



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

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2020



SIKICH.COM

CITY OF NAPERVILLE, ILLINOIS
POLICE PENSION FUND
TABLE OF CONTENTS

| | <u>Page(s)</u> |
|--|----------------|
| INDEPENDENT AUDITOR’S REPORT | 1-2 |
| BASIC FINANCIAL STATEMENTS | |
| Statement of Plan Net Position | 3 |
| Statement of Changes in Plan Net Position..... | 4 |
| Notes to Financial Statements | 5-13 |
| Required Supplementary Information | |
| Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios..... | 14-15 |
| Schedule of Employer Contributions | 16 |
| Schedule of Investment Returns..... | 17 |

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Trustees
Police Pension Fund
City of Naperville, Illinois

We have audited the basic financial statements of the Naperville Police Pension Fund (the Fund), a fiduciary component unit of the City of Naperville, Illinois (the City) as of December 31, 2020, and for the year then ended and the related notes to 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net position of the Naperville Police Pension Fund of the City of Naperville, Illinois, as of December 31, 2020, and the changes in plan net position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The Fund has not presented a management's discussion and analysis as required supplementary information 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 this missing information.

Required Supplementary Information

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

Sikich LLP

Naperville, Illinois
August 9, 2021

BASIC FINANCIAL STATEMENTS

CITY OF NAPERVILLE, ILLINOIS

POLICE PENSION FUND

STATEMENT OF PLAN NET POSITION

December 31, 2020

| ASSETS | |
|--|----------------------------------|
| Cash and Short-Term Investments | \$ 9,075,925 |
| Investments, at Fair Value | |
| U.S. Treasury Obligations | 34,609,404 |
| U.S. Government Agencies | 4,347,958 |
| Municipal Securities | 1,725,911 |
| Corporate Bonds | 26,006,885 |
| Annuities | 15,927,226 |
| Mutual Funds | 128,640,483 |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) | |
| Accrued Interest | 418,371 |
| Prepays | 12,506 |
| Due from Municipality | <u>143,078</u> |
| Total Assets | <u>220,907,747</u> |
| LIABILITIES | |
| Accounts Payable | <u>43,845</u> |
| Total Liabilities | <u>43,845</u> |
| NET POSITION RESTRICTED FOR PENSIONS | <u><u>\$ 220,863,902</u></u> |

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

POLICE PENSION FUND

STATEMENT OF CHANGES IN PLAN NET POSITION

For the Year Ended December 31, 2020

ADDITIONS

| | |
|---------------|---------------|
| Contributions | |
| Employer | \$ 7,291,728 |
| Employee | 1,896,927 |
| Other | <u>32,078</u> |

| | |
|---------------------|------------------|
| Total Contributions | <u>9,220,733</u> |
|---------------------|------------------|

Investment Income

| | |
|--|------------------|
| Net Appreciation in Fair Value of Investments | 21,077,339 |
| Interest and Dividends | <u>4,076,261</u> |

| | |
|-------------------------|----------------|
| Total Investment Income | 25,153,600 |
| Less Investment Expense | <u>231,448</u> |

| | |
|-----------------------|-------------------|
| Net Investment Income | <u>24,922,152</u> |
|-----------------------|-------------------|

| | |
|-----------------|-------------------|
| Total Additions | <u>34,142,885</u> |
|-----------------|-------------------|

DEDUCTIONS

| | |
|-------------------------|---------------|
| Pension Benefits | 9,221,481 |
| Pension Refunds | 57,119 |
| Administrative Expenses | <u>87,774</u> |

| | |
|------------------|------------------|
| Total Deductions | <u>9,366,374</u> |
|------------------|------------------|

| | |
|--------------|------------|
| NET INCREASE | 24,776,511 |
|--------------|------------|

**NET POSITION RESTRICTED FOR
PENSIONS**

| | |
|-----------|--------------------|
| January 1 | <u>196,087,391</u> |
|-----------|--------------------|

| | |
|-------------|------------------------------|
| December 31 | <u><u>\$ 220,863,902</u></u> |
|-------------|------------------------------|

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

POLICE PENSION FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Naperville Police Pension Fund (the Fund), a fiduciary component unit of the City of Naperville, Illinois (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. Reporting Entity

The Fund is a blended fiduciary component unit reported as a pension trust fund of the City pursuant to GASB Statement Nos. 61 and 84.

