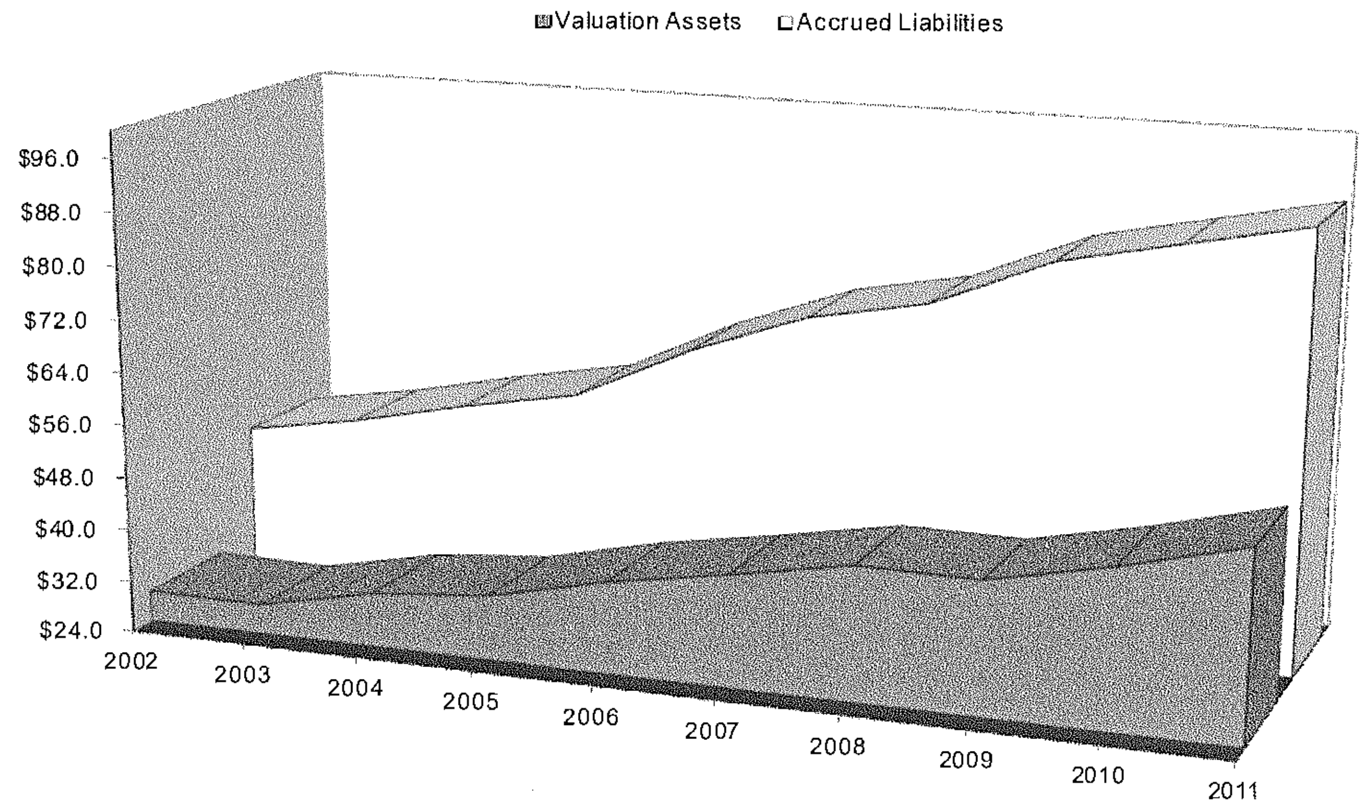
HISTORY OF FUNDED PERCENTAGES

For the Year beginning May 1	Valuation Assets	EAN Accrued Liabilities	EAN Funded Percentage	PUC Accrued Liabilities	PUC Funded Percentage
2011	$52,763,950	$90,608,780	58.23%	$82,838,055	63.70%
2010	48,078,031	86,863,392	55.35%	N/A	N/A
2009	44,228,726	82,953,509	53.32%	N/A	N/A
2008	44,388,369	75,336,945	58.92%	N/A	N/A
2007	41,082,107	71,842,046	57.18%	N/A	N/A
2006	38,044,418	65,285,667	58.30%	N/A	N/A
2005	33,939,624	56,756,291	59.80%	N/A	N/A
2004	32,352,495	53,449,052	60.50%	N/A	N/A
2003	28,557,244	49,554,943	57.60%	N/A	N/A
2002	28,841,069	46,529,753	62.00%	N/A	N/A

The chart on the following page presents a progression of these percentages in graphical form.

COMPARISON OF ASSETS AND LIABILITIES

(amount in millions)



DEVELOPMENT OF RECOMMENDED MINIMUM CITY CONTRIBUTION

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Entry Age Normal Cost:	$2,286,587
2.	Recommended Minimum Payment to Amortize 90 % of the Entry Age Normal Unfunded Accrued Liability as a level dollar amount over 29.00205 Years from May 1, 2011:	2,289,230
3.	Interest on (1) and (2):	343,186
4.	Credit for Surplus:	0
5.	Initial Recommended Minimum Contribution for Fiscal Year 2012: [(1) + (2) + (3) + (4)]	4,919,003
6.	Statutory Minimum Contribution (Exhibit 3B line 5)	3,939,319
7.	Total Recommended Minimum Contribution for Fiscal Year 2012: [Greater of Line 5 and Line 6]	4,919,003
8.	Active Member Contributions (9.91% of Salaries):	882,386
9.	Net Recommended Minimum City Contribution: [(7) - (8)]	4,036,617

DEVELOPMENT OF STATUTORILY REQUIRED CITY CONTRIBUTION
(NOTE THAT THIS CONTRIBUTION CALCULATION IS NOT RECOMMENDED)

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Projected Unit Credit Normal Cost:	$2,578,491
2.	Minimum Payment to Amortize 90% of the Projected Unit Credit Unfunded Accrued Liability as a level percentage of payroll over 29.00205 Years from May 1, 2011:	1,085,992
3.	Interest on (1) and (2):	274,836
4.	Credit for Surplus:	0
5.	Total Statutorily Required Contribution for Fiscal Year 2012: [(1) + (2) + (3) + (4)]	3,939,319
6.	Active Member Contributions (9.91% of Salaries):	882,386
7.	Net Statutorily Required City Contribution: [(5) - (6)]	3,056,933

RECONCILIATION OF THE CHANGE IN THE STATUTORILY REQUIRED CITY CONTRIBUTION

1.	Statutorily Required Contribution for Year ending April 30, 2011:	$4,057,967
2.	Increase in Normal Cost and Amortization Payment due to anticipated pay changes:	191,913
3.	Increase/(Decrease) in Normal Cost resulting from actual pay changes:	(161,681)
4.	Effect of Asset Smoothing:	7,913
5.	Increase/(Decrease) resulting from changes in assumptions:	0
6.	Increase/(Decrease) resulting from other demographic and financial sources (retirements, deaths, new entrants, salary changes, etc.):	(524,446)
7.	Increase/(Decrease) resulting from change in actuarial cost method	$ (514,733)
8.	Statutorily Required Contribution for Year ending April 30, 2012:	$3,056,933

DERIVATION OF EXPERIENCE GAIN(LOSS) AND COST METHOD CHANGE AS OF MAY 1, 2011

1.	EANC Unfunded Actuarial Accrued Liability at May 1, 2010:	$38,785,361
2.	Normal Cost Due at May 1, 2010:	2,435,622
3.	Interest on (1) and (2) to May 1, 2011 (at 7.50% per year):	3,091,574
4.	Contributions made for the prior year with interest to May 1, 2011:	5,051,289
5.	Expected EANC Unfunded Actuarial Accrued Liability at May 1, 2011 Before Assumption Changes [(1) + (2) + (3) - (4)]:	39,261,268
6.	Change in EANC Unfunded Actuarial Accrued Liability due to Assumptions Change at May 1, 2011:	0
7.	Expected EANC Unfunded Actuarial Accrued Liability at May 1, 2011 [(5) + (6)]:	39,261,268
8.	Actual EANC Unfunded Actuarial Accrued Liability at May 1, 2011:	37,844,830
9.	Gain (Loss) for the prior Plan Year [(7) – (8)]:	**$1,416,438**
10.	Actual PUC Unfunded Actuarial Liability at May 1, 2011	$30,074,105
11.	Additional liability resulting from Cost Method change (10) –(8)	$ (7,770,725)

DERIVATION OF EXPERIENCE GAIN(LOSS) AS OF MAY 1, 2011

The experience gain (loss) reported above is the net result of the following:

1.	FINANCIAL SOURCES	
	a) Investment experience (based upon market value of assets):	$ (3,009,497)
	b) Contribution experience:	(166,592)
	c) Benefit Payments experience:	159,235
	d) Salary increases (greater)/lower than expected:	1,050,692
	Total from Financial Sources:	(1,966,162)
2.	DEMOGRAPHIC SOURCES	
	Mortality, retirement, disability, termination, etc.:	641,484
3.	ACTUARIAL ADJUSTMENTS	
	Market value adjustment for asset smoothing, including expenses	2,741,116
4.	GAIN (LOSS) ALL SOURCES	
	Total Gain (Loss) for the prior Plan Year [(1) + (2) + (3)]	$1,416,438

SUMMARY OF DEMOGRAPHIC INFORMATION AS OF MAY 1, 2011

	Number	Projected Annual Salaries (Fiscal Year 2012)
Active Police Officers:	116	$8,903,996

	Number	Total Monthly Benefits
Normal Retirees:	57	$237,355
Survivors (Widows):	19	32,613
Survivors (Children):	0	0
Disabled Retirees:	10	30,500
Deferred Vested:	1	0
Terminated/Separated:	10	226,795 *

* Return of Contributions

The actuarial valuation was performed as of May 1, 2011 to determine contribution requirements for fiscal year 2012.

AGE AND SERVICE DISTRIBUTION

Attained Age	COMPLETED YEARS OF SERVICE											Average Salaries
	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total	
15-19											0	-
20-24		1									1	59,405
25-29		6	2								8	67,538
30-34		11	15								26	70,493
35-39		2	14	9							25	72,179
40-44			4	9	13	1					27	78,903
45-49			1	2	5	7					15	83,853
50-54					2	4	4	1			11	92,727
55-59							2				2	78,017
60-64									1		1	102,723
65+											0	-
TOTAL	0	20	36	20	20	12	6	1	1	0	116	76,759

Age = 39.44 Years

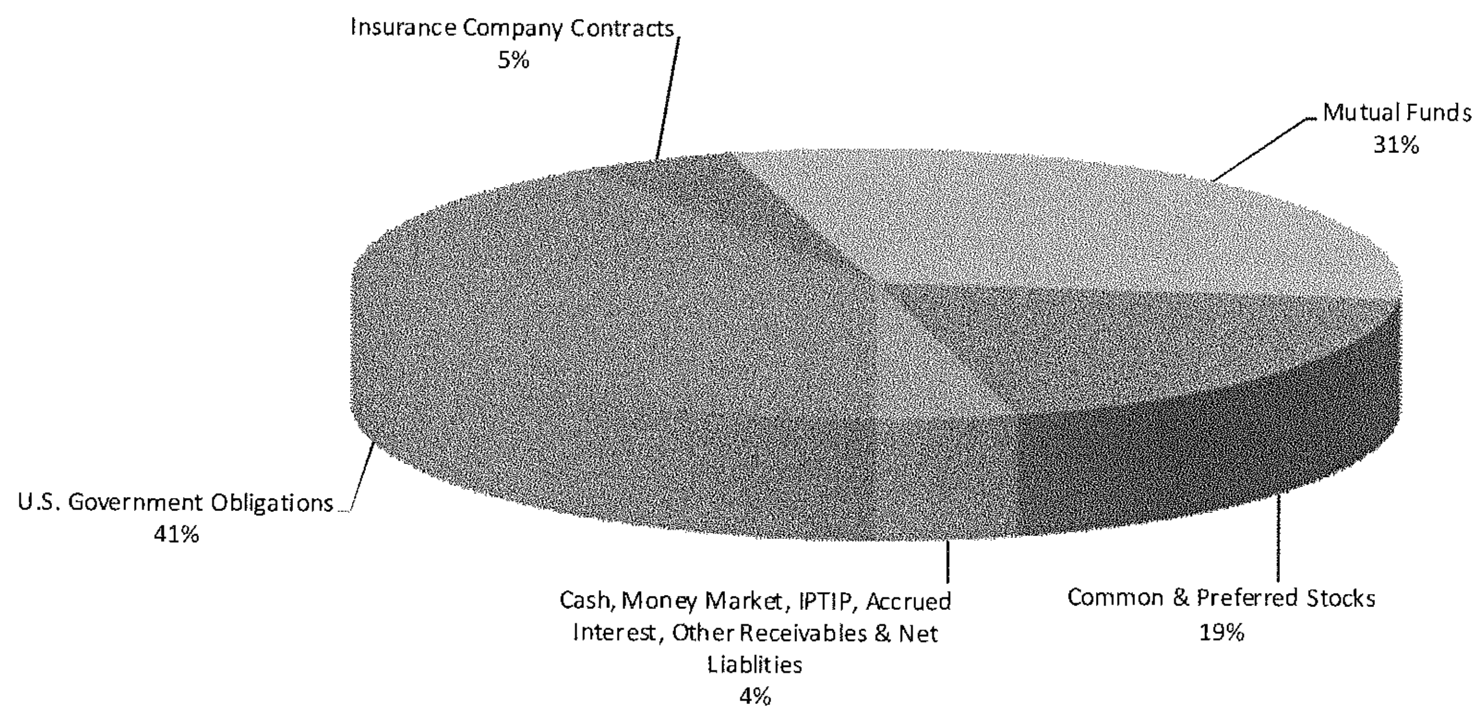
Service = 12.72 Years

ASSET INFORMATION

Cash, Money Market, IPTIP	$1,849,927
Certificates of Deposit	0
State and Local Obligations	0
U.S. Government Obligations	19,322,478
Insurance Company Contracts	2,263,280
Pooled Investment Accounts	0
Mutual Funds	14,787,703
Common & Preferred Stocks	9,032,987
Taxes Receivable	0
Accrued Interest	204,503
Other Receivables	17,733
Net Liabilities	7,671
Net Present Assets at Market Value	$47,470,940

The chart on the following page shows the percentage of invested assets.

ASSET INFORMATION



DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

1.	Actuarial Value of Assets, May 1, 2010*	$48,078,031
2.	Contributions Received During 2010-2011	4,883,421
3.	Benefit Payments and Expenses Made During 2010-2011	3,572,673
4.	Assumed Interest at 7.50% on (1), (2) and (3)	3,650,909
5.	Preliminary Actuarial Value of Assets: [(1) + (2) - (3) + (4)]	53,039,688
6.	Market Value, May 1, 2011*	47,470,940
7.	Preliminary Adjustment Account:	
	a) Amount: [(5) - (6)]	5,568,748
	b) Percentage: [(7a) ÷ (6) x 100%]	11.73%
8.	Final Adjustment Amount	
	a) Amount	5,293,010
	b) Percentage	11.15%
	c) Taxes receivable	0
9.	Adjusted Actuarial Value of Assets, May 1, 2011: [(6) + (8a) + (8c)]	52,763,950
10.	Final Actuarial Value of Assets for funding purposes May 1, 2011 [Greater of (6) and (9)]:	52,763,950
11.	Final Actuarial Value of Assets for GASB reporting [(10)-(8c)]*	52,763,950

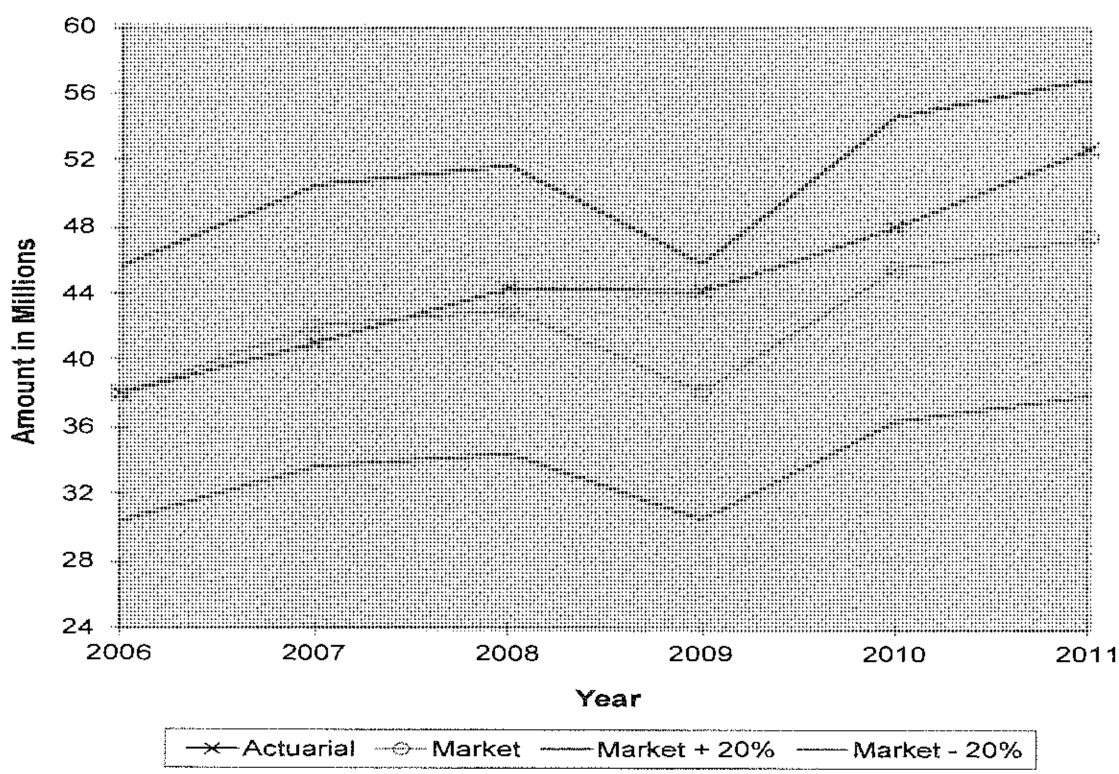
*excluding taxes receivable

ASSET HISTORY

For the Year beginning May 1	Actuarial Value of Assets	Market Value of Assets
2011	$52,763,950	$47,470,940
2010	48,078,031	45,587,724*
2009	44,228,726	38,243,602*
2008	44,388,369	43,124,752
2007	41,082,107	42,123,789
2006	38,044,418	38,044,418

*includes receivable contributions.

The chart below presents a comparison between the Actuarial Value of Assets and the Market Value of Assets for the current year and the five preceding years. The chart also illustrates the corridor 20% above and 20% below the Market Value of Assets.



ANALYSIS OF INVESTMENT RETURN

Fiscal Year Ending April 30	Annual Rate of Return
2011	10.32%
2010*	17.04
2009*	-19.00
2008	1.55
2007	9.87
2006	11.29
2005	4.53
2004	11.64
Composite	
2004-2011	5.33%

*includes receivable contributions

The following chart presents a progression of these percentages in graphical form.

THIRTY - YEAR PROJECTION OF PAYMENTS

	Payouts from Active Group Upon					Payouts from		Total
	Termination		Death	Retirement	Disability	Retired Group	Deferred Pensioners	
Year	Lump Sum	Deferred Pension						
2011	20,809	0	13,571	209,275	38,410	3,575,380	263,656	4,121,101
2012	15,779	0	19,575	383,474	74,222	3,595,343	36,797	4,125,190
2013	10,283	0	19,483	536,640	109,683	3,634,539	36,728	4,347,356
2014	5,794	0	25,969	705,346	147,098	3,636,497	36,655	4,557,359
2015	1,606	0	30,925	907,112	187,529	3,633,927	36,577	4,797,676
2016	0	0	37,999	1,209,094	230,084	3,631,798	36,487	5,145,462
2017	0	0	43,534	1,442,011	274,199	3,638,145	36,390	5,434,279
2018	0	0	50,497	1,686,900	319,344	3,622,227	36,284	5,715,252
2019	0	0	56,906	1,916,943	366,360	3,600,348	36,168	5,976,725
2020	0	0	63,974	2,312,289	413,679	3,572,161	37,118	6,399,221
2021	0	0	70,734	2,655,540	460,633	3,537,138	38,071	6,762,116
2022	0	0	77,682	3,003,029	507,749	3,499,121	39,029	7,126,610
2023	0	0	84,663	3,339,854	553,758	3,456,197	39,988	7,474,460
2024	0	0	91,352	3,713,303	599,377	3,398,957	40,943	7,843,932
2025	0	0	98,064	4,165,425	645,556	3,333,045	41,886	8,283,976
2026	0	0	103,970	4,569,955	692,956	3,258,212	42,812	8,667,905
2027	0	0	110,554	4,998,127	732,708	3,198,155	43,710	9,083,254
2028	0	0	115,421	5,571,701	778,624	3,106,179	44,571	9,616,496
2029	0	0	121,538	6,120,067	817,158	3,005,351	45,390	10,109,504
2030	0	0	124,817	6,558,731	865,136	2,949,187	46,156	10,544,027
2031	0	0	130,579	7,117,268	907,620	2,833,509	46,856	11,035,832
2032	0	0	132,599	7,559,143	943,833	2,709,944	47,486	11,393,005
2033	0	0	137,091	7,971,903	970,006	2,579,193	48,036	11,706,229
2034	0	0	138,074	8,324,989	998,134	2,441,948	48,498	11,951,643
2035	0	0	141,291	8,643,591	1,028,147	2,299,261	48,843	12,161,133
2036	0	0	141,243	8,943,531	1,047,069	2,152,257	49,072	12,333,172
2037	0	0	143,115	9,208,080	1,070,750	2,002,206	49,166	12,473,317
2038	0	0	140,916	9,427,066	1,108,966	1,885,561	49,102	12,611,611
2039	0	0	141,521	9,610,075	1,136,081	1,734,446	48,860	12,670,983
2040	0	0	138,964	9,765,770	1,145,834	1,584,630	48,422	12,683,620

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION OF THE MUNICIPALITY

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Entry Age Normal Cost	$2,286,587
2.	Actuarial Accrued Liability	90,608,780
3.	Actuarial Value of Assets	52,763,950
4.	Unfunded Actuarial Accrued Liability	37,844,830
5.	Payment to Amortize Unfunded Actuarial Accrued Liability Over 40 Years from Effective Date of Application of GASB 25 (22 years remaining)	2,331,842
6.	Total Annual Required Contribution for Fiscal Year April 30, 2012: [(1) + (5)]	4,618,429
7.	Active Member Contributions (9.91% of Salaries):	882,386
8.	**Annual Required Contribution (ARC) payable at the beginning of the current fiscal year: [(6) - (7)]**	**3,736,043**

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION
(Continued)

NOTES:

- The Annual Required Contribution as of May 1, 2011 has been determined under the Governmental Accounting Standards Board Statement No. 25 and is required disclosure for the fiscal year ending April 30, 2012. The Entry Age Normal Cost and the Actuarial Accrued Liability were determined using the Entry Age Normal Cost Actuarial Cost Method.
- The Entry Age Normal Cost has been determined as a level percentage of projected payroll of the active members of the group. The amortization method for the Unfunded Actuarial Accrued Liability is determined as a level percentage of payroll amount over a closed Amortization Period as permitted in Governmental Accounting Standards Board Statement No. 25.
- All values were determined on the basis of the actuarial assumptions and methods as more fully described in Appendix 2 of this report.

