FY 2018
ANNUAL TAX INCREMENT FINANCE REPORT

STATE OF ILLINOIS
COMPTROLLER
SUSANA A. MENDOZA

Name of Municipality:	CITY OF NAPERVILLE	Reporting Fiscal Year:	**2018**
County:	DUPAGE	Fiscal Year End:	12/31/2018
Unit Code:	022/080/030		

TIF Administrator Contact Information

First Name:	RACHEL	Last Name:	MAYER		
Address:	400 S. EAGLE STREET	Title:	FINANCE DIRECTOR		
Telephone:	630-420-6052	City:	NAPERVILLE	Zip:	60540
E-mail-required	MAYERR@NAPERVILLE.IL.US				

I attest to the best of my knowledge, that this FY 2018 report of the redevelopment project area(s)

in the City/Village of:
is complete and accurate pursuant to Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] and or Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.].

Written signature of TIF Administrator — Date: 8/28/19

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONE FOR EACH TIF DISTICT

Name of Redevelopment Project Area	Date Designated	Date Terminated
WATER STREET TIF DISTRICT	12/4/2007	

SECTION 2 [Sections 2 through 5 must be completed for <u>each</u> redevelopment project area listed in Section 1.]
FY 2018

Name of Redevelopment Project Area (below):
WATER STREET TIF DISTRICT
Primary Use of Redevelopment Project Area*:

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

If "Combination/Mixed" List Component Types:	
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act	**X**
Industrial Jobs Recovery Law	**_____**

Please utilize the information below to properly label the Attachments.

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] **<u>If yes, please enclose the amendment (labeled Attachment A)</u>**	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] **<u>Please enclose the CEO Certification (labeled Attachment B)</u>.**		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] **Please enclose the Legal Counsel Opinion (labeled Attachment C).**		X
Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented and a description of the redevelopment activities. [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] **<u>If yes, please enclose the Activities Statement (labled Attachment D)</u>**		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] **<u>If yes, please enclose the Agreement(s) (labeled Attachment E)</u>**	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] **<u>If yes, please enclose the Additional Information (labeled Attachment F)</u>**		X
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] **<u>If yes, please enclose the contract(s) or description of the contract(s) (labeled Attachment G)</u>**	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] **<u>If yes, please enclose the Joint Review Board Report (labeled Attachment H)</u>.**		X
Were any obligations issued by the municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] **If yes, please enclose any Official Statement (labeled Attachment I). If Attachment I is answered yes, then the Analysis <u>must be attached and (labeled Attachment J)</u>.**		X
An analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage. [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] **If attachment I is yes, then Analysis <u>MUST</u> be attached and (labeled Attachment J).**		X
Has a cumulative of $100,000 of TIF revenue been deposited into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) **If yes, please enclose Audited financial statements of the special tax allocation fund <u>(labeled Attachment K).</u>**		X
Cumulatively, have deposits of incremental taxes revenue equal to or greater than $100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] **If yes, the audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3 (labeled Attachment L).**		X
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] **<u>If yes, please enclose the list only, not actual agreements (labeled Attachment M)</u>**	X	

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d)(5)(a)(b)(d)) and (65 ILCS 5/11-74.6-22 (d) (5)(a)(b)(d))
Provide an analysis of the special tax allocation fund.

FY 2018

TIF NAME: **WATER STREET TIF DISTRICT**

Special Tax Allocation Fund Balance at Beginning of Reporting Period	$ 5,179,430

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	$ 248,261	$ 1,096,123	6%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	$ 48,105	$ 169,640	1%
Land/Building Sale Proceeds		$ 403,512	2%
Bond Proceeds		$ 13,090,000	69%
Transfers from Municipal Sources		$ 3,605,653	19%
Private Sources		$ 167,835	1%
Other (identify source _____; if multiple other sources, attach schedule)		$ 473,338	2%

All Amount Deposited in Special Tax Allocation Fund	$ 296,366		
Cumulative Total Revenues/Cash Receipts		$ 19,006,101	100%
Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)	$ 20,725		
Transfers to Municipal Sources	248261		
Distribution of Surplus			
Total Expenditures/Disbursements	$ 268,986		
Net/Income/Cash Receipts Over/(Under) Cash Disbursements	$ 27,380		
FUND BALANCE, END OF REPORTING PERIOD*	$ 5,206,810		

* If there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) (c) and 65 ILCS 5/11-74.6-22 (d) (5)(c))

FY 2018

TIF NAME: **WATER STREET TIF DISTRICT**

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND

(by category of permissible redevelopment project costs)

PAGE 1

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	**Amounts**	**Reporting Fiscal Year**
1. Cost of studies, surveys, development of plans, and specifications. Implementation and administration of the redevelopment plan, staff and professional service cost.		
		$ -
2. Annual administrative cost.		
ANNUAL AUDIT FEE	3,650	
		$ 3,650
3. Cost of marketing sites.		
		$ -
4. Property assembly cost and site preparation costs.		
		$ -
5. Costs of renovation, rehabilitation, reconstruction, relocation, repair or remodeling of existing public or private building, leasehold improvements, and fixtures within a redevelopment project area.		
		$ -
6. Costs of the constructuion of public works or improvements.		
Chicago Title & Trust	17,075	
		$ 17,075

SECTION 3.2 A		
PAGE 2		
7. Costs of eliminating or removing contaminants and other impediments.		
		$ -
8. Cost of job training and retraining projects.		
		$ -
9. Financing costs.		
		$ -
10. Capital costs.		
		$ -
11. Cost of reimbursing school districts for their increased costs caused by TIF assisted housing projects.		
		$ -
12. Cost of reimbursing library districts for their increased costs caused by TIF assisted housing projects.		
		$ -

SECTION 3.2 A		
PAGE 3		
13. Relocation costs.		
		$ -
14. Payments in lieu of taxes.		
		$ -
15. Costs of job training, retraining, advanced vocational or career education.		
		$ -
16. Interest cost incurred by redeveloper or other nongovernmental persons in connection with a redevelopment project.		
		$ -
17. Cost of day care services.		
		$ -
18. Other.		
		$ -

TOTAL ITEMIZED EXPENDITURES		**$ 20,725**

Section 3.2 B

FY 2018

TIF NAME: **WATER STREET TIF DISTRICT**

Optional: Information in the following sections is not required by law, but would be helpful in creating fiscal transparency.

List all vendors, including other municipal funds, that were paid in excess of $10,000 during the current reporting year.

Name	Service	Amount
Chicago Title & Trust	Capital Improvement	$ 17,075.00

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5d) 65 ILCS 5/11-74.6-22 (d) (5d)
Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period by source

FY 2018
TIF NAME: **WATER STREET TIF DISTRICT**
FUND BALANCE BY SOURCE $ 5,206,810

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
General Obligation 2014 Series (include interest amount designate	$ 9,825,653	$ 13,027,438
General Obligation 2016 Series	$ 6,870,000	$ 9,733,597
Due to Other Governmental Funds - Downtown Parking Fund	$ 2,214,933	$ 2,214,933
Reclassification of Unused 2014 Bond Funds	$ (3,343,521)	$ (4,433,040)
Debt Service Transfers		$ (342,833)
Total Amount Designated for Obligations	$ 15,567,065	$ 20,200,095

2. Description of Project Costs to be Paid

Total Amount Designated for Project Costs		$ -
TOTAL AMOUNT DESIGNATED		$ 20,200,095
SURPLUS/(DEFICIT)		$ (14,993,285)

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

FY 2018

TIF NAME: **WATER STREET TIF DISTRICT**

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

Check here if no property was acquired by the Municipality within the Redevelopment Project Area.

Property Acquired by the Municipality Within the Redevelopment Project Area.

Property (1):	N/A
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 20 ILCS 620/4.7 (7)(F)
PAGE 1

FY 2018

TIF Name: **WATER STREET TIF DISTRICT**

Page 1 is to be included with TIF report. Pages 2 and 3 are to be included **ONLY** if projects are listed.

Select ONE of the following by indicating an 'X':

1. NO projects were undertaken by the Municipality Within the Redevelopment Project Area.	
2. The Municipality **DID** undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a.)	X
2a. The number of projects undertaken by the municipality within the Redevelopment Project Area:	3

LIST the projects undertaken by the Municipality Within the Redevelopment Project Area:

TOTAL:	**11/1/99 to Date**	**Estimated Investment for Subsequent Fiscal Year**	**Total Estimated to Complete Project**
Private Investment Undertaken (See Instructions)	$ 85,138,980	$ 192,000	$ 85,330,980
Public Investment Undertaken	$ 15,567,066	$ 3,500	$ 15,570,566
Ratio of Private/Public Investment	5 38/81		5 12/25

*PROJECT NAME TO BE LISTED AFTER PROJECT NUMBER

Project 1*: Developer Site & Building Costs

Private Investment Undertaken (See Instructions)	$ 82,581,858	$ 192,000	$ 82,773,858
Public Investment Undertaken	$ -	$ -	$ -
Ratio of Private/Public Investment	0		0

Project 2*: City Infrastructure Costs

Private Investment Undertaken (See Instructions)	$ -	$ -	$ -
Public Investment Undertaken	$ 8,131,465	$ 3,500	$ 8,134,965
Ratio of Private/Public Investment	0		0

Project 3*: Parking Deck Construction

Private Investment Undertaken (See Instructions)	$ 2,557,122	$ -	$ 2,557,122
Public Investment Undertaken	$ 7,435,600	$ -	$ 7,435,600
Ratio of Private/Public Investment	11/32		11/32

Project 4*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 5*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois. *even though optional MUST be included as part of the complete TIF report

SECTION 6
FY 2018

TIF NAME: **WATER STREET TIF DISTRICT**

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV
2007	$ 1,802,374	$ 4,978,451

List all overlapping tax districts in the redevelopment project area.
If overlapping taxing district received a surplus, list the surplus.

_____ Check if the overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -

SECTION 7
Provide information about job creation and retention:

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
207	81	Svc industry - Permanent	$ 5,584,663
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -

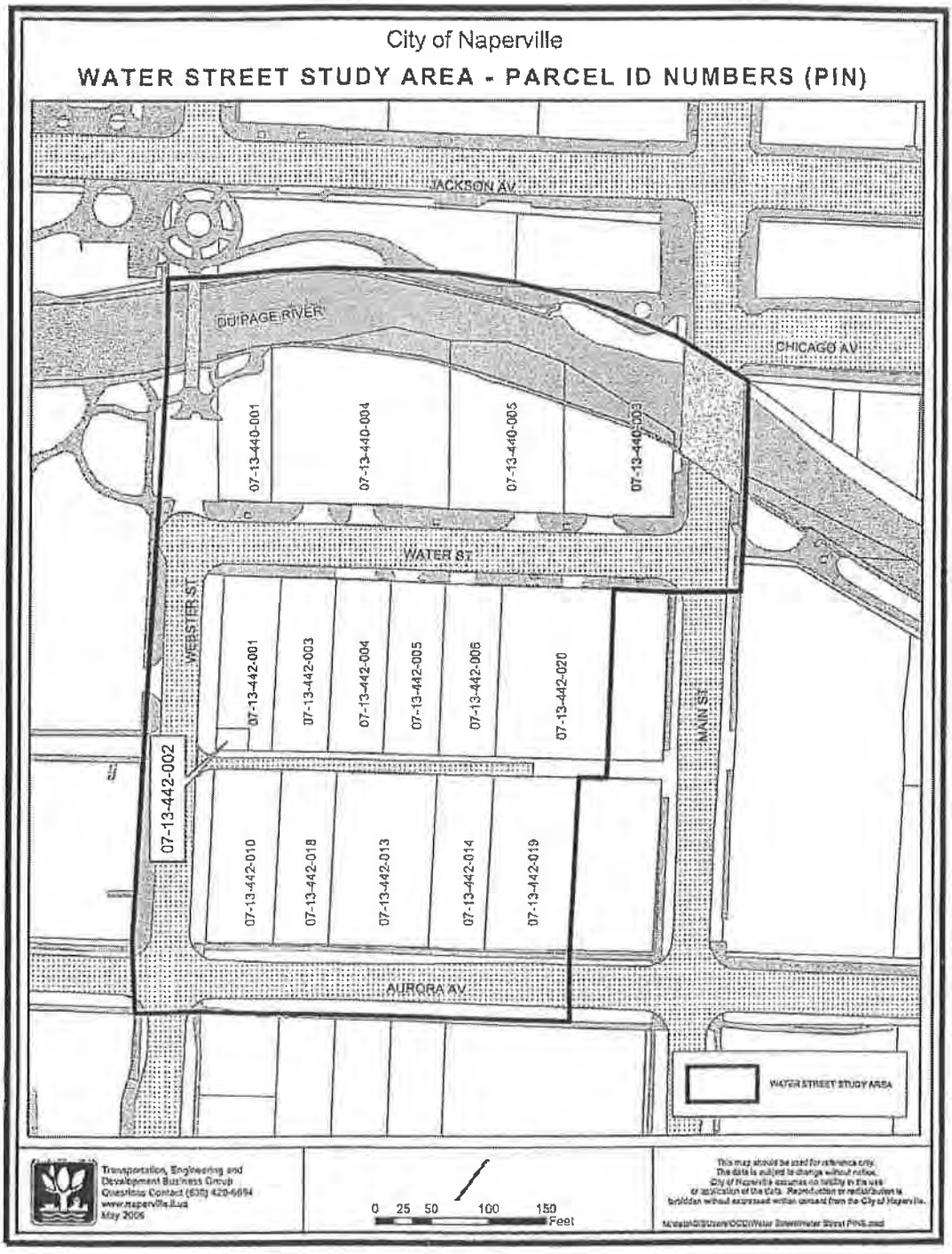
SECTION 8
Provide a general description of the redevelopment project area using only major boundaries:

Optional Documents	Enclosed
Legal description of redevelopment project area	attached
Map of District	attached

WATER STREET TIF DISTRICT
LEGAL DESCRIPTION

LOTS 1, 2, 3, 4, 5, 6, 7 AND 8 IN BLOCK 1, AND LOTS 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 AND THE WEST HALF OF LOT 15 IN BLOCK 4, ALL IN MARTIN'S ADDITION TO NAPERVILLE, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 38 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED FEBRUARY 6, 1847 AS DOCUMENT 2584, IN DUPAGE COUNTY, ILLINOIS

TOGETHER WITH ALL OF WATER STREET LYING NORTH OF THE NORTH LINE OF BLOCK 4 AFORESAID, AND ALL OF WEBSTER STREET LYING NORTH OF THE SOUTH RIGHT-OF-WAY LINE OF AURORA AVENUE AND LYING WEST OF BLOCKS 1 AND 4 AFORESAID, AND ALL OF AURORA AVENUE LYING SOUTH OF THE SOUTH LINE OF BLOCK 4 AFORESAID AND LYING WEST OF THE SOUTHERLY EXTENSION OF THE WEST LINE OF THE EAST HALF OF LOT 15 IN BLOCK 4 AFORESAID, AND ALL OF THE PUBLIC ALLEY (FORMERLY PLATTED AS SQUAW LAIN) LYING WITHIN BLOCK 4 AFORESAID LYING WEST OF THE SOUTHERLY EXTENSION OF THE WEST LINE OF LOT 1 IN SAID BLOCK 4, AND ALL OF MAIN STREET LYING NORTH OF THE EASTERLY EXTENSION OF THE NORTH LINE OF BLOCK 4 AFORESAID, AND ALL OF THE DUPAGE RIVER LYING EAST OF THE NORTHERLY EXTENSION OF THE WEST RIGHT-OF-WAY LINE OF SAID WEBSTER STREET AND LYING WEST OF THE NORTHERLY EXTENSION OF THE EAST RIGHT-OF-WAY LINE OF SAID MAIN STREET AND LYING NORTH OF THE NORTH LINE OF BLOCK 1 AFORESAID, ALL IN DUPAGE COUNTY, ILLINOIS.


