



**CITY OF AURORA, ILLINOIS
POLICE PENSION FUND
(A FIDUCIARY COMPONENT UNIT OF
THE CITY OF AURORA)**

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2023



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CITY OF AURORA, ILLINOIS
POLICE PENSION FUND
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the financial statements of the City of Aurora Police Pension Fund (the Fund), a fiduciary component unit of the City of Aurora, Illinois (the City) as of December 31, 2023 and for the year then ended and the related notes to financial statements which collectively comprise the basic financial statements as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Police Pension Fund of the City of Aurora, Illinois, as of December 31, 2023, and the changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sikich CPA LLC

Naperville, Illinois
July 25, 2024

AURORA POLICE PENSION FUND

(A Fiduciary Component Unit of the City of Aurora, Illinois)

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section presents management’s discussion and analysis (MD&A) of the Aurora Police Pension Fund’s financial statements. The MD&A addresses the major factors affecting the operations and investment performance of the fund during the fiscal year ended December 31, 2023, and includes comparative information for the fiscal year ended December 31, 2022.

The Aurora Police Pension Fund (the “Fund”) is a defined benefit, single-employer public employees’ retirement system established pursuant to the Illinois Pension Code. It is a pension trust fund of the City of Aurora, Illinois (the “City”). As of December 31, 2023, the Fund provided services to 327 active employees, 285 benefit recipients, and 59 terminated plan members who were entitled to but were not yet receiving benefits.

Overview of Financial Statements and Accompanying Information

This discussion and analysis is intended to serve as an introduction to the Fund’s financial reporting which is comprised of the following components:

1. **Basic Financial Statements:** This information presents the Fund net position restricted for pension benefits as of December 31, 2023. This financial information also summarizes the changes in Fund net position restricted for pension benefits for the year then ended.
2. **Notes to Basic Financial Statements:** The notes to basic financial statements provide additional information that is essential to achieve a full understanding of the data provided in the basic financial statements.
3. **Required Supplementary Information:** The required supplementary information consists of schedules and related notes concerning actuarial information, employer contributions, and investment returns.
4. **Other Supplementary Information:** This section includes a schedule of changes in plan net position with budget versus actual comparisons.

The Fund implemented Statement No. 67 of the Governmental Accounting Standards Board (GASB), *Financial Reporting for Pension Plans*, for the fiscal year ended December 31, 2013, becoming one of the first pension funds in the United States to implement this new reporting standard. The new financial reporting standard modified the Fund’s notes to the basic financial statements and required supplementary information as well as required the calculation of a total pension liability and a net pension liability. The Fund’s financial statements for the fiscal year ended December 31, 2023, include information for the eleventh year that is compliant with GASB Statement No. 67.

AURORA POLICE PENSION FUND

(A Fiduciary Component Unit of the City of Aurora, Illinois)

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Plan Net Position

The statement of plan net position is presented for the Fund as of December 31, 2023 and 2022. The financial statement reflects the resources available to pay benefits to members, including retirees and beneficiaries, at the end of the years reported. A summary of the Fund's plan net position is presented below:

Condensed Statement of Plan Net Position (in Millions)

| | 2023 | 2022 | Dollar Change | Percent Change |
|----------------------------|-------------------|-------------------|------------------|-------------------|
| Cash and Equivalents | \$ 5.028 | \$ 11.059 | \$ (6.031) | -54.5% |
| Investments, at fair value | 308.868 | 270.812 | 38.056 | 14.1% |
| Receivables | 0.926 | 0.832 | 0.094 | 11.3% |
| Total Assets | 314.822 | 282.703 | 32.119 | 11.4% |
| Liabilities | 0.202 | 0.127 | 0.075 | 59.1% |
| Total Net Plan Position | <u>\$ 314.620</u> | <u>\$ 282.576</u> | <u>\$ 32.044</u> | 11.3% |

Financial Highlights

The Fund's net position increased \$32.0 million or 11.3% during the fiscal year ended December 31, 2023. The change in net position was due primarily to an increase in investments from \$270.8 million to \$308.8 million due to a decrease in the fair value of investments.

Under the actuarial methodology required for accounting purposes in accordance with GASB Statement No. 67, the Fund was actuarially funded at 54.5% as of December 31, 2023. This reflects an increase from the 49.3% funded ratio of the prior year.

