FIREMEN'S PENSION FUND
(A PENSION TRUST FUND OF THE
CITY OF BLOOMINGTON, ILLINOIS)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Years Ended April 30, 2013 and 2012

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TABLE OF CONTENTS

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Certified Public Accountants & Advisors
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Independent Auditor's Report

Board of Trustees
Firemen's Pension Fund
City of Bloomington, Illinois

Report on the Financial Statements

We have audited the basic financial statements of the Bloomington Firemen's Pension Fund, a pension trust fund of the City of Bloomington, Illinois, as of and for the year ended April 30, 2013 and 2012 and the related notes to the financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net position of the Bloomington Firemen's Pension Fund, a pension trust fund of the City of Bloomington, Illinois as of April 30, 2013 and 2012 and the changes in plan net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1a, these basic financial statements present only the Bloomington Firemen's Pension Fund, a pension trust fund of the City of Bloomington, Illinois, and are not intended to present fairly the financial position and changes in financial position of the City of Bloomington, Illinois in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

The Bloomington Firemen's Pension Fund has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

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

Springfield, Illinois
October 30, 2013

FIREMEN'S PENSION FUND
(A PENSION TRUST FUND OF THE CITY OF BLOOMINGTON, ILLINOIS)

STATEMENTS OF PLAN NET POSITION

April 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 1,058,825	$ 5,106,169
Receivables:		
Employee	5,827	23,024
Accrued interest	557	264
Total receivables	6,384	23,288
Investments:		
U.S. Agency securities	8,258	10,926
Annuities - fixed	13,440,480	15,089,874
Annuities - variable	28,730,156	18,833,007
Total investments	42,178,894	33,933,807
Total assets	43,244,103	39,063,264
LIABILITIES		
Accounts, benefits and contribution refunds payable	1,159	1,284
Net position held in trust for pension benefits	$ 43,242,944	$ 39,061,980

See Notes to Basic Financial Statements.

FIREMEN'S PENSION FUND
(A PENSION TRUST FUND OF THE CITY OF BLOOMINGTON, ILLINOIS)

STATEMENTS OF CHANGES IN PLAN NET POSITION

For the Years Ended April 30, 2013 and 2012

	2013	2012
Additions:		
Contributions:		
Employer	$ 3,115,854	$ 3,460,505
Active members	694,258	677,666
Total contributions	3,810,112	4,138,171
Investment income:		
Net appreciation (depreciation) in fair value of investments	4,362,804	585,826
Interest	7,292	7,240
Dividends	-	225
Total investment income	4,370,096	593,291
Less investment expense	-	-
Net investment income	4,370,096	593,291
Total additions	8,180,208	4,731,462
Deductions:		
Benefit payments:		
Retired members	2,951,906	2,948,298
Widows	415,184	374,532
Disability	558,527	541,874
Total benefit payments	3,925,617	3,864,704
Return of pension contributions to terminated members	-	4,115
Administrative expenses	73,627	96,267
Total deductions	3,999,244	3,965,086
Net increase (decrease)	4,180,964	766,376
Net position held in trust for pension benefits, beginning of year	39,061,980	38,295,604
Net position held in trust for pension benefits, end of year	$ 43,242,944	$ 39,061,980

See Notes to Basic Financial Statements.

FIREMEN'S PENSION FUND
(A Pension Trust Fund of the City of Bloomington, Illinois)

NOTES TO FINANCIAL STATEMENTS
April 30, 2013 and 2012

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The Firemen's Pension Fund is a pension trust fund of the City of Bloomington, Illinois which provides for the accumulation of resources needed to pay pension costs when due. Resources are contributions from firemen at rates fixed by state statutes and City contributions in the form of an annual property tax levy. The financial statements contained herein present only the statements of plan net position and changes in plan net position and do not purport to, and do not, present the financial position, changes in financial position and cash flows, where applicable, of the City.

B. Summary of Significant Accounting Policies

Basis of accounting – The Pension Fund maintains its accounting records on the accrual basis, and these financial statements are issued utilizing the accrual basis of accounting in accordance with GASB Statement No. 25 for defined benefit plans. Member contributions are recognized in the period in which associated wages are earned. Employer contributions are recognized when due, and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Pension Fund.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and cash equivalents – The Pension Fund maintains all deposits in bank accounts in the name of the Pension Fund. The Fund considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments – Investments are reported at fair value. Securities traded on a national exchange are valued at last reported sales prices at current exchange rates. Fair values for insurance annuity contracts are net of surrender charges.