ACTUARIAL ASSUMPTIONS
(Economic)

Investment Return
7.50% per annum, compounded annualy (net of expenses).

Salary Increases
Representative values of assumed salary increases are as follows:

Age	Increase %
25	4.8611
30	2.9848
35	2.0341
40	1.5239
45	1.3083
50	1.1846
55	1.1220

An additional inflation allowance of 3.00% per year is added to the above.
Chiefs and Deputy Chiefs loaded an additional 5% at retirement.

Payroll Growth
It was assumed that payroll will grow 4.50% per year.

Actuarial Asset Basis
A preliminary actuarial value of assets is calculated by accumulating the prior year's actuarial value with adjustments for contributions and benefit payments at the valuation interest rate. The market value is subtracted from the preliminary actuarial value. The difference, the preliminary adjustment account, is divided by the market value. Then using the following table, the final actuarial value of assets is calculated by adding the final adjustment account to the market value.

Percentage of Market Value (Plus or Minus)

Preliminary Adjustment Account	Final Adjustment Account
0% to 10%	Preliminary adjustment account
10% to 20%	0% plus 1/3 of the excess over 10%
20% to 30%	16 2/3% plus 1/3 of the excess over 20%
Over 30%	20%

Effective May 1, 2012, a 5-year cumulative analysis of the actuarial value of assets will be made. If the final actuarial value differentiates by more than 10% (plus or minus) from the market value of assets, the final actuarial value of assets will be further adjusted to equal 90% or 110% of the market value of assets.

ACTUARIAL ASSUMPTIONS
(Demographic)

Mortality

Active Lives

RP-2000 Combined Healthy Mortality Table (male and female). Five percent (5%) of deaths amongst active police officers are assumed to be in the performance of their duty.

Non-Active Lives

RP-2000 Combined Healthy Mortality Table (male and female).

Termination

Illustrative rates of withdrawal from the plan for reasons other than death or disability are as follows:

Age	Rate of Withdrawal
25	.0734
30	.0416
35	.0223
40	.0119
45	.0102
50	---

It is assumed that terminated police officers will not be rehired.

Disability Rates

Incidence of disability amongst police officers eligible for disability benefits:

Age	Rate
25	.0013
30	.0026
35	.0044
40	.0071
45	.0108
50	.0159

15% of disabilities amongst active police officers are assumed to be in the performance of their duty.

ACTUARIAL ASSUMPTIONS
(Demographic)

Retirement Rates
Retirements are assumed to occur between the ages of 50 and 69 in accordance with the following table:

Age	Rate of Retirement	Age	Rate of Retirement
50	.36	60	.22
51	.22	61	.30
52	.18	62	.39
53	.19	63	.48
54	.19	64	.57
55	.20	65	.65
56	.20	66	.74
57	.20	67	.83
58	.21	68	.91
59	.21	69	1.00

Marital Status
85% of police officers are assumed to be married.

Spouse's Age
Wives are assumed to be 3 years younger than their husbands.

ACTUARIAL ASSUMPTIONS
(Additional)

Expenses
None assumed.

Actuarial Cost Method:
Projected Unit Credit for statutory minimum
Entry Age Normal for recommended and GASB reporting

SUMMARY OF PRINCIPAL PLAN PROVISIONS

Definitions

Tier 1 – For Police Officers first entering Article 3 prior to January 1, 2011

Tier 2 – For Police Officers first entering Article 3 after December 31, 2010

Police Officer (3-106): Any person appointed to the police force and sworn and commissioned to perform police duties.

Persons excluded from Fund (3-109): Part-time officers, special police officer, night watchmen, traffic guards, clerks and civilian employees of the department. Also, police officers who fail to pay the required fund contributions or who elect the Self-Managed Plan option.

Creditable Service (3-110): Time served by a police officer, excluding furloughs in excess of 30 days, but including leaves of absences for illness or accident and periods of disability where no disability pension payments have been received and also including up to 3 years during which disability payments have been received provided contributions are made.

Pension (3-111)

Normal Pension Age
Tier 1 - Age 50 with 20 or more years of creditable service.

Tier 2 - Age 55 with 10 or more years of creditable service.

Normal Pension Amount
Tier 1 - 50% of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service, plus 2½% of such annual salary for service from 20 to 30 year (maximum 25%)].

Tier 2 - 2½% of Final Average salary for each year of service. Final Average Salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service

Early Retirement at age 50 with 10 or more years of service but with a penalty of ½% for each month prior to age 55.

Annual Salary capped at $106,800 increased yearly by the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.

Minimum Monthly Benefit: $1,000

Maximum Benefit Percentage: 75% of salary

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Termination Retirement Pension Date
Separation of service after completion of between 8 and 20 years of creditable service.

Termination Pension Amount
Commencing at age 60, 2½% of annual salary held in the year preceding termination times years of creditable service or refund of contributions, or for persons terminating on or after July 1, 1987, 2½% of annual salary held on the last day of service times years of credible service, whichever is greater.

Pension Increase

Non-Disabled
Tier 1 - 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the original pension amount on each January thereafter. Effective July 1, 1993, 3% of the amount of pension payable at the time of the increase including increases previously granted, rather than 3% of the originally granted pension amount.

Tier 2 - The lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.

Disabled
3% increase of the original pension amount after attainment of age 60 for each year he or she received pension payments, followed by an additional 3% of the original pension amount in each January 1 thereafter.

Pension to Survivors (3-112)

Death of Retired Member
Tier 1 - 100% of pension amount to surviving spouse (or dependent children).

Tier 2 – 66 2/3% of pension amount to surviving spouse (or dependent children), subject to the following increase: the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.

Death While in Service (Not in line of duty)
With 20 years of creditable service, the pension amount earned as of the date of death.

With between 10 and 20 years of creditable service, 50% of the salary attached to the rank for the year prior to the date of death.

Death in Line of Duty
100% of the salary attached to the rank for the last day of service year prior to date of death.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Minimum Survivor Pension
$1,000 per month to all surviving spouses.

Disability Pension - Line of Duty (3-114.1)

Eligibility
Suspension or retirement from police service due to sickness, accident or injury while on duty.

Pension
Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available. Minimum $1,000 per month.

Disability Pension - Not on Duty (3-114.2)

Eligibility
Suspension or retirement from police service for any cause other than while on duty.

Pension
50% of salary attached to rank at date of suspension or retirement. Minimum $1,000 per month.

Other Provisions

Marriage After Retirement (3-120)
No surviving spouse benefit available.

Refund (3-124)
At death prior to completion of 10 years of service, contributions are returned without interest to widow.

At termination with less than 20 years of service, contributions are refunded upon request.

Contributions by Police Officers (3-125.1)
Beginning January 1, 2001, 9.91% of salary including longevity, but excluding overtime pay, holiday pay, bonus pay, merit pay or other cash benefit.

GLOSSARY

Actuarial Accrued Liability
See ***Entry Age Normal Cost*** *Method and* ***Projected Unit Credit Cost*** *Method.*

Actuarial Assumptions
The economic and demographic predictions used to estimate the present value of the plan's future obligations. They include estimates of investment earnings, salary increases, mortality, withdrawal and other related items. The *Actuarial Assumptions* are used in connection with the *Actuarial Cost Method* to allocate plan costs over the working lifetimes of plan participants.

Actuarial Cost Method
The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants. Also referred to as an *Actuarial Funding Method.*

Actuarial Funding Method
See *Actuarial Cost Method*

Actuarial Gain (Loss)
The excess of the actual *Unfunded Actuarial Accrued Liability* over the expected *Unfunded Actuarial Accrued Liability* represents an *Actuarial Loss.* If the expected *Unfunded Actuarial Accrued Liability* is greater, an *Actuarial Gain* has occurred.

Actuarial Present Value
The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of *Actuarial Assumptions.*

Actuarial Value of Assets
The asset value derived by using the plan's *Asset Valuation Method.*

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

Employee Retirement Income Security Act of 1974 (ERISA)
The primary federal legislative act establishing funding, participation, vesting, benefit accrual, reporting, and disclosure standards for pension and welfare plans.

GLOSSARY
(Continued)

Entry Age Normal Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The portion of this *Actuarial Present Value* not provided for at a valuation date by the *Actuarial Present Value* of future *Normal Costs* is called the *Actuarial Accrued Liability*.

Normal Cost
The portion of the *Present Value of Projected Plan Benefits* that is allocated to a particular plan year by the *Actuarial Cost Method*. See *Entry Age Normal Cost Method* for a description of the Normal Cost under the *Entry Age Normal Cost Method*. See *Projected Unit Credit Cost Method* for a description of the Normal Cost under the *Projected Unit Credit Cost Method*.

Present Value of Future Normal Costs
The present value of future normal costs determined based on the *Actuarial Cost Method* for the plan. Under the *Entry Age Normal Cost Method*, this amount is equal to the excess of the *Present Value of Projected Plan Benefits* over the sum of the *Actuarial Value of Assets* and *Unfunded Actuarial Accrued Liability*.

Present Value of Projected Plan Benefits
The present value of future plan benefits reflecting projected credited service and salaries. The present value is determined based on the plan's actuarial assumptions.

Projected Unit Credit Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated by a consistent formula to valuation years. The *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The *Actuarial Present Value* of benefits allocated to all periods prior to a valuation year is called the *Actuarial Accrued Liability*.

Statement No. 25 of the Governmental Accounting Standards Board (GASB No. 25)
The accounting statement that established the standards of financial accounting and reporting for the financial statements of defined benefit pension plans.

Unfunded Actuarial Accrued Liability
The excess of the *Actuarial Accrued Liability* over the *Actuarial Value of Assets*.

December 5, 2011

Mr. Daniel A. Donath
City of Bloomington Police Pension Fund
305 South East Street
Bloomington, IL 61702-3157

RE: Results of Actuarial Valuation for Plan Year ending April 30, 2012
Bloomington Police Pension Fund

Dear Dan:

We have completed the actuarial valuation of the Bloomington Police Pension Fund for the Year ending April 30, 2012. Given the time frame for budgeting purposes, we wanted to make sure that the figures become available at the earliest possible opportunity.

Our calculations indicate the following:

Recommended Tax Levy	**$4,036,617 or 43.38% of payroll**
Minimum Statutory Tax Levy*	3,056,933 or 32.85% of payroll
GASB-25 Pension Expense	3,736,043 or 40.15% of payroll

The calculations are based upon actuarial assumptions which have been approved by the Board and additional assumptions selected by the undersigned. The actuarial calculations shown above reflect the Pension Law which is in effect as of January 1, 2011.

A formal report is being prepared and will be mailed upon its completion.

If you need further information concerning the actuarial calculations, please do not hesitate to contact us.

Sincerely,

TEPFER CONSULTING GROUP, LTD.

Arthur H. Tepfer, A.S.A., M.A.A.A.
Consulting Actuary

AHT/lf

* This contribution is <u>not recommended</u> as a tax levy since it amortizes any unfunded liability as a level percentage of payroll which, in our opinion, is not actuarially sufficient to appropriately fund the pension plan. Our report presents a full discussion of this method of amortization.

REQUIRED REPORTING TO MUNICIPALITY BY PENSION BOARD
As of April 30, 2011 fiscal year end

(40 ILCS 5/3-143) (from Ch. 108 1/2, par. 3-143)
Sec. 3-143. Report by pension board.
The pension board shall report annually to the city council or board of trustees of the municipality on the condition of the pension fund at the end of its most recently completed fiscal year. The report shall be made prior to the council or board meeting held for the levying of taxes for the year for which the report is made.

1.
Total Trust Assets (see attachment 1 for complete listing)

Total Assets (market value):	**$47,470,940**
Actuarial Value of Assets (see item 8 for explanation):	**$52,763,950**

2.
Estimated receipts during the next succeeding fiscal year from:

Participant Contributions deducted from payroll:	**$882,386**
Employer Contributions and all other sources:	**$3,056,933**

3.
Estimated amount required during the next succeeding fiscal year to:

(a) pay all pensions and other obligations provided in this Article:	**$4,121,101**
(b) meet the annual requirements of the fund as provided in Sections 3-125 and 3-127:	**$3,939,319**

4.

Total Net Income received from investment of net assets:	**$4,415,817**
Assumed Investment Return:	**7.50%**
Actual Investment Return:	**10.23%**
Total Net Income received from investment of net assets (FYE April 30, 2010):	**$6,122,441**
Assumed Investment Return (FYE April 30, 2010):	**7.50%**
Actual Investment Return (FYE April 30, 2010):	**17.04%**

5.

Total number of Active Employees that are financially contributing to the fund:	**116**

6.
Disbursements to:

(i) Annuitants in receipt of a regular retirement pension:	
Total number of annuitants:	**57**
Total amount that was disbursed in benefits:	**$2,754,879**
(ii) Recipients being paid a disability pension:	
Total number of annuitants:	**10**
Total amount that was disbursed in benefits:	**$366,005**
(iii) Survivors and children in receipt of benefits:	
Total number of annuitants:	**19**
Total amount that was disbursed in benefits:	**$344,989**

7.
Funded ratio of the fund: **58.23%**

8.
Unfunded Actuarial Accrued Liability: **$37,844,830**

The Unfunded Actuarial Accrued Liability is the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

The Actuarial Accrued Liability is the portion of the present value of future plan benefits reflecting projected credited service and salaries determined by the actuarial cost method based upon the plan's actuarial assumptions and not provided for at a valuation date by the actuarial present value of future normal costs. The normal cost is the portion of this present value which is allocated to the current valuation year.

The Actuarial Value of Assets is the asset value derived by using the plan's asset valuation method which is a method designed to smooth random fluctuations in asset values. The objective underlying the use of an asset valuation method is to provide for the long-term stability of municipal contributions.

9.
Investment Policy of the pension board under the statutory investment restrictions imposed on the fund. (See attachment 2)

Certification

I, Daniel Donath, President of the Bloomington Police Pension Board, City of Bloomington, McLean County, Illinois, do hereby certify that this document is a true and correct copy of: "Required Reporting to Municipality By Pension Board" as outlined in 40 ILCS 5/3-143.

Witness my hand this ______ day of _________, 2011.

____
Daniel Donath
President of Bloomington Police Pension Board

Source: P.A. 95-950, eff. 8-29-08

7A

ITEM 7A

A PRESENTATION BY

ART TEPFER, ACTUARY, TEPFER CONSULTING

1. **City of Bloomington Fireman's Pension Fund Actuarial Valuation**

2. **City of Bloomington Police Pension Fund Actuarial Valuation**

CITY OF BLOOMINGTON
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF MAY 1, 2011 FOR THE
FISCAL YEAR ENDING APRIL 30, 2012

December 5, 2011

Page

Tepfer Consulting Group, Ltd. was retained by the **City of Bloomington and City of Bloomington Firefighters' Pension Plan** to perform an independent actuarial valuation for the Firefighters' Pension Fund. This valuation is permitted under 40 ILCS 5/22, Section 503.2.

The actuarial valuation was performed for the year ended April 30, 2012 and indicates a **statutorily required contribution in accordance with 40 ILCS 5/4, Section 118 of $2,861,552 or 38.36% of member payroll, a recommended minimum contribution of $3,925,208 or 52.62% of payroll, and an Annual Required Contribution in accordance with paragraph 36f of Statement No. 25 of the Governmental Accounting Standards Board of $3,545,575 or 47.53% of payroll.** These contributions are net of contributions made by active member firefighters during the fiscal year.

The results shown in this report have been calculated under the supervision of a qualified Actuary as defined in appropriate State statutes. All results are based upon demographic data submitted by the Firefighters' Pension Fund, financial data submitted by the Firefighters' Pension Fund, applications of actuarial assumptions, and generally accepted actuarial methods.

In our opinion, all calculations and procedures are in conformity with generally accepted actuarial principles and practices; and the results presented comply with the requirements of the applicable State statute, Actuarial Standards Board, or Statements of Governmental Accounting Standards, as applicable.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and future expectations, and represent a reasonable and adequate approach to the financing of the retirement program. The costs, actuarial liabilities and other information presented in this report, in our opinion, fully and fairly disclose the actuarial position of the plan.

I, Arthur H. Tepfer, am the President of Tepfer Consulting Group, Ltd. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. I certify that the results presented in this report are accurate and correct to the best of my knowledge.

TEPFER CONSULTING GROUP, LTD.

Arthur H. Tepfer, A.S.A., M.A.A.A.
Enrolled Actuary #11-02352

December 5, 2011

VALUATION OBJECTIVES

The **City of Bloomington Firefighters' Pension Plan** provides benefits to members when they retire, die, become disabled or terminate employment. As with any plan providing these types of benefits, an appropriate budgeting pattern must be established to enable appropriate funds to be accumulated to meet all payments when due. The actual cost of the plan can best be expressed in the following simplistic manner:

ACTUAL COST EQUALS Benefits Paid

Plus

Expenses Paid

Less

Investment Income Earned

If the actual cost is incurred on a "pay as you go" basis, then the future generations of members will be paying for the benefits of current plan participants. Proper financial planning calls for budgeting the actual cost of the plan over the working lifetime of current plan membership in order to establish an equitable allocation. An actuarial valuation is the procedure used to determine an appropriate amount to be contributed to the pension plan each year in order to attain this equity.

An actuarial valuation is an estimate at a particular point in time of the predicted incidence of the future benefit costs. Since the actual cost of the plan is essentially unknown, pre-funding (budgeting for future benefit costs) requires certain assumptions about future events. Assumptions are made for such things as salary increases, terminations of participants, disablement of participants, death of participants and anticipated investment earnings. These assumptions although not affecting the actual costs of the plan will affect the incidence of predicted future costs. For proper funding, it is required that the Actuary select assumptions which are appropriate in light of the economic, demographic, and legislative environment as they relate to the pension program. The assumptions we have made concerning these future events are described more fully in Appendix 2 of this report. Based on these assumptions, a projection of future benefits was made and a current contribution level sufficient to provide the anticipated benefit payments was determined through the use of an actuarial cost method.

VALUATION OBJECTIVES
(Continued)

Selection of the Actuarial Cost Method

An actuarial cost method, sometimes called a "funding method", therefore, is essentially an approach to budgeting the estimated future costs. There are many actuarial cost methods which are available to the actuary and each method operates differently. However, all funding methods accomplish the same objective—to assign to each fiscal year of the employer the portion assumed to have accrued in that year. The portion of the actuarial value of benefits assigned to a particular year in respect of an individual participant or the fund as a whole is called the ***normal cost.*** All funding methods are described by how the normal cost is calculated.

The actuarial cost method prescribed by the State statutes to determine the ***statutorily minimum required contribution*** for periods on or after January 1, 2011 is the Projected Unit Credit Cost Method. Under this actuarial cost method, the ongoing cost as a percentage of total payroll will increase. In this method, the normal cost is determined by first calculating the projected dollar amount of each participant's accumulated benefit under the plan as of both the first day of the fiscal year and as of the last day of the fiscal year and then determining the difference between these two amounts. The second step in deriving the normal cost for a given participant is to multiply the dollar amount of this difference by the actuarial present value of $1 of benefit.

The actuarial cost method selected by our firm to determine the ***recommended plan contribution*** is the Entry Age Normal Cost Method. Under this actuarial cost method, ideally, the ongoing cost as a percentage of total payroll should remain fairly stable. In this method, the normal cost is determined by assuming each participant covered by the plan entered the plan under the same conditions that will apply to future plan entrants. The annual normal cost assigned to each year of an employee's career is calculated as a level percentage of the employees assumed earnings each year. These normal costs accumulate to the present value of the employee's benefit at retirement age.

Under both the Entry Age Normal Cost Method and the Projected Unit Credit Cost Method, the total funding of projected benefit costs is allocated between an ***unfunded liability***, representing past benefit history, and future normal costs. This allocation is based on the assumption that the municipality will pay the normal cost for each plan year on a regular basis. It should be noted that although the term "unfunded liability" is applied to both funding methods, the resulting amount is different because of the method of calculation. Another feature of these methods is that only the unfunded liability is affected by the experience of the plan, and therefore any adjustments are made in the future amortization payments.

In addition to the methodology changes described above, P.A. 96-1495 also addressed the valuation of pension fund assets—the second component in the determination of the unfunded liability. The statute now provides that the actuarial value of a pension fund's assets be set equal to the market value of the assets on March 30, 2011 and that, in determining the actuarial value of assets after that date, any actuarial gains or losses from investment returns incurred in a fiscal year be recognized in equal amounts over the 5-year period following that fiscal year.