The annual money-weighted rate of return for the Fund was 12.12% during 2023, compared to (11.30%) during 2022 (net of fees).

Funded Ratio

The funded ratio of the plan measures the ratio of net position against actuarially determined liabilities and is one indicator of the fiscal strength of a pension fund's ability to meet obligations to its members. An annual actuarial valuation is required by state statute. The most recent available valuation showed that the funded status of the Fund as of December 31, 2023 increased to 54.5% from 49.3% on December 31, 2022 based upon the actuarial parameters established in GASB Statement No. 67. The employer's net pension liability (NPL) was \$262.5 million on December 31, 2023 as compared to \$290.7 million on December 31, 2022. The decrease in the employer's NPL was \$28.2 million or 9.7%. The decrease in the NPL was primarily driven by changes in interest rates. The single discount rate increased from 6.26% in 2022 to 6.80% in 2023. The increase in this rate caused the liability to decrease. Additionally, the high-quality municipal bond rate decreased from 4.31% in 2022 to 4.00% in 2023. During this valuation period when

AURORA POLICE PENSION FUND

(A Fiduciary Component Unit of the City of Aurora, Illinois)

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

performing the cross-over test, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current pan members. Therefore, a blended rate was not used which would have been the case if the fund were projected to effectively run out of money under the crossover test. No other changes were made to the actuarial assumptions during 2023. In the prior year, the long-term investment return rate was changed from 6.50% to 6.80% to reflect the eventual movement of the Fund investments to the Illinois Police Officers' Pension Investment Fund which is expected to take place during 2024.

The actuarial assumptions of the Fund parallel those used by the Illinois Department of Insurance for its valuation of similar funds. For more information, please refer to the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios included in the Required Supplementary Information section of this report.

As of December 31, 2023, the Fund had 327 active participants, 285 benefit recipients, and 59 inactive plan members who were entitled to but were not yet receiving benefits. During the prior year, the Fund had 303 active participants, 278 benefit recipients, and 48 inactive plan members awaiting the receipt of benefits. The number of active participants has increased from 2022 to 2023 and the number participants receiving benefits or entitled to but not yet receiving benefit has correspondingly increased. There was an increase in the number of retirements during the two years during 2021 and 2022, but the retirement rate has since decreased during 2023 to a rate comparable to the years prior to 2021.

Investments

The allocation of investment assets for the Police Pension Fund as of December 31, 2023 and 2022 were as follows:

| | Allocation of Investments | | | |
|---------------------------------|---------------------------|---------------|----------------------|---------------|
| | 2023 | | 2022 | |
| | Amount | Percentage | Amount | Percentage |
| Cash and Cash Equivalents | \$5,028,095 | 1.6% | \$11,058,889 | 3.9% |
| Fixed Income Securities | 115,921,562 | 36.9% | 97,908,780 | 34.7% |
| Domestic Equity Securities | 115,720,856 | 36.9% | 98,986,584 | 35.2% |
| International Equity Securities | 49,977,887 | 15.9% | 43,348,238 | 15.4% |
| Real Estate Investment Trusts | 27,247,730 | 8.7% | 30,568,404 | 10.8% |
| Total | <u>\$313,896,130</u> | <u>100.0%</u> | <u>\$281,870,895</u> | <u>100.0%</u> |

Proper implementation of the Fund's investment policy requires that the performance of the investment portfolio be periodically evaluated, and that the portfolio be analyzed to insure compliance with established asset allocation targets and statutory requirements. The Board of Trustees of the Fund evaluates its investment portfolio, in consultation with Marquette Associates, on a quarterly basis. Increases in the balances of the various asset classes during 2023 were generally related to changes in their fair values. Overall, the investment market rebounded into a recovery period during 2023 which was a result of the US Federal Reserve Bank pausing on additional rate hikes during the fourth quarter of 2023. The S&P 500

AURORA POLICE PENSION FUND

(A Fiduciary Component Unit of the City of Aurora, Illinois)

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Index had its best performance period since the first quarter of 2021. International stocks experienced growth as a result of the weakening dollar and fixed income markets rallied as a result of the Federal Reserve keeping the fed funds rate unchanged.