City of Naperville
WATER STREET STUDY AREA - PARCEL ID NUMBERS (PIN)
JACKSON AV
DUPAGE RIVER
CHICAGO AV
07-13-440-001
07-13-440-004
07-13-440-005
07-13-440-003
WATER ST
WEBSTER ST
07-13-442-001
07-13-442-003
07-13-442-004
07-13-442-005
07-13-442-006
07-13-442-020
MAIN ST
07-13-442-002
07-13-442-010
07-13-442-018
07-13-442-013
07-13-442-014
07-13-442-019
AURORA AV
WATER STREET STUDY AREA
Transportation, Engineering and Development Business Group
Questions Contact (630) 420-6694
www.naperville.il.us
May 2006
0 25 50 100 150
Feet

Attachment B: CEO Certification
NAPERVILLE WATER STREET TIF DISTRICT
FY2018

I, Douglas A. Krieger, the City Manager, serving as the Chief Executive Officer of the City of Naperville, Counties of DuPage and Will, State of Illinois do hereby certify that to the best of my knowledge, the City of Naperville complied with the requirements pertaining to the Illinois Increment Redevelopment Allocation Act during the reporting period beginning January 1, 2018 and ending on December 31, 2018.

8/28/19

Douglas A. Krieger
City Manager

Date

Attachment C: Legal Opinion
NAPERVILLE WATER STREET TIF DISTRICT
FY2018

I, Michael DiSanto, the City Attorney of the City of Naperville, Counties of DuPage and Will, State of Illinois have reviewed all information provided to me by City staff and find that the City of Naperville has conformed to all applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the reporting period beginning January 1, 2018 and ending on December 31, 2018.

8.28.19

Michael DiSanto
City Attorney

Date

Attachment D: Activities Undertaken in Furtherance of the Objectives of the Redevelopment Plan
NAPERVILLE WATER STREET TIF DISTRICT
FY2018

During FY2018 activity in the Water Street Development continued to surge as new tenants (opened in 2017) expanded their customer base and new businesses were established. In alignment with the City's expectations, the project has completely transformed and defined the southern boundary of Downtown Naperville, IL. What was once a forgotten street, is now a destination for weddings, meetings, conferences, and visitors seeking unique shopping and dining options. The Riverwalk Extension and parking provide important connections and amenities to serve the entire downtown.

In FY2018, the following businesses opened adding to the vitality of the block:

- Santo Ceilo (Rooftop Restaurant)
- Sparrow Coffee
- Midici – The Neapolitan Pizza Company

The parking deck and hotel (only accommodation choice in Downtown Naperville) have consistently served as important amenities supporting a variety of cultural and community events and activities, including the Christkindle Market, the Naperville Marathon, and Ribfest.

The City of Naperville and Marquette Companies (developer) have maintained close communications in accordance with the requirements established within agreed upon development agreements, conditions and covenants. They have met regularly to discuss operation and maintenance practices, parking occupancies, and other topics to support the success of the development.

Immediately beyond the limit of the district, the City of Naperville approved the development of a "smart park" on some underutilized greenspace on the Municipal Center property at 400 S. Eagle Street. This park is unique in its offering of solar-powered electric outlets and free WiFi to support meetings and business activities. Given its location directly adjacent to the Water Street TIF District, it will provide a new amenity for its patrons to enjoy as they explore Downtown Naperville.

Attachment F: Use of Funds Received
NAPERVILLE WATER STREET TIF DISTRICT
FY2018

The City of Naperville received $296,366 in tax increment and interest for the reporting Fiscal Year.

An expenditure of $3,650 was incurred for annual TIF audit fees. Payments to the Chicago Title Company totaling $17,075 was deposited in an escrow account for the reconstruction of Weber and Water Streets.

ATTACHMENT H

Joint Review Board Minutes

CITY OF NAPERVILLE
WATER STREET TIF DISTRICT
JOINT REVIEW BOARD ANNUAL MEETING
SUMMARY MINUTES

NEU
September 19, 2018
4:00 p.m.

Taxing Districts Present:

Rachel Mayer – City of Naperville
Melanie Brown – Naperville Community Unit School District 203
Bob Ross - Naperville Community Unit School District 203
Ray McGury – Naperville Park District
Brien Nagle – Public Member
Jim Cunningham – Marquette Companies

Taxing Districts Absent:

Naperville Township
DuPage County
College of DuPage

City of Naperville Staff Present:

Franco Bottalico
Amy Emery
Erik Hallgren

Public Present:

Dick Furstenau - Resident
Jim Hill – Resident

1. Call to Order

The meeting was called to order at 4:00 pm by Rachel Mayer. Introductions were made and it was determined that a quorum was present.

2. Review of Annual Report and Development Activities

Erik Hallgren provided information on the development progress, financial status of the Water Street Redevelopment Area and relevant economic factors.

- Change in frozen valuation in TIF down to $1.8 million due to change from private parking deck to public spaces
- Tax rate change from 8.7% to 8.5% due to changes in the taxing bodies' levies
- First year an increase in property value from $2.6 to $4.7 million is recognized. This increase was 10% greater than projected last year.
- Long-term outcomes: $13.3 million pay back will occur annually until 2037. Based upon updated assumptions it is estimate that the pay-off will be on schedule and total $13.9 million. Thus, it appears that the TIF will be repaid in the original timeframe of 30 years.

3. Public Comment
   Dick Furstenau requested information on the timing of the transfer of the parking deck from private to public property. Mayer noted that the parking deck was completed in 2017 and the transfer was made at that time.

   Mayer added that on Page 5 of the TIF Report, the estimated Private investment is $83 million and Public investment is about $18 million, totalling about $100 million. The question was posed as to when the $100 million would be realized in the EAV. Hallgren, responded that it is expected that the value will be recognized in the year 2021. It will take that long because the EAV is a three-year average and in the earlier years, the buildings and occupancy were not completely built out.

4. Board Discussion
   None

5. Adjournment

McGury motioned, Ross second to adjourn at 4:19pm.

ATTACHMENT J
Obligations Issued and
Financial Advisor Analysis

CITY OF NAPERVILLE, ILLINOIS

$4,640,000 GENERAL OBLIGATION BONDS,
SERIES 2018

CITY OF NAPERVILLE, ILLINOIS

$4,640,000 GENERAL OBLIGATION BONDS, SERIES 2018

List of Transcript Documents

1. Ordinance No. 18-124 Authorizing The Issuance of Not To Exceed $7,500,000 General Obligation Bonds, Series 2018
2. Agenda and Minutes of the meeting of the City Council held on October 16, 2018
3. Bond Order
4. Certificate of Abatement
5. Filing Certificates of the County Clerks of Will and DuPage Counties
6. Preliminary Official Statement
7. Official Statement
8. Home Rule Certificate
9. General Certificate
10. Order To Authenticate And Deliver Bonds
11. Certificate of Bond Registrar
12. Officers' Closing Certificate
13. Certificate of City Attorney
14. Tax Compliance Certificate
15. Certificate of Municipal Advisor
16. Post-Bond Issuance Compliance Checklist
17. IRS Information Return 8038-G
18. Purchaser's Receipt For Series 2018 Bonds
19. Opinion of Bond Counsel
20. DTC Blanket Issuer Letter of Representations
21. Specimen Bonds

Naperville

STATE OF ILLINOIS)
)
COUNTIES OF DUPAGE & WILL)

I, Pam Gallahue, Ph.D., the City Clerk for the City of Naperville in the Counties of DuPage and Will, in the State of Illinois, do hereby certify that the following hereinafter described document is a true and correct copy of the records of my office as such City Clerk:

ORDINANCE NO. 18-124, AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $7,500,000 GENERAL OBLIGATION BONDS OF 2018 OF THE CITY OF NAPERVILLE, ILLINOIS

I, hereby subscribe my name as City Clerk and affix the Official Corporate Seal of the City of Naperville on this 30th day of October, 2018.

CITY OF NAPERVILLE SEAL ILLINOIS

Pam Gallahue, Ph.D.
City Clerk

ORDINANCE NO. 18 – 124

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $7,500,000 GENERAL OBLIGATION BONDS OF 2018 OF THE CITY OF NAPERVILLE, ILLINOIS

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NAPERVILLE, ILLINOIS, AS FOLLOWS:

SECTION 1. AUTHORITY AND PURPOSE. This ordinance is adopted pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and Chapter 9, Article C of the City of Naperville Municipal Code for the purpose of financing the following capital improvements (the "Projects"):

Project	Estimated Cost
E-Government Initiatives Upgrade and replace the current technology infrastructure and expand the City' technology resources. Software projects include the implementation of a new Enterprise Resource Planning (ERP) system; upgrades to the current work order, document management, and internal communication systems. Hardware projects include citywide phone replacements, wireless network upgrades, server upgrades, conference room updates, and network switch replacements.	**$1,856,260**

Project	Estimated Cost
Building Improvements and Upgrades Replace, upgrade, and modify buildings and building components throughout the City. Projects include renovations and upgrades of the police departments lab, training facilities, front lobby, and building automation; replacement of the fire department station alerting system, overhead doors, and exhaust systems; and the proactive preservation of municipal roofs, building security, parking areas, and other building components.	**$1,519,000**
Stormwater Infrastructure Improvements Manage localized stormwater projects throughout the community and include the installation of new storm sewer sections; dam reconstructions; the replacement of deteriorated storm sewer sections; culvert replacements; and citywide drainage improvement projects.	**$771,000**
Traffic Infrastructure Improvements Projects include engineering and construction work for bridge expansion and rehabilitation; street reconstruction and expansion; street lighting upgrades and improvements; pedestrian improvements; intersection alignments; and the installation of new traffic signals.	**$2,426,000**
Annual Tree Planting Program	**$37,500**
City-wide LED Street Lighting Conversion	**$500,000**

It is found and determined that the borrowing of money as provided in this ordinance is necessary for the welfare of the government and affairs of the City, is for proper public purposes and is in the public interest.

SECTION 2. AUTHORIZATION AND TERMS OF BONDS. To meet part of the estimated costs of the Projects and to fund the costs of issuance of the bonds herein authorized, there is hereby appropriated the sum of $7,500,000. Pursuant to the home rule powers of the City to incur debt payable from ad valorem property tax receipts and for the purpose of financing said appropriation, unlimited tax general obligation bonds of the

City are authorized to be issued and sold in one or more series and in an aggregate principal amount of not to exceed $7,500,000.

The bonds of each series shall be designated as "General Obligation Bonds", and shall include additional designations to distinguish each series of the bonds. The bonds authorized and issued pursuant to this ordinance are herein collectively called the "2018 Bonds".

Authority is hereby delegated to the City Manager, to determine all of the terms and provisions of the 2018 Bonds in accordance with the limitations of this ordinance. Such terms and provisions to be set forth in one or more bond orders (each a "Bond Order") to be executed by the City Manager. The City Manager may delegate to the Finance Director the authority to make any of such determinations and to execute a Bond Order by executing and filing with the City Clerk a written instrument evidencing such delegation.

The 2018 Bonds shall be issuable in the denominations of $5,000 or any integral multiple thereof and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of 2018 Bonds. Each 2018 Bond delivered upon the original issuance of the 2018 Bonds shall be dated as of the date specified in the Bond Order. Each 2018 Bond thereafter issued upon any transfer, exchange or replacement of 2018 Bonds shall be dated so that no gain or loss of interest shall result from such transfer, exchange or replacement.

The 2018 Bonds shall mature on December 1 in such years and in such principal amounts as shall be specified in the Bond Order, provided that no 2018 Bond shall mature later than December 1, 2038.

Each 2018 Bond shall bear interest from its date, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on an initial interest payment date of June 1, 2019 and semiannually thereafter on each June 1 and December 1, at the rates per annum as shall be specified in the Bond Order, provided that no 2018 Bond shall bear interest at a rate exceeding five and one-half percent (5.50%) per annum.

No 2018 Bonds shall be sold pursuant to this ordinance unless the sum of the taxes levied pursuant to Section 8 of this ordinance and the moneys to be deposited into the Debt Service Fund (established by this ordinance) concurrently with the issuance of the 2018 Bonds is sufficient to provide for the punctual payment of the principal of and interest on the 2018 Bonds.

The principal of and premium, if any, on the 2018 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, which is hereby appointed as the bond registrar and paying agent for the 2018 Bonds. Interest on the 2018 Bonds shall be payable on each interest payment date to the registered owners of record thereof appearing on the registration books maintained by the City for such purpose at the corporate trust office of the bond registrar, as of the close of business on the 15th day of the calendar month next preceding the applicable interest payment date. Interest on the 2018 Bonds shall be paid by check or draft mailed to such registered owners at their addresses appearing on the registration books or by wire transfer pursuant to an agreement by and between the City and the registered owner.

The 2018 Bonds of any series shall be subject to redemption prior to maturity as determined in the Bond Order, at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine as determined in the Bond Order. Any optional redemption shall be at redemption prices that may include a redemption premium for each 2018 Bond to be redeemed expressed as a percentage, not exceeding 3% of the principal amount to be redeemed.

2018 Bonds of like series and maturity may be subject to mandatory redemption, by the application of sinking fund installments, all as determined in the Bond Order.

All 2018 Bonds subject to mandatory sinking fund redemption shall be redeemed at a redemption price equal to the principal amount thereof to be redeemed. The bond registrar is hereby authorized and directed to mail notice of the mandatory sinking fund redemption of 2018 Bonds in the manner provided in this section.

Whenever 2018 Bonds subject to mandatory sinking fund redemption are redeemed at the option of the City, the principal amount thereof so redeemed shall be credited against the unsatisfied balance of future sinking fund installments or final maturity amount established with respect to the 2018 Bonds, in such amounts and against such installments or final maturity amount as shall be determined by the City in the proceedings authorizing such optional redemption or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable sinking fund installments next ensuing, and with respect to which notice of redemption has not yet been given.

On or prior to the 60th day preceding any sinking fund installment date, the City may purchase 2018 Bonds subject to mandatory redemption on such sinking fund

installment date, at such prices as the City shall determine. Any 2018 Bond so purchased shall be cancelled and the principal amount thereof so purchased shall be credited against the unsatisfied balance of the next ensuing sinking fund installment.

In the event of the redemption of less than all the 2018 Bonds of like series and maturity, the aggregate principal amount thereof to be redeemed shall be $5,000 or an integral multiple thereof and the bond registrar shall assign to each 2018 Bond of such maturity a distinctive number for each $5,000 principal amount of such 2018 Bond and, unless otherwise determined in the Bond Order, shall select by lot from the numbers so assigned as many numbers as, at $5,000 for each number, shall equal the principal amount of such 2018 Bonds to be redeemed. The 2018 Bonds to be redeemed shall be the 2018 Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each 2018 Bond shall be redeemed as shall equal $5,000 for each number assigned to it and so selected.

Notice of the redemption of 2018 Bonds shall be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of 2018 Bonds to be redeemed at their last addresses appearing on said registration books. The 2018 Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the 2018 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then

from and after the redemption date interest on such 2018 Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a 2018 Bond, the City shall execute and the bond registrar shall authenticate and deliver, upon the surrender of such 2018 Bond, without charge to the owner thereof, in exchange for the unredeemed balance of the 2018 Bond so surrendered, 2018 Bonds of like series and maturity and of the denomination of $5,000 or any integral multiple thereof.

The bond registrar shall not be required to transfer or exchange any 2018 Bond after notice of the redemption of all or a portion thereof has been mailed. The bond registrar shall not be required to transfer or exchange any 2018 Bond during a period of 15 days next preceding the mailing of a notice of redemption which could designate for redemption all or a portion of such 2018 Bond.

SECTION 3. SALE AND DELIVERY. Subject to the limitations contained in this ordinance, authority is hereby delegated to the City Manager to offer one or more series of the 2018 Bonds for public sale, on one or more sale dates prior to December 15, 2018 and (i) to award and sell each series of the 2018 Bonds to the best bidder in accordance with the notice of sale for the 2018 Bonds, or (ii) to reject all bids. No award of a series of 2018 Bonds shall be made unless the purchase price bid is not less than 98% of the principal amount of 2018 Bonds sold.

The sale and award of the 2018 Bonds and the determination of the details of the 2018 Bonds shall be evidenced by the Bond Order, which shall be signed by the City Manager (or the Finance Director if delegated to do so by the City Manager). An

executed counterpart of the Bond Order shall be filed with the City Clerk and entered in the records of the City.

The Official Statement prepared with respect to the 2018 Bonds is approved and "deemed final" as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

The Mayor, City Manager, Finance Director, City Clerk and other officials of the City are authorized and directed to do and perform, or cause to be done or performed for or on behalf of the City each and every thing necessary for the issuance of the 2018 Bonds, including the proper execution and delivery of the 2018 Bonds and the Official Statement.