B. Fund Accounting

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

Fiduciary funds are used to account for fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). The City utilizes a pension trust fund which is generally used to account for assets that the City holds in a fiduciary capacity.

C. Basis of Accounting

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

CITY OF NAPERVILLE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

D. Investments

Investment purchases are recorded as of the trade date. Investments are stated at fair value at December 31, 2020, for both reporting and actuarial purposes. Securities traded on national exchanges are at the last reported sale price.

The Fund categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

E. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. PLAN DESCRIPTION

A. Plan Administration

Police sworn personnel are covered by the Police Pension Plan, a single-employer defined benefit pension plan sponsored by the City. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Police Pension Plan as a pension trust fund.

The Fund is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City's Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

CITY OF NAPERVILLE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

2. PLAN DESCRIPTION (Continued)

B. Plan Membership

At December 31, 2020, the measurement date, membership consisted of:

| | |
|---|-------------------|
| Inactive Plan Members Currently Receiving Benefits | 106 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 8 |
| Active Plan Members | <u>168</u> |
| TOTAL | <u><u>282</u></u> |

C. Benefits Provided

The following is a summary of benefits of the Fund as provided for in Illinois Compiled Statutes (ILCS):

The Fund provides retirement benefits as well as death and disability benefits in two tiers depending on when a participant enters a plan. 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 on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtained by dividing the total salary during the 48 consecutive months of service within the last 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at

CITY OF NAPERVILLE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

2. PLAN DESCRIPTION (Continued)

C. Benefits Provided (Continued)

\$106,800, plus the lesser of 1/2 of the annual change in the Consumer Price Index or 3% 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% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

D. Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the 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 the remaining amounts necessary to finance the Fund, as actuarially determined by an enrolled actuary. Effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. However, the City contributes based on the entry-age normal actuarial cost method that will result in the funding of 100% of the past service cost by the year 2033. For the year ended December 31, 2020, the City's contribution was 38.09% of covered payroll.

3. INVESTMENTS

The deposits and investments of the Fund are held separately from those of the City and are under the control of the Fund's Board of Trustees.

A. Investment Policy

ILCS limits the Fund's investments to those allowable by ILCS and requires the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed

CITY OF NAPERVILLE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

A. Investment Policy (Continued)

by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment-grade corporate bonds, and The Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran’s loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds, corporate equity and corporate debt securities, and real estate investment trusts.

The Fund’s investment policy in accordance with ILCS establishes the following target allocation across asset classes:

| Asset Class | Target | Long-Term Expected Real Rate of Return |
|------------------------|--------|--|
| Fixed Income | 35.00% | 2.10% |
| Domestic Equities | 32.50% | 5.80% |
| International Equities | 17.50% | 6.30% |
| Real Estate | 10.00% | 5.50% |
| Global Tactical | 5.00% | 3.00% |

ILCS limits the Fund’s investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2020 are listed in the table above.

CITY OF NAPERVILLE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

B. Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of Fund's investments except for:

| | |
|-----------------------------------|---------------|
| Vanguard Institutional Index Fund | \$ 35,877,282 |
| Vanguard Small Cap Fund | 14,029,248 |
| Vanguard Mid Cap Fund | 13,912,250 |
| Vanguard Index Fund | 11,417,382 |
| DFA Emerging Markets Core Equity | 11,242,871 |
| American Europacific Growth Fund | 14,190,975 |
| Principal Annuity Contract | 15,927,226 |

C. Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances above federal depository insurance to be covered by collateral held by an independent third party acting as the Fund's agent.