VALUATION OBJECTIVES
(Continued)

The actuarial valuation process is usually repeated each year and is to a certain extent self-correcting. As part of these actuarial cost methods, any deviation of actual experience from the chosen actuarial assumptions will be reflected in future contributions. A complete description of these actuarial cost methods is explained in Appendix 4 of this report.

Appendix 3 of this report contains a summary of the principal provisions of the applicable statute.

Despite the statutory language which requires an application of the Projected Unit Credit method, we feel that funding under this method as a ***level percentage of payroll*** severely undermines the benefit security of the retirement system and transfers the payment for currently earned pensions to future generations of taxpayers. **For these reasons, our valuation report presents a recommended minimum contribution which will operate to maintain the fundamental fiscal soundness of the retirement program**, although a statutorily required contribution has also been calculated. The calculation of the recommended minimum contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a ***level dollar amount*** over 30 years from January 1, 2011, the effective date of P.A. 96-1495. The calculation of the statutorily required contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a ***level percentage of payroll*** over 30 years from January 1, 2011, the effective date of P.L. 96-1495.

Although, I do not agree with the statutorily required level percentage of payroll methodology of determining the amortization of the unfunded accrued liability, I would be remiss if I did not advise my funds as to a "statutorily" acceptable calculation under the State law. *I patently consider the calculation methodology under the statute to be actuarially unsound for funding of municipal retirement programs.*

Effective for periods beginning after June 15, 1996, the Governmental Accounting Standards Board has issued Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans". This Statement establishes a financial reporting framework for defined benefit pension plans that distinguishes between two categories of information: (a) current financial information about plan assets and financial activities and (b) actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due. The calculation of the Annual Required Contribution (ARC) is described in paragraph 36f of the Statement and is based upon an amortization payment of any unfunded accrued liabilities as either a level dollar amount or a level percentage of total payroll over a maximum of 40 years from the effective date of the Statement. Any significant increase in the total unfunded actuarial liability resulting from a change in actuarial methodology should be amortized over a period not less than 10 years.

Actuarial experience since the last actuarial valuation

As part of the actuarial valuation process, it is helpful to examine the actual experience of the fund as compared to the experience which is expected by the actuarial assumptions. The measurement of any deviations of actual to expected experience is commonly referred to as a

VALUATION OBJECTIVES
(Continued)

"Gain and Loss Analysis". In performing this analysis, the actuary analyzes each actuarial assumption used in the valuation process. It is highly unlikely that actual experience will follow expected experience on a year-by-year basis. It is hoped that over the long term, if the actuarial assumptions are "reasonable", the total gains and losses will offset each other.

A "gain and loss analysis' is a useful tool to examine whether the actuarial assumptions used to determine the municipal tax levy are suitable. Care must be taken in placing too much credibility in a short-term analysis as the assumptions are more appropriately measured over the long term. Nonetheless, an annual evaluation of the actuarial assumptions will assist in identifying trends which, if unnoticed, can lead to inappropriate conclusions. When these trends are recognized, it is the actuary's responsibility to modify one or more of the assumptions to better anticipate future experience.

Some assumptions are easier to measure than others. In small plans, credible analysis can generally be made regarding the economic (financial) assumptions. These primarily include investment and salary increase assumptions. Unfortunately, it is often impossible to establish credible long term analysis of demographic assumptions (rates of termination, disability, retirement and mortality). Therefore, in choosing demographic assumptions, the actuary generally relies upon standardized tabular assumptions modified only by fund-specific characteristics.

The actuarial gain and loss analysis for the current year is presented in Exhibit 3-C and 3-D of the report. Exhibit 3-C shows the impact of the actuarial gains or losses on the statutorily required contribution through a reconciliation of this contribution from the end of the prior valuation year to the end of the current valuation year. Exhibit 3-D derives the actuarial gain or loss in total as well as separating the individual financial and demographic components.

The overall experience gain (loss) for the year was $160,087 or 0.21% of the accrued liability at the beginning of the plan year. The dollar amount for the plan's current statutorily required contribution is 83.98% of the prior year's contribution. When measured as a percentage of payroll, the contribution level has changed from 48.31% to 38.36%.

<u>Factors Influencing the Choice of Actuarial Assumptions</u>

As part of the consulting process, it is our policy to talk with selected members of the Board of Trustees and the Sponsor's representatives for the **City of Bloomington Firefighters' Pension Plan** in order to obtain information which will enable the Actuary to properly choose the actuarial assumptions which are most appropriate for the current cost determination for the pension fund.

VALUATION OBJECTIVES
(Continued)

Prior to the meeting, statistics are compiled concerning historical investment returns, salary increases, retirement incidence and other factors which are influential in the actuarial assumption setting process. Based upon an analysis of the specifics as they relate to the **City of Bloomington Firefighters' Pension Plan** and a general understanding of the inter-relationships of the actuarial assumptions, the Board, the Sponsor and the Actuary reach a mutual agreement as to the assumptions which will be used in the current actuarial valuation.

Published statistics regarding experience for police and firefighters are available from the State of Illinois Department of Insurance. These statistics form the basis of the actuarial assumptions selected by the State Actuary in the valuation of pension funds covered under the Downstate Pension System. We have found in our consulting, that whenever appropriate, the actuarial assumptions used by the State Actuary are relied upon as a starting point. However, in order to make the calculations more "***Bloomington-sensitive***", the analysis of the actual historical performance is carefully examined.

Experience Analysis

The results of our experience analysis indicates that the fund has experienced small gains overall. Despite the size of the gain, there is no measurable experience present and therefore, we are not recommending a change in actuarial assumptions this year.

Demographic considerations

For this valuation it was noted that the force continues to remain reasonably stable as to its size and demographic composition. In the current valuation, it was observed that the number of inactive participants (83 exclusive of terminated employees who are entitled to a return of contributions) as compared to active participants (102) in the Fund is slightly higher than the State average (45% of the total participants are inactive as compared to a State average of 40%); on a liability basis the Fund is also slightly higher the State averages. Approximately 60%-64% of the Fund's total liability is attributed to inactive participants compared to a State average of about 53%. This means that the fund is in a comparatively weaker position to other funds in the State.

The average age and service of the active participating group is slightly below the State average. As of May 1, 2011, there are ten (10) active firefighters who are currently eligible to retire, and an additional 16 active firefighters who will become eligible to retire within the next five years. This represents over 25% of the total active group. For the short term pension payments are generally fixed and overall financial planning can be achieved. Absent a large growth in the active force, with proper funding the fund's position should become more favorable for the foreseeable future. We will continue to monitor closely the retirement patterns which emerge in later years to assure that the appropriate retirement rates are in place for our analysis.

VALUATION OBJECTIVES
(Continued)

However, over 120% of the assets available for investment have been committed to provide benefits for existing pensioners and beneficiaries. . Essentially then, all of the assets in the plan are already dedicated to cover the liabilities for the currently retired participants. This is a potentially dangerous situation We are somewhat concerned given that over $3.5 million is disbursed each year in pension payments. *Despite the adequate funding ratios, the fund is currently not in an overly strong financial situation.*

Financial considerations

In these uncertain times, except for the 2008 year, the fund continues to experience limited short-term investment growth as can be noted in the charts in Section 5B and 5C of this valuation. The rate of return during the 2011 year was 11.27%. Please refer to the chart in Exhibit 2 which illustrates the pattern of growth. The funds continue to earn acceptable rates of return over the long term. As shown in Exhibit 5-C of our report, the composite rate of return for the fund since 2003 is 4.90%. However, if we eliminate the 2009 year, the composite rate jumps to 8.21%.

Selection of assumptions

Based mainly upon the comparative rate of funding, as well as a comparison of actual rates of investment return to salary increases, a 7.50% assumed investment return rate was deemed acceptable as a long-term assumption to be used in determining the funding requirements for the 2011 year.

This represents no change in assumption. This rate was chosen to reflect the portfolio composition, investment philosophy and historical performance as compared to other funds in the State. This 7.50% rate includes an inflation component of 3.00%. The actuarial smoothing method used in prior years has also been retained. The actuarial smoothing methodology used in the valuation of assets will be changed for next year as required by State law.

The demographic actuarial assumptions used for this valuation represent no change from those used in the prior valuation performed by our firm. These include, as a result of the publication of a recent independent study analyzing demographic experience among police and fire pension funds in the Downstate System, changes in the retirement, disability and withdrawal assumptions, as well as the use of a more modern mortality table from those used by the State Actuary.

VALUATION OBJECTIVES
(Continued)

Comparison with Other Funds

We are including a comparison to certain State averages which may prove helpful in assessing how the fund compares to similarly situated programs.

	Bloomington (2011)		State*
	EANC	*PUC*	
Funded Ratio	**51.38%**	**54.50%**	55.07%
Percentage of Liability for Inactives	**60.17%**	**63.83%**	52.94%
Percentage of Total Assets for Inactives (market basis)	**121.63%**		96.13%

* Based upon published reports for FYE 2008

Thirty-year Projection of Liabilities

The final section of our report illustrates projected payments from the Trust Fund for a 30-year period commencing with the valuation date. These projections are based upon the actuarial assumptions selected for the fund concerning death, disability and retirement actually occurring. Care should be taken in interpreting or relying on these results—particularly for Funds with fewer than 200 participants. The credibility of this type of projection is rarely realized beyond 10 years. Exhibit 5D presents this projection.

RESULTS OF VALUATION

The following exhibits present the results of our actuarial valuation of the **City of Bloomington Firefighters' Pension Plan** for the fiscal year May 1, 2011 through April 30, 2012.

Exhibit 1 indicates that the recommended minimum contribution, calculated using the Entry Age Normal Cost method (EANC), from the City is $3,925,208 or 52.62% of total participating payroll. **Under the Entry Age Normal actuarial cost method selected, this percentage of payroll should remain reasonably level over the lifetime of the plan.**

Exhibit 1 also indicates that the statutory minimum contribution, calculated using the Projected Unit Credit method (PUC), from the City is $2,861,552 or 38.36% of total participating payroll. **Under the Projected Unit Credit actuarial cost method selected, this percentage of payroll should increase over the lifetime of the plan.**

Exhibits 2 and 3 provide specific information used to develop the recommended minimum and statutorily required City contribution.

Exhibit 4 presents a brief description of the demographic characteristics of the current member group.

Exhibit 5 shows information relating to the pension assets.

Appendix 1 provides information in accordance with the Governmental Accounting Standards Board relating to financial disclosure of pension costs in the auditor's report.

GENERAL VALUATION RESULTS FOR FISCAL YEAR MAY 1, 2011 THROUGH APRIL 30, 2012

Recommended Minimum Contribution

1.	Entry Age Normal Cost:	$ 1,901,172
2.	Unfunded Actuarial Accrued Liability (or Surplus):	37,640,948
3.	Actuarial Value of Assets:	39,770,280
4.	Annual Salaries of Active Firefighters:	7,137,776
5.	Recommended Minimum Contribution from the City:	3,925,208
	Contribution Percentage:	52.62%*

Statutory Minimum Contribution

1.	Projected Unit Credit Normal Cost:	$ 1,998,521
2.	Unfunded Actuarial Accrued Liability (or Surplus):	33,204,889
3.	Actuarial Value of Assets:	39,770,280
4.	Annual Salaries of Active Firefighters:	7,137,776
5.	Statutory Minimum Contribution from the City:	2,861,552
	Contribution Percentage:	38.36%*

* Projected for the fiscal year ending April 30, 2012.

SUMMARY OF SPECIFIC VALUATION RESULTS

	Number	Actuarial Present Value of Projected Benefits	Entry Age Normal Cost	Projected Unit Credit Normal Cost
1. Active Firefighters:	102			
Retirement Pension:		$39,060,711	$1,298,037	$1,416,827
Survivors Pension:		1,126,144	51,810	50,396
Disability Pension:		10,922,057	514,433	502,175
Withdrawal Pension:		474,822	36,892	29,123
TOTAL	102	$51,583,734	$1,901,172	$1,998,521
2. Inactive Firefighters and Survivors:				
Normal Retirees:	53	$36,628,006		
Widows (Survivors):	15	2,930,277		
Children (Survivors):	0	0		
Disabled Retirees:	15	7,008,158		
Deferred Vested:	0	0		
Terminated/Separated:	4	9,660		
TOTAL	87	$46,576,101		

SUMMARY OF SPECIFIC VALUATION RESULTS
(Continued)

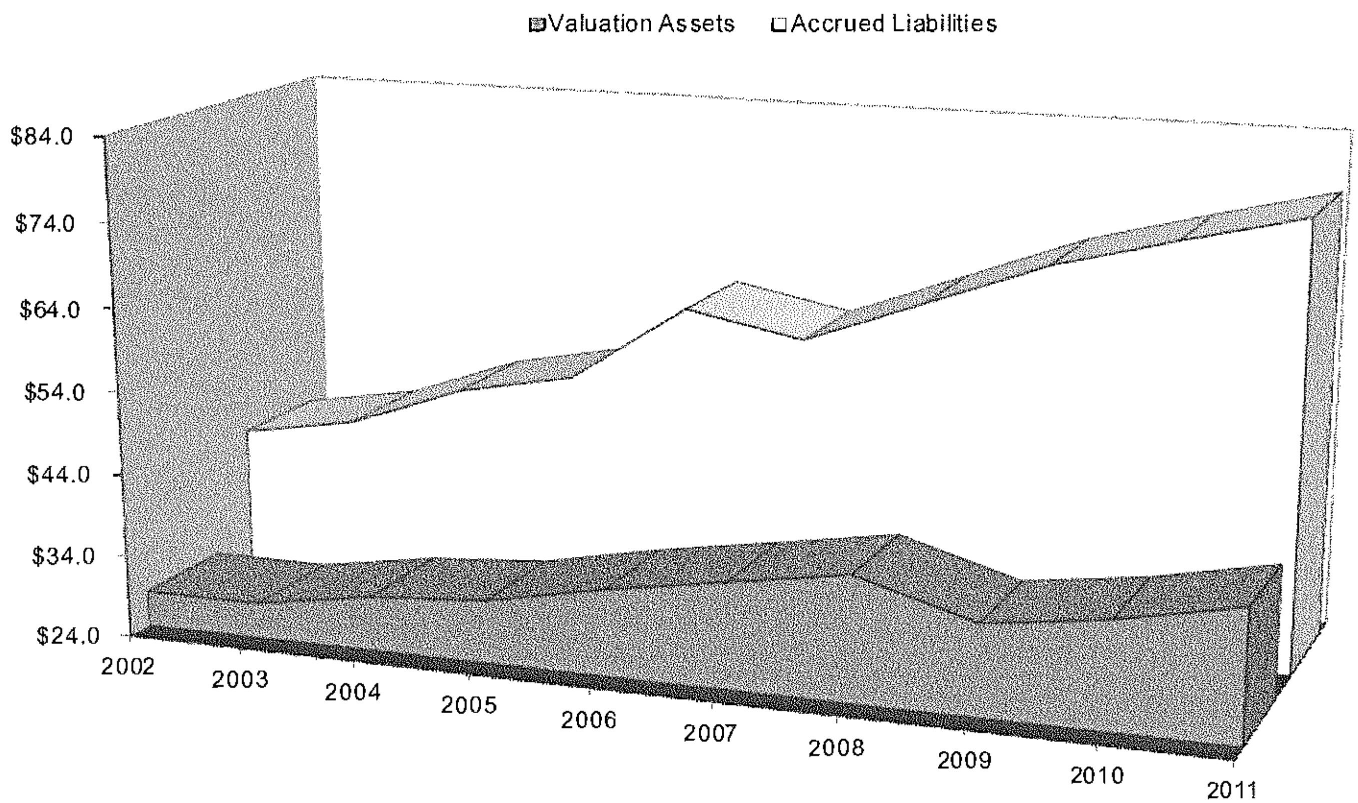
		Entry Age Normal (EAN)	Projected Unit Credit (PUC)
3.	Total Actuarial Present Value of Projected Benefits:	$98,159,835	N/A
4.	Actuarial Present Value of Future Normal Costs:	20,748,607	N/A
5.	Actuarial Accrued Liability: [(3) - (4)]	77,411,228	72,975,169
6.	Actuarial Value of Assets:	39,770,280	39,770,280
7.	Unfunded Actuarial Accrued Liability (or Surplus): [(5) - (6)]	37,640,948	33,204,889
8.	Funded Ratio Percentage: [(6) ÷ (5)] x 100	51.38%	54.50%

HISTORY OF FUNDED PERCENTAGES

For the Year beginning May 1	Valuation Assets	EAN Accrued Liabilities	EAN Funded Percentage	PUC Accrued Liabilities	PUC Funded Percentage
2011	$39,770,280	$77,411,228	51.38%	$72,975,169	54.50%
2010	36,832,670	73,891,946	49.85%	N/A	N/A
2009	34,880,656	70,089,350	49.77%	N/A	N/A
2008	39,077,302	64,675,814	60.42%	N/A	N/A
2007	36,720,534	59,245,402	61.98%	N/A	N/A
2006	34,408,977	61,968,657	55.50%	N/A	N/A
2005	31,579,001	52,474,118	60.20%	N/A	N/A
2004	30,547,302	49,675,449	61.50%	N/A	N/A
2003	28,280,545	44,545,200	63.50%	N/A	N/A
2002	28,367,668	42,134,932	67.30%	N/A	

The chart on the following page presents a progression of these percentages in graphical form.

COMPARISON OF ASSETS AND LIABILITIES
(amount in millions)



DEVELOPMENT OF RECOMMENDED MINIMUM CITY CONTRIBUTION

	Fiscal Year May 1, 2011 through April 30, 2012
1. Entry Age Normal Cost:	$1,901,172
Interest to April 30, 2012:	142,588
(a) Total	$2,043,760
(b) 17½% of Projected Payroll	1,249,111
(c) Minimum Cost Payable, greater of (a) and (b):	$2,043,760
2. Recommended Minimum Payment to Amortize 90 % of the Entry Age Normal Unfunded Accrued Liability as a level dollar amount over 29.00205 Years from May 1, 2011 with interest to April 30, 2012 :	2,556,325
3. Credit for Surplus:	0
4. Initial Recommended Minimum Contribution for Fiscal Year 2012: [(1) + (2) + (3)]	4,600,085
5. Statutory Minimum Contribution (Exhibit 3B line 5)	3,536,429
6. Total Recommended Minimum Contribution for Fiscal Year 2012: [Greater of Line 4 and Line 5]	4,600,085
7. Active Member Contributions (9.91% of Salaries):	674,877
8. Net Recommended Minimum City Contribution: [(6) - (7)]	3,925,208

DEVELOPMENT OF STATUTORILY REQUIRED CITY CONTRIBUTION
(NOTE THAT THIS CONTRIBUTION CALCULATION IS NOT RECOMMENDED)

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Projected Unit Credit Normal Cost:	$1,998,521
	Interest to April 30, 2012:	149,889
	(a) Total	$2,148,410
	(b) 17½% of Projected Payroll	1,249,111
	(c) Minimum Cost Payable, greater of (a) and (b):	$2,148,410
2.	Minimum Payment to Amortize 90% of the Projected Unit Credit Unfunded Accrued Liability as a level percentage of payroll over 29.00205 Years from May 1, 2011 with interest to April 30, 2012:	1,388,019
3.	Credit for Surplus:	0
4.	Total Statutorily Required Contribution for Fiscal Year April 30, 2012: [(1) + (2) + (3)]	3,536,429
5.	Active Member Contributions (9.455% of Salaries):	674,877
6.	Statutorily Required City Contribution: [(4) - (5)]	2,861,552

RECONCILIATION OF THE CHANGE IN THE STATUTORILY REQUIRED CITY CONTRIBUTION

1.	Statutorily Required Contribution for Year ending April 30, 2011:	$3,407,498
2.	Increase in Normal Cost and Amortization Payment due to anticipated pay changes:	164,146
3.	Increase/(Decrease) in Normal Cost resulting from actual pay changes:	18,197
4.	Effect of Asset Smoothing:	0
5.	Increase/(Decrease) resulting from changes in assumptions:	0
6	Increase/(Decrease) resulting from other demographic and financial sources (retirements, deaths, new entrants, salary changes, etc.):	(291,141)
7.	Increase/(Decrease) resulting from change in actuarial cost method	$ (437,149)
8.	Statutorily Required Contribution for Year ending April 30, 2012:	$2,861,552

DERIVATION OF EXPERIENCE GAIN(LOSS) AND COST METHOD CHANGE AS OF MAY 1, 2011

1.	Unfunded Actuarial Accrued Liability at May 1, 2010:	$37,059,276
2.	Normal Cost Due at May 1, 2010:	1,792,420
3.	Interest on (1) and (2) to May 1, 2011 (at 7.50% per year):	2,913,877
4.	Contributions made for the prior year with interest to May 1, 2011:	3,964,538
5.	Expected Unfunded Actuarial Accrued Liability at May 1, 2011 Before Assumption Changes [(1) + (2) + (3) - (4)]:	37,801,035
6.	Change in Unfunded Actuarial Accrued Liability due to Assumptions Change at May 1, 2011:	0
7.	Expected Unfunded Actuarial Accrued Liability at May 1, 2011 [(5) + (6)]:	37,801,035
8.	Actual Unfunded Actuarial Accrued Liability at May 1, 2011:	37,640,948
9.	Gain (Loss) for the prior Plan Year [(7) – (8)]:	**$160,087**
10.	Actual PUC Unfunded Actuarial Liability at May 1, 2011	$33,204,889
11.	Additional liability resulting from Cost Method change (10) –(8)	$ (4,436,059)

DERIVATION OF EXPERIENCE GAIN(LOSS) AS OF MAY 1, 2011

The experience gain (loss) reported above is the net result of the following:

1.	FINANCIAL SOURCES	
a)	Investment experience (based upon market value of assets):	$ 1,137,303
b)	Contribution experience:	(249,898)
c)	Benefit Payments experience:	146,337
d)	Salary increases (greater)/lower than expected:	(84,561)
	Total from Financial Sources:	949,181
2.	DEMOGRAPHIC SOURCES	
	Mortality, retirement, disability, termination, etc.:	244,648
3.	ACTUARIAL ADJUSTMENTS	
	Market value adjustment for asset smoothing, including expenses	(1,033,742)
4.	GAIN (LOSS) ALL SOURCES	
	Total Gain (Loss) for the prior Plan Year [(1) + (2) + (3)]	$160,087

SUMMARY OF DEMOGRAPHIC INFORMATION AS OF MAY 1, 2011

	Number	Projected Annual Salaries (Fiscal Year 2012)
Active Firefighters:	102	$7,137,776

	Number	Total Monthly Benefits
Normal Retirees:	53	$ 226,271
Survivors (Widows):	15	30,686
Survivors (Children):	0	0
Disabled Retirees:	15	44,598
Deferred Vested:	0	0
Terminated/Separated:	4	9,660 *

* Return of Contributions

The actuarial valuation was performed as of May 1, 2011 to determine contribution requirements for fiscal year 2012.