Changes in Plan Net Position

A condensed statement of changes in plan net position for the years ended December 31, 2023 and 2022 is presented below. The financial statement reflects the changes in the resources available to pay benefits to plan participants, including retirees and beneficiaries.

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

| | <u>2023</u> | <u>2022</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|-----------------------------------|------------------|--------------------|--------------------------|---------------------------|
| Additions: | | | | |
| Employer Contributions | \$ 18.392 | \$ 19.206 | \$ (0.814) | -4.2% |
| Employee Contributions | 4.174 | 5.163 | (0.989) | -19.2% |
| Net Investment Income | <u>34.021</u> | <u>(35.728)</u> | <u>69.749</u> | -195.2% |
| Total Additions | <u>56.587</u> | <u>(11.359)</u> | <u>67.946</u> | -598.2% |
| Deductions: | | | | |
| Pension Benefits | 24.409 | 22.846 | 1.563 | 6.8% |
| Administrative Expenses | <u>0.134</u> | <u>0.176</u> | <u>(0.042)</u> | -23.9% |
| Total Deductions | <u>24.543</u> | <u>23.022</u> | <u>1.521</u> | 6.6% |
| Net Increase in Plan Net Position | <u>\$ 32.044</u> | <u>\$ (34.381)</u> | <u>\$ 66.425</u> | -193.2% |

Additions

Additions to plan net position include employer and employee contributions and net income from investment activities. Employer contributions decreased to \$18.4 million in 2023 from \$19.2 million in 2022, a decrease of \$0.8 million or 4.2%. Employer contributions are determined by the City's actuary in accordance with Public Act 96-1495. The \$18.4 million funding level represents a funding level which is consistent with previous funding levels.

Employee contributions were lower, at approximately \$4.2 million during 2023 compared to \$ 5.2 million during 2022. The contributions required of employees are set by statute as a percentage of gross salary. Tier 1 employees are those hired prior to January 1, 2011; employees hired after that date are considered to be Tier 2 and are subject to salary wage caps. During 2022 the split between the number of employees in Tiers 1 and 2 was fairly even with 152 Tier 1 and 151 Tier 2 employees. In 2023 that split has changed with 149 Tier 1 employees and 168 Tier 2 employees. Although overall salaries and wages have increased over the prior year, the change in allocation between the tiers has caused the overall employee contributions to decrease as more employees are subject to the statutory salary wage caps.

AURORA POLICE PENSION FUND

(A Fiduciary Component Unit of the City of Aurora, Illinois)

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

The Fund's net investment income for 2023 was a gain of \$34.0 million as compared to a loss of \$35.7 million during 2022. The increase in investment income is the result of the market. The overall portfolio investment return in 2023 is higher than the investment return for 2022, and the net total fund investment return is above the assumed interest rate of 6.5% used in the valuation, resulting in actuarial gains for the year. The aggregate money-weighted rate of return (net of fees) for the Fund was 12.12% in 2023 compared with (11.30%) in 2022.

Deductions

Deductions from plan net position are primarily benefit payments. During 2023 and 2022, the Fund paid approximately \$24.4 million and \$22.8 million, respectively, in benefits. This was an increase of about \$1.6 million or 6.8% between the two fiscal years. Benefits typically increase each year due to the cost of initial age 55 and recurring annual 3% benefit increases authorized by statute for pensioners. In 2023 the increase was due to the greater number of participants receiving benefits than in previous years. The administrative costs were nominal in both 2023 and 2022, representing less than 0.7% of total deductions in both years.

Future Outlook

Employer contributions are expected to remain the same in 2024 and the Fund's funded ratio is expected to rise over the course of the next several years based upon the impact of the projected unit credit actuarial cost method and the City making the full actuarially determined contribution each year. It is also anticipated that employee contributions will increase modestly over the next few years consistent with increases in employee salaries. With respect to investment income, the Fund will continue to structure its portfolio with the goal of maximizing returns over the long term within the investment policy guidelines established by the Fund's Board of Trustees and the constraints on allowable investments imposed by state statutes.