SECTION 4. EXECUTION AND AUTHENTICATION. Each 2018 Bond shall be executed in the name of the City by the manual or authorized facsimile signature of its Mayor and the corporate seal of the City, or a facsimile thereof, shall be thereunto affixed or otherwise reproduced thereon and attested by the manual or authorized facsimile signature of its City Clerk.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any 2018 Bond shall cease to hold such office before the issuance of the 2018 Bond, such 2018 Bond shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such 2018 Bond had not ceased to hold such office. Any 2018 Bond may be signed, sealed or attested on behalf of the City by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such 2018 Bond such person may

not have held such office. No recourse shall be had for the payment of any 2018 Bonds against any officer who executes the 2018 Bonds.

Each 2018 Bond shall bear thereon a certificate of authentication executed manually by the bond registrar. No 2018 Bond shall be entitled to any right or benefit under this ordinance or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the bond registrar.

SECTION 5. TRANSFER, EXCHANGE AND REGISTRY. The 2018 Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein. Each 2018 Bond shall be transferable only upon the registration books maintained by the City for that purpose at the corporate trust office of the bond registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the bond registrar and duly executed by the registered owner or his duly authorized attorney. Upon the surrender for transfer of any such 2018 Bond, the City shall execute and the bond registrar shall authenticate and deliver a new 2018 Bond or 2018 Bonds registered in the name of the transferee, of the same series, aggregate principal amount, maturity and interest rate as the surrendered 2018 Bond. 2018 Bonds, upon surrender thereof at the corporate trust office of the bond registrar, with a written instrument satisfactory to the bond registrar, duly executed by the registered owner or his attorney duly authorized in writing, may be exchanged for an equal aggregate principal amount of 2018 Bonds of the same series, maturity and interest rate and of the denominations of $5,000 or any integral multiple thereof.

For every such exchange or registration of transfer of 2018 Bonds, the City or the bond registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. No other charge shall be made for the privilege of making such transfer or exchange. The provisions of the Illinois Bond Replacement Act shall govern the replacement of lost, destroyed or defaced 2018 Bonds.

The City and the bond registrar may deem and treat the person in whose name any 2018 Bond shall be registered upon the registration books as the absolute owner of such 2018 Bond, whether such 2018 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, or interest thereon and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 2018 Bond to the extent of the sum or sums so paid, and neither the City nor the bond registrar shall be affected by any notice to the contrary.

SECTION 6. GENERAL OBLIGATIONS. The full faith and credit of the City are hereby irrevocably pledged to the punctual payment of the principal of and interest on the 2018 Bonds. The 2018 Bonds shall be direct and general obligations of the City, and the City shall be obligated to levy ad valorem taxes upon all the taxable property in the City for the payment of the 2018 Bonds and the interest thereon, without limitation as to rate or amount.

SECTION 7. FORMS OF BONDS. The 2018 Bonds shall be issued as fully registered bonds and shall be in substantially the following form, the blanks to be appropriately completed when the 2018 Bonds are printed:

No. _____

United States of America
State of Illinois
Counties of DuPage and Will
CITY OF NAPERVILLE
GENERAL OBLIGATION BOND,
SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
. %	December 1, ____	_____, 2018	630412 ___

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose

at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal [and premium, if any,] when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $_____, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

[The bonds of such series maturing on or after December 1, 20 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 20 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed plus, if such bond is to be redeemed during any period (both dates inclusive) shown in the following table, the applicable redemption premium, expressed as a percentage of such principal amount, set forth opposite such period:

Redemption Period Redemption Premium]

[The bonds of such series due December 1, 20 , are subject to mandatory sinking fund redemption to the extent required to satisfy annual sinking fund installments, in part by lot, at a redemption price equal to the principal amount thereof to be redeemed, on December 1, 20 , and on each December 1 thereafter, in the following amounts:

Year Principal Amount]

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal[, premium, if any,] and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done,

exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated_____

CITY OF NAPERVILLE

_____
Mayor

Attest:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

SECTION 8. LEVY AND EXTENSION OF TAXES. (A) For the purpose of providing the money required to pay the interest on the 2018 Bonds when and as the same falls due and to pay and discharge the principal thereof (including mandatory sinking fund installments) as the same shall mature, there is hereby levied upon all the taxable property in the City, in each year while any of the 2018 Bonds shall be outstanding, a direct annual tax sufficient for that purpose in addition to all other taxes, as follows:

Tax Levy Year	A Tax Sufficient to Produce
2018	$700,000
2019	700,000
2020	700,000
2021	700,000
2022	700,000
2023	700,000
2024	700,000
2025	700,000
2026	700,000
2027	700,000
2028	700,000
2029	700,000
2030	700,000
2031	700,000
2032	700,000
2033	700,000
2034	700,000
2035	700,000
2036	700,000
2037	700,000

(B) Interest or principal coming due at any time when there shall be insufficient funds on hand to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the taxes herein levied; and when said taxes shall have been collected, reimbursement shall be made to the said funds in the amounts thus advanced.

(C) After the sale of the 2018 Bonds and the execution of the Bond Order, an executed copy of the Bond Order and a copy of this ordinance, certified by the City Clerk, which certificate shall recite that this ordinance has been duly adopted, shall be filed with the County Clerk of DuPage County, Illinois, and the County Clerk of Will County, Illinois, who are each hereby directed to ascertain the rate per cent required to produce the aggregate tax hereinbefore provided to be levied in the years 2018 to 2037, inclusive, and subject to adjustment as provided in paragraph (D) of this Section, to extend the same for collection on the tax books in connection with other taxes levied in said years, in and by the City for general corporate purposes of the City, and in said years such annual tax shall be levied and collected in like manner as taxes for general corporate purposes for said years are levied and collected and, when collected, such taxes shall be used for the purpose of paying the principal of and interest on the 2018 Bonds herein authorized as the same become due and payable.

(D) In the event that 2018 Bonds are to be issued in principal amounts and bearing interest such that for any tax levy year an amount less than that set forth in paragraph (A) of this Section is required to be produced to pay when due the principal of and interest on the 2018 Bonds, then the City Treasurer is authorized and directed to file with each of the aforesaid County Clerks, on or prior to the date of delivery of the 2018 Bonds, a direction for abatement of taxes specifying the exact amount of taxes to be levied to produce the required amounts for each of the various tax levy years.

SECTION 9. DEBT SERVICE FUND. Moneys derived from taxes herein levied (the "Tax Receipts") are appropriated and set aside for the purpose of paying principal of and interest on the 2018 Bonds when and as the same come due. All of such moneys,

and all other moneys to be used for the payment of the principal of and interest on the 2018 Bonds, shall be deposited in the "2018 Debt Service Fund", which is hereby established as a special fund of the City and shall be administered as a bona fide debt service fund under the Internal Revenue Code of 1986.

Pursuant to Section 13 of the Local Government Debt Reform Act, the Tax Receipts and the other moneys deposited or to be deposited into the 2018 Debt Service Fund, are pledged as security for the payment of the 2018 Bonds. All such Tax Receipts and the moneys held in the 2018 Debt Service Fund shall immediately be subject to the lien of such pledge without any physical delivery or further act and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof.

SECTION 10. BOND PROCEEDS FUND. All of the proceeds of sale of the 2018 Bonds shall be deposited into the "2018 Bond Proceeds Fund," which is hereby established as a special fund of the City. Moneys in the 2018 Bond Proceeds Fund shall be used for the payment of costs of the Projects and costs of issuance of the 2018 Bonds, but may thereafter be reappropriated and used for other purposes if such reappropriation is permitted under Illinois law and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2018 Bonds.

SECTION 11. INVESTMENT REGULATIONS. No investment shall be made of any moneys in the 2018 Debt Service Fund or the 2018 Bond Proceeds Fund except in accordance with the tax covenants set forth in Section 12 of this ordinance. All income

derived from such investments in respect of moneys or securities in any Fund shall be credited in each case to the Fund in which such moneys or securities are held.

Any moneys in any Fund that are subject to investment yield restrictions may be invested in United States Treasury Securities, State and Local Government Series, pursuant to the regulations of the United States Treasury Department, Bureau of Public Debt, or in any tax-exempt bond that is not an "investment property" within the meaning of Section 148(b)(2) of the Code. The City Treasurer and agents designated by her are hereby authorized to submit, on behalf of the City, subscriptions for such United States Treasury Securities and to request redemption of such United States Treasury Securities.

SECTION 12. TAX COVENANTS. The City shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any 2018 Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such 2018 Bond is subject on the date of original issuance thereof.

The City shall not permit any of the proceeds of the 2018 Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any 2018 Bond to constitute a "private activity bond" within the meaning of Section 141 of the Code.

The City shall not permit any of the proceeds of the 2018 Bonds or other moneys to be invested in any manner that would cause any 2018 Bond to constitute an "arbitrage bond" within the meaning of Section 148 of the Code or a "hedge bond" within the meaning of Section 149(g) of the Code.

The City shall comply with the provisions of Section 148(f) of the Code relating to the rebate of certain investment earnings at periodic intervals to the United States of America.

SECTION 13. BANK QUALIFIED DESIGINATION. The City hereby designates the 2018 Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986. The City represents that the reasonably anticipated amount of tax-exempt obligations that are required to be taken into account for the purpose of Section 265(b)(3)(C) of the Code and will be issued by or on behalf of the City and all subordinate entities of the City during 2018 does not exceed $10,000,000. The City covenants that it will not designate and issue more than $10,000,000 aggregate principal amount of tax-exempt obligations in the year in which the 2018 Bonds are issued. For purposes of the two preceding sentences, the term "tax-exempt obligations" includes "qualified 501(c)(3) bonds" (as defined in Section 145 of the Internal Revenue Code of 1986) but does not include other "private activity bonds" (as defined in Section 141 of the Internal Revenue Code of 1986).

SECTION 14. CONTINUING DISCLOSURE. For the benefit of the beneficial owners of the 2018 Bonds, the City covenants and agrees to provide to the Municipal Securities Rulemaking Board (the "MSRB") for disclosure on the Electronic Municipal Market Access ("EMMA") system, in an electronic format as prescribed by the MSRB, (i) an annual report containing certain financial information and operating data relating to the City and (ii) timely notices of the occurrence of certain enumerated events. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

The annual report shall be provided to the MSRB for disclosure on EMMA within 210 days after the close of the City's fiscal year. The information to be contained in the annual report shall consist of the annual audited financial statement of the City and such additional information as noted in the Official Statement under the caption "Continuing Disclosure." Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. If the audited financial statement is not available, then an unaudited financial statement shall be included in the annual report and the audited financial statement shall be provided promptly after it becomes available.

The City, in a timely manner not in excess of ten business days after the occurrence of the event, shall provide notice to the MSRB for disclosure on EMMA of any failure of the City to provide any such annual report within the 210 day period and of the occurrence of any of the following events with respect to the 2018 Bonds: (1) principal and interest payment delinquencies; (2) non payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the 2018 Bonds, or other events affecting the tax-exempt status of the 2018 Bonds; (7) modifications to rights of bondholders, if material; (8) 2018 Bond calls, if material;

(9) defeasances; (10) release, substitution or sale of property securing repayment of the 2018 Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the City; (14) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (15) appointment of a successor or additional trustee or the change of name of a trustee, if material. For the purposes of the event identified in clause (13), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

It is found and determined that the City has agreed to the undertakings contained in this Section in order to assist participating underwriters of the 2018 Bonds and brokers, dealers and municipal securities dealers in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. The City Treasurer or her designee is authorized and directed to do and

perform, or cause to be done or performed, for or on behalf of the City, each and every thing necessary to accomplish the undertakings of the City contained in this Section for so long as Rule 15c2-12(b)(5) is applicable to the 2018 Bonds and the City remains an "obligated person" under the Rule with respect to the 2018 Bonds.

The undertakings contained in this Section may be amended by the City upon a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the obligated person, or type of business conducted, provided that (a) the undertaking, as amended, would have complied with the requirements of Rule 15c2-12(b)(5) at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the City, the amendment does not materially impair the interests of the beneficial owners of the 2018 Bonds.

SECTION 15. BOND REGISTRAR. The City covenants that it shall at all times retain a bond registrar with respect to the 2018 Bonds, that it will maintain at the designated office of such bond registrar a place where 2018 Bonds may be presented for payment and registration of transfer or exchange and that it shall require that the bond registrar maintain proper registration books and perform the other duties and obligations imposed upon the bond registrar by this ordinance in a manner consistent with the standards, customs and practices of the municipal securities business.

The bond registrar shall signify its acceptance of the duties and obligations imposed upon it by this ordinance by executing the certificate of authentication on any 2018 Bond, and by such execution the bond registrar shall be deemed to have certified

to the City that it has all requisite power to accept, and has accepted such duties and obligations not only with respect to the 2018 Bond so authenticated but with respect to all the 2018 Bonds. The bond registrar is the agent of the City and shall not be liable in connection with the performance of its duties except for its own negligence or default. The bond registrar shall, however, be responsible for any representation in its certificate of authentication on the 2018 Bonds.

The City may remove the bond registrar at any time. In case at any time the bond registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the bond registrar, or of its property, shall be appointed, or if any public officer shall take charge or control of the bond registrar or of its property or affairs, the City covenants and agrees that it will thereupon appoint a successor bond registrar. The City shall mail notice of any such appointment made by it to each registered owner of 2018 Bonds within twenty days after such appointment.

SECTION 16. BOOK-ENTRY SYSTEM. In order to provide for the initial issuance of the 2018 Bonds in a form that provides for a system of book-entry only transfers, the ownership of one fully registered bond for each maturity of each series, in the aggregate principal amount of such maturity, shall be registered in the name of Cede & Co., as a nominee of The Depository Trust Company, New York, New York, as securities depository for the 2018 Bonds. The City Treasurer is authorized to execute and deliver on behalf of the City such letters to, or agreements with, the securities depository as shall be necessary to effectuate such book-entry system.

In case at any time the securities depository shall resign or shall become incapable of acting, then the City shall appoint a successor securities depository to provide a system of book-entry only transfers for the 2018 Bonds, by written notice to the predecessor securities depository directing it to notify its participants (those persons for whom the securities depository holds securities) of the appointment of a successor securities depository.

If the system of book-entry only transfers for the 2018 Bonds is discontinued, then the City shall issue and the bond registrar shall authenticate, register and deliver to the beneficial owners of the 2018 Bonds, bond certificates in replacement of such beneficial owners' beneficial interests in the 2018 Bonds, all as shown in the records maintained by the securities depository.

SECTION 17. DEFEASANCE AND PAYMENT OF 2018 BONDS. (A) If the City shall pay or cause to be paid to the registered owners of the 2018 Bonds, the principal, premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this ordinance, then the pledge of taxes, securities and funds hereby pledged and the covenants, agreements and other obligations of the City to the registered owners and the beneficial owners of the 2018 Bonds shall be discharged and satisfied.

(B) Any 2018 Bonds, whether at or prior to the maturity or the redemption date of such 2018 Bonds, shall be deemed to have been paid within the meaning of this Section if (1) in case any such 2018 Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such 2018 Bonds for redemption and notice of such redemption shall have been duly given or provision shall

have been made for the giving of such notice, and (2) there shall have been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined in paragraph (C) of this Section, the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the principal of, redemption premium, if any, and interest due and to become due on said 2018 Bonds on and prior to the applicable redemption date or maturity date thereof.

(C) As used in this Section, the term "Federal Obligations" means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest installments from the securities described in clause (i) or clause (ii) of this paragraph, which are stripped pursuant to programs of the Department of the Treasury of the United States of America, or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

SECTION 18. ORDINANCE TO CONSTITUTE A CONTRACT. The provisions of this ordinance shall constitute a contract between the City and the registered owners of the 2018 Bonds. Any pledge made in this ordinance and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the owners of any and all of the 2018 Bonds.

All of the 2018 Bonds, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the 2018 Bonds over any other thereof except as expressly provided in or pursuant to this ordinance. This ordinance shall constitute full authority for the issuance of the 2018 Bonds and to the extent that the provisions of this ordinance conflict with the provisions of any other ordinance or resolution of the City, the provisions of this ordinance shall control. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

As used in this ordinance, the term "City Manager" or the term "City Treasurer" or the term "Finance Director" includes any person appointed to that office, or authorized to perform the functions of that office, on a temporary or interim basis.

SECTION 19. PUBLICATION. The City Clerk is hereby authorized and directed to publish this ordinance in pamphlet form and to file copies thereof for public inspection in her office.

SECTION 20. EFFECTIVE DATE. This ordinance shall become effective upon its passage and approval.