E. Interest Rate Risk

The following table represents the maturities of the Fund's fixed income securities as of December 31, 2020.

| | Fair Value | Investment Maturities (in Years) | | | |
|---------------------------|----------------------|----------------------------------|----------------------|----------------------|---------------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| U.S. Treasury Obligations | \$ 34,609,404 | \$ 5,877,916 | \$ 15,369,449 | \$ 13,148,099 | \$ 213,940 |
| U.S. Agency Obligations | 4,347,958 | - | 818,507 | 394,587 | 3,134,864 |
| Municipal Bonds | 1,725,911 | 70,601 | 703,354 | 608,168 | 343,788 |
| Corporate Bonds | 26,006,885 | 914,042 | 12,500,097 | 10,098,531 | 2,494,215 |
| | <u>\$ 66,690,158</u> | <u>\$ 6,862,559</u> | <u>\$ 29,391,407</u> | <u>\$ 24,249,385</u> | <u>\$ 6,186,807</u> |

CITY OF NAPERVILLE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

E. Interest Rate Risk (Continued)

In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

F. Fair Value Measurements

The Fund has the following recurring fair value measurements as of December 31, 2020: The mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. Government Treasury and agencies, corporate bonds and municipal securities are valued using quoted matrix pricing models (Level 2 inputs). The annuities are valued based on the value of the underlying investments (Level 3 inputs).

G. Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds and municipal bonds rated at or above BB+ by Standard and Poor's, Ba1 by Moody's and BB+ by Fitch by at least two of the three rating agencies. The corporate bonds were rated Aaa to Baa3. The treasury bonds were rated Aaa. The U.S. agencies and municipal bonds were unrated.

H. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

CITY OF NAPERVILLE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

4. PENSION LIABILITY OF THE CITY

A. Net Pension Liability

The components of the net pension liability of the Police Pension Plan as of December 31, 2020, were as follows:

| | |
|---|----------------|
| Total Pension Liability | \$ 263,283,127 |
| Plan Fiduciary Net Position | 220,863,902 |
| City's Net Pension Liability | 42,419,225 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 83.89% |

See the schedule of changes in the employer's net pension liability and related ratios on pages 14 to 15 of the required supplementary information for additional information related to the funded status of the Fund.

B. Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2020, using the following actuarial methods and assumptions.

| | |
|----------------------------|------------------|
| Actuarial Cost Method | Entry-Age Normal |
| Assumptions | |
| Inflation | 2.50% |
| Salary Increases | 3.00% to 10.00% |
| Interest Rate | 6.85% |
| Cost of Living Adjustments | 3.00% |
| Asset Valuation Method | Fair Value |

Mortality rates were based on the PubS-2010 Mortality Table projected five years past the valuation date with Scale MP-2018. The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated 2019.

CITY OF NAPERVILLE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

4. PENSION LIABILITY OF THE CITY (Continued)

C. Discount Rate

The discount rate used to measure the total pension liability at December 31, 2020, was 6.85%. The discount rate at December 31, 2019 was 6.90%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

D. Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 6.85% as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.85%) or 1 percentage point higher (7.85%) than the current rate:

| | 1% Decrease (5.85%) | Current Discount Rate (6.85%) | 1% Increase (7.85%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 81,446,422 | \$ 42,419,225 | \$ 10,676,373 |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NAPERVILLE, ILLINOIS