Public Act 101-0610 provides for the mandatory consolidation of the investment assets of the state's public safety pension funds into two investment funds: one for police officers (Article 3) and one for firefighters (Article 4). The law provided that the assets and liabilities of the local pension funds will remain under the control of the local pension board and that the assets are combined for investment purposes only. The Illinois Police Officers' Pension Investment Fund (IPOPIF) was created by the Illinois legislature and signed into law on December 18, 2019. The period of transfer commenced on the effective date of the Act and will be completed no later than 30 months thereafter. The constitutionality of Public Act 101-0610 has been challenged. On May 25, 2022, the Circuit Court of Kane County upheld the constitutionality of Public Act 101-0610, and the appeals to that ruling have been unsuccessful. The Board expects to transfer the Fund assets to IPOPIF during 2024.

Request for Information

This financial report is designed to provide a general overview of Fund finances for interested parties. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Ms. Linda B. Read, Comptroller/Deputy Treasurer, City of Aurora, 44 East Downer Place, Aurora, IL 60507.

BASIC FINANCIAL STATEMENTS

CITY OF AURORA, ILLINOIS

POLICE PENSION FUND

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2023

ASSETS

| | |
|--|--------------|
| Cash and Short-Term Investments | \$ 5,028,095 |
| Investments, at Fair Value | |
| Fixed Income Securities | 115,921,562 |
| Domestic Equity Securities | 115,720,856 |
| International Equity Securities | 49,977,887 |
| Real Estate Investment Trusts | 27,247,730 |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) | |
| Accrued Interest | 825,271 |
| Pension Service Credit | 100,817 |
| | <hr/> |
| Total Assets | 314,822,218 |

LIABILITIES

| | |
|-------------------|---------|
| Accounts Payable | 201,974 |
| Due to City | 312 |
| | <hr/> |
| Total Liabilities | 202,286 |

**NET POSITION RESTRICTED
FOR PENSION BENEFITS**

\$ 314,619,932

See accompanying notes to financial statements.

CITY OF AURORA, ILLINOIS

POLICE PENSION FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2023

ADDITIONS

Contributions

| | |
|------------------------|------------------|
| Employer Contributions | \$ 18,391,410 |
| Employee Contributions | <u>4,174,230</u> |

| | |
|---------------------|-------------------|
| Total Contributions | <u>22,565,640</u> |
|---------------------|-------------------|

Investment Income

| | |
|---|------------------|
| Net Appreciation in Fair Value of Investments | 27,973,769 |
| Interest and Dividends | <u>6,665,129</u> |

| | |
|-------------------------|------------------|
| Total Investment Income | 34,638,898 |
| Less Investment Expense | <u>(617,836)</u> |

| | |
|-----------------------|-------------------|
| Net Investment Income | <u>34,021,062</u> |
|-----------------------|-------------------|

| | |
|-----------------|-------------------|
| Total Additions | <u>56,586,702</u> |
|-----------------|-------------------|

DEDUCTIONS

| | |
|-------------------------|----------------|
| Pension Benefits | 24,409,108 |
| Administrative Expenses | <u>133,755</u> |

| | |
|------------------|-------------------|
| Total Deductions | <u>24,542,863</u> |
|------------------|-------------------|

| | |
|--------------|------------|
| NET INCREASE | 32,043,839 |
|--------------|------------|

**NET POSITION RESTRICTED
FOR PENSION BENEFITS**

| | |
|-----------|--------------------|
| January 1 | <u>282,576,093</u> |
|-----------|--------------------|

| | |
|-------------|------------------------------|
| December 31 | <u><u>\$ 314,619,932</u></u> |
|-------------|------------------------------|

See accompanying notes to financial statements.

CITY OF AURORA, ILLINOIS

POLICE PENSION FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Aurora Police Pension Fund (the Fund) of the City of Aurora, Illinois 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 fiduciary component unit of the City of Aurora, Illinois (the City) pursuant to GASB Statement Nos. 61 and 84 and is included in the City's fiduciary fund financial statements.

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). When pension plan assets are held under the terms of a formal trust agreement, a pension trust fund is used.

C. Measurement Focus and Basis of Accounting

The Fund is accounted for with a flow of economic resources measurement focus. With this measurement focus, all assets, deferred inflows of resources, liabilities and deferred outflows of resources 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 AURORA, 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

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2. PLAN DESCRIPTION

A. Plan Administration

Police sworn personnel are covered by the Fund, 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 Fund 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.