2. PLAN DESCRIPTION, CONTRIBUTIONS, AND ACTUARIAL VALUATION INFORMATION

Fire sworn personnel are covered by the Pension Fund. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The Pension Fund membership consisted of the following at April 30:

	2013	2012
Retirees and beneficiaries receiving benefits	85	82
Terminated plan member entitled to, but not yet receiving, Benefits	8	7
Active plan members	106	103
Total	199	192

Plan description – The Pension Fund provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January

2. PLAN DESCRIPTION, CONTRIBUTIONS, AND ACTUARIAL VALUATION INFORMATION – Continued

thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year. The monthly pension benefit of a firefighter, hired before January 1, 2011, who retired after January 1, 1977 shall be increased upon the first day of the month following the first anniversary date of retirement if 55 year of age or over at retirement date, or age 55, if it occurs after the first anniversary of retirement, by 1/12 of 3 percent of the originally granted pension for each full month that has elapsed since the pension began and by an additional 3 percent of the originally granted pension benefit amount each January thereafter. The monthly pension benefit of a firefighter who first becomes a firefighter under Chapter 40, Article 4 of state statute on or after January 1, 2011 shall be increased on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, which ever is later. Each annual increase shall be calculated at 3% or one-half the annual adjusted percentage increase (but not less than zero) in the consumer price index-u (published by the Bureau of Labor Statistics of the US Department of Labor) for the twelve months ending with the September preceding each November 1, whichever is less, of the originally granted pension. If the annual adjusted percentage change in the consumer price index-u for a twelve month period ending in September is zero or, when compared with the preceding period, decreases, then the pension shall not be increased.

Contributions – Covered employees are required to contribute 9.455 percent of their base salary to the Pension Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute an actuarially determined amount by an enrolled actuary. Effective January 1, 2011, the City has until year 2040 to fund 90% of the past service costs for the Pension Fund.

Actuarial Valuation

An actuarial valuation was performed as of May 1, 2012. The valuation determined the following:

Actuarial accrued liability	$79,531,884
Actuarial value of assets	$40,890,039
Unfunded actuarial liability	$38,641,845
Funded ratio	51.41%
Annual covered payroll	$7,359,892
Ratio of unfunded actuarial liability to annual covered payroll	525.03%

2. PLAN DESCRIPTION, CONTRIBUTIONS, AND ACTUARIAL VALUATION INFORMATION – Continued

The actuarial methods and significant assumptions used for the April 30, 2013 valuation are summarized below:

Investment return rate: 7.25% per year, compounded annually (net of expenses)

Projected salary increases: TCG Basic Salary Table providing graded increases from 1.12% to 4.86% varying by age, plus the inflation rate shown below.

Inflation rate: 3.00% per year.

Actuarial Cost Method: Entry Age Normal Cost

Actuarial value of assets: 5-year smoothed market

Amortization method: The amortization method used was level-percent of payroll with a closed approach.

Amortization period: The amortization period was to June 30, 2033 (21 years, 2 months).

Payroll Growth: 4.50% per year.

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

3. DEPOSITS AND INVESTMENTS

As of April 30, 2013, the Pension Fund's deposits and investments were as follows:

Authorized investments – The Pension Fund's investment policy authorizes the Pension Fund to invest in securities permitted in the Illinois Compiled Statutes. The statutes authorize the Pension Fund to invest in 1) interest bearing direct obligations of the United States of America; 2) interest bearing obligations to the extent they are fully guaranteed or insured by the United States of America; 3) interest bearing bonds, notes, debentures or other similar obligations of agencies of the United States of America; 4) interest bearing savings accounts or certificates of deposit issued by federally chartered banks or savings and loan associations, state of Illinois chartered banks or savings and loan associations, or credit unions to the extent the investments are insured by agencies or instrumentalities of