POLICE PENSION FUND

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

Last Seven Fiscal Years

| MEASUREMENT DATE | April 30, 2015 | December 31, 2015* |
|---|---------------------------|-------------------------------|
| TOTAL PENSION LIABILITY | | |
| Service Cost | \$ 3,442,284 | \$ 2,635,406 |
| Interest | 12,150,401 | 8,904,818 |
| Changes of Benefit Terms | - | - |
| Differences Between Expected and Actual Experience | (2,006,971) | (1,398,497) |
| Changes of Assumptions | 8,387,367 | - |
| Contributions - Buy Back | - | - |
| Benefit Payments, Including Refunds of Member Contributions | (5,506,966) | (3,958,442) |
| Net Change in Total Pension Liability | 16,466,115 | 6,183,285 |
| Total Pension Liability - Beginning | 176,330,635 | 192,796,750 |
| TOTAL PENSION LIABILITY - ENDING | \$ 192,796,750 | \$ 198,980,035 |
| PLAN FIDUCIARY NET POSITION | | |
| Contributions - Employer | \$ 5,641,180 | \$ 5,345,433 |
| Contributions - Member | 1,599,368 | 1,117,257 |
| Contributions - Other | 8,066 | 2,237 |
| Net Investment Income | 8,726,002 | (4,333,440) |
| Benefit Payments, Including Refunds of Member Contributions | (5,506,966) | (3,950,028) |
| Administrative Expense | (130,073) | (67,226) |
| Net Change in Plan Fiduciary Net Position | 10,337,577 | (1,885,767) |
| Plan Fiduciary Net Position - Beginning | 130,457,028 | 140,794,605 |
| PLAN FIDUCIARY NET POSITION - ENDING | \$ 140,794,605 | \$ 138,908,838 |
| EMPLOYER'S NET PENSION LIABILITY | \$ 52,002,145 | \$ 60,071,197 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 73.03% | 69.81% |
| Covered Payroll | \$ 16,365,735 | \$ 16,683,031 |
| Employer's Net Pension Liability as a Percentage of Covered Payroll | 317.75% | 360.07% |

*The City changed from fiscal years ended April 30 to December 31 effective December 31, 2015.

For measurement date April 30, 2015, change of assumptions relate to mortality rates.

For measurement date December 31, 2016, amounts reported as changes of assumptions resulted from the following assumption changes:

For healthy lives, the mortality rates were updated from RP-2000 Combined Healthy Mortality with a blue collar adjustment to RP-2000 Combined Healthy Mortality with a blue collar adjustment, projected to the valuation date using Scale BB.

For disabled lives, the mortality rates were updated from RP-2000 Disabled Retiree Mortality to RP-2000 Disabled Retiree Mortality, projected to the valuation date using Scale BB.

The Salary Scale assumptions was changed from 5.00% to service based.

For measurement date December 31, 2019, amounts reported as changes of assumptions resulted from the following assumption changes:

The mortality rates were updated to reflect the PubS-2010 tables.

The discount rate was updated from 7.00% to 6.90%.

The termination and disability rates were updated to the rates determined in the State of Illinois Department of Insurance experience study dated October 5, 2017.

The retirement and salary increase rates were updated to the rates determined in the experience study dated June 25, 2019.

For measurement date December 31, 2020 amounts reported as changes of assumptions resulted from the following assumption changes:

The discount rate was updated from 6.90% to 6.85%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

| | | | | | December 31, | | | | |
|------|--------------|------|-------------|------|--------------|------|-------------|------|-------------|
| 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
| \$ | 4,113,967 | \$ | 4,277,831 | \$ | 4,341,621 | \$ | 4,181,667 | \$ | 3,975,082 |
| | 13,993,038 | | 14,216,220 | | 15,123,748 | | 15,819,177 | | 17,044,614 |
| | - | | - | | - | | 595,481 | | - |
| | (11,518,319) | | 1,578,661 | | (1,365,474) | | 529,725 | | 2,077,633 |
| | 3,016,340 | | - | | - | | 8,997,231 | | 1,744,714 |
| | - | | - | | - | | - | | 32,078 |
| | (6,365,209) | | (6,817,646) | | (7,525,979) | | (8,484,509) | | (9,278,600) |
| | 3,239,817 | | 13,255,066 | | 10,573,916 | | 21,638,772 | | 15,595,521 |
| | 198,980,035 | | 202,219,852 | | 215,474,918 | | 226,048,834 | | 247,687,606 |
| \$ | 202,219,852 | \$ | 215,474,918 | \$ | 226,048,834 | \$ | 247,687,606 | \$ | 263,283,127 |
| \$ | 6,329,588 | \$ | 6,677,807 | \$ | 7,224,321 | \$ | 7,136,502 | \$ | 7,291,728 |
| | 1,773,258 | | 1,788,835 | | 1,763,521 | | 1,862,260 | | 1,896,927 |
| | 21,705 | | - | | - | | - | | 32,078 |
| | 11,562,096 | | 20,204,239 | | (8,335,403) | | 28,666,783 | | 24,922,152 |
| | (6,386,913) | | (6,817,646) | | (7,525,979) | | (8,484,509) | | (9,278,600) |
| | (53,912) | | (66,441) | | (78,441) | | (83,118) | | (87,774) |
| | 13,245,822 | | 21,786,794 | | (6,951,981) | | 29,097,918 | | 24,776,511 |
| | 138,908,838 | | 152,154,660 | | 173,941,454 | | 166,989,473 | | 196,087,391 |
| \$ | 152,154,660 | \$ | 173,941,454 | \$ | 166,989,473 | \$ | 196,087,391 | \$ | 220,863,902 |
| \$ | 50,065,192 | \$ | 41,533,464 | \$ | 59,059,361 | \$ | 51,600,215 | \$ | 42,419,225 |
| | 75.24% | | 80.72% | | 73.87% | | 79.17% | | 83.89% |
| \$ | 17,893,623 | \$ | 18,050,807 | \$ | 17,795,368 | \$ | 18,791,726 | \$ | 19,141,544 |
| | 279.79% | | 230.09% | | 331.88% | | 274.59% | | 221.61% |