B. Plan Membership

At December 31, 2023, the measurement date, membership consisted of:

| | |
|--|-------------------|
| Inactive Plan Members Currently Receiving Benefits | 285 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 59 |
| Active Plan Members | <u>327</u> |
| TOTAL | <u><u>671</u></u> |

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

2. PLAN DESCRIPTION (Continued)

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 $\frac{1}{2}$ 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 obtaining by dividing the total salary during the 48 consecutive months of service within the last of 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 \$106,800, plus the lesser of $\frac{1}{2}$ 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 of creditable service may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ % 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 $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

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

2. PLAN DESCRIPTION (Continued)

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. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year ended December 31, 2023, the City's contribution was 44.56% 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.

The pension fund categorizes the 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.

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 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.

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

3. INVESTMENTS (Continued)

A. Investment Policy (Continued)

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 | 37% | 2.50% |
| Domestic Equities | 35% | 5.10% |
| International Equities | 16% | 5.20% |
| Real Estate | 10% | 3.90% |
| Cash and Cash Equivalents | 2% | 0.20% |

ILCS limit 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 blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the 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, 2023 are listed in the table above.

B. Concentrations

There are no significant investments (other than investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) in any one organization that represent 5% or more of the Fund’s investments.

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

3. INVESTMENTS (Continued)

C. Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.12%. 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 to be covered by federal depository insurance.

E. Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2023:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|-----------------------------|-----------------------|----------------------------------|----------------------|----------------------|----------------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| U.S. Treasury Obligations | \$ 34,692,711 | \$ 649,222 | \$ 18,672,125 | \$ 10,505,876 | \$ 4,865,488 |
| U.S. Agency Obligations | 30,769,924 | 1,463,656 | 2,495,952 | 3,339,633 | 23,470,683 |
| State and Local Obligations | 523,907 | 230,261 | 293,646 | - | - |
| Corporate Bonds | 49,805,972 | 6,451,513 | 23,793,971 | 14,291,973 | 5,268,515 |
| Foreign Bonds | 129,048 | - | - | 129,048 | - |
| TOTAL | \$ 115,921,562 | \$ 8,794,652 | \$ 45,255,694 | \$ 28,266,530 | \$ 33,604,686 |

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. 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 state and local bonds

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

3. INVESTMENTS (Continued)

F. Credit Risk (Continued)

rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. Additionally, the U.S. agency obligations that consist of FHLMC securities are rated Aaa by a national rating agency. The Fund's U.S. agency obligations consist of FHLMC, FNMA, GNMA and FFCB securities. For ratings that were available, these securities were rated Aaa by a national rating agency. The state and local obligations are rated Aaa or not rated. The corporate bonds are rated Baa3 to Aaa. The foreign bonds are rated Baa2.

G. 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.

H. Fair Value Measurement

The Fund has the following recurring fair value measurements as of December 31, 2023: the U.S. Treasury obligations are valued using quoted prices (Level 1 inputs). The U.S. agency obligations and foreign bonds are valued using institutional bond quotes (Level 2 inputs). The state and local obligations and corporate bonds are valued using on quoted matrix pricing models (Level 2 inputs).

The Fund also has domestic and international equity securities valued using quoted prices (Level 1 inputs).

The Net Asset Value (NAV) of the Fund's real estate investment trusts (REIT) was \$27,247,730 at December 31, 2023. The REIT is valued at the share price, which is the price the investment could be sold. There are no unfunded commitments at December 31, 2023. Withdrawal requests are generally processed the next business day after the request is made and are subject to cash availability. Certain investors whose NAV is greater than \$50 million may be subject to additional restrictions. On July 1, 2022, the REIT determined it was in the best interests of all investors to implement a withdrawal limitation which delays the payment of withdrawal requests and provides for payment of such requests on a pro-rata basis as cash becomes available for distribution. As of March 31, 2023, the withdrawal limitation totaled approximately \$1.065 billion.