3. DEPOSITS AND INVESTMENTS – Continued

the federal government;5) interest bearing bonds of the state of Illinois; 6) pooled interest bearing accounts managed by the Illinois Public Treasurer's Pool; 7) interest bearing bonds or tax anticipation warrants of any county, township or municipal corporation of the state of Illinois; 8) direct obligations of the state of Israel subject to certain limitations as defined in the statute; 9) money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and Illinois Securities Law of 1953 and are diversified, open-ended management investment companies provided the money market portfolio is limited to bonds, notes, certificates of indebtedness, treasury bills or other securities guaranteed by the full faith and credit of the United States of America; bonds, notes, debentures or other similar obligations of the United States of America or its agencies; or certain short-term obligations of corporations; 10) general accounts of life insurance companies authorized to transact business in Illinois; 11) separate accounts managed by life insurance companies authorized to transact business in Illinois that are comprised of diversified portfolios consisting of common or preferred stocks, bonds, money market instruments or real estate or loans upon real estate secured by a first or second mortgage; 12) mutual funds managed by an investment company as defined and registered under the federal Investment Company Act of 1940 and Illinois Securities Law of 1953; that have been in operation for at least five years; that have total net position of $250 million or more; and that are comprised of diversified portfolios consisting of common or preferred stocks, bonds, money market instruments; 13) common and preferred stocks authorized for investments of trust funds under the laws of the state of Illinois that meet certain requirements detailed in the statutes.

A. Deposits

Custodial credit risk – Custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of its deposits that are in the possession of an outside party. The Pension Fund’s investment policy does not specifically address custodial credit risk for deposits, except for the Pension Fund’s compliance with State statutes. As of April 30, 2013 and 2012, the Pension Fund bank balances of deposits held at various institutions which were exposed to custodial credit risk because the balances were uninsured and uncollateralized totaled $0 and $1,309,197, respectively. As of April 30, 2013 and 2012, the Pension Fund bank balances of deposits held at various institutions which were exposed to custodial credit risk because the balances were collateralized by assets held by the pledging financial institutions totaled $0 and $349,200 respectively.

3. DEPOSITS AND INVESTMENTS – Continued

B. Investments

Custodial credit risk – Custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to the investment, a government will not be able to recover the value of its investment that are in the possession of another party. The Pension Fund's investment policy does not specifically address custodial credit risk for investments, except for the Pension Fund's compliance with State statutes.

Interest rate risk – Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

The Pension Fund's investment policy requires the Fund to minimize the risk of large losses caused by highly volatile changes in interest rates through the use of proper diversification and to maintain cash flow adequate to meet anticipated disbursements for up to a one-year period. Anticipated expenses for a one-year period will be maintained in short-term investments, namely the Illinois Funds account maintained by the state treasurer. The investment policy does not limit the maximum maturity length of investments in the Pension Fund.

Information about the sensitivity of the fair values of the Pension Fund's cash equivalents and investments to market interest rate fluctuations is provided in the following table that shows the distribution of the Pension Fund's investments by maturity as of April 30, 2013:

		Maturity (in years)			
Investment	Fair Value	Less than 1	1-5	6-10	>10
U.S. Agency securities	$ 8,258	$ -	$ -	$ -	$ 8,258
Annuities- Fixed	13,440,480	-	4,187,320	9,253,160	
	$ 13,448,738	$ -	$ 4,187,320	$ 9,253,160	$ 8,258

Information about the sensitivity of the fair values of the Pension Fund's cash equivalents and investments to market interest rate fluctuations is provided in the following table that shows the distribution of the Pension Fund's investments by maturity as of April 30, 2012:

		Maturity (in years)			
Investment	Fair Value	Less than 1	1-5	6-10	>10
U.S. Agency securities	$ 10,926	$ -	$ -	$ -	$ 10,926
Annuities- Fixed	15,089,874	-	5,481,191	9,552,352	56,331
	$ 15,100,800	$ -	$ 5,481,191	$ 9,552,352	$ 67,257

3. DEPOSITS AND INVESTMENTS – Continued

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Pension Fund's investment policy does not specifically address credit risk for investments, except for the Pension Fund compliance with State statutes.