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

| FISCAL YEAR ENDED | April 30, | | | | | December 31, | | | | |
|--|--------------------|--------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|-------------------|
| | 2012 | 2013 | 2014 | 2015 | 2015* | 2016 | 2017 | 2018 | 2019 | 2020 |
| Actuarially Determined Contribution | \$ 4,334,585 | \$ 4,317,379 | \$ 4,716,716 | \$ 5,156,419 | \$ 4,809,036 | \$ 5,829,394 | \$ 6,538,474 | \$ 7,129,194 | \$ 7,043,970 | \$ 7,290,728 |
| Contributions in Relation to the Actuarially Determined Contribution | 4,353,354 | 4,330,340 | 7,731,885 | 5,641,180 | 5,345,433 | 6,329,588 | 6,677,807 | 7,224,321 | 7,136,502 | 7,291,728 |
| CONTRIBUTIONS DEFICIENCY (EXCESS) | \$ (18,769) | \$ (12,961) | \$ (3,015,169) | \$ (484,761) | \$ (536,397) | \$ (500,194) | \$ (139,333) | \$ (95,127) | \$ (92,532) | \$ (1,000) |
| Covered Payroll | \$ 15,782,501 | \$ 15,797,793 | \$ 15,829,607 | \$ 16,365,735 | \$ 16,683,031 | \$ 17,893,623 | \$ 18,050,807 | \$ 17,795,368 | \$ 18,791,726 | \$ 19,141,544 |
| Contributions as a Percentage of Covered Payroll | 27.58% | 27.41% | 48.84% | 34.47% | 32.04% | 35.37% | 36.99% | 40.60% | 37.98% | 38.09% |

Valuation Date:

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry-Age Normal |
| Amortization Method | Level Percent of Pay, Closed; 100% |
| Remaining Amortization Period | 13 Years |
| Asset Valuation Method | Market |
| Inflation | 2.50% |
| Salary Increases | 5.00% Compounded Annually, Including Inflation |
| Investment Rate of Return | 6.90% |
| Retirement Age | See Note 2 in the Notes to Financial Statements |
| Mortality | PubS-2010, projected five years past the valuation date with Scale MP-2018 |

*The City changed from fiscal years ended April 30 to December 31 effective December 31, 2015.

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF INVESTMENT RETURNS

Last Seven Fiscal Years

| FISCAL YEAR ENDED | April 30, | December 31, | | | | | |
|--|------------------|---------------------|-------------|-------------|-------------|-------------|-------------|
| | 2015 | 2015* | 2016 | 2017 | 2018 | 2019 | 2020 |
| Annual Money-Weighted Rate of Return, Net of Investment Expense | 6.60% | (3.10%) | 8.41% | 13.29% | (4.73%) | 16.89% | 12.78% |

*The City changed from fiscal years ended April 30 to December 31 effective December 31, 2015.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)