PASSED and adopted this 16th day of October, 2018,

AYES: CHIRICO, ANDERSON, BRODHEAD, COYNE, GUSTIN HINTERLONG, KRUMMEN, OBARSKI, WHITE

APPROVED this 17th day of October, 2018.

Steve Chirico
Mayor

ATTEST:

Pam Gallahue, Ph. D.
City Clerk

Published in pamphlet form: October 17, 2018

CERTIFICATE

I, Pam Gallahue, City Clerk of the City of Naperville, Illinois, hereby certify that the foregoing ordinance entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois," is a true copy of an original ordinance that was duly adopted by the recorded affirmative votes of a majority of the members of the City Council of the City at a meeting thereof that was duly called and held at 7:00 p.m. on October 16, 2018, in the Council Chambers at the Municipal Center, and at which a quorum was present and acting throughout, and that said copy has been compared by me with the original ordinance signed by the Mayor on October 16, 2018, and thereafter published in pamphlet form on October 17, 2018 and recorded in the Ordinance Book of the City and that it is a correct transcript thereof and of the whole of said ordinance, and that said ordinance has not been altered, amended, repealed or revoked, but is in full force and effect.

I further certify that the agenda for said meeting included the ordinance as a matter to be considered at the meeting and that said agenda was posted at least 48 hours in advance of the holding of the meeting in the manner required by the Open Meetings Act, 5 Illinois Compiled Statutes 120, and was continuously available for public review during the 48 hour period preceding the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this 17th day of OCTOBER, 2018.

Pam Gallahue

Pam Gallahue, Ph. D.
City Clerk

Naperville

STATE OF ILLINOIS)
)
COUNTIES OF DUPAGE & WILL)

I, Pam Gallahue, Ph.D., the City Clerk for the City of Naperville in the Counties of DuPage and Will, in the State of Illinois, do hereby certify that the following hereinafter described document is a true and correct copy of the records of my office as such City Clerk:

CITY COUNCIL MEETING AGENDA
TUESDAY, OCTOBER 16, 2018

I, hereby subscribe my name as City Clerk and affix the Official Corporate Seal of the City of Naperville on this 14th day of November, 2018.

CITY OF NAPERVILLE SEAL ILLINOIS

Pam Gallahue, Ph.D.
City Clerk

City of Naperville

400 S. Eagle Street
Naperville, IL 60540

Meeting Agenda

City Council

Tuesday, October 16, 2018 | **7:00 PM** | **Council Chambers**

A. CALL TO ORDER:

B. ROLL CALL:

C. CLOSED SESSION - 6:15 p.m.

OPEN SESSION - 7:00 p.m.

D. ROLL CALL:

E. PLEDGE TO THE FLAG:

F. AWARDS AND RECOGNITIONS:

1. 18-872 Proclaim November 2018 as Homeless Kids Awareness Month

   Attachments: Homeless Kids Awareness Month

G. PUBLIC FORUM:

H. CONSIDERATION OF MOTION TO USE OMNIBUS METHOD FOR THE CONSENT AGENDA:

I. CONSENT AGENDA:

1. 18-858 Approve 09/06/2018 thru 09/28/2018 Cash Disbursement for $30,311,443.40

   Attachments: Cash Disbursements 09-06-2018 thru 09-28-2018

2. 18-863 Approve the regular City Council meeting minutes of October 2, 2018

   Attachments: Draft Minutes October 2 2018

3. 18-685 Approve the award of Cooperative Procurement 18-209, Office Supplies, to Office Depot for an amount not to exceed $125,000 and for a one-year term

4. 18-781 Approve the award of Option Year One to Contract 17-169, Parkway Tree Trimming, to Steve Piper and Sons for an amount not to exceed $150,000

Attachments: CIP Page

5. 18-845 Approve the award of Sole Source Procurement 18-224, SunGard Public Sector Software Maintenance and Support, to CentralSquare Technologies (formerly CentralSquare Technologies and SunGard Public Sector) for an amount not to exceed $336,450.14 and a one-year term

6. 18-850 Approve the Award of Cooperative Procurement 18-250, Hewlett Packard Hardware, to Hewlett Packard, Inc. for an amount not to exceed $260,136

7. 18-859 Approve the award of Cooperative Procurement 18-251, Panasonic Ruggedized Hardware, to CDS Office Technologies for an amount not to exceed $231,174

8. 18-763 Approve the award of Change Order #1 to Contract 16-313, Psychological Testing, to The Friedman Group for an amount not to exceed $12,500 and a total award of $87,500 and for an additional six months

Attachments: Original Award

9. 18-874 Approve the award of Change Order #1 to Contract 17-097, Holiday Lighting and Decorations, to Holiday Creations Pro, Inc. for an amount not to exceed $50,210 for a total award of $245,710

10. 18-836 Approve recommended adjustment to pay ranges.

11. 18-873 Approve the appointments of Student Representatives on Boards and Commissions.

Attachments: 2018 Student Representatives

12. 18-884 Accept the public underground, street and street light improvements at Burlington Woods Estates and authorize the City Clerk to reduce the corresponding public improvement surety.

Attachments: Acceptance of Burlington Woods Estates Improvements.pdf

13. 18-883 Approve the City Council meeting schedule for October, November, December 2018 and January 2019

Attachments: CC Meeting Schedule 1016018

14. 18-728B Receive the staff report for Charleston Row II located at the southeast corner of Aurora Avenue and Main Street - PZC 18-1-062 (Item 1 of 3).

Attachments:
- Application
- Petition and Standard Responses
- Preliminary Plat
- Building Elevations
- Landscape Plan
- Preliminary Engineering
- PZC Minutes (draft)

15. 18-729B Pass the ordinance approving a Preliminary Plat of Subdivision and Abrogation of the Platted Setback Line along Main Street for Charleston Row II - PZC 18-1-062 (Item 2 of 3)

Attachments:
- Ordinance - Plat & Setback Abrogation
- Exhibit A - Legal
- Exhibit B - Preliminary Plat

16. 18-730B Pass the ordinance approving a conditional use in the R2 District to permit single-family attached dwellings; and, variances to increase the maximum building height, decrease the required minimum lot area, and reduce the required rear yard setback along the south property line for Charleston Row II - PZC 18-1-062 (Item 3 of 3)

Attachments:
- Ordinance - Conditional Use and Variances
- Exhibit A - Legal
- Exhibit B - Preliminary Plat
- Exhibit C - CU Standards
- Exhibit D - Variance Standards
- Exhibit E - Site Plan
- Exhibit F - Building Elevations
- Exhibit G - Landscape Plan

17. 18-769B Receive the staff report for Wash-U located at 1150 E. Ogden - PZC 18-1-072 (Item 1 of 3)

Attachments:
- Petition for Development Approval
- City Council Letter
- Standard Responses
- Elevations
- Building Rendering
- Prelim Engineering/Site Plan
- Monument Sign Rendering
- Autoturn Exhibit
- Noise Study
- Traffic Study
- Vacuum Area
- PZC Minutes
- Public Comment 10.3.18

18. 18-770B Pass the ordinance approving a conditional use in the B3 District to permit an automobile service station for the property located at 1150 E. Ogden (Wash-U) - PZC 18-1-072 (Item 2 of 3)

Attachments:
- Ordinance - Conditional Use
- Exhibit A - Legal
- Exhibit B - Subject Property
- Exhibit C - CU Standards
- Exhibit D - Elevations
- Exhibit E - Landscape Plan

19. 18-771B Pass the ordinance approving variances to allow a drive-through facility to have a reduced setback adjacent to a residential property, reduce the required major arterial setback for the subject property, reduce the required interior side yard setback for a monument sign, and reduce the required five-foot setback around the perimeter of a parking lot for the property located at 1150 E. Ogden (Wash-U) - PZC 18-1-072 (Item 3 of 3)

Attachments:
- Ordinance - Variances
- Exhibit A - Legal
- Exhibit B - Subject Property
- Exhibit C - Standard Responses
- Exhibit D - Landscape Plan
- Exhibit E - Sign Rendering

20. 18-760C Pass the ordinance granting variances to reduce the parking setbacks and relocate the existing ground sign for the subject property located at 7 7th Avenue, Naperville (Tailoring by Monica) - PZC 18-1-071

Attachments: Tailoring by Monica - Ordinance
Exhibit A - Legal Description
Exhibit B - Site Plan
Exhibit C - Standards
Exhibit D - Sign Rendering
Final Landscape Plans
Dimension Plan
Application
Location Map
Preliminary-Final Plat of Subdivision
10.3.18 PZC Minutes DRAFT

21. 18-870 Conduct the first reading of an ordinance amending Section 3-3-11 of the Naperville Municipal Code increasing the serving limitation of the Class S - Specialty Wine Shop and Class P - Manufacturer as well as removing the restriction that wine and beer be manufactured on premises in the Class P - Manufacturer license classification, and increasing the yearly Marketing Permits available per Class P licensee from 2 to 12.

Attachments: Amended Ordinance
Draft September Liquor Commission Meeting Minutes

22. 18-877 Pass the ordinance to establish temporary traffic controls and issue Special Event and Amplifier permits for the Hometown Holidays/Friends of Little Friends Parade on Saturday, December 1, 2018

Attachments: 2018 Little Friends Hometown Holidays Parade Ordinance
2018 Little Friends Hometown Holiday Parade Traffic Control Plan

23. 18-880 Pass an ordinance authorizing the City Manager to execute the third amendment to four revocable license agreements between the city of Naperville and New Cingular Wireless PCS, LLC ("AT&T Mobility")

Attachments: AT&T Ordinance 2018
AT&T Amendment - Dakota
AT&T Amendment - Bauer
AT&T Amendment - Springhill
AT&T Amendment - Birchwood

24. 18-868 Conduct the first reading of an ordinance amending Article C (Electric Service Rates) of Chapter 1 (Electricity) of Title 8 (Public Utilities) of the Municipal Code.

Attachments: 2019-2021 Electric Rate Ordinance

J. PUBLIC HEARINGS:

K. OLD BUSINESS:

L. ORDINANCES AND RESOLUTIONS:

1. 18-876 Pass an Ordinance authorizing a delegated sale of General Obligation (G.O.) Bonds for an amount not to exceed $7,500,000

Attachments: Naperville 2018 - Authorizing Ordinance

M. AWARD OF BIDS AND OTHER ITEMS OF EXPENDITURE:

1. 18-790 Approve the award of Bid 18-204, Large Diameter Water Meters, to Core & Main LP, for an amount not to exceed $1,401,948.50 and for a two-year term

Attachments: CIP Pages

N. PETITIONS AND COMMUNICATIONS:

O. REPORTS AND RECOMMENDATIONS:

1. 18-882 OPTION A: Approve Ryan Companies request to initiate Phase II (Concept Refinement) of the Concept Creation process for the 5th Avenue area.

OPTION B: Continue the request to initiate Phase II (Concept Refinement) until December 4, 2018.

Attachments: Recommendations for Phase II Concept Revisions & Council Direction Needed

Metra Ridership Data

2. 18-867 Approve the award of RFP 18-182, City Advocate for 5th Avenue Redevelopment, to S.B. Friedman for an amount not to exceed $100,000 plus a 10% contingency (Item 1 of 2)

3. 18-886 Adopt the resolution authorizing the City Manager to enter into an agreement with S.B. Friedman to act as an advocate to the City in connection with the 5th Avenue Redevelopment (Item 2 of 2)

Attachments: RFP 18-182 City Advocate Agreement Resolution

Advocate Agreement

P. NEW BUSINESS:

Q. ADJOURNMENT:

Any individual with a disability requesting a reasonable accommodation in order to participate in a public meeting should contact the Communications Department at least 48 hours in advance of the scheduled meeting. The Communications Department can be reached in person at 400 S. Eagle Street, Naperville, IL., via telephone at 630-420-6707 or 630-305-5205 (TDD) or via e-mail at info@naperville.il.us. Every effort will be made to allow for meeting participation.

City of Naperville

400 S. Eagle Street
Naperville, IL 60540

Meeting Minutes

City Council

Tuesday, October 16, 2018 | **7:00 PM** | **Council Chambers**

A. CALL TO ORDER:

Chirico called the meeting to order at 6:15 p.m.

B. ROLL CALL:

Present: 9 - Mayor Steve Chirico
Councilwoman Becky Anderson
Councilwoman Judith Brodhead
Councilman Kevin Coyne
Councilwoman Patty Gustin
Councilman Paul Hinterlong
Councilman John Krummen
Councilwoman Rebecca Obarski
Councilman Benjamin White

C. CLOSED SESSION - 6:15 p.m.

A motion was made by Councilwoman Gustin, seconded by Councilwoman Obarski, to recess to Closed Session to discuss: 120/2(c)(1) Performance of a Specific Individual; 120/2(c)(5) Purchase of Property; 120/2(c)(6) Sale of Property; and 120/2(c)(21) Approval of Minutes. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

OPEN SESSION - 7:00 p.m.

Chirico called the meeting to order at 7:00 p.m.

D. ROLL CALL:

Present: 9 - Mayor Steve Chirico
Councilwoman Becky Anderson
Councilwoman Judith Brodhead
Councilman Kevin Coyne
Councilwoman Patty Gustin
Councilman Paul Hinterlong
Councilman John Krummen
Councilwoman Rebecca Obarski
Councilman Benjamin White

Also Present

Deputy City Manager, Marcie Schatz; City Attorney, Mike DiSanto; City Clerk, Pam Gallahue; Fire Marshall, Scott Scheller; Police Chief, Robert Marshall; Director of Finance, Rachel Mayer; Director of Human Resources, James Sheehan; Director of IT, Jeff Anderson; Deputy Director of TED, Jennifer Louden; Deputy Director of TED, Allison Laff; Director of Public Utilities - Electric, Mark Curran; Deputy Director of Public Utilities - Water, Amy Ries; Director of Public Works, Dick Dublinski; Jennifer Lutzke, Senior Assistant City Attorney

Daily Herald, Naperville Sun, NCTV-17

E. PLEDGE TO THE FLAG:

The pledge was given.

F. AWARDS AND RECOGNITIONS:

1. Proclaim November 2018 as Homeless Kids Awareness Month

Hinterlong presented the Proclamation.

G. PUBLIC FORUM:

Singing for Seniors
Gary Leavenworth, thanked the Council for it's support through the SECA Grant and extended an invitation to the October 20, 2018 performance.

H. CONSIDERATION OF MOTION TO USE OMNIBUS METHOD FOR THE CONSENT AGENDA:

A motion was made by Councilwoman Brodhead, seconded by Councilman Hinterlong, to use the Omnibus method to approve the Consent Agenda. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

I. CONSENT AGENDA:

Approval of the Consent Agenda

A motion was made by Councilwoman Brodhead, seconded by Councilman Hinterlong, to approve the Consent Agenda with the exception of items: I14-I16 Charleston Row II; I17-I19 Wash-U; I12 Tailoring by Monica; I21 Text amendment for Municipal Code Section 3-3-11; and I24 Text amendment for Article C-Chapter 1-Title 8. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

1. Approve 09/06/2018 thru 09/28/2018 Cash Disbursement for $30,311,443.40

Council approved.

2. Approve the regular City Council meeting minutes of October 2, 2018

Council approved.

3. Approve the award of Cooperative Procurement 18-209, Office Supplies, to Office Depot for an amount not to exceed $125,000 and for a one-year term

Council approved.

4. Approve the award of Option Year One to Contract 17-169, Parkway Tree Trimming, to Steve Piper and Sons for an amount not to exceed $150,000

Council approved.

5. Approve the award of Sole Source Procurement 18-224, SunGard Public Sector Software Maintenance and Support, to CentralSquare Technologies (formerly CentralSquare Technologies and SunGard Public Sector) for an amount not to exceed $336,450.14 and a one-year term

Council approved.

6. Approve the Award of Cooperative Procurement 18-250, Hewlett Packard Hardware, to Hewlett Packard, Inc. for an amount not to exceed $260,136

Council approved.

7. Approve the award of Cooperative Procurement 18-251, Panasonic Ruggedized Hardware, to CDS Office Technologies for an amount not to exceed $231,174

Council approved.

8. Approve the award of Change Order #1 to Contract 16-313, Psychological Testing, to The Friedman Group for an amount not to exceed $12,500 and a total award of $87,500 and for an additional six months

Council approved.

9. Approve the award of Change Order #1 to Contract 17-097, Holiday Lighting and Decorations, to Holiday Creations Pro, Inc. for an amount not to exceed $50,210 for a total award of $245,710

Council approved.

10. Approve recommended adjustment to pay ranges.

Council approved.