As of April 30, 2013, the Pension Fund's investments were rated as follows:

Investment Type	Moody's Investors Service	Standard & Poors	A.M. Best Company
Money Market Funds:			
Illinois Funds	Not Rated	AAAm	Not Rated
Annuities:			
Jackson National Life	A1	AA	A+
Sun Life Financial – Sun Life Assurance Co.	Not Rated	BBB	A-w
Sun Life Financial – Key Port Annuities	Not Rated	BBB	A-w
ING USA Annuity and Life Insurance Company	A3	A-	A
Aviva USA Corporation	Not Rated	A-	A-w
Symetra Life Insurance Company	A3	A	A
RBC Liberty Life Insurance Company	Not Rated	Not Rated	B++
American National Insurance Company	Not Rated	A	A
Nationwide	A1	A+	A+

3. DEPOSITS AND INVESTMENTS – Continued

As of April 30, 2012, the Pension Fund's investments were rated as follows:

Investment Type	Moody's Investors Service	Standard & Poors	A.M. Best Company
Money Market Funds:			
Illinois Funds	Not Rated	AAAm	Not Rated
Annuities:			
Jackson National Life	A1	AA	A+
Sun Life Financial – Sun Life Assurance Co.	A3	BBB+[1]	A1
Sun Life Financial – Key Port Annuities	A3	BBB+[1]	A1
OM Financial/Fidelity and Guaranty Insurance Company	Ba1	Not Rated	B++
ING USA Annuity and Life Insurance Company	Not Rated	A	A
Aviva USA Corporation	A1	A+	A
Symetra Life Insurance Company	A3	A	A
RBC Liberty Life Insurance Company	Not Rated	Not Rated	B++
American National Insurance Company	A	A	Not Rated
Nationwide	A1	A+	A+

[1] – Outlook stable

3. DEPOSITS AND INVESTMENTS – Continued

Concentration of credit risk – It is the policy of the Pension Fund to invest in a manner that seeks to ensure the prudent and consistent management of the investments of the Pension Fund. The state statutes governing the Pension Fund limit combined investments in separate accounts managed by life insurance companies (variable annuities), mutual funds and common and preferred stocks to 55 percent and 50 percent of the Pension Fund's net position for the fiscal years ending April 30, 2013 and 2012, respectively. Investments in any one issuer that represents 5 percent or more of the total Pension Fund's net position as of April 30, 2013 and 2012 (excluding those investments issued by or explicitly guaranteed by the U.S. government) are as follows:

Issuer	Investment Type	2013 Fair Value	2012 Fair Value
Firemen’s Pension Fund			
Aviva USA Corporation	Annuity Contracts – fixed	$ 4,150,876	$3,542,640
Sun Life Financial	Annuity Contracts – variable	2,849,908	2,521,604

FIREMEN'S PENSION FUND
(A PENSION TRUST FUND OF THE CITY OF BLOOMINGTON, ILLINOIS)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

April 30, 2013

Actuarial Valuation Date	Actuarial Value of Net Assets* (a)	Actuarial Accrued Liability (AAL) - Entry Age ** (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll *** (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b-a/c)
5/1/2007	36,720,534	59,245,402	22,524,868	61.98%	5,590,814	402.89%
5/1/2008	39,077,302	64,675,814	25,598,512	60.42%	6,379,893	401.24%
5/1/2009	34,880,656	70,089,350	35,208,694	49.77%	6,470,110	544.17%
5/1/2010	36,832,670	73,891,946	37,059,276	49.85%	6,729,062	550.73%
5/1/2011	39,770,280	77,411,228	37,640,948	51.38%	7,137,776	527.35%
5/1/2012	40,890,039	79,531,884	38,641,845	51.41%	7,359,892	525.03%

* - Actuarial Value of Net Assets implemented with change in methodology for the periods ending May 1, 2007

** - Liabilities were calculated reflecting changes in assumptions for the period beginning May 1, 2007.

*** - Covered payroll is calculated by the Actuary from the DOI submission for the prior fiscal year.

FIREMEN'S PENSION FUND
(A PENSION TRUST FUND OF THE CITY OF BLOOMINGTON, ILLINOIS)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2013

Year Ended April 30	Actuarial Date	Annual Required Contribution	Employer Contributions	Percentage Contributed
2008	May 1, 2007	1,772,416	1,904,995	107.48%
2009	May 1, 2008	2,493,809	2,640,429	105.88%
2010	May 1, 2009	2,376,491	2,364,899	99.51%
2011	May 1, 2010	3,116,325	3,140,710	100.78%
2012	May 1, 2011	3,202,697	3,460,505	108.05%
2013	May 1, 2012	3,545,575	3,115,854	87.88%

The annual required contribution presented here represents the amount calculated using guidelines prescribed by GASB. The City is legally required to make contributions as determined by state statute which may differ from the amounts presented above. The City has made the minimum contribution required by state statute.