AGE AND SERVICE DISTRIBUTION

Attained Age	COMPLETED YEARS OF SERVICE											Average Salaries
	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total	
15-19											0	-
20-24	1	1									2	50,389
25-29		9									9	57,673
30-34		12	4	1							17	64,059
35-39	1	4	8	10							23	64,532
40-44		2	5	6	6						19	71,896
45-49				4	8	5					17	78,459
50-54				2	3	4	2				11	82,335
55-59						1	2	1			4	84,782
60-64											0	-
65+											0	-
TOTAL	2	28	17	23	17	10	4	1	0	0	102	69,978

Age = 39.95 Years

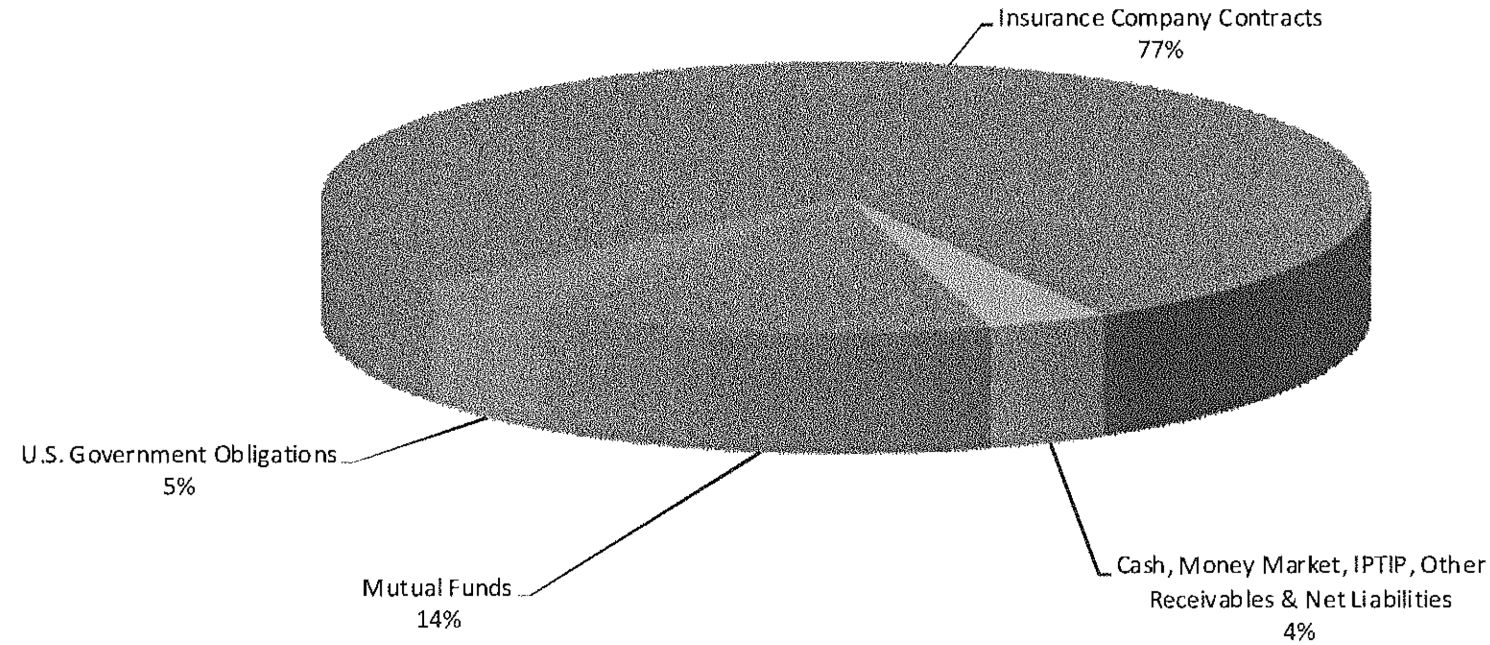
Service = 12.07 Years

ASSET INFORMATION

Cash, Money Market, IPTIP	$1,347,962
Certificates of Deposit	0
State and Local Obligations	0
U.S. Government Obligations	1,784,396
Insurance Company Contracts	29,671,156
Pooled Investment Accounts	0
Mutual Funds	5,423,054
Common & Preferred Stock	0
Taxes Receivable	0
Accrued Interest	0
Other Receivables	72,121
Net Liabilities	3,085
Net Present Assets at Market Value	$38,295,604

The chart on the following page shows a percentage of invested assets.

ASSET INFORMATION



DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

1.	Actuarial Value of Assets, May 1, 2010*	$36,832,670
2.	Contributions Received During 2010-2011	3,832,786
3.	Benefit Payments and Expenses Made During 2010-2011	3,663,447
4.	Assumed Interest at 7.50% on (1), (2) and (3)	2,768,271
5.	Preliminary Actuarial Value of Assets: [(1) + (2) - (3) + (4)]	39,770,280
6.	Market Value, May 1, 2011*	38,295,604
7.	Preliminary Adjustment Account:	
	a) Amount: [(5) - (6)]	1,474,676
	b) Percentage: [(7a) ÷ (6) x 100%]	3.85%
8.	Final Adjustment Amount	
	a) Amount	1,474,676
	b) Percentage	3.85%
	c) Taxes receivable	0
9.	Adjusted Actuarial Value of Assets, May 1, 2011: [(6) + (8a) + (8c)]	39,770,280
10.	Final Actuarial Value of Assets for funding purposes May 1, 2011 [Greater of (6) and (9)]:	39,770,280
11.	Final Actuarial Value of Assets for GASB reporting [(10)-(8c)]*	39,770,280

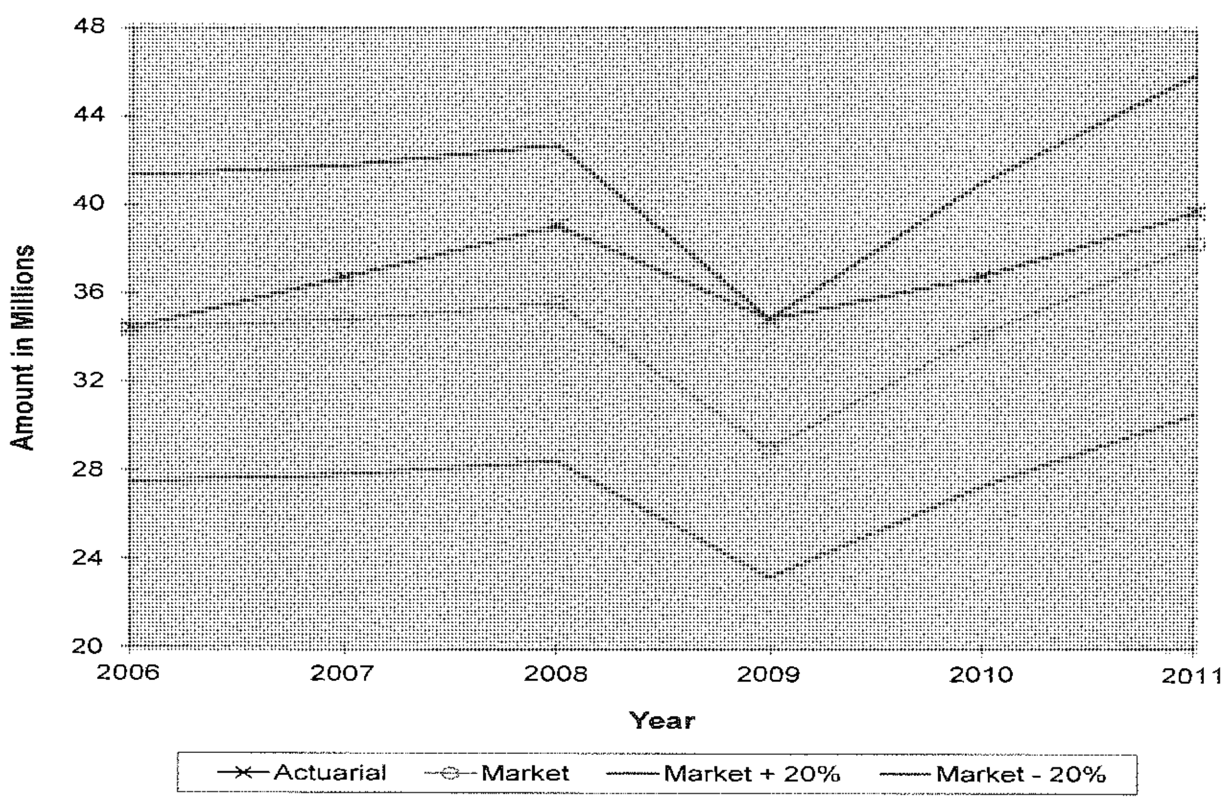
*excluding taxes receivable

ASSET HISTORY

For the Year beginning May 1	Actuarial Value of Assets	Market Value of Assets
2011	$39,770,280	$38,295,604
2010	36,832,670	34,231,927 *
2009	34,880,656	29,067,213
2008	39,077,302	35,599,602
2007	36,720,534	34,811,378 *
2006	34,408,977	34,408,977

* Adjusted for correction

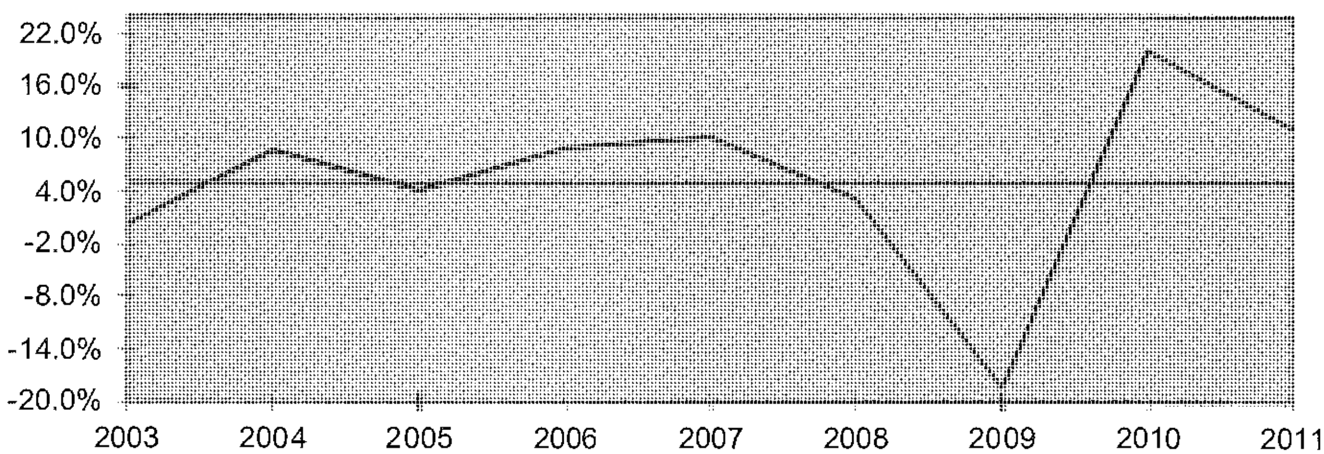
The chart below presents a comparison between the Actuarial Value of Assets and the Market Value of Assets for the current year and the five preceding years. The chart also illustrates the corridor 20% above and 20% below the Market Value of Assets.



ANALYSIS OF INVESTMENT RETURN

Fiscal Year Ending April 30	Annual Rate of Return
2011	11.27%
2010	20.02
2009	-18.21
2008	3.13
2007	10.33
2006	9.00
2005	4.15
2004	8.82
2003	0.14
Composite	
2003-2011	4.90%

The following chart presents a progression of these percentages in graphical form.



THIRTY - YEAR PROJECTION OF PAYMENTS

	Payouts from Active Group Upon					Payouts from		Total
	Termination		Death	Retirement	Disability	Retired Group	Deferred Pensioners	
Year	Lump Sum	Deferred Pension						
2011	6,842	0	11,348	87,112	40,715	3,618,324	9,660	3,774,001
2012	6,596	0	18,046	187,029	83,651	3,636,572	0	3,931,894
2013	5,938	0	18,015	296,476	129,346	3,647,258	0	4,097,033
2014	3,965	0	25,891	433,312	179,321	3,644,056	0	4,286,545
2015	2,724	0	31,015	594,118	230,427	3,634,674	0	4,492,958
2016	565	0	39,228	749,435	284,927	3,618,823	0	4,692,978
2017	616	0	44,701	944,249	342,935	3,596,217	0	4,928,718
2018	0	0	53,179	1,155,552	405,237	3,574,838	0	5,188,806
2019	0	0	59,907	1,389,654	469,114	3,538,826	0	5,457,501
2020	0	0	68,678	1,597,520	534,189	3,495,470	0	5,695,857
2021	0	0	76,419	1,790,807	601,707	3,444,723	0	5,913,656
2022	0	0	85,071	2,039,836	672,536	3,386,662	0	6,184,105
2023	0	0	93,291	2,318,294	747,017	3,321,526	0	6,480,128
2024	0	0	101,650	2,595,221	822,488	3,249,464	0	6,768,823
2025	0	0	110,067	2,876,303	897,243	3,170,572	0	7,054,185
2026	0	0	117,956	3,218,510	973,178	3,085,125	0	7,394,769
2027	0	0	126,304	3,557,052	1,053,549	2,993,402	0	7,730,307
2028	0	0	133,422	3,869,644	1,129,328	2,895,450	0	8,027,844
2029	0	0	141,502	4,210,291	1,206,400	2,791,460	0	8,349,653
2030	0	0	147,591	4,584,564	1,284,410	2,681,489	0	8,698,054
2031	0	0	155,041	4,945,071	1,356,157	2,565,571	0	9,021,840
2032	0	0	159,898	5,289,454	1,436,313	2,443,875	0	9,329,540
2033	0	0	166,640	5,634,862	1,509,128	2,342,328	0	9,652,958
2034	0	0	170,109	5,957,736	1,575,952	2,210,564	0	9,914,361
2035	0	0	175,762	6,269,860	1,640,438	2,074,244	0	10,160,304
2036	0	0	177,593	6,564,633	1,711,818	1,934,003	0	10,388,047
2037	0	0	181,893	6,850,919	1,763,582	1,790,609	0	10,587,003
2038	0	0	179,352	7,111,419	1,811,708	1,645,279	0	10,747,758
2039	0	0	182,047	7,328,416	1,857,460	1,499,160	0	10,867,083
2040	0	0	178,999	7,510,840	1,899,753	1,353,797	0	10,943,389

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION OF THE MUNICIPALITY

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Entry Age Normal Cost	$1,901,172
2.	Actuarial Accrued Liability	77,411,228
3.	Actuarial Value of Assets*	39,770,280
4.	Unfunded Actuarial Accrued Liability	37,640,948
5.	Payment to Amortize Unfunded Actuarial Accrued Liability Over 40 Years from the Effective Date of Application of GASB 25 (22 years remaining)	2,319,280
6.	Total Annual Required Contribution for Fiscal Year April 30, 2012: [(1) + (5)]	4,220,452
7.	Active Member Contributions (9.455% of Salaries):	674,877
8.	**Annual Required Contribution (ARC) payable at the beginning of the current fiscal year: [(6) - (7)]**	**3,545,575**

*Excluding Contributions Receivable

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION
(Continued)

NOTES:

- The Annual Required Contribution as of May 1, 2011 has been determined under the Governmental Accounting Standards Board Statement No. 25 and is required disclosure for the fiscal year ending April 30, 2012. The Entry Age Normal Cost and the Actuarial Accrued Liability were determined using the Entry Age Normal Cost Actuarial Cost Method.
- The Entry Age Normal Cost has been determined as a level percentage of projected payroll of the active members of the group. The amortization method for the Unfunded Actuarial Accrued Liability is determined as a level percentage of payroll amount over a closed Amortization Period as permitted in Governmental Accounting Standards Board Statement No. 25.
- All values were determined on the basis of the actuarial assumptions and methods as more fully described in Appendix 2 of this report.

ACTUARIAL ASSUMPTIONS
(*Economic*)

Investment Return
7.50% per annum, compounded annualy (net of expenses).

Salary Increases
Representative values of assumed salary increases are as follows:

Age	Increase %
25	4.8611
30	2.9848
35	2.0341
40	1.5239
45	1.3083
50	1.1846
55	1.1220

An additional inflation allowance of 3.00% per year is added to the above.

Payroll Growth
It was assumed that payroll will grow 4.50% per year.

Actuarial Asset Basis
A preliminary actuarial value of assets is calculated by accumulating the prior year's actuarial value with adjustments for contributions and benefit payments at the valuation interest rate. The market value is subtracted from the preliminary actuarial value. The difference, the preliminary adjustment account, is divided by the market value. Then using the following table, the final actuarial value of assets is calculated by adding the final adjustment account to the market value.

Percentage of Market Value (Plus or Minus)	
Preliminary Adjustment Account	**Final Adjustment Account**
0% to 10%	Preliminary adjustment account
10% to 20%	0% plus 1/3 of the excess over 10%
20% to 30%	16 2/3% plus 1/3 of the excess over 20%
Over 30%	20%

ACTUARIAL ASSUMPTIONS
(Demographic)

Effective May 1, 2012, a 5-year cumulative analysis of the actuarial value of assets will be made. If the final actuarial value differentiates by more than 10% (plus or minus) from the market value of assets, the final actuarial value of assets will be further adjusted to equal 90% or 110% of the market value of assets.

Mortality
Active Lives
RP-2000 Combined Healthy Mortality Table (male and female). Five percent (5%) of deaths amongst active firefighters are assumed to be in the performance of their duty.

Non-Active Lives
RP-2000 Combined Healthy Mortality Table (male and female).

Termination
Illustrative rates of withdrawal from the plan for reasons other than death or disability are as follows:

Age	Rate of Withdrawal
20	.0397
25	.0250
30	.0146
35	.0079
40	.0042
45	.0029
50	---

It is assumed that terminated firefighters will not be rehired.

ACTUARIAL ASSUMPTIONS
(Demographic)

Disability Rates
Incidence of disability amongst firefighters eligible for disability benefits:

Age	Rate
25	.0009
30	.0025
35	.0046
40	.0065
45	.0097
50	.0166
55	.0314

15% of disabilities amongst active firefighters are assumed to be in the performance of their duty.

Retirement Rates
Retirements are assumed to occur between the ages of 50 and 69 in accordance with the following table:

Age	Rate of Retirement	Age	Rate of Retirement
50	.19	60	.28
51	.12	61	.36
52	.04	62	.44
53	.06	63	.52
54	.09	64	.60
55	.12	65	.68
56	.15	66	.76
57	.19	67	.84
58	.22	68	.92
59	.25	69	1.00

Marital Status
85% of firefighters are assumed to be married.

ACTUARIAL ASSUMPTIONS
(Demographic)

Spouse's Age
Wives are assumed to be 3 years younger than their husbands.

ACTUARIAL ASSUMPTIONS
(Additional)

Expenses
None assumed.

Actuarial Cost Method
Projected Unit Credit for statutory minimum
Entry Age Normal for recommended and GASB reporting

SUMMARY OF PRINCIPAL PLAN PROVISIONS

Definitions

Tier 1 – For Firefighters first entering Article 4 prior to January 1, 2011

Tier 2 – For Firefighters first entering Article 4 after December 31, 2010

Firefighter (4-106): Any person employed in the municipality's fire service as a firefighter, fire engineer, marine engineer, fire pilot, bomb technician or scuba diver.

Creditable Service (4-108): Time served by a firefighter, excluding furloughs and leaves of absence in excess of 30 days, but including leaves of absence for illness or accident and periods of disability where no disability pension payments are received and also including up to 3 years during which disability payments have been received provided contributions are made.

Creditable Service from other specified agencies is also included. Combined service credit option is available on a voluntary basis.

Pension (4-109)

Normal Pension Age
Tier 1 - Age 50 with 20 or more years of creditable service.

Tier 2 - Age 55 with 10 or more years of creditable service.

Normal Pension Amount
Tier 1 - 50% of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service, plus 2½% of such annual salary for service from 20 to 30 year (maximum 25%)].

Tier 2 - 2½% of Final Average salary for each year of service. Final Average Salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service

Early Retirement at age 50 with 10 or more years of service but with a penalty of ½% for each month prior to age 55.

Annual Salary capped at $106,800 increased yearly by the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.

Minimum Monthly Benefit: $1,000

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Maximum Benefit Percentage: 75% of salary
Minimum Monthly Benefit: Annual step rate increases from $1,030.00 to $1,159.27.

Maximum Benefit Percentage: 75% of salary except line of duty.

Termination Pension Amount
Any firefighter who retires or is separated from service with at least 10, but less than 20 years of credited service, shall be entitled to a monthly pension commencing at age 60 equal to the monthly rate of compensation based on rank at separation multiplied by the applicable percentage below:

Years of Credited Service	Applicable Percentage
10	15.0 %
11	17.6
12	20.4
13	23.4
14	26.6
15	30.0
16	33.6
17	37.4
18	41.4
19	45.6

Pension Increase

Non-Disabled
Tier 1 - 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the original pension amount on each January thereafter. Effective July 1, 1993, 3% of the amount of pension payable at the time of the increase including increases previously granted, rather than 3% of the originally granted pension amount.