11. Approve the appointments of Student Representatives on Boards and Commissions.

Council approved.

12. Accept the public underground, street and street light improvements at Burlington Woods Estates and authorize the City Clerk to reduce the corresponding public improvement surety.

Council approved.

13. Approve the City Council meeting schedule for October, November, December 2018 and January 2019

Council approved.

14. Receive the staff report for Charleston Row II located at the southeast corner of Aurora Avenue and Main Street - PZC 18-1-062 (Item 1 of 3).

Toby Hayer, Naperville, spoke against the proposed conditional use.
Chuck Lesnik, spoke in favor of the proposed conditional use.
Vince Rosanova, Attorney for Petitioner, discussed how the roof design will handle snow and ice accumulation.

Louden explained signage for parking and delivery routes.

A motion was made by Councilman Coyne, seconded by Councilwoman Gustin, to receive the staff report for Charleston Row II located at the southeast corner of Aurora Avenue and Main Street - PZC 18-1-062. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

15. Pass the ordinance approving a Preliminary Plat of Subdivision and Abrogation of the Platted Setback Line along Main Street for Charleston Row II - PZC 18-1-062 (Item 2 of 3)

Enactment No.: ORD 18-119

A motion was made by Councilman Coyne, seconded by Councilman Hinterlong, pass the ordinance approving a Preliminary Plat of Subdivision and Abrogation of the Platted Setback Line along Main Street for Charleston Row II - PZC 18-1-062. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

16. Pass the ordinance approving a conditional use in the R2 District to permit single-family attached dwellings; and, variances to increase the maximum building height, decrease the required minimum lot area, and reduce the required rear yard setback along the south property line for Charleston Row II - PZC 18-1-062 (Item 3 of 3)

Enactment No.: ORD 18-120

A motion was made by Councilman Coyne, seconded by Councilwoman Gustin, pass the ordinance approving a conditional use in the R2 District to permit single-family attached dwellings; and, variances to increase the maximum

building height, decrease the required minimum lot area, and reduce the required rear yard setback along the south property line for Charleston Row II - PZC 18-1-062. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

17. Receive the staff report for Wash-U located at 1150 E. Ogden - PZC 18-1-072 (Item 1 of 3)

Kathy West, Attorney for Petitioner, detailed the request for a conditional use for an automobile service station and variances to allow a drive-through facility, to reduce the required major arterial setback, to reduce the required interior side yard setback for a ground sign, and to reduce the required five-foot setback around the perimeter of a parking lot.

Craig Nelson, Petitioner, discussed the sustainable efforts of the business and cars-per-hour data.

Dorin Ciucur, Naperville, spoke against the proposed development.

Steve Timmer, Petitioner, discussed the water reclamation investment and regeneration system of the car wash.

West discussed idling and stacking cars, the dual conveyor belt operation, proposed landscaping, the noise study, lighting, fencing, and that the time to complete a wash cycle is less than four minutes.

Council discussed variances, resident complaints, proposed location, and the challenges of attracting other businesses to Ogden Avenue.

Laff explained that a restaurant would need to request significant variances and that the proposed variances would not prevent redevelopment opportunities for the adjacent property.

West described the traffic control plan if a back-up occurs at the business.

Timmer said he has met with the Naperville Development Partnership and businesses in the area are supportive of the car wash. He said the proposal is a good fit for the area and that the business will bring quality, longevity, and stability. He also mentioned the two primary business investors.

Council discussed fencing, height of landscaping, traffic control plan, hours of operation, and lighting. Council described Ogden Avenue as a service corridor, not a retail corridor, and discussed other businesses located by existing car washes.

Laff stated that the City has not received complaints regarding other car washes, the proposed sign is an electronic message board, and that text changes are timed to prevent driver distraction.

A motion was made by Councilman Hinterlong, seconded by Councilwoman Gustin, to receive the staff report for Wash-U located at 1150 E. Ogden - PZC

18-1-072. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

18. Pass the ordinance approving a conditional use in the B3 District to permit an automobile service station for the property located at 1150 E. Ogden (Wash-U) - PZC 18-1-072 (Item 2 of 3)

Enactment No.: ORD 18-121

A motion was made by Councilman Hinterlong, seconded by Councilwoman Gustin, to pass the ordinance approving a conditional use in the B3 District to permit an automobile service station for the property located at 1150 E. Ogden (Wash-U) - PZC 18-1-072. The motion carried by the following vote:

Aye: 6 - Chirico, Brodhead, Hinterlong, Krummen, Obarski, and White

Nay: 3 - Anderson, Coyne, and Gustin

19. Pass the ordinance approving variances to allow a drive-through facility to have a reduced setback adjacent to a residential property, reduce the required major arterial setback for the subject property, reduce the required interior side yard setback for a monument sign, and reduce the required five-foot setback around the perimeter of a parking lot for the property located at 1150 E. Ogden (Wash-U) - PZC 18-1-072 (Item 3 of 3)

Enactment No.: ORD 18-122

A motion was made by Councilman Hinterlong, seconded by Councilwoman Gustin, to pass the ordinance approving variances to allow a drive-through facility to have a reduced setback adjacent to a residential property, reduce the required major arterial setback for the subject property, reduce the required interior side yard setback for a monument sign, and reduce the required five-foot setback around the perimeter of a parking lot for the property located at 1150 E. Ogden (Wash-U) - PZC 18-1-072. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

20. Pass the ordinance granting variances to reduce the parking setbacks and relocate the existing ground sign for the subject property located at 7 7th Avenue, Naperville (Tailoring by Monica) - PZC 18-1-071

Chirico recused himself to avoid the appearance of a conflict and left the dais from 8:18 p.m. - 8:46 p.m.

Hinterlong assumed Mayor Pro Tem.

Luke Gawalek, Tailoring by Monica, discussed the project and outlined the proposal to construct four parking spaces in the front of the building along Washington Street to accommodate additional customer parking.

Vince Rosanova, Attorney for Petitioner, discussed the easements and employee parking and stated the spaces will require variances to reduce the

setback, the corner side setback on 7th Avenue, and on the northern interior property line. The construction of the parking spaces will trigger the relocation of the existing ground sign and require variances for the style, setback, and location of the sign.

Laff explained that any variance is tied with the site, not the owners, and discussed the the need for a variance to permit the ground sign to stay in place.

Jeffrey Havel, Naperville, spoke against the requested variances.

Council discussed consistent signage on Washington and the appropriateness of requiring the installation of a conforming sign within a certain number of years.

Enactment No.: ORD 18-123

A motion was made by Councilman Krummen, seconded by Councilman Coyne, to pass the ordinance granting variances to reduce the parking setbacks and relocate the existing ground sign for the subject property located at 7 7th Avenue, Naperville (Tailoring by Monica) - PZC 18-1-071 as amended to grant staff authority to partner with the petitioner to install a monument sign within five years. The motion carried by the following vote:

Aye: 8 - Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

Recused: 1 - Chirico

21. Conduct the first reading of an ordinance amending Section 3-3-11 of the Naperville Municipal Code increasing the serving limitation of the Class S - Specialty Wine Shop and Class P - Manufacturer as well as removing the restriction that wine and beer be manufactured on premises in the Class P - Manufacturer license classification, and increasing the yearly Marketing Permits available per Class P licensee from 2 to 12.

Council discussed location and zoning, products to be sold on site, co-branding opportunities, liquor code, food service, manufacturing requirements, and the amount brewed on site.

Laff discussed zoning code and how it delineates types of liquor establishments.

Lutzke explained the percentage of the premises to be designated for tastings.

First reading held.

22. Pass the ordinance to establish temporary traffic controls and issue Special Event and Amplifier permits for the Hometown Holidays/Friends of Little Friends Parade on Saturday, December 1, 2018

Enactment No.: ORD 18-117

Council passed.

23. Pass an ordinance authorizing the City Manager to execute the third amendment to four

revocable license agreements between the city of Naperville and New Cingular Wireless PCS, LLC ("AT&T Mobility")

Enactment No.: ORD 18-118

Council passed.

24. Conduct the first reading of an ordinance amending Article C (Electric Service Rates) of Chapter 1 (Electricity) of Title 8 (Public Utilities) of the Municipal Code.

Jim Hill, Naperville, asked Council to do a more thorough review of the proposal.

Council discussed the review process, stated that the amendment has been seen by the Public Utility Advisory Board (PUAB) and the recommended cash reserve levels are currently being reviewed by the Financial Advisory Board (FAB). Council also discussed SMART meter benefits, that the voltage regulation system has performed as anticipated, and that the City is becoming more efficient.

Curran detailed the $22/year savings per customer.

First reading held.

J. PUBLIC HEARINGS:

K. OLD BUSINESS:

L. ORDINANCES AND RESOLUTIONS:

1. Pass an Ordinance authorizing a delegated sale of General Obligation (G.O.) Bonds for an amount not to exceed $7,500,000

Enactment No.: ORD 18-124

A motion was made by Councilman Krummen, seconded by Councilman Hinterlong, to pass an ordinance authorizing a delegated sale of General Obligation (G.O.) Bonds for an amount not to exceed $7,500,000. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

M. AWARD OF BIDS AND OTHER ITEMS OF EXPENDITURE:

1. Approve the award of Bid 18-204, Large Diameter Water Meters, to Core & Main LP, for an amount not to exceed $1,401,948.50 and for a two-year term

A motion was made by Councilman Hinterlong, seconded by Councilman Krummen, to approve the award of Bid 18-204, Large Diameter Water Meters, to Core & Main LP, for an amount not to exceed $1,401,948.50 and for a two-year term. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

Meeting recessed from 9:14 p.m. - 9:23 p.m.

N. PETITIONS AND COMMUNICATIONS:

O. REPORTS AND RECOMMENDATIONS:

1. OPTION A: Approve Ryan Companies request to initiate Phase II (Concept Refinement) of the Concept Creation process for the 5th Avenue area.

   OPTION B: Continue the request to initiate Phase II (Concept Refinement) until December 4, 2018.

   Louden gave opening comments regarding the current state of commuter parking at the Naperville Station and how staff is evaluating the number of parking spaces that would need to be added to make a measurable impact on the commuter quarterly parking permit waitlists.

   Council discussed space turnover, residents selling spaces, that more than 90% of permit holders have a Naperville zip code, space capacity on the train, methods to identify people that have a permit but not using it, Metra predictions on load shifts, that Marquette is doing study on Lisle ridership, developments near train stations, what causes people to choose or not choose to park at Route 59, ask Downers Grove about ridership, the impact on PACE if parking permits were increased, and traffic in the neighborhood.

   Louden stated Naperville and Route 59 stations are the busiest of Metra's 11 commuter rail service lines with nearly 10,000 riders per day, explained how riders access the stations, quarterly permit and daily use data, and the use of a commuter survey to gain insight into commuting patterns and preferences.

   Patrick Kelly, Naperville, read a letter from the Steering Committee stating its support for delaying moving on to Phase II.

   James Koller, Naperville, spoke against initiating Phase II at this time.

   Marilyn Schweitzer, Naperville, spoke against initiating Phase II at this time.

   Ann Graham, Naperville, discussed her experiences as a commuter.

   Jeffrey Havel, Naperville, spoke against initiating Phase II at this time.

   A motion was made by Councilman Krummen, seconded by Councilwoman Gustin, for Option B to continue the request to initiate Phase II (Concept Refinement) until December 4, 2018. The motion carried by the following vote:

   Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

2. Approve the award of RFP 18-182, City Advocate for 5th Avenue Redevelopment, to S.B.

Friedman for an amount not to exceed $100,000 plus a 10% contingency (Item 1 of 2)

Jim Hill, Naperville, spoke in favor of using an outside consultant and questioned the compensation model for the firm.

DiSanto explained that, at this time, the proposed hourly-based fee model is preferred.

A motion was made by Councilman Krummen, seconded by Councilman Hinterlong, to approve the award of RFP 18-182, City Advocate for 5th Avenue Redevelopment, to S.B. Friedman for an amount not to exceed $100,000 plus a 10% contingency. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

3. Adopt the resolution authorizing the City Manager to enter into an agreement with S.B. Friedman to act as an advocate to the City in connection with the 5th Avenue Redevelopment (Item 2 of 2)

Enactment No.: RES 18-016

A motion was made by Councilwoman Gustin, seconded by Councilwoman Brodhead, to adopt the resolution authorizing the City Manager to enter into an agreement with S.B. Friedman to act as an advocate to the City in connection with the 5th Avenue Redevelopment . The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

P. NEW BUSINESS:

Pay Range Changes
Chirico dicussed the approval of the changes and suggested using a consistent methodology for future recommendations.

By consensus Council directed staff to link annual pay range adjustments to a known benchmark such as CPI or other appropriate data.

Q. ADJOURNMENT:

A motion was made by Councilman Hinterlong, seconded by Councilwoman Gustin, to adjourn the Regular City Council Meeting of October 16, 2018 at 10:31 p.m. The motion carried by the following vote:

Aye: 9 - Chirico, Anderson, Brodhead, Coyne, Gustin, Hinterlong, Krummen, Obarski, and White

/S/ Pam Gallahue
Pam Gallahue, PhD
City Clerk

CITY OF NAPERVILLE, ILLINOIS
GENERAL OBLIGATION BONDS OF 2018
BOND ORDER

I, Douglas A. Krieger, the City Manager of the City of Naperville, Illinois, acting pursuant to the authority delegated to me by Ordinance Number 18-124 adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance"), hereby make the following determinations with respect to the General Obligation Bonds of 2018 (the "2018 Bonds"), of the City authorized to be issued pursuant to the Bond Ordinance:

1. A series of "2018 Bonds," as defined in the Bond Ordinance, shall be issued in the principal amount of $4,640,000 and shall be designated: "General Obligation Bonds, Series 2018."

2. The 2018 Bonds shall be dated, shall mature, shall bear interest at the rates per annum, shall be subject to redemption prior to maturity and shall otherwise be as described in Schedule A attached hereto and hereby made a part of this Bond Order.

3. The 2018 Bonds are awarded to Northland Securities, Inc., at their price offered of $4,843,601.90.

IN WITNESS WHEREOF, I have hereunto set my hand, this 22nd day of October, 2018.

City Manager

SCHEDULE A

CITY OF NAPERVILLE, ILLINOIS
$4,640,000 General Obligation Bonds, Series 2018

Authorization: Section 6 of Article VII of the Illinois Constitution of 1970; the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance").

Form: Fully registered bonds in the denominations of $5,000 and any integral multiple thereof. Deposited into the book-entry only system of The Depository Trust Company.

Date: Dated as of November 7, 2018.

Record Dates: The 15th day of the calendar month next preceding the applicable interest payment date.

Interest Payment Dates: June 1, 2019 and semiannually thereafter on each June 1 and December 1.

Maturities and Interest Rates: The Bonds mature on December 1 in each of the following years in the respective principal amount and bear interest at the respective interest rate set opposite each such year in the following table:

Year	Principal Amount	Interest Rate
2019	$200,000	5.000%
2020	135,000	5.000
2021	135,000	5.000
2022	190,000	5.000
2023	175,000	5.000
2024	180,000	5.000
2025	190,000	5.000
2026	300,000	5.000
2027	150,000	3.125
2028	220,000	3.125
2029	330,000	4.000
2030	160,000	4.000
2031	245,000	4.000
2032	255,000	4.000
2033	265,000	4.000
2034	280,000	4.000
2035	290,000	4.000
2036	300,000	4.000
2037	315,000	4.000
2038	325,000	4.000

Optional Redemption: The Bonds maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City, from such maturities as the City shall select and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

CERTIFICATE OF ABATEMENT
REGARDING GENERAL OBLIGATION BONDS OF 2018
OF THE CITY OF NAPERVILLE, ILLINOIS

I, Rachel Mayer, the Treasurer of the City of Naperville, Illinois, acting pursuant to paragraph (D) of Section 8 of Ordinance No. 18-124 adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance") authorizing the General Obligation Bonds, Series 2018, of the City described in the City of Naperville, Illinois, General Obligation Bonds of 2018 Bond Order (the "Bonds") hereby direct the partial abatement of the taxes levied pursuant to the Bond Ordinance, as hereinafter described.

For each of the levy years specified are (a) the taxes levied pursuant to the Bond Ordinance, (b) the amount of such taxes to be abated pursuant to this Certificate of Abatement and (c) the exact amount of those taxes to be levied to pay the principal of and interest on the Bonds.