CITY OF AURORA, 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 Fund as of December 31, 2023, were as follows:

| | |
|---|----------------|
| Total Pension Liability | \$ 577,165,913 |
| Plan Fiduciary Net Position | 314,619,932 |
| City's Net Pension Liability | 262,545,981 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 54.51% |

See the schedule of changes in the employer's net pension liability and related ratios on pages 15 to 16 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, 2023, using the following actuarial methods and assumptions.

| | |
|-----------------------------------|-------------------|
| Actuarial Valuation Date | December 31, 2023 |
| Actuarial Cost Method | Entry-Age Normal |
| Assumptions | |
| Inflation | 2.50% |
| Salary Increases | Service-Based |
| Investment Rate | 6.80% |
| Cost of Living Adjustments Tier 1 | 3.00% |
| Cost of Living Adjustments Tier 2 | 1.25% |
| Asset Valuation Method | Fair Value |

Mortality rates were based on the PubS-2010 Employee mortality, unadjusted with generational improvements using Scale MP-2021 and the PubS-2010 Disabled mortality, projected five years past the valuation date with Scale MP-2021. The actuarial assumptions used in the December 31, 2023, valuation was based on the results of an actuarial experience study conducted by the Illinois Department of Insurance in 2022.

CITY OF AURORA, 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 was 6.80% (6.26% in 2022). 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 the 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. Therefore, the long-term expected rate of return on pension plan investments of 6.80% was used to determine the total pension liability.

D. Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 6.80% 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 (5.80%) or 1 percentage point higher (7.80%) than the current rate:

| | 1% Decrease (5.80%) | Current Discount Rate (6.80%) | 1% Increase (7.80%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 348,784,481 | \$ 262,545,981 | \$ 192,709,705 |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AURORA, ILLINOIS

POLICE PENSION FUND

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

Last Ten Fiscal Years

| MEASUREMENT DATE DECEMBER 31, | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| TOTAL PENSION LIABILITY | | | | | | | | | | |
| Service Cost | \$ 7,426,768 | \$ 8,690,520 | \$ 9,025,121 | \$ 9,303,596 | \$ 8,649,322 | \$ 9,071,447 | \$ 10,865,501 | \$ 12,361,775 | \$ 11,789,632 | \$ 9,743,424 |
| Interest | 20,900,924 | 22,094,899 | 23,271,224 | 25,690,744 | 26,247,498 | 29,062,097 | 29,997,844 | 30,701,312 | 32,531,249 | 35,756,552 |
| Changes of Benefit Terms | - | - | - | - | - | 996,940 | - | - | - | - |
| Differences Between Expected and Actual Experience | (3,884,620) | 1,733,291 | (4,526,173) | (1,622,956) | 17,014,213 | (3,953,040) | 5,029,412 | 10,569,239 | 21,323,164 | 27,012,439 |
| Changes of Assumptions | 12,703,751 | 3,625,322 | 24,285,746 | 11,050,031 | (3,734,280) | 26,438,399 | 65,760,266 | (16,484,214) | (98,346,785) | (44,461,772) |
| Contributions - Buy Back | - | - | - | - | - | - | - | - | - | 264,400 |
| Benefit Payments, Including Refunds of Member Contributions | (11,942,967) | (12,845,770) | (14,034,221) | (15,014,938) | (15,853,359) | (16,714,714) | (18,474,060) | (20,719,376) | (22,846,691) | (24,409,108) |
| Net Change in Total Pension Liability | 25,203,856 | 23,298,262 | 38,021,697 | 29,406,477 | 32,323,394 | 44,901,129 | 93,178,963 | 16,428,736 | (55,549,431) | 3,905,935 |
| Total Pension Liability - Beginning | 326,046,895 | 351,250,751 | 374,549,013 | 412,570,710 | 441,977,187 | 474,300,581 | 519,201,710 | 612,380,673 | 628,809,409 | 573,259,978 |
| TOTAL PENSION LIABILITY - ENDING | \$ 351,250,751 | \$ 374,549,013 | \$ 412,570,710 | \$ 441,977,187 | \$ 474,300,581 | \$ 519,201,710 | \$ 612,380,673 | \$ 628,809,409 | \$ 573,259,978 | \$ 577,165,913 |
| PLAN FIDUCIARY NET POSITION | | | | | | | | | | |
| Contributions - Employer | \$ 10,092,419 | \$ 11,571,764 | \$ 11,672,490 | \$ 12,961,109 | \$ 14,593,748 | \$ 15,422,862 | \$ 17,695,679 | \$ 19,110,147 | \$ 19,205,624 | \$ 18,391,410 |
| Contributions - Member | 2,936,722 | 3,805,258 | 3,384,895 | 3,410,505 | 3,415,938 | 3,429,359 | 3,499,073 | 4,306,342 | 5,163,340 | 3,909,830 |
| Contributions - Buy Back | - | - | - | - | - | - | - | - | - | 264,400 |
| Net Investment Income | 9,276,149 | 1,173,247 | 11,189,486 | 28,271,009 | (7,356,253) | 36,010,677 | 28,094,385 | 31,282,792 | (35,727,708) | 34,021,062 |
| Benefit Payments, Including Refunds of Member Contributions | (11,942,967) | (12,845,770) | (14,034,221) | (15,014,938) | (15,853,359) | (16,714,714) | (18,474,060) | (20,719,376) | (22,846,691) | (24,409,108) |
| Administrative Expense | (81,875) | (50,958) | (36,510) | (48,376) | (64,068) | (62,087) | (66,937) | (77,907) | (176,000) | (133,755) |
| Net Change in Plan Fiduciary Net Position | 10,280,448 | 3,653,541 | 12,176,140 | 29,579,309 | (5,263,994) | 38,086,097 | 30,748,140 | 33,901,998 | (34,381,435) | 32,043,839 |
| Plan Fiduciary Net Position - Beginning | 163,795,849 | 174,076,297 | 177,729,838 | 189,905,978 | 219,485,287 | 214,221,293 | 252,307,390 | 283,055,530 | 316,957,528 | 282,576,093 |
| PLAN FIDUCIARY NET POSITION - ENDING | \$ 174,076,297 | \$ 177,729,838 | \$ 189,905,978 | \$ 219,485,287 | \$ 214,221,293 | \$ 252,307,390 | \$ 283,055,530 | \$ 316,957,528 | \$ 282,576,093 | \$ 314,619,932 |
| EMPLOYER'S NET PENSION LIABILITY | \$ 177,174,454 | \$ 196,819,175 | \$ 222,664,732 | \$ 222,491,900 | \$ 260,079,288 | \$ 266,894,320 | \$ 329,325,143 | \$ 311,851,881 | \$ 290,683,885 | \$ 262,545,981 |