Tier 2 - The lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.
For firefighters who retire after January 1, 1986, 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% in each January thereafter.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

For firefighters who retire prior to January 1, 1986, but after July 1, 1971, the 3% increase commences at age 60, and for firefighters who retire before July 1, 1971, the 3% increase commences at age 65.

Disabled
3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount in each January thereafter.

Pension to Survivors (4-114)

Eligibility
Death of a firefighter:

(1) on active duty as a result of any illness or accident;

(2) on disability retirement;

(3) on retirement with 20 years of service;

(4) as a terminated member who has rights to a benefit at age 60; and

(5) as a deferred pensioner.

Death Benefit
Tier 1 - 54% of annual salary based on attained rank at date of separation of service to surviving spouse, plus 12% of such salary to dependent children under 18.

100% of annual salary if death occurs in the line of duty.

Depending upon the survival of the spouse, dependent children benefits may increase to a level of 20% of firefighter's salary.

Greater of 100% of monthly retirement benefit or 54% of annual salary if completed 20 years of service or on disability retirement.

Tier 2 – 66 2/3% of pension amount to surviving spouse (or dependent children), subject to the following increase: the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.

Minimum Monthly Survivor Pension
Annual step rate increases from $1,030.00 to $1,159.27.

Maximum Survivor Pension
75% of such firefighter's salary.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Disability Pension - Line of Duty (4-110)

Eligibility
Suspension or retirement from fire service due to sickness, accident or injury while on duty.

Pension
Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available.

Minimum Monthly Benefit: Annual step rate increases from $1,030.00 to $1,159.27.

For each dependent child under 18, an additional $20 per month increased annually is granted each disabled member. Maximum total benefit is 75% of salary.

Disability Pension - Not on Duty (4-111)

Eligibility
Suspension or retirement from fire service for any cause other than while on duty. Member must have at least 7 years of credited service.

Pension
50% of salary attached to rank at date of suspension or retirement.

Disability Pension - Occupational Disease (4-110.1)

Eligibility
Suspension or retirement from service after 5 years of service from causes of heart disease, cancer, tubercubsis or other lung disease.

Pension
Same pension as in line of duty.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Disability Pension Option A (4-113(a))

Eligibility
Member receiving a disabled pension who attains age 50 and whose years of creditable service and years of disablement total 20 years.

Pension Option
Eligible for pension increase upon conversion to retirement. Pension amount remains the same at date of conversion but subject to annual pension increases.

Disability Pension Option B (4-113(b))

Eligibility
Member receiving disability pension who attains age 50 and who had 20 years of creditable service at date of disablement.

Pension Option
Convert to normal pension based upon years of service at disablement and salary attached to rank on date of election.

Other Provisions

Refund (4-116)
At death with no survivors, contributions are returned to estate.

At termination with less than 20 years of service, contributions are refunded upon request.

Contributions by Firefighters (4.118.1)
9.455% of salary, including longevity, but excluding overtime pay, holiday pay, bonus pay, merit pay or other cash benefit. Additional 1% of salary if combined service credit option is selected.

GLOSSARY

Actuarial Accrued Liability
See ***Entry Age Normal Cost*** *Method and* ***Projected Unit Credit Cost*** *Method.*

Actuarial Assumptions
The economic and demographic predictions used to estimate the present value of the plan's future obligations. They include estimates of investment earnings, salary increases, mortality, withdrawal and other related items. The *Actuarial Assumptions* are used in connection with the *Actuarial Cost Method* to allocate plan costs over the working lifetimes of plan participants.

Actuarial Cost Method
The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants. Also referred to as an *Actuarial Funding Method.*

Actuarial Funding Method
See *Actuarial Cost Method*

Actuarial Gain (Loss)
The excess of the actual *Unfunded Actuarial Accrued Liability* over the expected *Unfunded Actuarial Accrued Liability* represents an *Actuarial Loss.* If the expected *Unfunded Actuarial Accrued Liability* is greater, an *Actuarial Gain* has occurred.

Actuarial Present Value
The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of *Actuarial Assumptions.*

Actuarial Value of Assets
The asset value derived by using the plan's *Asset Valuation Method.*

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

Employee Retirement Income Security Act of 1974 (ERISA)
The primary federal legislative act establishing funding, participation, vesting, benefit accrual, reporting, and disclosure standards for pension and welfare plans.

GLOSSARY
(Continued)

Entry Age Normal Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The portion of this *Actuarial Present Value* not provided for at a valuation date by the *Actuarial Present Value* of future *Normal Costs* is called the *Actuarial Accrued Liability*.

Normal Cost
The portion of the *Present Value of Projected Plan Benefits* that is allocated to a particular plan year by the *Actuarial Cost Method*. See *Entry Age Normal Cost Method* for a description of the Normal Cost under the *Entry Age Normal Cost Method. See Projected Unit Credit Cost Method* for a description of the Normal Cost under the *Projected Unit Credit Cost Method.*

Present Value of Future Normal Costs
The present value of future normal costs determined based on the *Actuarial Cost Method* for the plan. Under the *Entry Age Normal Cost Method*, this amount is equal to the excess of the *Present Value of Projected Plan Benefits* over the sum of the *Actuarial Value of Assets* and *Unfunded Actuarial Accrued Liability.*

Present Value of Projected Plan Benefits
The present value of future plan benefits reflecting projected credited service and salaries. The present value is determined based on the plan's actuarial assumptions.

Projected Unit Credit Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated by a consistent formula to valuation years. The *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The *Actuarial Present Value* of benefits allocated to all periods prior to a valuation year is called the *Actuarial Accrued Liability*.

Statement No. 25 of the Governmental Accounting Standards Board (GASB No. 25)
The accounting statement that established the standards of financial accounting and reporting for the financial statements of defined benefit pension plans.

Unfunded Actuarial Accrued Liability
The excess of the *Actuarial Accrued Liability* over the *Actuarial Value of Assets.*

CITY OF BLOOMINGTON
POLICE PENSION FUND

ACTUARIAL VALUATION
AS OF MAY 1, 2011 FOR THE
FISCAL YEAR ENDING APRIL 30, 2012

December 5, 2011

Tepfer Consulting Group, Ltd. was retained by the **City of Bloomington and the City of Bloomington Police Pension Fund** to perform an independent actuarial valuation for the Police Pension Fund. This valuation is permitted under 40 ILCS 5/22, Section 503.2.

The actuarial valuation was performed for the year ended April 30, 2012 and indicates a **statutorily required contribution in accordance with 40 ILCS 5/3, Section 125 of $3,056,933 or 32.85% of member payroll, a recommended minimum contribution of $4,036,617 or 43.38% of payroll, and an Annual Required Contribution in accordance with paragraph 36f of Statement No. 25 of the Governmental Accounting Standards Board of $3,736,043 or 40.15% of payroll.** These contributions are net of contributions made by active member police officers during the fiscal year.

The results shown in this report have been calculated under the supervision of a qualified Actuary as defined in appropriate State statutes. All results are based upon demographic data submitted by the Police Pension Fund, financial data submitted by the Police Pension Fund, applications of actuarial assumptions, and generally accepted actuarial methods.

In our opinion, all calculations and procedures are in conformity with generally accepted actuarial principles and practices; and the results presented comply with the requirements of the applicable State statute, Actuarial Standards Board, or Statements of Governmental Accounting Standards, as applicable.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and future expectations, and represent a reasonable and adequate approach to the financing of the retirement program. The costs, actuarial liabilities and other information presented in this report, in our opinion, fully and fairly disclose the actuarial position of the plan.

I, Arthur H. Tepfer, am an Enrolled Actuary in good standing under the Employee Retirement Income Security Act of 1974. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. I certify that the results presented in this report are accurate and correct to the best of my knowledge.

TEPFER CONSULTING GROUP, LTD.

Arthur H. Tepfer, A.S.A., M.A.A.A.
Enrolled Actuary #11-02352

December 5, 2011

VALUATION OBJECTIVES

The **City of Bloomington Police Pension Fund** provides benefits to members when they retire, die, become disabled or terminate employment. As with any plan providing these types of benefits, an appropriate budgeting pattern must be established to enable appropriate funds to be accumulated to meet all payments when due. The actual cost of the plan can best be expressed in the following simplistic manner:

ACTUAL COST EQUALS Benefits Paid

Plus

Expenses Paid

Less

Investment Income Earned

If the actual cost is incurred on a "pay as you go" basis, then the future generations of members will be paying for the benefits of current plan participants. Proper financial planning calls for budgeting the actual cost of the plan over the working lifetime of current plan membership in order to establish an equitable allocation. An actuarial valuation is the procedure used to determine an appropriate amount to be contributed to the pension plan each year in order to attain this equity.

An actuarial valuation is an estimate at a particular point in time of the predicted incidence of the future benefit costs. Since the total actual cost of the plan is essentially unknown, pre-funding (budgeting for future benefit costs) requires certain assumptions about future events. Assumptions are made for such things as salary increases, terminations of participants, disablement of participants, death of participants and anticipated investment earnings. These assumptions, although not affecting the actual costs of the plan, will affect the incidence of predicted future costs. For proper funding, it is required that the Actuary select assumptions which are appropriate in light of the economic, demographic, and legislative environment as they relate to the pension program. The assumptions we have made concerning these future events are described more fully in Appendix 2 of this report. Based on these assumptions, a projection of future benefits was made and a current contribution level sufficient to provide the anticipated benefit payments was determined through the use of an actuarial cost method.

VALUATION OBJECTIVES
(Continued)

Selection of the Actuarial Cost Method

An actuarial cost method, sometimes called a "funding method", therefore, is essentially an approach to budgeting the estimated future costs. There are many actuarial cost methods which are available to the actuary and each method operates differently. However, all funding methods accomplish the same objective—to assign to each fiscal year of the employer the portion assumed to have accrued in that year. The portion of the actuarial value of benefits assigned to a particular year in respect of an individual participant or the fund as a whole is called the ***normal cost.*** All funding methods are described by how the normal cost is calculated.

The actuarial cost method prescribed by the State statutes to determine the ***statutorily minimum required contribution*** for periods on or after January 1, 2011 is the Projected Unit Credit Cost Method. Under this actuarial cost method, the ongoing cost as a percentage of total payroll will increase. In this method, the normal cost is determined by first calculating the projected dollar amount of each participant's accumulated benefit under the plan as of both the first day of the fiscal year and as of the last day of the fiscal year and then determining the difference between these two amounts. The second step in deriving the normal cost for a given participant is to multiply the dollar amount of this difference by the actuarial present value of $1 of benefit.

The actuarial cost method selected by our firm to determine the ***recommended plan contribution*** is the Entry Age Normal Cost Method. Under this actuarial cost method, ideally, the ongoing cost as a percentage of total payroll should remain fairly stable. In this method, the normal cost is determined by assuming each participant covered by the plan entered the plan under the same conditions that will apply to future plan entrants. The annual normal cost assigned to each year of an employee's career is calculated as a level percentage of the employees assumed earnings each year. These normal costs accumulate to the present value of the employee's benefit at retirement age.

Under both the Entry Age Normal Cost Method and the Projected Unit Credit Cost Method, the total funding of projected benefit costs is allocated between an ***unfunded liability***, representing past benefit history, and future normal costs. This allocation is based on the assumption that the municipality will pay the normal cost for each plan year on a regular basis. It should be noted that although the term "unfunded liability" is applied to both funding methods, the resulting amount is different because of the method of calculation. Another feature of these methods is that only the unfunded liability is affected by the experience of the plan, and therefore any adjustments are made in the future amortization payments.

In addition to the methodology changes described above, P.A. 96-1495 also addressed the valuation of pension fund assets—the second component in the determination of the unfunded liability. The statute now provides that the actuarial value of a pension fund's assets be set equal to the market value of the assets on March 30, 2011 and that, in determining the actuarial value of assets after that date, any actuarial gains or losses from investment returns incurred in a fiscal year be recognized in equal amounts over the 5-year period following that fiscal year.

VALUATION OBJECTIVES
(Continued)

The actuarial valuation process is usually repeated each year and is to a certain extent self-correcting. As part of these actuarial cost methods, any deviation of actual experience from the chosen actuarial assumptions will be reflected in future contributions. A complete description of these actuarial cost methods is explained in Appendix 4 of this report.

Appendix 3 of this report contains a summary of the principal provisions of the applicable statute.

Despite the statutory language which requires an application of the Projected Unit Credit method, we feel that funding under this method as a ***level percentage of payroll*** severely undermines the benefit security of the retirement system and transfers the payment for currently earned pensions to future generations of taxpayers. **For these reasons, our valuation report presents a recommended minimum contribution which will operate to maintain the fundamental fiscal soundness of the retirement program**, although a statutorily required contribution has also been calculated. The calculation of the recommended minimum contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a ***level dollar amount*** over 30 years from January 1, 2011, the effective date of P.A. 96-1495. The calculation of the statutorily required contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a ***level percentage of payroll*** over 30 years from January 1, 2011, the effective date of P.L. 96-1495.

Although, I do not agree with the statutorily required level percentage of payroll methodology of determining the amortization of the unfunded accrued liability, I would be remiss if I did not advise my funds as to a "statutorily" acceptable calculation under the State law. *I patently consider the calculation methodology under the statute to be actuarially unsound for funding of municipal retirement programs.*

Effective for periods beginning after June 15, 1996, the Governmental Accounting Standards Board has issued Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans". This Statement establishes a financial reporting framework for defined benefit pension plans that distinguishes between two categories of information: (a) current financial information about plan assets and financial activities and (b) actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due. The calculation of the Annual Required Contribution (ARC) is described in paragraph 36f of the Statement and is based upon an amortization payment of any unfunded accrued liabilities as either a level dollar amount or a level percentage of total payroll over a maximum of 40 years from the effective date of the Statement. Any significant increase in the total unfunded actuarial liability resulting from a change in actuarial methodology should be amortized over a period not less than 10 years.

Actuarial experience since the last actuarial valuation

As part of the actuarial valuation process, it is helpful to examine the actual experience of the fund as compared to the experience which is expected by the actuarial assumptions. The measurement of any deviations of actual to expected experience is commonly referred to as a

VALUATION OBJECTIVES
(Continued)

"Gain and Loss Analysis". In performing this analysis, the actuary analyzes each actuarial assumption used in the valuation process. It is highly unlikely that actual experience will follow expected experience on a year-by-year basis. It is hoped that over the long term, if the actuarial assumptions are "reasonable", the total gains and losses will offset each other.

A "gain and loss analysis' is a useful tool to examine whether the actuarial assumptions used to determine the municipal tax levy are suitable. Care must be taken in placing too much credibility in a short-term analysis as the assumptions are more appropriately measured over the long term. Nonetheless, an annual evaluation of the actuarial assumptions will assist in identifying trends which, if unnoticed, can lead to inappropriate conclusions. When these trends are recognized, it is the actuary's responsibility to modify one or more of the assumptions to better anticipate future experience.

Some assumptions are easier to measure than others. In small plans, credible analysis can generally be made regarding the economic (financial) assumptions. These primarily include investment and salary increase assumptions. Unfortunately, it is often impossible to establish credible long term analysis of demographic assumptions (rates of termination, disability, retirement and mortality). Therefore, in choosing demographic assumptions, the actuary generally relies upon standardized tabular assumptions modified only by fund-specific characteristics.

The actuarial gain and loss analysis for the current year is presented in Exhibit 3-C and 3-D of the report. Exhibit 3-C shows the impact of the actuarial gains or losses on the statutorily required contribution through a reconciliation of this contribution from the end of the prior valuation year to the end of the current valuation year. Exhibit 3-D derives the actuarial gain or loss in total as well as separating the individual financial and demographic components.

The overall experience gain (loss) for the year was $1,416,438 or 1.56% of the accrued liability at the beginning of the plan year. The dollar amount for the plan's current statutorily required contribution is 75.33% of the prior year's contribution. When measured as a percentage of payroll, the contribution level has changed from 40.76% to 32.85%.

<u>Factors Influencing the Choice of Actuarial Assumptions</u>

As part of the consulting process, it is our policy to talk with selected members of the Board of Trustees and the Sponsor's representatives for the **City of Bloomington Police Pension Fund** in order to obtain information which will enable the Actuary to properly choose the actuarial assumptions which are most appropriate for the current cost determination for the pension fund.

VALUATION OBJECTIVES
(Continued)

Prior to the meeting, statistics are compiled concerning historical investment returns, salary increases, retirement incidence and other factors which are influential in the actuarial assumption setting process. Based upon an analysis of the specifics as they relate to the **City of Bloomington Police Pension Fund** and a general understanding of the inter-relationships of the actuarial assumptions, the Board, the Sponsor and the Actuary reach a mutual agreement as to the assumptions which will be used in the current actuarial valuation.

Published statistics regarding experience for police and firefighters are available from the State of Illinois Department of Insurance. These statistics form the basis of the actuarial assumptions selected by the State Actuary in the valuation of pension funds covered under the Downstate Pension System. We have found in our consulting, that whenever appropriate, the actuarial assumptions used by the State Actuary are relied upon as a starting point. However, in order to make the calculations more "***Bloomington-sensitive***", the analysis of the actual historical performance is carefully examined.

Experience Analysis

The results of our experience analysis indicates that the fund has experienced small gains overall. Despite the size of the gain, there is no measurable experience present and therefore, we are not recommending a change in actuarial assumptions this year.

Demographic considerations

For this valuation it was noted that the force continues to remain reasonably stable as to its size and demographic composition. In the current valuation, it was observed that the number of inactive participants (87, exclusive of terminated employees who are entitled to a return of contributions) as compared to active participants (116) in the Fund is slightly higher than the State average (43% of the total participants are inactive as compared to a State average of 38%); on a liability basis the Fund is also slightly higher the State averages. Approximately 55%-60% of the Fund's total liability is attributed to inactive participants compared to a State average of about 53%. This means that the fund is in a comparatively equal position to other funds in the State.

The average age and service of the active participating group is slightly above the State average. As of May 1, 2011, there are twelve (12) active officers who are currently eligible to retire, and an additional 14 active officers who will become eligible to retire within the next five years. This represents about 22% of the total active group. For the short term pension payments are generally fixed and overall financial planning can be achieved. Absent a large growth in the active force, with proper funding the fund's position should become more favorable for the foreseeable future. We will continue to monitor closely the retirement patterns which emerge in later years to assure that the appropriate retirement rates are in place for our analysis.

VALUATION OBJECTIVES
(Continued)

However, over 105% of the assets available for investment have been committed to provide benefits for existing pensioners and beneficiaries. . Essentially then, all of the assets in the plan are already dedicated to cover the liabilities for the currently retired participants. This is a potentially dangerous situation We are somewhat concerned given that over $3.5 million is disbursed each year in pension payments. *Despite the adequate funding ratios, the fund is currently not in an overly strong financial situation.*

Financial considerations

In these uncertain times, except for the 2008 year, the fund continues to experience limited short-term investment growth as can be noted in the charts in Section 5B and 5C of this valuation. The rate of return during the 2011 year was 10.32%. Please refer to the chart in Exhibit 2 which illustrates the pattern of growth. The funds continue to earn acceptable rates of return over the long term. As shown in Exhibit 5-C of our report, the composite rate of return for the fund since 2004 is 5.33%. However, if we eliminate the 2009 year, the composite rate jumps to 9.36%. Nevertheless, the inconsistency in the treatment of the receivable contribution makes comparisons difficult.

The actuarial assumptions for salary increases appear to be appropriate; however, we are considering a study of our downstate funds to determine how the current economy is affecting overall salary schedules.

Selection of assumptions

Based mainly upon the comparative rate of funding, as well as a comparison of actual rates of investment return to salary increases, a 7.50% assumed investment return rate was deemed acceptable as a long-term assumption to be used in determining the funding requirements for the 2011 year.

This represents no change in assumption. This rate was chosen to reflect the portfolio composition, investment philosophy and historical performance as compared to other funds in the State. This 7.50% rate includes an inflation component of 3.00%. The actuarial smoothing method used in prior years has also been retained. The actuarial smoothing methodology used in the valuation of assets will be changed for next year as required by State law.

The demographic actuarial assumptions used for this valuation represent no change from those used in the prior valuation performed by our firm. These include, as a result of the publication of a recent independent study analyzing demographic experience among police and fire pension funds in the Downstate System, changes in the retirement, disability and withdrawal assumptions, as well as the use of a more modern mortality table from those used by the State Actuary.

VALUATION OBJECTIVES
(Continued)

Comparison with Other Funds

We are including a comparison to certain State averages which may prove helpful in assessing how the fund compares to similarly situated programs.

	Bloomington (2011)		State*
	EANC	***PUC***	
Funded Ratio	**58.23%**	**63.70%**	56.18%
Percentage of Liability for Inactives	**55.17%**	**60.34%**	52.55%
Percentage of Total Assets for Inactives (market basis)	**105.30%**		93.52%

* Based upon published reports for FYE 2008

Thirty-year Projection of Liabilities

The final section of our report illustrates projected payments from the Trust Fund for a 30-year period commencing with the valuation date. These projections are based upon the actuarial assumptions selected for the fund concerning death, disability and retirement actually occurring. Care should be taken in interpreting or relying on these results—particularly for Funds with fewer than 200 participants. The credibility of this type of projection is rarely realized beyond 10 years. Exhibit 5D presents this projection.

RESULTS OF VALUATION

The following exhibits present the results of our actuarial valuation of the **City of Bloomington Police Pension Fund** for the fiscal year May 1, 2011 through April 30, 2012.

Exhibit 1 indicates that the recommended minimum contribution, calculated using the Entry Age Normal Cost method (EANC), from the City is $4,036,617 or 43.38% of total participating payroll. **Under the Entry Age Normal actuarial cost method selected, this percentage of payroll should remain reasonably level over the lifetime of the plan.**

Exhibit 1 also indicates that the statutory minimum contribution, calculated using the Projected Unit Credit method (PUC), from the City is $3,056,933 or 32.85% of total participating payroll. **Under the Projected Unit Credit actuarial cost method selected, this percentage of payroll should increase over the lifetime of the plan.**

Exhibits 2 and 3 provide specific information used to develop the recommended minimum and statutorily required City contribution.