Levy Year	(a) Taxes Levied by the Bond Ordinance	(b) Amount of Taxes Abated	(c) Amount of Taxes Required to be Produced
2018	$700,000	$289,426.67	$410,573.33
2019	700,000	377,587.50	322,412.50
2020	700,000	384,337.50	315,662.50
2021	700,000	336,087.50	363,912.50
2022	700,000	360,587.50	339,412.50
2023	700,000	364,337.50	335,662.50
2024	700,000	363,337.50	336,662.50
2025	700,000	262,837.50	437,162.50
2026	700,000	427,837.50	272,162.50
2027	700,000	362,525.00	337,475.00
2028	700,000	259,400.00	440,600.00
2029	700,000	442,600.00	257,400.00
2030	700,000	364,000.00	336,000.00
2031	700,000	363,800.00	336,200.00
2032	700,000	364,000.00	336,000.00
2033	700,000	359,600.00	340,400.00
2034	700,000	360,800.00	339,200.00
2035	700,000	362,400.00	337,600.00
2036	700,000	359,400.00	340,600.00
2037	700,000	362,000.00	338,000.00

IN WITNESS WHEREOF, I have hereunto set my hand, this 22nd day of October, 2018.

Rachel Meyer
Treasurer

FILED

2018 OCT 31 AM 11:57

NANCY SCHULTZ VOOTS
COUNTY CLERK
WILL COUNTY, ILLINOIS

WILL COUNTY FILING CERTIFICATE

STATE OF ILLINOIS)
) SS
COUNTY OF WILL)

I, Nancy Schultz Voots, County Clerk of Will County, Illinois, do hereby certify that on the 31st day of October, 2018, there was filed in my office Ordinance No. 18-124 of the City of Naperville, Illinois entitled:

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $7,500,000 GENERAL OBLIGATION BONDS OF 2018 OF THE CITY OF NAPERVILLE, ILLINOIS

, which ordinance levies taxes in the City of Naperville for the purpose of paying principal of and interest on the General Obligation Bonds of the City described in said ordinance.

I further certify that on the aforesaid date there was filed in my office a bond order signed by the City Manager of the City and entitled:

CITY OF NAPERVILLE, ILLINOIS
GENERAL OBLIGATION BONDS OF 2018
BOND ORDER

I further certify that on the aforesaid date there was filed in my office a certificate signed by the Treasurer of the City and entitled:

CERTIFICATE OF ABATEMENT REGARDING
GENERAL OBLIGATION BONDS OF 2018
OF THE CITY OF NAPERVILLE, ILLINOIS

WITNESS my official signature and the seal of Will County, this 31st day of October, 2018.

Nancy Schultz Voots
County Clerk of Will County, Illinois

(SEAL)

DUPAGE COUNTY FILING CERTIFICATE

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, Paul Hinds, County Clerk of DuPage County, Illinois, do hereby certify that on the 31ST day of OCTOBER, 2018, there was filed in my office Ordinance No. 18-124 of the City of Naperville, Illinois entitled:

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $7,500,000 GENERAL OBLIGATION BONDS OF 2018 OF THE CITY OF NAPERVILLE, ILLINOIS

, which ordinance levies taxes in the City of Naperville for the purpose of paying principal of and interest on the General Obligation Bonds of the City described in said ordinance.

I further certify that on the aforesaid date there was filed in my office a bond order signed by the City Manager of the City and entitled:

CITY OF NAPERVILLE, ILLINOIS
GENERAL OBLIGATION BONDS OF 2018
BOND ORDER

I further certify that on the aforesaid date there was filed in my office a certificate signed by the Treasurer of the City and entitled:

CERTIFICATE OF ABATEMENT REGARDING
GENERAL OBLIGATION BONDS OF 2018
OF THE CITY OF NAPERVILLE, ILLINOIS

WITNESS my official signature and the seal of DuPage County, this 31ST day of OCTOBER, 2018.

Paul Hinds
County Clerk of DuPage County, Illinois

(SEAL)

New Issue
Date of Sale: October 22, 2018
Between 10:45 and 11:00 A.M., C.D.T.
(Open Speer Auction)

Investment Ratings:
S&P Global Ratings... AAA (Stable)
Moody's Investors Service ... Aaa (Stable)

Official Statement

*Subject to compliance by the City with certain covenants, in the opinion of Katten Muchin Rosenman LLP, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "**TAX EXEMPTION**" herein for a more complete discussion.*

CITY OF NAPERVILLE
DuPage and Will Counties, Illinois
$4,690,000* General Obligation Bonds, Series 2018

Dated Date of Delivery **Book-Entry** **Bank Qualified** **Due on December 1, 2019-2038**

The $4,690,000* General Obligation Bonds, Series 2018 (the "Bonds"), are being issued by the City of Naperville, DuPage and Will Counties, Illinois (the "City"). Interest is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2019. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each series and maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on December 1 in the following years and amounts.

AMOUNTS*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS*(1)*

Principal Amount*	Due Dec. 1	Interest Rate	Yield or Price	CUSIP(1) Number	Principal Amount*	Due Dec. 1	Interest Rate	Yield or Price	CUSIP(1) Number
$200,000	2019	____%	____%	_____	$300,000	2029	____%	____%	_____
115,000	2020	____%	____%	_____	190,000	2030	____%	____%	_____
165,000	2021	____%	____%	_____	250,000	2031	____%	____%	_____
190,000	2022	____%	____%	_____	260,000	2032	____%	____%	_____
180,000	2023	____%	____%	_____	270,000	2033	____%	____%	_____
185,000	2024	____%	____%	_____	280,000	2034	____%	____%	_____
195,000	2025	____%	____%	_____	290,000	2035	____%	____%	_____
300,000	2026	____%	____%	_____	305,000	2036	____%	____%	_____
150,000	2027	____%	____%	_____	315,000	2037	____%	____%	_____
220,000	2028	____%	____%	_____	330,000	2038	____%	____%	_____

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

OPTIONAL REDEMPTION

The Bonds due December 1, 2019-2026, inclusive, are non-callable. The Bonds due December 1, 2027-2038, are callable in whole or in part on any date on or after December 1, 2026, at a price of par plus accrued interest to the redemption date. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "**OPTIONAL REDEMPTION**" herein.

PURPOSE, LEGALITY AND SECURITY

The Bond proceeds are expected to be used to (i) finance certain capital improvements in the City; and (ii) pay the costs of issuance of the Bonds. See "**THE PROJECT**" herein.

The Bonds are valid and legally binding general obligations of the City and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

This Official Statement is dated October 11, 2018, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Official Statement Sales Calendar". Additional copies may be obtained from Ms. Rachel Mayer, Finance Director/City Treasurer, City of Naperville, 400 South Eagle Street, Naperville, Illinois 60540, or from the Independent Public Finance Consultants to the City:

Speer Financial, Inc.
INDEPENDENT MUNICIPAL ADVISORS • ESTABLISHED 1954
ONE NORTH LASALLE STREET, SUITE 4100 • CHICAGO, ILLINOIS 60602
Telephone: (312) 346-3700; Facsimile: (312) 346-8833
www.speerfinancial.com

(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement.

**Subject to change.*

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively, the "Official Statement"), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the City.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled "Final Official Statement" rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

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OFFICIAL BID FORM
OFFICIAL NOTICE OF SALE

EXHIBIT A – EXAMPLE ISSUE PRICE CERTIFICATE

BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Notice of Sale and the Official Bid Form, which are provided for the convenience of potential investors and which should be reviewed in their entirety by potential investors.

Issuer:	City of Naperville, Illinois.
Issue:	$4,690,000* General Obligation Bonds, Series 2018.
Dated Date:	Date of delivery, expected to be on or about November 7, 2018.
Interest Due:	Each June 1 and December 1, commencing June 1, 2019.
Principal Due:	Each December 1, commencing December 1, 2019, through December 1, 2038, as detailed on the cover page of this Official Statement.
Optional Redemption:	The Bonds due December 1, 2019-2026, inclusive, are non-callable. The Bonds due December 1, 2027-2038, are callable in whole or in part on any date on or after December 1, 2026, at a price of par plus accrued interest to the redemption date. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See **"OPTIONAL REDEMPTION"** herein.
Authorization:	The City is a home rule unit under the 1970 Illinois Constitution, has no statutory debt limit, and is not required to seek referendum approval to issue the Bonds.
Security:	The Bonds are valid and legally binding general obligations of the City and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.
Investment Ratings:	The Bonds have been rated AAA/Stable from S&P Global Ratings, a Division of the McGraw-Hill Companies, New York, New York ("S&P"), and Aaa/Stable from Moody's Investors Service, New York, New York ("Moody's").
Purpose:	The Bond proceeds are expected to be used to (i) finance certain capital improvements in the City; and (ii) pay the costs of issuance of the Bonds. See **"THE PROJECT"** herein.
Tax Exemption:	Katten Muchin Rosenman LLP, Chicago, Illinois, will provide an opinion as to the tax exemption of the interest on the Bonds as discussed under **"TAX EXEMPTION"** in this Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.
Bank Qualification:	The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See **"QUALIFIED TAX-EXEMPT OBLIGATIONS"** herein.
Bond Registrar/Paying Agent:	UMB Bank, St. Louis, Missouri.
Delivery:	The Bonds are expected to be delivered on or about November 7, 2018.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. See **APPENDIX B** herein.
Denomination:	$5,000 or integral multiples thereof.

**Subject to change.*

CITY OF NAPERVILLE
DuPage and Will Counties, Illinois

Steve C. Chirico
Mayor

City Council Members

Becky Anderson	Kevin Coyne	Paul Hinterlong
Rebecca Boyd-Obarski	Patty Gustin	John Krummen
Judy Brodhead		Benjamin White

OFFICIALS

Pam R. Gallahue *City Clerk*	Douglas Krieger *City Manager*	Rachel Mayer *Finance Director/City Treasurer*
Speer Financial, Inc. *Municipal Advisor*		Katten Muchin Rosenman LLP *Bond Counsel*

AUTHORIZATION, PURPOSE AND SECURITY

The $4,690,000* General Obligation Bonds, Series 2018 (the "Bonds"), are being issued pursuant to the home rule powers of the City of Naperville, Illinois (the "City"), under Section 6 of Article VII of the 1970 Constitution of the State of Illinois, and pursuant to a bond ordinance adopted by the City Council on the 16th day of October, 2018 (the "Bond Ordinance"). Bond proceeds will be used to (i) finance certain capital improvements of the City, and (ii) to pay the costs of issuing the Bonds. See "**THE PROJECT**" herein. The Bonds constitute valid and legally binding full faith and credit general obligations of the City, and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount. The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the City in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Ordinance will be filed with the County Clerks of DuPage and Will Counties, and will serve as authorization to said County Clerks to extend and collect the property taxes as set forth in the Bond Ordinance.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Finances of the State of Illinois

The State of Illinois (the "State") has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. The State failed to enact a full budget for the State fiscal years ending June 30, 2016, and June 30, 2017, which had a significant, negative impact on the State's finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. In addition, the underfunding of the State's pension systems and a bill backlog of billions of dollars contributed to the State's poor financial health. On July 6, 2017, the General Assembly of the State (the "General Assembly") enacted a budget for the State fiscal year ending June 30, 2018 (the "Fiscal Year 2018 Budget"), overriding the Governor's veto. On May 31, 2018, the General Assembly passed a budget for the State for fiscal year ending June 30, 2019 (the "Fiscal Year 2019 Budget"), and on June 4, 2018, the Governor approved the same.

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with municipalities, including the City. The State's general fiscal condition and the underfunding of the State's pension systems have materially adversely affected the State's financial condition and may result in decreased or delayed revenues allocated to the City. In addition, both the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget contain a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the City, by 10% (for Fiscal Year 2018) and by 5% (for Fiscal Year 2019). The Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget also include a service fee for sales taxes imposed locally and collected on behalf of municipalities by the State, the same being 2% of such sales taxes (for Fiscal Year 2018) and 1.5% of such sales taxes (for Fiscal Year 2019). The City cannot determine at this time the financial impact of these provisions on its overall financial condition but such provisions may result in lower income tax revenues and sales tax revenues distributed to the City.

The City can give no assurance that there will not be additional changes in applicable law modifying the manner in which local revenue sharing is allocated by the State.

Future Pension Plan Funding Requirements

The City participates in the Police Pension Plan and the Firefighters' Pension Plan, both as hereinafter defined. Under the Illinois Pension Code, as amended (the "Pension Code"), the City is required to contribute to each plan in order to achieve a Funded Ratio of 90% by 2040. In order to achieve the 90% Funded Ratio for both plans by 2040, it is expected that the annual employer contributions required by the City will increase over time. The City also participates in the Illinois Municipal Retirement Plan (the "IMRF Plan"), which is a defined benefit pension plan administered by the Illinois Municipal Retirement Fund ("IMRF"); employer contributions are projected by the IMRF to increase over time. Increasing annual required employer contributions for the City could have a material adverse effect on the finances of the City.

The Pension Code allows the State Comptroller, after proper procedures have taken place, to divert State payments intended for the City to the Police Pension Plan and the Firefighters' Pension Plan to satisfy contribution shortfalls by the City. If the City does not make 100% of its annual required contributions to the Police Pension Plan and Firefighters' Pension Plan, the City may have revenues withheld by the State Comptroller. Such withholdings by the State Comptroller could adversely affect the City's financial health and operations.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the City. Despite the implementation of network security measures by the City, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the City does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the City's operations and financial health. Further, as cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

Local Economy

The financial health of the City is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the City.

Loss or Change of Bond Rating

The Bonds have received a credit rating of AAA/Stable from S&P Global Ratings, a Division of the McGraw-Hill Companies ("S&P") and Aaa/Stable from Moody's Investors Service, New York, New York ("Moody's"). The rating can be changed or withdrawn at any time for reasons both under and outside the City's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Secondary Market for the Bonds

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the City to comply with the Undertaking for continuing disclosure (see **"CONTINUING DISCLOSURE"** and **"THE UNDERTAKING"** herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City, or the taxing authority of the City. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the City, the taxable value of property within the City, and the ability of the City to levy property taxes or collect revenues for its ongoing operations.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

THE CITY

The City, incorporated in 1857, is located in southwestern DuPage County with a portion in Will County and covers an area of approximately 39.90 square miles. The City is a home-rule unit of government under the 1970 Illinois Constitution and operates under the Council-Manager form of government. The City is located along the I-88 State of Illinois designated High Technology Corridor and is home to many corporate headquarters, research centers and facilities for many well-known national and international companies. The City has been one of the fastest growing communities in the Chicago metropolitan area over the past decade and, based on U.S. Census Bureau estimates, is the fourth largest city in the state with a population of 147,841, as of the 2018 special census.

City Government and Services

Since October 1, 1969, the City has been operating under a Council-Manager form of government. The City Manager is appointed by the Council, which consists of a Mayor and eight Councilmen who are elected for overlapping four-year terms. The Council sets policy for the City, adopts ordinances and resolutions, approves the annual budget and approves all expenditures or disbursements. Total budgeted employment of the City is 960 full-time equivalent positions.

The City owns its own water, wastewater and electric distribution systems. The wastewater system has over 43,000 customers and the water system has over 44,000 customers with consumption of 5.5 billion gallons. The electric system serves over 59,000 customers. Natural gas is provided by Northern Illinois Gas, cable television is provided by Comcast, AT&T Broadband, and Wide Open West, and telephone service is provided by Ameritech, AT&T, and various other companies.

The City's Police Department, consisting of 169 sworn employees and 99.75 full time equivalent civilian employees, provide police protection. The City's Public Safety Answering Point (the "911 Center") became accredited in fiscal year 2002, making Naperville the first City in the country with an accredited dispatch center and police and fire department.

The Fire Department, consisting of 184 full time personnel and 17 administrative staff, provides fire protection as well as paramedic and special rescue services to the City's residents. The Department is staffed 24 hours per day and operates a total of six front line engines, one front line squad, three front line ladder trucks, two alternate response rescue vehicles and eight front line ambulances that operate out of 10 fire stations and are supervised by one Shift Commander and one Safety Officer. The City currently maintains an ISO fire insurance rating of 2. The Fire Department is accredited by the Commission for Public Safety Excellence.

The City owns and appoints a board which operates the Naperville Public Libraries. The libraries contain over 792,000 volumes as well as periodicals, audiovisual equipment and software available for City residents. Nichols Library was built in 1986 and is approximately 63,000 square feet in size. The Naper Boulevard Library, a 64,000 square foot branch library, was completed in December 1992. The 95th Street Library was completed in 2003 and is the biggest library of the three in the City with 73,000 square feet in size.