| MEASUREMENT DATE DECEMBER 31, | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 49.56% | 47.45% | 46.03% | 49.66% | 45.17% | 48.60% | 46.22% | 50.41% | 49.29% | 54.51% |
| Covered Payroll | \$ 26,802,659 | \$ 29,698,289 | \$ 29,787,822 | \$ 29,182,237 | \$ 32,478,915 | \$ 34,473,751 | \$ 33,075,951 | \$ 33,031,272 | \$ 37,253,746 | \$ 41,274,874 |
| Employer's Net Pension Liability as a Percentage of Covered Payroll | 661.03% | 662.73% | 747.50% | 762.42% | 800.76% | 774.20% | 995.66% | 944.11% | 780.28% | 636.09% |

There were no assumption changes in 2013, 2014 or 2015 except to include assumed administrative expenses.

There was a change in 2016 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates and discount rates.

There was a change in 2017 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to retirement, termination and disability rates and discount rates.

There was a change in 2018 with respect to actuarial assumptions from the prior year that mortality rates were updated too reflect the PubS-2010 tables.

There was a change in 2019 with respect to benefit terms and actuarial assumptions from the prior year to reflect revised expectations with respect to discount rates.

There was a change in 2020 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to discount rates.

There was a change in 2021 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to discount rates.

There was a change in 2022 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to discount rates, mortality, retirement, disability, and termination rates, assumed salary increases, assumed payroll growth rate and interest rate.

There was a change in 2023 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to discount rates and mortality rates.

(See independent auditor's report.)

CITY OF AURORA, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

| FISCAL YEAR ENDED DECEMBER 31, | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|---------------------|---------------------|--------------------|
| Actuarially Determined Contribution | \$ 10,091,124 | \$ 11,515,940 | \$ 11,651,147 | \$ 12,863,549 | \$ 14,527,017 | \$ 15,351,145 | \$ 17,917,637 | \$ 18,689,926 | \$ 18,264,328 | \$ 18,345,376 |
| Contributions in Relation to the Actuarially Determined Contribution | 10,092,419 | 11,571,764 | 11,672,490 | 12,961,109 | 14,593,748 | 15,422,861 | 17,695,679 | 19,110,147 | 19,205,624 | 18,391,410 |
| CONTRIBUTION DEFICIENCY (Excess) | \$ (1,295) | \$ (55,824) | \$ (21,343) | \$ (97,560) | \$ (66,731) | \$ (71,716) | \$ 221,958 | \$ (420,221) | \$ (941,296) | \$ (46,034) |
| Covered Payroll | \$ 26,802,659 | \$ 29,698,289 | \$ 29,787,822 | \$ 29,182,237 | \$ 32,478,915 | \$ 34,473,751 | \$ 33,075,951 | \$ 33,031,272 | \$ 37,253,746 | \$ 41,274,874 |
| Contributions as a Percentage of Covered Payroll | 37.65% | 38.96% | 39.19% | 44.41% | 44.93% | 44.74% | 53.50% | 57.85% | 51.55% | 44.56% |