Exhibit 4 presents a brief description of the demographic characteristics of the current member group.

Exhibit 5 shows information relating to the pension assets.

Appendix 1 provides information in accordance with the Governmental Accounting Standards Board relating to financial disclosure of pension costs in the auditor's report.

GENERAL VALUATION RESULTS FOR FISCAL YEAR MAY 1, 2011 THROUGH APRIL 30, 2012

Recommended Minimum Contribution

1.	Entry Age Normal Cost:	$ 2,286,587
2.	Unfunded Actuarial Accrued Liability (or Surplus):	37,844,830
3.	Actuarial Value of Assets:	52,763,950
4.	Annual Salaries of Active Police Officers:	8,903,996
5.	Recommended Minimum Contribution from the City:	4,036,617
	Contribution Percentage:	43.38%*

Statutory Minimum Contribution

1.	Projected Unit Credit Normal Cost:	$ 2,578,491
2.	Unfunded Actuarial Accrued Liability (or Surplus):	30,074,105
3.	Actuarial Value of Assets:	52,763,950
4.	Annual Salaries of Active Police Officers:	8,903,996
5.	Statutory Minimum Contribution from the City:	3,056,933
	Contribution Percentage:	32.85%*

* Projected for the fiscal year ending April 30, 2012.

SUMMARY OF SPECIFIC VALUATION RESULTS

	Number	Actuarial Present Value of Projected Benefits	Entry Age Normal Cost	Projected Unit Credit Normal Cost
1. Active Police Officers:	116			
Retirement Pension:		$52,657,936	$1,681,185	$1,950,259
Survivors Pension:		967,964	44,851	50,238
Disability Pension:		7,183,155	411,241	444,004
Withdrawal Pension:		1,867,286	149,310	133,990
TOTAL	116	$62,676,341	$2,286,587	$2,578,491
2. Inactive Police Officers and Survivors:				
Normal Retirees:	57	$39,932,416		
Widows (Survivors):	19	3,583,620		
Children (Survivors):	0	0		
Disabled Retirees:	10	5,674,012		
Deferred Vested:	1	568,132		
Terminated/Separated:	10	226,795		
TOTAL	97	$49,984,975		

SUMMARY OF SPECIFIC VALUATION RESULTS
(Continued)

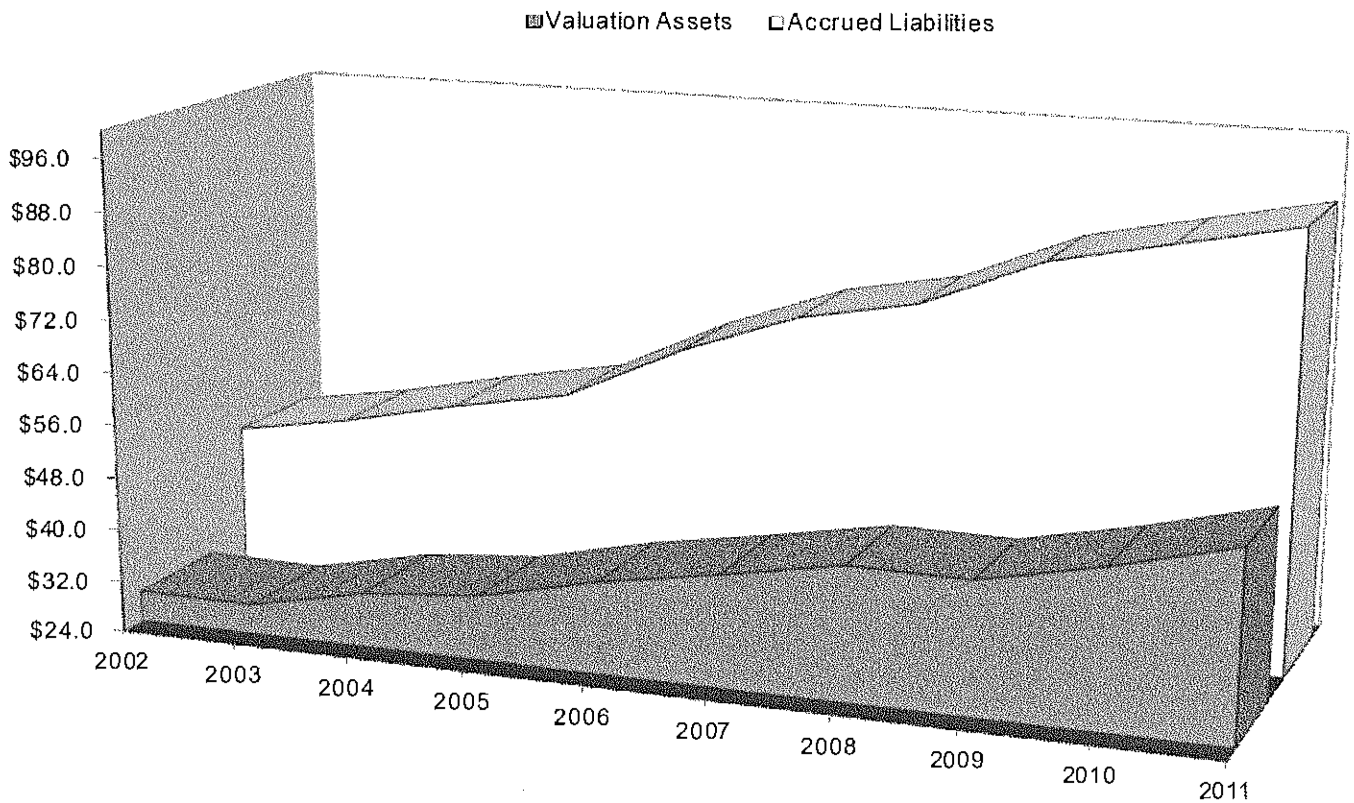
		Entry Age Normal (EAN)	Projected Unit Credit (PUC)
3.	Total Actuarial Present Value of Projected Benefits:	$112,661,316	N/A
4.	Actuarial Present Value of Future Normal Costs:	22,052,536	N/A
5.	Actuarial Accrued Liability: [(3) - (4)]	90,608,780	82,838,055
6.	Actuarial Value of Assets:	52,763,950	52,763,950
7.	Unfunded Actuarial Accrued Liability (or Surplus): [(5) - (6)]	37,844,830	30,074,105
8.	Funded Ratio Percentage: [(6) ÷ (5)] x 100	58.23%	63.70%

HISTORY OF FUNDED PERCENTAGES

For the Year beginning May 1	Valuation Assets	EAN Accrued Liabilities	EAN Funded Percentage	PUC Accrued Liabilities	PUC Funded Percentage
2011	$52,763,950	$90,608,780	58.23%	$82,838,055	63.70%
2010	48,078,031	86,863,392	55.35%	N/A	N/A
2009	44,228,726	82,953,509	53.32%	N/A	N/A
2008	44,388,369	75,336,945	58.92%	N/A	N/A
2007	41,082,107	71,842,046	57.18%	N/A	N/A
2006	38,044,418	65,285,667	58.30%	N/A	N/A
2005	33,939,624	56,756,291	59.80%	N/A	N/A
2004	32,352,495	53,449,052	60.50%	N/A	N/A
2003	28,557,244	49,554,943	57.60%	N/A	N/A
2002	28,841,069	46,529,753	62.00%	N/A	N/A

The chart on the following page presents a progression of these percentages in graphical form.

COMPARISON OF ASSETS AND LIABILITIES
(amount in millions)



DEVELOPMENT OF RECOMMENDED MINIMUM CITY CONTRIBUTION

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Entry Age Normal Cost:	$2,286,587
2.	Recommended Minimum Payment to Amortize 90 % of the Entry Age Normal Unfunded Accrued Liability as a level dollar amount over 29.00205 Years from May 1, 2011:	2,289,230
3.	Interest on (1) and (2):	343,186
4.	Credit for Surplus:	0
5.	Initial Recommended Minimum Contribution for Fiscal Year 2012: [(1) + (2) + (3) + (4)]	4,919,003
6.	Statutory Minimum Contribution (Exhibit 3B line 5)	3,939,319
7.	Total Recommended Minimum Contribution for Fiscal Year 2012: [Greater of Line 5 and Line 6]	4,919,003
8.	Active Member Contributions (9.91% of Salaries):	882,386
9.	Net Recommended Minimum City Contribution: [(7) - (8)]	4,036,617

DEVELOPMENT OF STATUTORILY REQUIRED CITY CONTRIBUTION
(NOTE THAT THIS CONTRIBUTION CALCULATION IS NOT RECOMMENDED)

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Projected Unit Credit Normal Cost:	$2,578,491
2.	Minimum Payment to Amortize 90% of the Projected Unit Credit Unfunded Accrued Liability as a level percentage of payroll over 29.00205 Years from May 1, 2011:	1,085,992
3.	Interest on (1) and (2):	274,836
4.	Credit for Surplus:	0
5.	Total Statutorily Required Contribution for Fiscal Year 2012: [(1) + (2) + (3) + (4)]	3,939,319
6.	Active Member Contributions (9.91% of Salaries):	882,386
7.	Net Statutorily Required City Contribution: [(5) - (6)]	3,056,933

RECONCILIATION OF THE CHANGE IN THE STATUTORILY REQUIRED CITY CONTRIBUTION

1.	Statutorily Required Contribution for Year ending April 30, 2011:	$4,057,967
2.	Increase in Normal Cost and Amortization Payment due to anticipated pay changes:	191,913
3.	Increase/(Decrease) in Normal Cost resulting from actual pay changes:	(161,681)
4.	Effect of Asset Smoothing:	7,913
5.	Increase/(Decrease) resulting from changes in assumptions:	0
6.	Increase/(Decrease) resulting from other demographic and financial sources (retirements, deaths, new entrants, salary changes, etc.):	(524,446)
7.	Increase/(Decrease) resulting from change in actuarial cost method	$ (514,733)
8.	Statutorily Required Contribution for Year ending April 30, 2012:	$3,056,933

DERIVATION OF EXPERIENCE GAIN(LOSS) AND COST METHOD CHANGE AS OF MAY 1, 2011

1.	EANC Unfunded Actuarial Accrued Liability at May 1, 2010:	$38,785,361
2.	Normal Cost Due at May 1, 2010:	2,435,622
3.	Interest on (1) and (2) to May 1, 2011 (at 7.50% per year):	3,091,574
4.	Contributions made for the prior year with interest to May 1, 2011:	5,051,289
5.	Expected EANC Unfunded Actuarial Accrued Liability at May 1, 2011 Before Assumption Changes [(1) + (2) + (3) - (4)]:	39,261,268
6.	Change in EANC Unfunded Actuarial Accrued Liability due to Assumptions Change at May 1, 2011:	0
7.	Expected EANC Unfunded Actuarial Accrued Liability at May 1, 2011 [(5) + (6)]:	39,261,268
8.	Actual EANC Unfunded Actuarial Accrued Liability at May 1, 2011:	37,844,830
9.	Gain (Loss) for the prior Plan Year [(7) – (8)]:	**$1,416,438**
10.	Actual PUC Unfunded Actuarial Liability at May 1, 2011	$30,074,105
11.	Additional liability resulting from Cost Method change (10) –(8)	$ (7,770,725)

DERIVATION OF EXPERIENCE GAIN(LOSS) AS OF MAY 1, 2011

The experience gain (loss) reported above is the net result of the following:

1.	FINANCIAL SOURCES	
	a) Investment experience (based upon market value of assets):	$ (3,009,497)
	b) Contribution experience:	(166,592)
	c) Benefit Payments experience:	159,235
	d) Salary increases (greater)/lower than expected:	1,050,692
	Total from Financial Sources:	(1,966,162)
2.	DEMOGRAPHIC SOURCES	
	Mortality, retirement, disability, termination, etc.:	641,484
3.	ACTUARIAL ADJUSTMENTS	
	Market value adjustment for asset smoothing, including expenses	2,741,116
4.	GAIN (LOSS) ALL SOURCES	
	Total Gain (Loss) for the prior Plan Year [(1) + (2) + (3)]	$1,416,438

SUMMARY OF DEMOGRAPHIC INFORMATION AS OF MAY 1, 2011

	Number	Projected Annual Salaries (Fiscal Year 2012)
Active Police Officers:	116	$8,903,996

	Number	Total Monthly Benefits
Normal Retirees:	57	$237,355
Survivors (Widows):	19	32,613
Survivors (Children):	0	0
Disabled Retirees:	10	30,500
Deferred Vested:	1	0
Terminated/Separated:	10	226,795 *

* Return of Contributions

The actuarial valuation was performed as of May 1, 2011 to determine contribution requirements for fiscal year 2012.

AGE AND SERVICE DISTRIBUTION

Attained Age	COMPLETED YEARS OF SERVICE											Average Salaries
	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total	
15-19											0	-
20-24		1									1	59,405
25-29		6	2								8	67,538
30-34		11	15								26	70,493
35-39		2	14	9							25	72,179
40-44			4	9	13	1					27	78,903
45-49			1	2	5	7					15	83,853
50-54					2	4	4	1			11	92,727
55-59							2				2	78,017
60-64									1		1	102,723
65+											0	-
TOTAL	0	20	36	20	20	12	6	1	1	0	116	76,759

Age = 39.44 Years

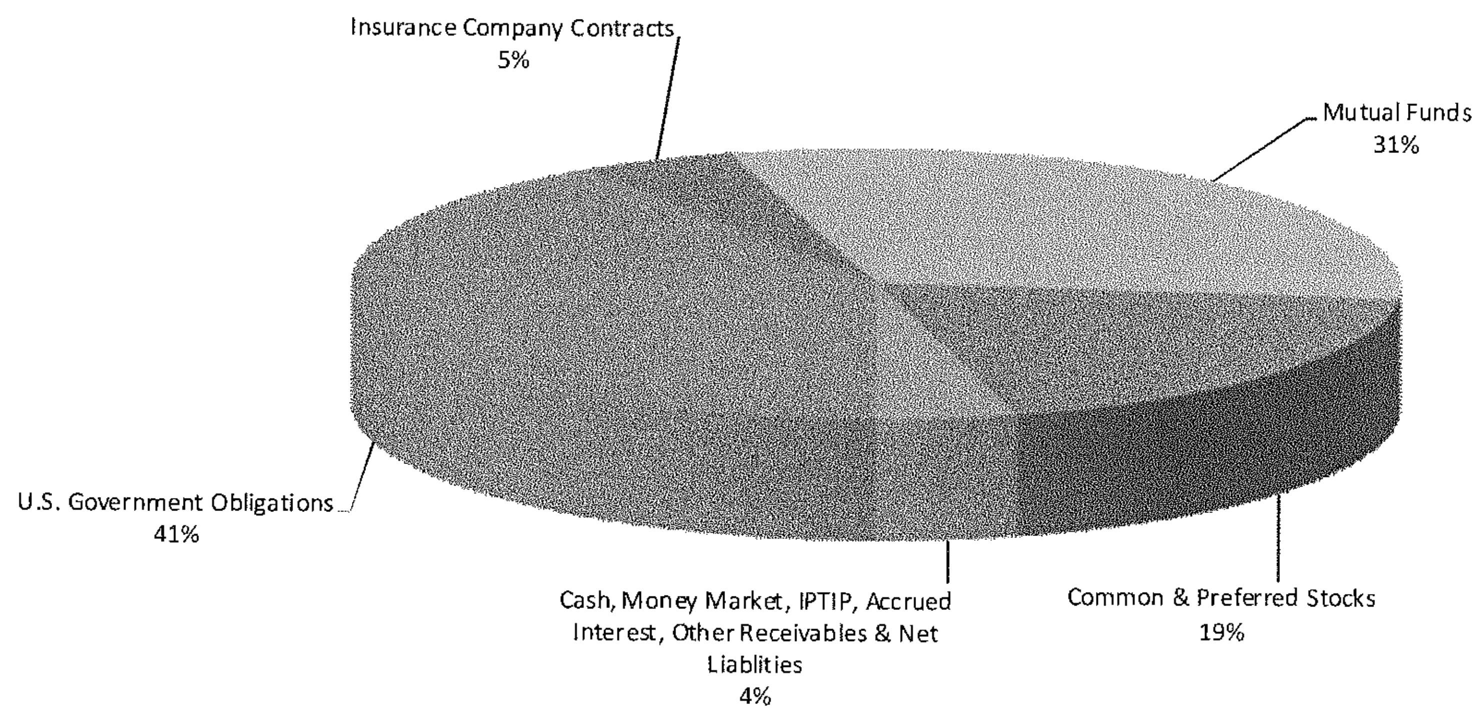
Service = 12.72 Years

ASSET INFORMATION

Cash, Money Market, IPTIP	$1,849,927
Certificates of Deposit	0
State and Local Obligations	0
U.S. Government Obligations	19,322,478
Insurance Company Contracts	2,263,280
Pooled Investment Accounts	0
Mutual Funds	14,787,703
Common & Preferred Stocks	9,032,987
Taxes Receivable	0
Accrued Interest	204,503
Other Receivables	17,733
Net Liabilities	7,671
Net Present Assets at Market Value	$47,470,940

The chart on the following page shows the percentage of invested assets.

ASSET INFORMATION



DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

1.	Actuarial Value of Assets, May 1, 2010*	$48,078,031
2.	Contributions Received During 2010-2011	4,883,421
3.	Benefit Payments and Expenses Made During 2010-2011	3,572,673
4.	Assumed Interest at 7.50% on (1), (2) and (3)	3,650,909
5.	Preliminary Actuarial Value of Assets: [(1) + (2) - (3) + (4)]	53,039,688
6.	Market Value, May 1, 2011*	47,470,940
7.	Preliminary Adjustment Account:	
	a) Amount: [(5) - (6)]	5,568,748
	b) Percentage: [(7a) ÷ (6) x 100%]	11.73%
8.	Final Adjustment Amount	
	a) Amount	5,293,010
	b) Percentage	11.15%
	c) Taxes receivable	0
9.	Adjusted Actuarial Value of Assets, May 1, 2011: [(6) + (8a) + (8c)]	52,763,950
10.	Final Actuarial Value of Assets for funding purposes May 1, 2011 [Greater of (6) and (9)]:	52,763,950
11.	Final Actuarial Value of Assets for GASB reporting [(10)-(8c)]*	52,763,950

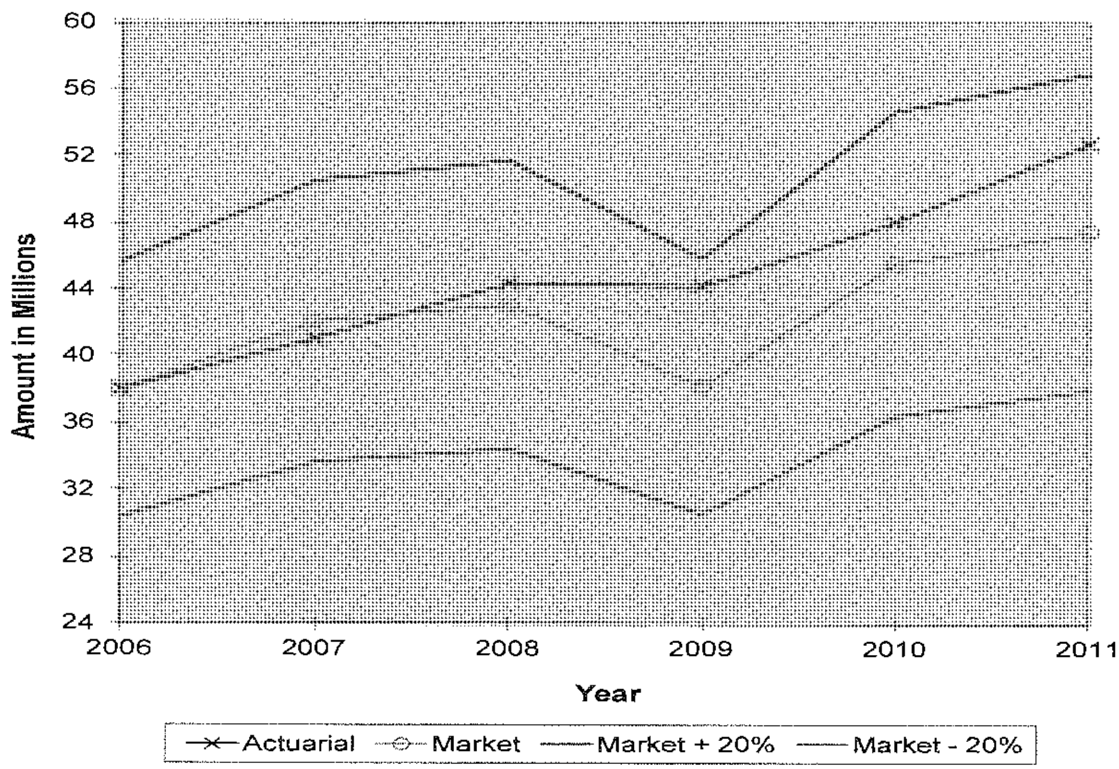
*excluding taxes receivable

ASSET HISTORY

For the Year beginning May 1	Actuarial Value of Assets	Market Value of Assets
2011	$52,763,950	$47,470,940
2010	48,078,031	45,587,724*
2009	44,228,726	38,243,602*
2008	44,388,369	43,124,752
2007	41,082,107	42,123,789
2006	38,044,418	38,044,418

*includes receivable contributions.

The chart below presents a comparison between the Actuarial Value of Assets and the Market Value of Assets for the current year and the five preceding years. The chart also illustrates the corridor 20% above and 20% below the Market Value of Assets.



ANALYSIS OF INVESTMENT RETURN

Fiscal Year Ending April 30	Annual Rate of Return
2011	10.32%
2010*	17.04
2009*	-19.00
2008	1.55
2007	9.87
2006	11.29
2005	4.53
2004	11.64
Composite	
2004-2011	5.33%

*includes receivable contributions

The following chart presents a progression of these percentages in graphical form.