Employee Relations*(1)*

Salaries, working conditions and benefits of certain employees in the following departments are governed through bargaining agreements:

Department	Budgeted Full Time Equivalent	Expiration
Water/Wastewater	44	December 31, 2020
Water -Local Union No. 150	8	Negotiating
Police -Labor Council/F.O.P. Lodge No. 42	134	December 31, 2019
Police -Labor Council/F.O.P. Lodge No. 42-1	5	December 31, 2020
Police -Labor Council/F.O.P. Lodge No. 42-2	25.5	December 31, 2020
Police -MAP Chapter 363	24	December 31, 2019
Police -MAP Chapter 582	8	Negotiating
Electric	56	December 31, 2020
Public Works Operating Engineers -Local Union No. 150	45	December 31, 2021
DPW-Field Supervisors -Local Union No. 150	6	December 31, 2020
DPW-Fleet -Local Union No. 150	16	December 31, 2020
Public Works Operating Engineers -Local Union No. 399	12	December 31, 2019
Fire-Firefighters	186	December 31, 2019

Note: (1) Source: City of Naperville.

All other employees are compensated based on a plan approved annually by the City Council.

Education

There are two public school districts that serve the City. Naperville Community Unit School Number 203 has a total enrollment of over 16,500 students for the 2017-2018 school year. District 203 operates 14 elementary schools, five junior high schools and two high schools. Indian Prairie Community Unit School District Number 204 had a total enrollment of over 27,800 for the 2017-2018 school year. District 204 operates twenty-one elementary schools, seven middle schools, three high schools, one alternative school and one pre-school The area also has seven private schools in the City.

In addition, there are many higher educational opportunities within the surrounding areas such as Northern Illinois University, North Central College, DePaul University, Robert Morris College, and College of DuPage. Other educational institutions in surrounding communities include Benedictine University, National-Lewis University, Illinois Institute of Technology, Aurora University, and Wheaton College as well as the many other colleges and universities within the Chicago-land area.

Recreation

The City is served by the Naperville Park District (the "District"). The District maintains and operates more than 2,400 acres with 137 parks and facilities and provides more than 1,400 recreational, arts and environmental programs and special events annually. Included within the District's operations are two championship golf courses, a multitude of playgrounds, trails, athletic courts and sports fields, two inline skating and skateboarding facilities, the Millennium Carillon, a paddleboat quarry, and historic Centennial Beach. The City also has a fully developed Riverwalk system that traverses through the City's downtown. The City is also home to Naper Settlement, a historical settlement which has replica businesses and working shops, primarily from the 19th Century. In addition, the DuPage County Forest Preserve has over 4,500 areas of open space within close proximity of the City.

Transportation

The City is located approximately 28 miles west of downtown Chicago along the Illinois Research and Development Corridor, which was designated in April of 1986 by the State of Illinois as an area targeted for growth as a high-technology corridor. Commuter travel to and from Chicago's downtown is available via the Burlington-Northern Santa Fe Railway at two train stations. Also accessible to the City are Interstate 290 (the Eisenhower Expressway), Interstate 88 (Reagan Memorial Tollway), Interstate 355 (Veterans Memorial Tollway) and Interstate 55 (Stevenson Expressway). Air travel is also accessible to residents and corporations: O'Hare International Airport is located just 26 miles northeast of the City, Midway Airport is approximately 22 miles east, DuPage County Airport lies 15 miles northwest and Aurora Municipal Airport 10 miles to the west.

SOCIOECONOMIC INFORMATION

Following are lists of large employers located in the City and in the surrounding area.

Major City Employers*(1)*

Name	Product/Service	Approximate Employment
Edward Hospital	General Hospital	4,458
School District Number 204	Public School District	3,022
Nokia	Telecommunications Research	2,750
School District Number 203	Public School District	2,367
BP America	Testing Laboratory	1,200
BMO Harris	National Bank	1,200
Nalco	Water Treatment	1,200
City of Naperville	Municipality	961
North Central College	Liberal Arts College	700
Coriant	Telecommunications Equipment	600
Nicor Gas	Gas Distribution Headquarters	600

Note: (1) Source: 2018 Illinois Manufacturers Directory, 2018 Illinois Services Directory and the City's 2017 CAFR.

Major Area Employers*(1)*

Location	Name	Product/Service	Approximate Employment
Lisle	IC Bus, LLC	School Buses Company Headquarters	2,800
Aurora	Rush Copley Medical Center	General Hospital	2,200
Lisle	Navistar, Inc.	Holding Company Headquarters	1,800
Lisle	Valid USA, Inc.	Marketing Services	1,700
Bolingbrook	Ulta Salon Cosmetics and Fragrance, Inc.	Cosmetics	1,500
Aurora	Presence Mercy Medical Center	General Hospital	1,300
Aurora	Dreyer Medical Clinic	Medical Center	1,200
Warrenville	EN Engineering, LLC	Engineering	1,000
Lisle	Molex, LLC	Electronic Components	1,000
Lisle	CA Technologies	Software Development	800
Aurora	Metlife, Inc.	Insurance	800
Bolingbrook	Southern Glazer's Wine and Spirits	Distributor of Wine and Spirts	670
Bolingbrook	Greencore U.S.A	Food Packaging	600
Warrenville	Liberty Mutual	Insurance	600

Note: (1) Source: 2018 Illinois Manufacturers Directory, 2018 Illinois Services Directory and the City's 2017 CAFR.

The following tables show employment by industry and by occupation for the City, DuPage County, Will County and the State of Illinois (the "State") as reported by the U.S. Census Bureau 2012-2016 American Community Survey 5-year estimated values.

Employment By Industry*(1)*

	The City		DuPage County		Will County		The State	
Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	159	0.2%	965	0.2%	1,481	0.4%	65,146	1.1%
Construction	2,351	3.2%	22,217	4.6%	21,570	6.4%	317,245	5.2%
Manufacturing	8,247	11.2%	59,904	12.4%	38,428	11.4%	763,429	12.4%
Wholesale Trade	2,600	3.5%	18,673	3.9%	10,431	3.1%	187,477	3.1%
Retail Trade	6,924	9.4%	50,046	10.4%	41,235	12.2%	670,576	10.9%
Transportation and Warehousing, and Utilities	2,796	3.8%	27,572	5.7%	25,134	7.4%	370,802	6.0%
Information	2,267	3.1%	12,692	2.6%	6,741	2.0%	121,338	2.0%
Finance and Insurance, and Real Estate and Rental and Leasing	8,001	10.8%	43,104	8.9%	22,974	6.8%	448,924	7.3%
Professional, Scientific, and Management, and Administrative and Waste Management Services	12,899	17.5%	70,501	14.6%	37,797	11.2%	709,106	11.6%
Educational Services and Health Care and Social Assistance	16,929	22.9%	100,905	20.9%	75,570	22.4%	1,404,905	22.9%
Arts, Entertainment and Recreation and Accommodation and Food Services	6,060	8.2%	41,498	8.6%	29,403	8.7%	556,087	9.1%
Other Services, Except Public Administration	2,936	4.0%	23,375	4.8%	15,155	4.5%	291,022	4.7%
Public Administration	1,645	2.2%	11,398	2.4%	12,023	3.6%	228,064	3.7%
Total	73,814	100.0%	482,850	100.0%	337,942	100.0%	6,134,121	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

Employment By Occupation*(1)*

Classification	The City		DuPage County		Will County		The State	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science and Arts	42,851	58.1%	217,828	45.1%	123,673	36.6%	2,280,198	37.2%
Service	7,947	10.8%	63,863	13.2%	54,234	16.0%	1,062,499	17.3%
Sales and Office	17,529	23.7%	124,582	25.8%	84,041	24.9%	1,489,090	24.3%
Natural Resources, Construction, and Maintenance	2,252	3.1%	25,940	5.4%	29,266	8.7%	443,197	7.2%
Production, Transportation, and Material Moving	3,235	4.4%	50,637	10.5%	46,728	13.8%	859,137	14.0%
Total	73,814	100.0%	482,850	100.0%	337,942	100.0%	6,134,121	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

Annual Average Unemployment Rates*(1)*

Calendar Year	The City	DuPage County	Will County	The State
2009	7.7%	8.6%	10.3%	10.2%
2010	8.1%	8.9%	11.1%	10.4%
2011	7.5%	8.2%	10.6%	9.7%
2012	7.1%	7.5%	9.8%	9.0%
2013	7.1%	7.4%	9.9%	9.1%
2014	5.6%	5.8%	7.6%	7.1%
2015	4.6%	4.7%	6.2%	5.9%
2016	4.6%	4.8%	6.1%	5.9%
2017	4.0%	4.1%	5.2%	5.0%
2018(2)	3.6%	3.6%	4.5%	4.5%

Notes: (1) Source: Illinois Department of Employment Security.
(2) Preliminary rates for June 2018.

Building Permits

Residential building permits have averaged $105,175,830 annually over the last five years in the City, excluding the value of land.

City Building Permits*(1)*

Calendar Year	Commercial Construction		Residential Construction		
	Number of Units	Value	Number of Units	Value	Total
2013	27	$119,583,402	298	$ 90,813,098	$210,396,500
2014	20	95,129,800	357	117,571,523	212,701,323
2015	25	183,253,255	348	105,939,296	289,192,551
2016	27	77,077,195	315	105,173,746	182,250,941
2017	24	32,535,562	325	106,381,487	138,917,049

Note: (1) Source: The City.

Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was $388,400. This compares to $283,500 for DuPage County, $210,600 for Will County and $174,800 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, DuPage and Will Counties and the State at the time of the 2012-2016 American Community Survey.

Home Values*(1)*

	The City		DuPage County		Will County		The State	
Value	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under $50,000	481	1.3%	5,473	2.2%	6,057	3.3%	236,380	7.5%
$50,000 to $99,999	627	1.6%	10,104	4.1%	12,603	6.9%	514,549	16.2%
$100,000 to $149,999	1,534	4.0%	18,637	7.5%	26,816	14.7%	527,244	16.6%
$150,000 to $199,999	2,552	6.7%	31,924	12.9%	39,541	21.7%	520,909	16.4%
$200,000 to $299,999	5,431	14.2%	68,547	27.7%	50,916	27.9%	643,217	20.3%
$300,000 to $499,999	18,261	47.8%	73,679	29.8%	36,604	20.1%	479,792	15.1%
$500,000 to $999,999	8,689	22.7%	31,389	12.7%	9,014	4.9%	196,189	6.2%
$1,000,000 or more	620	1.6%	7,402	3.0%	790	0.4%	48,801	1.5%
Total	38,195	100.0%	247,155	100.0%	182,341	100.0%	3,167,081	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

Mortgage Status*(1)*

	The City		DuPage County		Will County		The State	
Value	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage	28,459	74.5%	173,367	70.1%	135,433	74.3%	2,071,942	65.4%
Housing Units without a Mortgage	9,736	25.5%	73,788	29.9%	46,908	25.7%	1,095,139	34.6%
Total	38,195	100.0%	247,155	100.0%	182,341	100.0%	3,167,081	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

Income

Per Capita Personal Income for the Highest Income Counties in the State*(1)*

Rank		2012-2016
1	Lake County	$40,655
2	**DuPage County**	**40,547**
3	Monroe County	35,699
4	McHenry County	34,589
5	Piatt County	33,197
6	Putnam County	32,584
7	Woodford County	32,360
8	**Will County**	**32,311**
9	Cook County	32,179
10	Kendall County	31,920
11	Sangamon County	31,904
12	Kane County	31,774

Note: (1) Source: U.S. Bureau of the Census. 2012-2016 American Community 5-Year Estimates.

The following shows a ranking of median family income for the Chicago metropolitan area from the 2012-2016 American Community Survey.

Ranking of Median Family Income*(1)*

County	Family Income	Rank
DuPage County	**$100,467**	**1**
Lake County	97,079	2
Kendall County	93,135	3
McHenry County	92,187	4
Will County	**90,541**	**5**
Kane County	83,680	8
Cook County	70,076	20

Note: (1) Source: U.S. Bureau of the Census 2012-2016 American Community Survey 5-Year Estimates.

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of $129,855. This compares to $100,456 for DuPage County, $90,541 for Will County and $73,714 for the State. The following table represents the distribution of family incomes for the City, DuPage and Will Counties and the State at the time of the 2012-2016 American Community Survey.

Family Income*(1)*

	The City		DuPage County		Will County		The State	
Income	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under $10,000	679	1.8%	4,896	2.1%	3,793	2.2%	132,725	4.3%
$10,000 to $14,999	330	0.9%	2,835	1.2%	2,150	1.3%	80,194	2.6%
$15,000 to $24,999	1,009	2.6%	8,608	3.6%	7,770	4.6%	209,560	6.7%
$25,000 to $34,999	1,012	2.6%	11,820	5.0%	9,224	5.4%	238,239	7.6%
$35,000 to $49,999	2,370	6.2%	20,443	8.6%	15,628	9.2%	366,398	11.7%
$50,000 to $74,999	3,675	9.5%	35,450	14.9%	29,483	17.3%	559,852	17.9%
$75,000 to $99,999	4,164	10.8%	34,339	14.4%	27,296	16.0%	458,296	14.7%
$100,000 to $149,999	9,359	24.3%	54,152	22.7%	40,619	23.8%	568,779	18.2%
$150,000 to $199,999	6,681	17.4%	29,503	12.4%	18,669	11.0%	248,870	8.0%
$200,000 or more	9,226	24.0%	36,155	15.2%	15,694	9.2%	259,684	8.3%
Total	38,505	100.0%	238,201	100.0%	170,326	100.0%	3,122,597	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of $110,676. This compares to $81,521 for DuPage County, $77,507 for Will County and $59,196 for the State. The following table represents the distribution of household incomes for the City, DuPage and Will Counties and the State at the time of the 2012-2016 American Community Survey.

Household Income*(1)*

	The City		DuPage County		Will County		The State	
Income	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under $10,000	1,670	3.3%	12,998	3.8%	8,040	3.6%	341,280	7.1%
$10,000 to $14,999	708	1.4%	7,932	2.3%	5,117	2.3%	212,171	4.4%
$15,000 to $24,999	2,122	4.2%	20,909	6.2%	15,370	6.8%	463,092	9.6%
$25,000 to $34,999	2,368	4.7%	22,970	6.8%	15,689	7.0%	439,726	9.2%
$35,000 to $49,999	4,189	8.2%	36,122	10.7%	24,280	10.8%	605,086	12.6%
$50,000 to $74,999	6,071	11.9%	55,454	16.4%	40,088	17.8%	842,052	17.5%
$75,000 to $99,999	5,725	11.3%	46,329	13.7%	33,254	14.8%	612,265	12.7%
$100,000 to $149,999	10,969	21.6%	64,529	19.0%	45,796	20.4%	698,513	14.5%
$150,000 to $199,999	7,093	14.0%	32,608	9.6%	20,439	9.1%	289,346	6.0%
$200,000 or more	9,916	19.5%	39,136	11.5%	16,886	7.5%	298,593	6.2%
Total	50,831	100.0%	338,987	100.0%	224,959	100.0%	4,802,124	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

Retail Activity

Following is a summary of the City's sales tax receipts as collected and disbursed by the State of Illinois.

Retailers' Occupation, Service Occupation and Use Tax*(1)(2)*

State Fiscal Year Ending June 30	Municipal Tax	Percent Change +(-)
2009	$25,573,987	(5.74%)
2010	24,854,740	(2.81%)
2011	26,861,455	8.07%
2012	28,055,015	4.44%
2013	30,030,630	7.04%
2014	32,014,712	6.61%
2015	33,336,313	4.13%
2016	33,127,574	(0.63%)
2017	33,425,456	0.90%
2018	33,954,574	1.58%
Growth from 2009 to 2018		32.77%

Notes: (1) Source: Illinois Department of Revenue.
(2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the City, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.

THE PROJECT

A portion of Bond proceeds will be used to finance certain capital improvements in the City. The capital improvements include: building maintenance and upgrade programs, E-Government initiatives, community enhancement investments, stormwater management programs, traffic improvement programs and other miscellaneous capital projects.

DEBT INFORMATION

After issuance of the Bonds, the City will have outstanding $150,945,000 (subject to change) principal amount of general obligation debt. The City does not expect to issue additional general obligation debt within the next six months.