Notes to Required Supplementary Information

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 of the prior fiscal year.

Methods and Assumptions used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level Percent of Pay, Closed; 90% |
| Remaining Amortization Period | 17 Years |
| Asset Valuation Method | Five-Year Smoothed Fair Value |
| Inflation | 2.50% |
| Salary Increases | Service-Based |
| Payroll Growth | 3.00% Per Year |
| Interest Rate | 6.80% |
| Retirement Age | See Note 2 in the Notes to Financial Statements |
| Mortality | PubS-2010 Employee mortality, projected five years past the valuation date with Scale MP-2021. |

(See independent auditor's report.)

CITY OF AURORA, ILLINOIS
POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years

| FISCAL YEAR ENDED DECEMBER 31, | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual Money-Weighted Rate of Return, Net of Investment Expense | 6.02% | 1.35% | 6.40% | 14.97% | (3.40%) | 16.79% | 11.12% | 11.08% | (11.30%) | 12.12% |

(See independent auditor's report.)

SUPPLEMENTARY INFORMATION

CITY OF AURORA, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
BUDGET AND ACTUAL

For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Variance Over (Under) |
|--|----------------------------|-------------------------|-------------------|--------------------------------------|
| ADDITIONS | | | | |
| Contributions | | | | |
| Employer Contributions | \$ 18,345,400 | \$ 18,345,400 | \$ 18,391,410 | \$ 46,010 |
| Employee Contributions | 3,500,000 | 3,500,000 | 4,174,230 | 674,230 |
| Total Contributions | <u>21,845,400</u> | <u>21,845,400</u> | <u>22,565,640</u> | <u>720,240</u> |
| Investment Income | | | | |
| Net Appreciation in Fair Value of Investments | - | - | 27,973,769 | 27,973,769 |
| Interest and Dividends | 12,000,000 | 12,000,000 | 6,665,129 | (5,334,871) |
| Total Investment Income | <u>12,000,000</u> | <u>12,000,000</u> | <u>34,638,898</u> | <u>22,638,898</u> |
| Less Investment Expense | <u>(550,000)</u> | <u>(550,000)</u> | <u>(617,836)</u> | <u>(67,836)</u> |
| Net Investment Income | <u>11,450,000</u> | <u>11,450,000</u> | <u>34,021,062</u> | <u>22,571,062</u> |
| Total Additions | <u>33,295,400</u> | <u>33,295,400</u> | <u>56,586,702</u> | <u>23,291,302</u> |
| DEDUCTIONS | | | | |
| Pension Benefits | 26,715,000 | 26,715,000 | 24,409,108 | (2,305,892) |
| Administrative Expenses | 210,000 | 210,000 | 133,755 | (76,245) |
| Total Deductions | <u>26,925,000</u> | <u>26,925,000</u> | <u>24,542,863</u> | <u>(2,382,137)</u> |
| NET INCREASE | <u>\$ 6,370,400</u> | <u>\$ 6,370,400</u> | 32,043,839 | <u>\$ 25,673,439</u> |

**NET POSITION RESTRICTED
FOR PENSION BENEFITS**

| | |
|-------------|-----------------------|
| January 1 | <u>282,576,093</u> |
| December 31 | <u>\$ 314,619,932</u> |

Notes to Required Supplementary Information

Budgets

An annual budget is adopted for the Fund by the City Council of the City. The budget is adopted on a basis consistent with GAAP. The budget, which may not be legally exceeded at the fund level, lapses at the end of the fiscal year. Once adopted, the budget may be amended by the City Council.

(See independent auditor's report.)