THIRTY - YEAR PROJECTION OF PAYMENTS

	Payouts from Active Group Upon					Payouts from		Total
	Termination		Death	Retirement	Disability	Retired Group	Deferred Pensioners	
Year	Lump Sum	Deferred Pension						
2011	20,809	0	13,571	209,275	38,410	3,575,380	263,656	4,121,101
2012	15,779	0	19,575	383,474	74,222	3,595,343	36,797	4,125,190
2013	10,283	0	19,483	536,640	109,683	3,634,539	36,728	4,347,356
2014	5,794	0	25,969	705,346	147,098	3,636,497	36,655	4,557,359
2015	1,606	0	30,925	907,112	187,529	3,633,927	36,577	4,797,676
2016	0	0	37,999	1,209,094	230,084	3,631,798	36,487	5,145,462
2017	0	0	43,534	1,442,011	274,199	3,638,145	36,390	5,434,279
2018	0	0	50,497	1,686,900	319,344	3,622,227	36,284	5,715,252
2019	0	0	56,906	1,916,943	366,360	3,600,348	36,168	5,976,725
2020	0	0	63,974	2,312,289	413,679	3,572,161	37,118	6,399,221
2021	0	0	70,734	2,655,540	460,633	3,537,138	38,071	6,762,116
2022	0	0	77,682	3,003,029	507,749	3,499,121	39,029	7,126,610
2023	0	0	84,663	3,339,854	553,758	3,456,197	39,988	7,474,460
2024	0	0	91,352	3,713,303	599,377	3,398,957	40,943	7,843,932
2025	0	0	98,064	4,165,425	645,556	3,333,045	41,886	8,283,976
2026	0	0	103,970	4,569,955	692,956	3,258,212	42,812	8,667,905
2027	0	0	110,554	4,998,127	732,708	3,198,155	43,710	9,083,254
2028	0	0	115,421	5,571,701	778,624	3,106,179	44,571	9,616,496
2029	0	0	121,538	6,120,067	817,158	3,005,351	45,390	10,109,504
2030	0	0	124,817	6,558,731	865,136	2,949,187	46,156	10,544,027
2031	0	0	130,579	7,117,268	907,620	2,833,509	46,856	11,035,832
2032	0	0	132,599	7,559,143	943,833	2,709,944	47,486	11,393,005
2033	0	0	137,091	7,971,903	970,006	2,579,193	48,036	11,706,229
2034	0	0	138,074	8,324,989	998,134	2,441,948	48,498	11,951,643
2035	0	0	141,291	8,643,591	1,028,147	2,299,261	48,843	12,161,133
2036	0	0	141,243	8,943,531	1,047,069	2,152,257	49,072	12,333,172
2037	0	0	143,115	9,208,080	1,070,750	2,002,206	49,166	12,473,317
2038	0	0	140,916	9,427,066	1,108,966	1,885,561	49,102	12,611,611
2039	0	0	141,521	9,610,075	1,136,081	1,734,446	48,860	12,670,983
2040	0	0	138,964	9,765,770	1,145,834	1,584,630	48,422	12,683,620

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION OF THE MUNICIPALITY

		Fiscal Year May 1, 2011 through April 30, 2012
1.	Entry Age Normal Cost	$2,286,587
2.	Actuarial Accrued Liability	90,608,780
3.	Actuarial Value of Assets	52,763,950
4.	Unfunded Actuarial Accrued Liability	37,844,830
5.	Payment to Amortize Unfunded Actuarial Accrued Liability Over 40 Years from Effective Date of Application of GASB 25 (22 years remaining)	2,331,842
6.	Total Annual Required Contribution for Fiscal Year April 30, 2012: [(1) + (5)]	4,618,429
7.	Active Member Contributions (9.91% of Salaries):	882,386
8.	**Annual Required Contribution (ARC) payable at the beginning of the current fiscal year: [(6) - (7)]**	**3,736,043**

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION
(Continued)

NOTES:

- The Annual Required Contribution as of May 1, 2011 has been determined under the Governmental Accounting Standards Board Statement No. 25 and is required disclosure for the fiscal year ending April 30, 2012. The Entry Age Normal Cost and the Actuarial Accrued Liability were determined using the Entry Age Normal Cost Actuarial Cost Method.

- The Entry Age Normal Cost has been determined as a level percentage of projected payroll of the active members of the group. The amortization method for the Unfunded Actuarial Accrued Liability is determined as a level percentage of payroll amount over a closed Amortization Period as permitted in Governmental Accounting Standards Board Statement No. 25.

- All values were determined on the basis of the actuarial assumptions and methods as more fully described in Appendix 2 of this report.

ACTUARIAL ASSUMPTIONS
(Economic)

Investment Return
7.50% per annum, compounded annualy (net of expenses).

Salary Increases
Representative values of assumed salary increases are as follows:

Age	Increase %
25	4.8611
30	2.9848
35	2.0341
40	1.5239
45	1.3083
50	1.1846
55	1.1220

An additional inflation allowance of 3.00% per year is added to the above.
Chiefs and Deputy Chiefs loaded an additional 5% at retirement.

Payroll Growth
It was assumed that payroll will grow 4.50% per year.

Actuarial Asset Basis
A preliminary actuarial value of assets is calculated by accumulating the prior year's actuarial value with adjustments for contributions and benefit payments at the valuation interest rate. The market value is subtracted from the preliminary actuarial value. The difference, the preliminary adjustment account, is divided by the market value. Then using the following table, the final actuarial value of assets is calculated by adding the final adjustment account to the market value.

Percentage of Market Value (Plus or Minus)	
Preliminary Adjustment Account	**Final Adjustment Account**
0% to 10%	Preliminary adjustment account
10% to 20%	0% plus 1/3 of the excess over 10%
20% to 30%	16 2/3% plus 1/3 of the excess over 20%
Over 30%	20%

Effective May 1, 2012, a 5-year cumulative analysis of the actuarial value of assets will be made. If the final actuarial value differentiates by more than 10% (plus or minus) from the market value of assets, the final actuarial value of assets will be further adjusted to equal 90% or 110% of the market value of assets.

ACTUARIAL ASSUMPTIONS
(Demographic)

Mortality
Active Lives
RP-2000 Combined Healthy Mortality Table (male and female). Five percent (5%) of deaths amongst active police officers are assumed to be in the performance of their duty.

Non-Active Lives
RP-2000 Combined Healthy Mortality Table (male and female).

Termination
Illustrative rates of withdrawal from the plan for reasons other than death or disability are as follows:

Age	Rate of Withdrawal
25	.0734
30	.0416
35	.0223
40	.0119
45	.0102
50	---

It is assumed that terminated police officers will not be rehired.

Disability Rates
Incidence of disability amongst police officers eligible for disability benefits:

Age	Rate
25	.0013
30	.0026
35	.0044
40	.0071
45	.0108
50	.0159

15% of disabilities amongst active police officers are assumed to be in the performance of their duty.

ACTUARIAL ASSUMPTIONS
(Demographic)

Retirement Rates
Retirements are assumed to occur between the ages of 50 and 69 in accordance with the following table:

Age	Rate of Retirement	Age	Rate of Retirement
50	.36	60	.22
51	.22	61	.30
52	.18	62	.39
53	.19	63	.48
54	.19	64	.57
55	.20	65	.65
56	.20	66	.74
57	.20	67	.83
58	.21	68	.91
59	.21	69	1.00

Marital Status
85% of police officers are assumed to be married.

Spouse's Age
Wives are assumed to be 3 years younger than their husbands.

ACTUARIAL ASSUMPTIONS
(Additional)

Expenses
None assumed.

Actuarial Cost Method:
Projected Unit Credit for statutory minimum
Entry Age Normal for recommended and GASB reporting

SUMMARY OF PRINCIPAL PLAN PROVISIONS

Definitions

Tier 1 – For Police Officers first entering Article 3 prior to January 1, 2011

Tier 2 – For Police Officers first entering Article 3 after December 31, 2010

Police Officer (3-106): Any person appointed to the police force and sworn and commissioned to perform police duties.

Persons excluded from Fund (3-109): Part-time officers, special police officer, night watchmen, traffic guards, clerks and civilian employees of the department. Also, police officers who fail to pay the required fund contributions or who elect the Self-Managed Plan option.

Creditable Service (3-110): Time served by a police officer, excluding furloughs in excess of 30 days, but including leaves of absences for illness or accident and periods of disability where no disability pension payments have been received and also including up to 3 years during which disability payments have been received provided contributions are made.

Pension (3-111)

Normal Pension Age
Tier 1 - Age 50 with 20 or more years of creditable service.

Tier 2 - Age 55 with 10 or more years of creditable service.

Normal Pension Amount
Tier 1 - 50% of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service, plus 2½% of such annual salary for service from 20 to 30 year (maximum 25%)].

Tier 2 - 2½% of Final Average salary for each year of service. Final Average Salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service

Early Retirement at age 50 with 10 or more years of service but with a penalty of ½% for each month prior to age 55.

Annual Salary capped at $106,800 increased yearly by the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.

Minimum Monthly Benefit: $1,000

Maximum Benefit Percentage: 75% of salary

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Termination Retirement Pension Date
Separation of service after completion of between 8 and 20 years of creditable service.

Termination Pension Amount
Commencing at age 60, 2½% of annual salary held in the year preceding termination times years of creditable service or refund of contributions, or for persons terminating on or after July 1, 1987, 2½% of annual salary held on the last day of service times years of credible service, whichever is greater.

Pension Increase

Non-Disabled
Tier 1 - 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the original pension amount on each January thereafter. Effective July 1, 1993, 3% of the amount of pension payable at the time of the increase including increases previously granted, rather than 3% of the originally granted pension amount.

Tier 2 - The lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.

Disabled
3% increase of the original pension amount after attainment of age 60 for each year he or she received pension payments, followed by an additional 3% of the original pension amount in each January 1 thereafter.

Pension to Survivors (3-112)

Death of Retired Member
Tier 1 - 100% of pension amount to surviving spouse (or dependent children).

Tier 2 – 66 2/3% of pension amount to surviving spouse (or dependent children), subject to the following increase: the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.

Death While in Service (Not in line of duty)
With 20 years of creditable service, the pension amount earned as of the date of death.

With between 10 and 20 years of creditable service, 50% of the salary attached to the rank for the year prior to the date of death.

Death in Line of Duty
100% of the salary attached to the rank for the last day of service year prior to date of death.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Minimum Survivor Pension
$1,000 per month to all surviving spouses.

<u>Disability Pension - Line of Duty (3-114.1)</u>

Eligibility
Suspension or retirement from police service due to sickness, accident or injury while on duty.

Pension
Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available. Minimum $1,000 per month.

<u>Disability Pension - Not on Duty (3-114.2)</u>

Eligibility
Suspension or retirement from police service for any cause other than while on duty.

Pension
50% of salary attached to rank at date of suspension or retirement. Minimum $1,000 per month.

<u>Other Provisions</u>

Marriage After Retirement (3-120)
No surviving spouse benefit available.

Refund (3-124)
At death prior to completion of 10 years of service, contributions are returned without interest to widow.

At termination with less than 20 years of service, contributions are refunded upon request.

Contributions by Police Officers (3-125.1)
Beginning January 1, 2001, 9.91% of salary including longevity, but excluding overtime pay, holiday pay, bonus pay, merit pay or other cash benefit.

GLOSSARY

Actuarial Accrued Liability
See ***Entry Age Normal Cost*** *Method and* ***Projected Unit Credit Cost*** *Method.*

Actuarial Assumptions
The economic and demographic predictions used to estimate the present value of the plan's future obligations. They include estimates of investment earnings, salary increases, mortality, withdrawal and other related items. The *Actuarial Assumptions* are used in connection with the *Actuarial Cost Method* to allocate plan costs over the working lifetimes of plan participants.

Actuarial Cost Method
The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants. Also referred to as an *Actuarial Funding Method.*

Actuarial Funding Method
See *Actuarial Cost Method*

Actuarial Gain (Loss)
The excess of the actual *Unfunded Actuarial Accrued Liability* over the expected *Unfunded Actuarial Accrued Liability* represents an *Actuarial Loss.* If the expected *Unfunded Actuarial Accrued Liability* is greater, an *Actuarial Gain* has occurred.

Actuarial Present Value
The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of *Actuarial Assumptions.*

Actuarial Value of Assets
The asset value derived by using the plan's *Asset Valuation Method.*

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

Employee Retirement Income Security Act of 1974 (ERISA)
The primary federal legislative act establishing funding, participation, vesting, benefit accrual, reporting, and disclosure standards for pension and welfare plans.

GLOSSARY
(Continued)

Entry Age Normal Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The portion of this *Actuarial Present Value* not provided for at a valuation date by the *Actuarial Present Value* of future *Normal Costs* is called the *Actuarial Accrued Liability*.

Normal Cost
The portion of the *Present Value of Projected Plan Benefits* that is allocated to a particular plan year by the *Actuarial Cost Method*. See *Entry Age Normal Cost Method* for a description of the Normal Cost under the *Entry Age Normal Cost Method*. See *Projected Unit Credit Cost Method* for a description of the Normal Cost under the *Projected Unit Credit Cost Method*.

Present Value of Future Normal Costs
The present value of future normal costs determined based on the *Actuarial Cost Method* for the plan. Under the *Entry Age Normal Cost Method*, this amount is equal to the excess of the *Present Value of Projected Plan Benefits* over the sum of the *Actuarial Value of Assets* and *Unfunded Actuarial Accrued Liability*.

Present Value of Projected Plan Benefits
The present value of future plan benefits reflecting projected credited service and salaries. The present value is determined based on the plan's actuarial assumptions.

Projected Unit Credit Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated by a consistent formula to valuation years. The *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The *Actuarial Present Value* of benefits allocated to all periods prior to a valuation year is called the *Actuarial Accrued Liability*.

Statement No. 25 of the Governmental Accounting Standards Board (GASB No. 25)
The accounting statement that established the standards of financial accounting and reporting for the financial statements of defined benefit pension plans.

Unfunded Actuarial Accrued Liability
The excess of the *Actuarial Accrued Liability* over the *Actuarial Value of Assets*.

December 5, 2011

Mr. Daniel A. Donath
City of Bloomington Police Pension Fund
305 South East Street
Bloomington, IL 61702-3157

RE: Results of Actuarial Valuation for Plan Year ending April 30, 2012
Bloomington Police Pension Fund

Dear Dan:

We have completed the actuarial valuation of the Bloomington Police Pension Fund for the Year ending April 30, 2012. Given the time frame for budgeting purposes, we wanted to make sure that the figures become available at the earliest possible opportunity.

Our calculations indicate the following:

Recommended Tax Levy	**$4,036,617 or 43.38% of payroll**
Minimum Statutory Tax Levy*	3,056,933 or 32.85% of payroll
GASB-25 Pension Expense	3,736,043 or 40.15% of payroll

The calculations are based upon actuarial assumptions which have been approved by the Board and additional assumptions selected by the undersigned. The actuarial calculations shown above reflect the Pension Law which is in effect as of January 1, 2011.

A formal report is being prepared and will be mailed upon its completion.

If you need further information concerning the actuarial calculations, please do not hesitate to contact us.

Sincerely,

TEPFER CONSULTING GROUP, LTD.

Arthur H. Tepfer, A.S.A., M.A.A.A.
Consulting Actuary

AHT/lf

* This contribution is not recommended as a tax levy since it amortizes any unfunded liability as a level percentage of payroll which, in our opinion, is not actuarially sufficient to appropriately fund the pension plan. Our report presents a full discussion of this method of amortization.

REQUIRED REPORTING TO MUNICIPALITY BY PENSION BOARD

As of April 30, 2011 fiscal year end

(40 ILCS 5/3-143) (from Ch. 108 1/2, par. 3-143)
Sec. 3-143. Report by pension board.
The pension board shall report annually to the city council or board of trustees of the municipality on the condition of the pension fund at the end of its most recently completed fiscal year. The report shall be made prior to the council or board meeting held for the levying of taxes for the year for which the report is made.

1.
Total Trust Assets (see attachment 1 for complete listing)

Total Assets (market value):	**$47,470,940**
Actuarial Value of Assets (see item 8 for explanation):	**$52,763,950**

2.
Estimated receipts during the next succeeding fiscal year from:

Participant Contributions deducted from payroll:	**$882,386**
Employer Contributions and all other sources:	**$3,056,933**

3.
Estimated amount required during the next succeeding fiscal year to:

(a) pay all pensions and other obligations provided in this Article:	**$4,121,101**
(b) meet the annual requirements of the fund as provided in Sections 3-125 and 3-127:	**$3,939,319**

4.

Total Net Income received from investment of net assets:	**$4,415,817**
Assumed Investment Return:	**7.50%**
Actual Investment Return:	**10.23%**
Total Net Income received from investment of net assets (FYE April 30, 2010):	**$6,122,441**
Assumed Investment Return (FYE April 30, 2010):	**7.50%**
Actual Investment Return (FYE April 30, 2010):	**17.04%**

5.

Total number of Active Employees that are financially contributing to the fund:	**116**

6.
Disbursements to:

(i) Annuitants in receipt of a regular retirement pension:	
Total number of annuitants:	**57**
Total amount that was disbursed in benefits:	**$2,754,879**
(ii) Recipients being paid a disability pension:	
Total number of annuitants:	**10**
Total amount that was disbursed in benefits:	**$366,005**
(iii) Survivors and children in receipt of benefits:	
Total number of annuitants:	**19**
Total amount that was disbursed in benefits:	**$344,989**

7.
Funded ratio of the fund: **58.23%**

8.
Unfunded Actuarial Accrued Liability: **$37,844,830**

The Unfunded Actuarial Accrued Liability is the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

The Actuarial Accrued Liability is the portion of the present value of future plan benefits reflecting projected credited service and salaries determined by the actuarial cost method based upon the plan's actuarial assumptions and not provided for at a valuation date by the actuarial present value of future normal costs. The normal cost is the portion of this present value which is allocated to the current valuation year.

The Actuarial Value of Assets is the asset value derived by using the plan's asset valuation method which is a method designed to smooth random fluctuations in asset values. The objective underlying the use of an asset valuation method is to provide for the long-term stability of municipal contributions.

9.
Investment Policy of the pension board under the statutory investment restrictions imposed on the fund. (See attachment 2)

Certification

I, Daniel Donath, President of the Bloomington Police Pension Board, City of Bloomington, McLean County, Illinois, do hereby certify that this document is a true and correct copy of: "Required Reporting to Municipality By Pension Board" as outlined in 40 ILCS 5/3-143.

Witness my hand this ______ day of _________, 2011.

____
Daniel Donath
President of Bloomington Police Pension Board

Source: P.A. 95-950, eff. 8-29-08

FOR COUNCIL: December 19, 2011

SUBJECT: Application of Santok 13, Inc., d/b/a Santok 13, located at 2444 S. Main St., for a GPBS liquor license, which will allow the sale of packaged beer and wine for consumption off the premises seven (7) days week

RECOMMENDATION: Based upon the report from the Liquor Hearing, the Liquor Commission recommends to the City Council that a GPBS liquor license for Santok 13 Inc., d/b/a Santok 13, located at 2444 S. Main St., be created, contingent upon compliance with all applicable health and safety codes.

BACKGROUND: The Bloomington Liquor Commissioner Stephen Stockton called the Liquor Hearing to order to consider the application of Santok 13, Inc., d/b/a Santok 13 located at 2444 S. Main St., requesting a GPBS liquor license which would allow the sale of packaged beer and wine for consumption off the premises seven (7) days week. Present at the hearing were Liquor Commissioners Steve Stockton, Richard Buchanan, Marabeth Clapp, and Geoffrey Tompkins; George Boyle, Asst. Corporation Counsel and Tracey Covert, City Clerk, and Pragnesu Patel, new owner/operator and Applicant representative and Aratl Patel, current owner/operator and License holder.

Commissioner Stockton opened the liquor hearing and requested that the Applicant explain this request. He added that this application represented a change of ownership. Pragnesu Patel, new owner/operator and Applicant representative, addressed the Commission. He currently was employed by his sister assisting in her operation of a convenient store/gas station in East Peoria. He had seven (7) years of experience. He hoped to start his own business.

Commissioner Stockton questioned if Mr. Patel had been cited with any liquor violations. Mr. Patel responded negatively. He noted that at his current employer there was new software which required a customers' identification to be scanned to verify date of birth.

Aratl Patel, current owner/operator and License holder, addressed the Commission. She noted that she currently offered this software feature.

Commissioner Stockton noted that the Commission had reviewed the Application. Commissioner Buchanan questioned if the Applicant had a lease to the premise. Mr. Patel noted that there was an agreement to sublease the premise.

Commissioner Tompkins noted that there currently was a liquor license at this location. Mr. Patel noted that the business was a convenient store. Sales which were key to business success were gasoline, tobacco and liquor. Commissioner Tompkins questioned Mr. Patel's understanding of City ordinances and state statutes. Mr. Patel cited his seven (7) years of experience without a violation.

Commissioner Tompkins addressed Mr. Patel financial wherewithal. Mr. Patel addressed his assets. He noted his plan to sell his current residence and relocate to the City. He initially planned to rent an apartment.

Commissioner Stockton addressed residency. Tracey Covert, City Clerk, addressed the Council. The Applicant was a corporation. Therefore, the business' manager must reside in the County. Mr. Patel informed the Commission that Ms. Patel, current owner/operator and License holder, would manage the business. She resided within McLean County.

Commissioner Clapp questioned the number of employees. Mr. Patel noted that there would only be two (2).

Commissioner Tompkins readdressed the Applicant's financial information. Commissioner Stockton noted that questions must be relevant to the liquor license.

Commissioner Buchanan noted his hope that applications would be carefully completed. He believed the care and attention to detail would be reflected in the store's operations. He suggested that the application packet be reviewed for potential updating.

Commissioner Tompkins questioned which liquor license classification had been eliminated. Ms. Covert cited GPA, (Gasoline, Packaged sales, All types of alcohol).

Commissioner Stockton noted Mr. Patel's seven (7) of management experience without a single violation.

Motion by Commissioner Buchanan, seconded by Commissioner Clapp that the application of Santok 13 Inc., d/b/a Santok 13 located at 2444 S. Main St., requesting a GPBS liquor license which allows the sale of packaged beer and wine for consumption off the premises seven (7) days a week be approved.

Motion carried, (unanimously).

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Public notice was published in the Pantagraph in accordance with City Code. In accordance with City Code, approximately one (1) courtesy copy of the Public Notice was mailed. In addition, the Agenda for the December 13, 2011 Meeting of the Liquor Commission was placed on the City's web site. There also is a list serve feature for the Liquor Commission.

FINANCIAL IMPACT: None. Request is for a change of ownership. Annual fee for a GPBS liquor license is $1,180.

Respectfully, Reviewed and concur:

Stephen F. Stockton
Chairman of Liquor Commission

Randall D. McKinley
Police Chief

Motion: That a GPBS liquor license for Santok 13 Inc., d/b/a Santok 13 located at 2444 S. Main St. be created, contingent upon compliance with all applicable health and safety codes.

Motion: ______________________________ Seconded by: ______________________________

	Aye	Nay	Other		Aye	Nay	Other
Alderman Stearns				Alderman McDade			
Alderman Mwilambwe				Alderman Anderson			
Alderman Fazzini				Alderman Schmidt			
Alderman Sage				Alderman Fruin			
Alderman Purcell							
				Mayor Stockton			

CITY OF BLOOMINGTON

E ADDENDUM 2

BLOOMINGTON CITY COUNCIL AGENDA

DECEMBER 19, 2011

CORRECTION TO ELECTRONIC CONSENT AGENDA

Item 6H Application of Santok 13 Inc., d/b/a Santok 13, located at 2444 S. Main St., for a GPBS liquor license, which will allow the sale of packaged beer and wine for consumption off the premises seven (7) days a week. This application involves a change of ownership at a location which currently holds a GPBS liquor license. (Recommend that a GPBS liquor license for Santok 13 Inc., d/b/a Santok 13 located at 2444 S. Main St., be created, contingent upon compliance with all applicable health and safety codes.) *Incorrect City Council Memorandum was initially attached to Electronic Addendum. Correct City Council Memorandum is now attached to Electronic Addendum 2.*

RESOLUTION NO. 2011 - ______

RESOLUTION Abating the Tax Hereto Levied for the Year 2011 to Pay the Principal of and Interest on General Obligation Refunding Bonds, Series 2011, of the City of Bloomington, McLean County, Illinois

WHEREAS the City Council (the *"City Council"*) of the City of Bloomington, McLean County, Illinois (the *"City"*), by Ordinance Number 2011 -27, adopted on the 23rd day of May, 2011 (the *"Ordinance"*), as supplemented by a Notification of Sale, dated May 31, 2011, and related to the Bonds, did provide for the issue of $5,075,000 General Obligation Refunding Bonds, Series 2011 (the *"Bonds"*), and the levy of a direct annual tax sufficient to pay the principal of and interest on the Bonds; and

WHEREAS, the City Council has determined and does hereby determine that the City has funds on hand and lawfully available (the *"Available Funds"*) to pay all of the interest on the Bonds on December 1, 2012, and the principal of and interest on the Bonds on June 1, 2013; and

WHEREAS, the City Council has determined and does hereby determine that it is necessary and in the best interests of the City to apply the Available Funds to the payment of the Bonds and abate all of the taxes heretofore levied for the year 2011 to pay such principal and interest on the Bonds; and

WHEREAS, the Available Funds have been deposited to the credit of the bond and interest fund of the City established pursuant to the Ordinance for the purpose of paying the principal of and interest on the Bonds; and

WHEREAS it is necessary and in the best interests of the City that the tax heretofore levied for the year 2011 to pay the principal of and interest on the Bonds be abated; and

WHEREAS, Section 13 of said Ordinance 2011 – 27 included a levy of taxes on all taxable real estate within the City of Bloomington corporate limits to pay principal and interest on the bonds issued thereby; and

WHEREAS, said Section 13 provided for the levy of $2,500,000.00 in 2011 to pay off a portion of said principal and interest due in 2012, but the City of Bloomington has funds on hand available to pay such principal and interest, and that $1,672,150 has previously been abated leaving a remaining balance for the 2011 levy of $875,850; and

NOW THEREFORE BE IT RESOLVED by the City of Bloomington, McLean County, Illinois, that the levy against taxable property in the City of Bloomington for the levy year 2011 payable in 2012 and on account of the aforesaid $5,075,000 in bonds be and the same is hereby abated for said taxable year, and the County Clerk of McLean County, Illinois is authorized and directed not to extend the remaining $827,850;

BE IT FURTHER RESOLVED that a certified copy of this Resolution be delivered to the County Clerk of McLean County, Illinois under official seal of the Clerk of the City.

ADOPTED by the City Council on December 19, 2011.

AYES: ____

____

NAYS: ____

ABSENT: ____

APPROVED on December ________, 2011.

____
Mayor

RECORDED in the City Records on ____________, 20__.

Attest:

____
City Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF MCLEAN)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of McLean, Illinois, and as such official I do further certify that on the ____ day of December, 2011, there was filed in my office a duly certified copy of Resolution No. 2011 - __________ entitled:

> RESOLUTION Abating the Tax Hereto Levied for the Year 2011 to Pay the Principal of and Interest on General Obligation Refunding Bonds, Series 2011, of the City of Bloomington, McLean County, Illinois.

(the *"Resolution"*) duly adopted by the City Council of the City of Bloomington, McLean County, Illinois (the *"City"*), on the 19th day of December, 2011, and that the same has been deposited in the official files and records of my office.

I do further certify that the taxes heretofore levied for the year 2011 for the payment of the City's General Obligation Refunding Bonds, Series 2011, as described in the Resolution will be abated in their entirety as provided in the Resolution.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of said County this ____ day of ____________, 20__.

____
County Clerk

[SEAL]

ORDINANCE NO. 2011-

AN ORDINANCE AMENDING BLOOMINGTON CITY CODE CHAPTER 45

BE IT ORDAINED by the City Council of the City of Bloomington, Illinois:

SECTION 1. That Bloomington City Code Chapter 45, Article II shall be and the same is hereby amended to read as follows:

ARTICLE II

AMENDMENTS, REVISIONS, ADDITIONS AND MODIFICATIONS
TO INTERNATIONAL PROPERTY MAINTENANCE CODE 2009

SEC. 1. AMENDMENTS, REVISIONS, ADDITIONS AND MODIFICATIONS.

That the International Property Maintenance Code is amended and revised in the following respects:

SECTION 101
GENERAL

SEC. 101.1 TITLE.

These regulations shall be known as the Property Maintenance Code of the City of Bloomington, hereinafter referred to as "this Code".

SECTION 102
APPLICABILITY

SEC. 102.5 WORKMANSHIP.

Repairs, maintenance work, alterations or installations which are caused directly or indirectly by the enforcement of this code shall be executed and installed in a workmanlike manner and installed in accordance with the manufacturer's installation instructions. Materials used for repairs shall be of like or similar materials of the surrounding surface.

SECTION 103
DEPARTMENT OF PROPERTY
MAINTENANCE INSPECTION

Insert the following two sections at the end of the paragraph:

SEC. 103.5 FEES.

(a) Reinspection Fee. If a contractor/owner notifies the Code Official that a project is ready for final inspection and, upon inspection the Code Official finds the project not complete, then the Contractor/Owner shall pay a fee of Twenty-five Dollars ($25.00) per inspector for each reinspection required. The fee shall be paid prior to the reinspection**.**

(b) Inspection Fee for Code Compliance. If requested, an inspection/ investigation of an existing building/facility for Code compliance may be done by the Code Official or employee charged with enforcement of this code with authorization from the owner. A fee of Ten Dollars ($10.00) per inspector shall be charged for said inspection/investigation**.**

SECTION 106
VIOLATIONS

SEC. 106.4 VIOLATION PENALTIES.

Any person who shall violate a provision of this Code or fail to comply therewith shall, upon conviction thereof, be subject to a fine of not less than Fifty Dollars ($50.00) nor more than Five Hundred Dollars ($500.00). Each day that a violation continues after due notice has been served shall be deemed a separate offense.

SECTION 108
UNSAFE STRUCTURES AND EQUIPMENT

SEC. 108.2.2 CLOSING STANDARDS.

Structures shall be closed with uniform materials, cut to fit in a workmanlike manner, securely attached and painted to match the surrounding surfaces.

SEC. 108.8 ADMINISTRATIVE FEE FOR OWNING CONDEMNED PROPERTY.

(a) Any person who owns a structure condemned under this Code and who fails to bring the structure into compliance with this code within one (1) year of the order to condemn shall be assessed a fee of five hundred dollars ($500.00).

(b) If the same structure in paragraph (a) is not in compliance with this code within eighteen (18) months of the order to condemn, the owner shall be fined an additional seven hundred and fifty dollars ($750.00).

(c) If the same structure in paragraph (a) is not in compliance with this code within two (2) years of the order to condemn, the owner shall be fined an additional two thousand dollars ($2,000.00) for the second year and two thousand dollars for each additional year thereafter in which that structure is not in compliance with this Code.

(d) Any person who owns a structure already condemned under this Code and who has a second structure condemned shall be assessed an additional fine of ($2,000.00) for each year the second structure remains on the condemned list. The fine shall be $2,000.00 per year even if the first structure is taken off the condemned list.

(e) Any person who owns two (2) structures condemned under this Code and who has a third or more structures condemned shall be assessed a fine of five thousand dollars ($5,000.00) per structure for every year they remain on the condemned list. The fine shall be five thousand dollars ($5,000.00) per structure per year even if the first and second structures are removed from the condemned list.

The administrative fees authorized by this Section shall be a lien on any real estate owned by such person. In addition to filing a lien upon such real estate, the City shall have the authority to collect such fee by filing a personal collection action against the owner in court.

SEC. 108.7 NOTICE TO BUYERS OF CONDEMNED STRUCTURE.

(a) Code Enforcement Division to Publish List. The Department of Planning and Code Enforcement, Code Enforcement Division, shall each month compile and publish a list of all structures which have been condemned and any Code violations existing in any structure on the list shall be public information and shall be disclosed to any person making inquiry. In addition, the Division shall disclose to any person making inquiry the location of any other structure condemned since the publication of the most recent list of condemned structures. A copy of the monthly list of condemned structures shall be sent to the Bloomington-Normal Board of Realtors to be made available to any members thereof. When any structure is condemned, notification of condemnation along with a copy of the inspection sheet with regard to said property shall be forwarded to the Bloomington-Normal Board of Realtors.

(b) Contents of Notice. The notices provided for in this Section shall contain the following information:

(1) the common street address of the property;

(2) the legal description or real estate index number of the property;

(3) the fact that the structure on the property has been "Condemned";

(4) the Code deficiencies found to exist on the property (which may be in the form of an attached inspection sheet) and the fact that occupancy of the structure is prohibited until necessary repairs are made, and if known, an approximate cost estimate of the cost of making sufficient repairs to permit occupancy of the structure.

(c) Real Estate Agent Must Give Notice of Defects. It shall be unlawful for any real estate agent to permit a person to execute a formal offer to purchase any property on which a condemned structure is located without furnishing said person a copy of the notice required by this Section and obtaining written receipt of such notice. The original of said notice and receipt shall be forwarded to the Code Enforcement Division.

SECTION 110
DEMOLITION

SEC. 110.1.1 UNREASONABLE REPAIRS.

Whenever the Code Official determines that the cost of such repairs would exceed 100% of the current value of such structure, such repairs shall be presumed unreasonable and it shall be presumed for the purpose of this Section that such structure is a public nuisance which shall be ordered razed.

SECTION 202
GENERAL DEFINITIONS

CARPORT. A structure, attached or detached, intended for the parking of motor vehicles; open on at least two (2) sides, or with the aggregate areas of all walls not less than 50% open. Carports not meeting this definition shall be considered a garage.

DORMITORY. A space in a building where group sleeping accommodations are provided for persons not members of the same family group in one (1) room or in a series of closely associated rooms.

EFFICIENCY UNIT. A dwelling unit consisting of one (1) principal room together with bathroom, kitchen, hallway, closets, and/or dining alcove directly off the principal room provided such dining alcove does not exceed one hundred twenty-five (125) square feet in area.

GARAGE, ACCESSORY. An accessory building or an accessory portion of the principal building which is intended for and used for storing passenger motor vehicles owned and used by the occupants of the building to which it is accessory or attached. An accessory garage shall be provided with operable vehicle access doors. See also “Carport” and “Shed”.

GRAFFITI. Graffiti shall mean any drawing, inscription, writing, figure or mark made upon a wall or other exposed surface, including but not limited to any house, garage, rock, bridge, fence, gate, tree, monument, motor vehicle, sidewalk, street, lamp post, street sign, underpass or retaining wall, whether publicly or privately owned, with paint, chalk, dye, ink, pencil, wax or other similar substance or by etching, scratching, cutting, burning or carving without the express consent of the owner of said wall or other exposed surface.

HOTEL. (Motel, Motor Hotel): Any building containing six (6) or more guest rooms intended or designed to be used, or which are used, rented or hired out to be occupied or which are occupied for sleeping purposes by guests.

ONE-FAMILY DWELLING. (a.k.a. Single-family dwelling) A dwelling, containing one (1) dwelling unit.

TWO-FAMILY DWELLING. A dwelling containing two dwelling units.

FAMILY. One (1) or more persons, each related to the other by blood, adoption or marriage, living in a dwelling unit. One (1) or more persons each related to the other by blood, adoption or marriage and not more than two (2) other persons not related by blood, adoption or marriage living in a dwelling unit shall also be deemed to constitute a family. Any child living in a "Foster Family Home" as defined in this Code shall also be deemed to be part of a family.

However, in no case shall more than two (2) persons not related by blood, adoption or marriage occupy any efficiency unit or a one (1) bedroom dwelling unit as defined in this Code.

FOSTER FAMILY HOME. Means a facility for child care in residences of families who receive no more than eight (8) children unrelated to them, unless all the children are of common parentage, for the purposes of providing family care and training for children on a full-time basis. The family's own children under eighteen (18) years of age shall be included in determining the maximum number of children served. The term "Foster Family Home" includes homes receiving children from any state-operated institution for child care; or from any agency established by a municipality or other political subdivision of the State of Illinois authorized to provide care for children outside their own homes -- but excludes therefrom any "Agency-Operated Family Home", "Agency-Operated Group Home" or "Agency-Supervised Home" as defined in Bloomington City Code, Chapter 44, Zoning Code. The types of foster family homes are defined as follows:

(a) "BOARDING HOME" means a Foster Family Home which receives payment for regular full-time care of a child or children.

(b) "FREE HOME" means a Foster Family Home, other than an adoptive home, which does not receive payments for the care of a child or children.

(c) "WORK-WAGE HOME" means a Foster Family Home which receives a child or children who pay part or all of their board by rendering some services to the family not prohibited by the Child Labor Law or by standards or regulations of the Illinois Department of Children and Family Services prescribed under the Illinois Child Care Act of 1969, as amended. The child or children may receive a wage in connection with the services rendered the foster family; and

(d) "INDEPENDENT HOME" means a Foster Family Home, other than an adoptive home, which receives no more than four (4) children, unless of common parentage, directly from parents, or other legally responsible persons, by independent arrangement and which is not subject to direct and regular supervision of a specified agency except as such supervision pertains to licensing by the Illinois Department of Children and Family Services.

ROOMING HOUSE. Any building, or any part thereof, containing one (1) or more rooming units, in which space is let by the owner or operator to more than four (4) persons.

SHED. A completely enclosed accessory structure, not intended for the storage of motor vehicles. Access doors on a shed shall be maintained in an operable condition. See also, "Carport" and "Garage".

SECTION 302
EXTERIOR PROPERTY AREAS

SEC. 302.1 SANITATION.

All exterior property and premises shall be maintained in a clean, safe and sanitary condition and free from any accumulation of rubbish. The occupant shall keep that part of the exterior property which such occupant occupies or controls in a clean and sanitary condition.

SEC. 302.4 WEEDS.

All premises and exterior property shall be maintained free from weeds or plant growth in excess of eight (8) inches. All noxious weeds shall be prohibited. Weeds shall be defined as all grasses, annual plants and vegetation, other than trees or shrubs provided; however, this term shall not include cultivated flowers and gardens. (Ordinance No. 2003-81)

SEC. 302.7.1 ACCESSORY STRUCTURE DOORS MAINTAINED.

Vehicle and man doors on accessory structures shall be free and maintained in an operable condition. (Ordinance No. 2003-81)

SEC. 302.8.1 REMOVAL.

The Code Official may direct the vehicles to be removed as provided in Chapter 29, Sections 193 and 194 of the Bloomington City Code.

SECTION 304
EXTERIOR STRUCTURE

SEC. 304.14 INSECT SCREENS.

During the period from April 15th through October 31st, every door, window and other outside opening utilized or required for ventilation purposes serving any structure containing habitable rooms, food preparation areas, food service areas, or any areas where products to be included or utilized in food for human consumption are processed, manufactured, packaged or stored, shall be supplied with approved tightly fitting screens of not less than 16 mesh per inch and every swinging door shall have a self-closing device in good working condition.

EXCEPTION: Screen doors shall not be required where other approved means, such as air curtains or insect repellent fans are employed.

SEC. 304.3 PREMISES IDENTIFICATION.

Buildings shall have approved address numbers placed in a position to be plainly legible and visible from the street or road fronting the property. These numbers shall contrast with their background. Address numbers shall be Arabic numerals. Numbers shall not be printed or in script. Numbers shall be a minimum of four (4) inches high with a minimum stroke width of 1/2 inch.

SEC. 304.3.1 SUITES OR UNITS.

All suite or units shall be marked at the front of each suite or unit. Style shall be consistent with all suites or units in the building.

SEC. 304.3.2 MULTIPLE BUILDINGS.

Multiple buildings in a complex shall be individually marked and visible from the street or parking lot. Only Arabic numerals or letters shall be used.

SEC. 304.6 EXTERIOR WALLS.

All exterior walls shall be free from holes, breaks and loose or rotting materials; and maintained weatherproof and properly surface coated where required to prevent deterioration. Surface coatings shall be consistent with surrounding areas of the exterior wall.

SECTION 305
INTERIOR STRUCTURE

SEC. 305.3 INTERIOR SURFACES.

All interior surfaces, including windows and doors, shall be maintained in good, clean and sanitary condition. Peeling, chipping, flaking or abraded paint shall be repaired, removed or covered. Cracked or loose plaster, decayed wood and other defective surface conditions shall be corrected. For the purposes of this section, raw or unfinished drywall is not considered clean or sanitary.

SEC. 305.6 INTERIOR DOORS.

Every interior door shall fit reasonably well within its frame and shall be capable of being opened and closed by being properly and securely attached to jambs, headers or tracks as intended by the manufacturer of the attachment hardware. Doors containing cracks, breaks, holes, or otherwise damage shall be replaced or repaired in a workmanlike manner.

SECTION 308
RUBBISH AND GARBAGE

SEC. 308.4 APPROVED REFUSE CONTAINER.

(1) A can made of galvanized iron or lined with galvanized iron, of not more thirty/thirty-three (30-33) gallon capacity, which is watertight, has a tight fitting cover and two (2) handles; or

(2) a heavy duty durable plastic container of not more than thirty/thirty-three (30-33) gallon capacity, which is watertight, has a tight fitting cover and has two (2) handles; or

(3) plastic refuse bags meeting specifications established by the Director of Public Service and approved by the City Manager.

SECTION 602
HEATING FACILITIES

SEC. 602.2 RESIDENTIAL OCCUPANCIES.

Dwellings shall be provided with heating facilities capable of maintaining a room temperature of 68°F (20°C) in all habitable rooms, bathrooms and toilet rooms based on the winter outdoor design temperature for the locality. Cooking appliance and/or portable space heating appliances shall not be used to provide space heating to meet the requirements of this section.

SEC. 602.3 HEAT SUPPLY.

Insert the following dates into the locations:
"...from October 1st. to May 31st. to maintain..."
(Ordinance No. 2005-26)

SEC. 602.4 OCCUPIABLE WORK SPACES.

Insert the following dates into the locations:
"...from October 1st. to May 31st. to maintain..."

SECTION 2. That except as provided herein, the Bloomington City Code, as amended, shall remain in full force and effect.

SECTION 3. The City Clerk shall be, and she is hereby directed and authorized to publish this Ordinance in pamphlet form as provided by law.

SECTION 4. This Ordinance is enacted pursuant to the authority granted to the City as a home rule unit by Article VII, Section 6 of the 1970 Illinois Constitution.

SECTION 5. This Ordinance shall take effect ten (10) days after passage and approval.

PASSED this 19th day of December, 2011.

APPROVED this ______ day of December, 2011.

APPROVED:

STEPHEN F. STOCKTON
Mayor

ATTEST:

TRACEY COVERT
City Clerk

CITY OF BLOOMINGTON

ADDENDUM 3

BLOOMINGTON CITY COUNCIL AGENDA

DECEMBER 19, 2011

ADDITION TO CONSENT AGENDA

Item 6K Abatements of Tax Levy. (Recommend that the Resolutions be adopted.) *Resolution #10 attached.*

Item 6L Adoptions of Amendments to Chapter 45 Property Maintenance Code regarding the International Property Maintenance Code, 2009. (Recommend that the Text Amendment to Chapter 45. Property Maintenance Code be approved and the Ordinance passed.) *Ordinance attached.*

CORRECTION TO CONSENT AGENDA

Item 6K 10. Abatement for tax levy for ~~$5,000,000~~ $5, 075,000 General Obligation Bonds Refunding, Series 2011. This bond issuance was used to refinance a portion of $29.4 million debt used to construct the US Cellular Coliseum. This abatement pertains to Ordinance Number 2011 - 27. (The last debt service payment for this issue is June 1, 2026.)