General Obligation Bonded Debt*(1)*
(Principal Only)

Calendar Year	Series 2009	Series 2010A	Series 2010B	Series 2010D	Series 2011	Series 2012	Series 2013	Series 2014	Series 2016	Series 2017	The Bonds(2)	Total Principal All GO Bonds(2)	Principal Retired(2) Amount	Principal Retired(2) Percent
2018.....	$2,800,000	$ 0	$ 3,000,000	$ 745,000	$ 1,100,000	$ 3,325,000	$ 200,000	$ 400,000	$ 3,855,000	$ 250,000	$ 0	$ 15,675,000	$ 15,675,000	10.38%
2019.....	0	0	2,500,000	780,000	1,100,000	3,390,000	200,000	0	7,025,000	270,000	200,000	15,465,000	31,140,000	20.63%
2020.....	0	0	2,500,000	815,000	1,100,000	2,565,000	500,000	200,000	6,385,000	275,000	115,000	14,455,000	45,595,000	30.21%
2021.....	0	0	2,500,000	855,000	1,000,000	2,530,000	500,000	1,000,000	5,220,000	285,000	165,000	14,055,000	59,650,000	39.52%
2022.....	0	0	2,500,000	0	1,000,000	1,970,000	500,000	1,000,000	5,540,000	295,000	190,000	12,995,000	72,645,000	48.13%
2023.....	0	975,000	1,525,000	0	1,000,000	1,830,000	500,000	2,000,000	5,550,000	300,000	180,000	13,860,000	86,505,000	57.31%
2024.....	0	2,500,000	0	0	1,000,000	1,445,000	500,000	900,000	5,975,000	310,000	185,000	12,815,000	99,320,000	65.80%
2025.....	0	1,500,000	0	0	1,000,000	1,175,000	500,000	1,400,000	4,785,000	320,000	195,000	10,875,000	110,195,000	73.00%
2026.....	0	1,000,000	0	0	1,000,000	0	200,000	1,000,000	3,800,000	330,000	300,000	7,630,000	117,825,000	78.06%
2027.....	0	1,000,000	0	0	1,000,000	0	200,000	2,200,000	2,925,000	340,000	150,000	7,815,000	125,640,000	83.24%
2028.....	0	1,000,000	0	0	1,000,000	0	200,000	1,100,000	3,170,000	350,000	220,000	7,040,000	132,680,000	87.90%
2029.....	0	0	0	0	1,200,000	0	200,000	600,000	1,135,000	360,000	300,000	3,795,000	136,475,000	90.41%
2030.....	0	0	0	0	0	0	200,000	1,200,000	775,000	370,000	190,000	2,735,000	139,210,000	92.23%
2031.....	0	0	0	0	0	0	420,000	800,000	935,000	380,000	250,000	2,785,000	141,995,000	94.07%
2032.....	0	0	0	0	0	0	0	600,000	970,000	395,000	260,000	2,225,000	144,220,000	95.54%
2033.....	0	0	0	0	0	0	0	0	995,000	405,000	270,000	1,670,000	145,890,000	96.65%
2034.....	0	0	0	0	0	0	0	0	1,030,000	415,000	280,000	1,725,000	147,615,000	97.79%
2035.....	0	0	0	0	0	0	0	0	760,000	430,000	290,000	1,480,000	149,095,000	98.77%
2036.....	0	0	0	0	0	0	0	0	0	445,000	305,000	750,000	149,845,000	99.27%
2037.....	0	0	0	0	0	0	0	0	0	455,000	315,000	770,000	150,615,000	99.78%
2038.....	0	0	0	0	0	0	0	0	0	0	330,000	330,000	150,945,000	100.00%
Total...	$2,800,000	$7,975,000	$14,525,000	$3,195,000	$12,500,000	$18,230,000	$4,820,000	$14,400,000	$60,830,000	$6,980,000	$4,690,000	$150,945,000		

Notes: (1) Source: the City.
(2) Subject to change.

Detailed Overlapping Bonded Debt*(1)(2)*
(As of June 14, 2018)

	Outstanding Debt	Applicable to City	
		Percent(3)	Amount
Schools:			
School District Number 200	$135,320,000	0.34%	$ 460,088
School District Number 202	211,430,000	1.65%	3,488,595
School District Number 203	34,000,000	77.69%	26,414,600
School District Number 204	197,885,000	60.23%	119,186,136
School District Number 365	160,429,465	0.01%	16,043
Community College Number 502	227,460,000	16.13%	36,689,298
Community College Number 525	179,530,000	0.27%	484,731
Total Schools			$186,739,490
Others:			
DuPage County	$160,900,000	12.25%	$ 19,710,250
DuPage County Forest Preserve	111,117,382	12.25%	13,611,879
Will County	281,380,000	11.23%	31,598,974
Will County Forest Preserve District	108,309,792	11.23%	12,163,190
Lisle Park District	9,555,000	0.44%	42,042
Naperville Park District	21,875,000	96.37%	21,080,938
Wheaton Park District	29,194,650	0.26%	75,906
Total Others			$ 98,283,179
Total Schools and Others Overlapping Bonded Debt			$285,022,669

Note: (1) Source: DuPage and Will County Clerk.
(2) Includes alternate revenue source bonds. Does not include debt certificates.
(3) Percentages are based on 2017 Equalized Assessed Valuations, the most recent available.

Statement of Bonded Indebtedness*(1)*

	Amount Applicable	Ratio To Equalized Assessed	Ratio To Estimated Actual	Per Capita (2018 Special Census 147,841)
Assessed Valuation of Taxable Property, 2017	$ 6,952,570,228	100.00%	33.33%	$ 47,027.35
Estimated Actual Value, 2017	$20,857,710,684	300.00%	100.00%	$141,082.05
City Direct Bonded Debt(2)	$ 150,945,000	2.17%	0.72%	$ 1,021.00
Overlapping Debt:(3)				
Schools	$ 186,739,490	2.69%	0.90%	$ 1,263.11
All Others	98,283,179	1.41%	0.47%	664.79
Total Overlapping Bonded Debt	$ 285,022,669	4.10%	1.37%	$ 1,927.90
Total Net Direct & Overlapping Debt(2)(3)	$ 435,967,669	6.27%	2.09%	$ 2,948.90

Notes: (1) Source: The City.
(2) Subject to change.
(3) As of June 14, 2018.

PROPERTY ASSESSMENT AND TAX INFORMATION

For the 2017 levy year, the City's EAV was comprised of approximately 81% residential, 19% commercial and industrial, and less than 1% of farm and railroad property valuations.

Equalized Assessed Valuation*(1)*

	Levy Years				
Property Class	2013	2014	2015	2016	2017
Residential	$4,866,627,723	$4,917,955,140	$5,056,340,567	$5,384,396,867	$5,615,923,169
Farm	315,592	215,985	190,521	130,047	233,148
Commercial/Industrial	1,056,949,654	1,071,651,247	1,219,286,607	1,279,947,209	1,332,878,028
Railroad	2,706,677	2,731,565	2,838,480	3,194,886	3,535,883
Total	$5,926,599,646	$5,992,553,937	$6,278,656,175	$6,667,669,009	$6,952,570,228
Percent change +(-)	(2.41%) (2)	1.11%	4.77%	6.20%	4.27%

Notes: (1) Source: DuPage and Will County Clerks' offices.
(2) Percentage change based on a levy year 2012 EAV of $6,072,976,994.

Representative Tax Rates*(1)*
(Per $100 EAV)

	Levy Years				
	2013	2014	2015	2016	2017
City Rates:					
Corporate Fund	$0.1009	$0.0803	$0.1060	$0.0789	$0.0188
Bonds and Interest	0.1631	0.2153	0.1249	0.1297	0.1538
IMRF	0.0461	0.0460	0.0441	0.0415	0.0369
Firefighter's Pension	0.0884	0.0846	0.0945	0.1023	0.1218
Police Pension	0.0879	0.0845	0.0938	0.0917	0.0961
Aquarium/Museum	0.0499	0.0494	0.0471	0.0444	0.0422
Library	0.2465	0.2481	0.2288	0.2119	0.2119
Total City Rate	$0.7828	$0.8082	$0.7392	$0.7004	$0.6815
DuPage County	0.2040	0.2057	0.1971	0.1848	0.1749
DuPage County Forest Preserve District	0.1657	0.1691	0.1622	0.1514	0.1306
DuPage Airport Authority	0.0178	0.0196	0.0188	0.0176	0.0166
Naperville Township(2)	0.0900	0.0660	0.0738	0.0785	0.0769
Naperville Park District	0.3358	0.3397	0.3317	0.3195	0.3162
Unit School District 204	5.9601	6.0210	5.8505	5.6004	5.4967
Community College District Number 502	0.2956	0.2975	0.2786	0.2626	0.2431
Total(3)	$7.8518	$7.9268	$7.6519	$7.3152	$7.1365

Notes: (1) Source: DuPage County Clerk.
(2) Includes Road and Bridge.
(3) Representative tax rate is for Tax Code No 7030 which represents the largest tax code of the City's 2017 EAV; the latest data available.

Tax Extensions and Collections*(1)*

Levy Year	Collection Year	Tax Extensions	Total Collected	Percent
2012	2013	$47,102,010	$46,370,352	98.45%
2013	2014	46,393,422	46,186,064	99.55%
2014	2015	48,431,821	48,189,360	99.50%
2015	2016	46,260,521	46,007,751	99.45%
2016	2017	48,062,829	47,802,851	99.46%
2017	2018	47,381,766	---In Collection---	

Note: (1) Source: the City.

Principal Taxpayers*(1)*

Taxpayer Name	Type of Property	2017 EAV(2)
NS-MPG Inc.	Alcatel Lucent Building	$ 30,104,500
ROC II IL Addison of Naperville	Apartment Complex	22,568,380
Agellan Warrenville LP	Real Property	18,337,610
AMLI Residential	Real Property	17,977,750
Tellabs Inc.	Optical Solutions	16,669,240
ING Clarion	Real Property	16,357,420
PBH Cress Creek LLC	Real Property	15,783,140
BP-Amoco Oil Company	Oil Company Corporate Campus	14,906,690
Ondeo Nalco Center	Water Treatment Center	14,560,600
UBS Reality Investors LLC	Real Property	12,773,480
Total		$180,038,810
10 Largest Taxpayers as Percent of Total		2.59%

Notes: (1) Source: DuPage and Will County Clerks.
(2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2017 EAV is the most current available.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Tax Levy and Collection Procedures

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

Exemptions

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of $6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to $45,000 through December 31, 2003, and $75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is $5,000.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is $35,000 for years prior to 1999, $40,000 for assessment years 1999 through 2003, $45,000 for assessment years 2004 and 2005, $50,000 from assessment years 2006 and 2007 and for assessments year 2008 and after, the maximum income limitation is $55,000. In general, the Senior Citizens Assessment Freeze Homestead Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. For those counties with a population of less than 3,000,000, the Senior Citizens Assessment Freeze Homestead Exemption is as follows: through assessment year 2005 and for assessment year 2007 and later, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the Exemption (plus the EAV of improvements since such year). For assessment year 2006, the amount of the Senior Citizens Assessment Freeze Homestead Exemption phases out as the amount of household income increases. The amount of the Senior Citizens Assessment Freeze Homestead Exemption is calculated by using the same formula as above, and then multiplying the resulting value by a ratio that varies according to household income.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the equalized assessed value of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Another exemption available to disabled veterans operates annually to exempt up to $100,000 of the assessed valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption or the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

Furthermore, beginning with assessment year 2007, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of $2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2015 and thereafter. Specifically, (i) those veterans with a service-connected disability of 30% or more but less than 50% are granted an exemption of $2,500, (ii) those veterans with a service-connected disability of 50% or more but less than 70% are granted an exemption of $5,000 and (iii) if the veteran has a service-connected disability of 70% or more then the property is exempt from taxation under the code. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Persons' Homestead Exemption cannot claim the Disabled Veterans Standard Homestead Exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of $5,000, which is applicable in all counties. In order to apply for the Returning Veterans' Homestead Exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, "or a leasehold interest of land on which a single family residence is located, which is occupied as a principle residence of a veteran returning from an armed conflict involving the armed forces of the United States who has an ownership interest therein, legal, equitable or as a lessee, and on which the veteran is liable for the payment of property taxes." Those individuals eligible for the Returning Veterans' Homestead Exemption may claim the Returning Veterans' Homestead Exemption, in addition to other homestead exemptions, unless otherwise noted.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law (the "Limitation Law") limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units, including the City, are exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the City, the limitations set forth therein will not apply to any taxes levied by the City to pay the principal of and interest on the Bonds. See **"DESCRIPTION OF THE BONDS"** herein.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. In particular, the House passed Senate Bill 851 ("Senate Bill 851") on November 8, 2017. Senate Bill 851 provides that for levy years 2017 and 2018, for taxing districts (including home rule units) with a majority of EAV in Cook and the collar counties (Lake, McHenry, Kane, DuPage and Will Counties), other than qualified school districts, the extension limitation under the Limitation Law will be 0% or the rate of increase approved by voters. In addition, Senate Bill 851 allows county boards for counties other than Cook and the collar counties, to submit to their voters at the general primary or general election in 2018, the question of whether to subject all taxing districts (including home rule units) with a majority of EAV in their county, other than qualified school districts, to the provisions of the Limitation Law and an extension limitation under the Limitation Law of 0% or the rate of increase approved by voters for levy years 2018 and 2019. Senate Bill 851 is subject to a vote of concurrence by the Senate and approval from the Governor prior to being enacted into law. If Senate Bill 851 or similar legislation were to become law, such reform may have a material impact on the finances of the City. The City cannot predict whether, or in what form, any change to the Limitation Law, including Senate Bill 851, may be enacted into law, nor can the City predict the effect of any such change on the City's finances.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Truth in Taxation Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Truth in Taxation Law do not apply to levies made to pay principal of and certain interest on the Bonds.

FINANCIAL INFORMATION

Investment and Cash Management Policy

The City has adopted a comprehensive Investment and Cash Management Policy (the "Policy") addressing the administration of all funds except those restricted by specific ordinances. Examples of funds not subject to the Policy are debt service and reserve funds which are subject to limitations set forth in the bond ordinances authorizing the issuance of the related bonds.

The City Manager has delegated the responsibility of management of the Policy to the Director of Finance. In addition the Financial Advisory Board (the "FAB") which is appointed by the City Council will undertake specific tasks such as reviewing the Policy as assigned by the Mayor and City Council. The Director of Finance provides an investment report to FAB quarterly.

The City's investment objective as summarized in the Policy is to preserve capital, provide liquidity, and maximize investment income. Further, the Policy establishes a standard of prudence which states the "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The city contracts with financial institutions to provide investments. In order to protect the City from the failure of any financial institutions, the City requires full collateralization of all City investments in accordance with the City's collateral agreement. The objective with all investments is to maximize returns. In order to maximize returns, funds should be kept at the money managers and only a minimum amount of cash should be on hand. The minimum amount of cash will be used to provide adequate short term funding for payroll and accounts payable. However, the maximum that will be held is $22 million.

The Policy requires that liquidity in the portfolio be maintained to meet operating needs based on cash forecasts. Repurchase agreements can be used to provide liquidity and maintain investment returns. The maximum maturity for the City investments shall be twenty years, except for CMO's whose average life may not exceed ten years at 100 PSA. The average maturity of the total portfolio shall not exceed five years, unless otherwise recommended by the professional investment advisors.

Financial Reports

The City's financial statements are audited annually by certified public accountants. The City's financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to governmental entities. See **APPENDIX A** for more detail.

No Consent or Updated Information Requested of the Auditor

The tables contained in this **"FINANCIAL INFORMATION"** section (the "Excerpted Financial Information") are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended December 31, 2017 (the "2017 Audit"), which was approved by formal action of the City Council and attached to this Official Statement as **APPENDIX A**. The City has not requested the Auditor to update information contained in the Excerpted Financial Information or the 2017 Audit; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information or the 2017 Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information and 2017 Audit has not been updated since the date of the 2017 Audit. The inclusion of the Excerpted Financial Information and 2017 Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2017 Audit. Questions or inquiries relating to financial information of the City since the date of the 2017 Audit should be directed to the City.

Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for the City's 2017 Audit.

Statement of Net Assets/Position
Governmental Activities
(Amounts Expressed in 000's)

	Audited As of April 30			Audited as of December 31		
	2013	2014	2015	2015	2016	2017
ASSETS:						
Cash and Investments	$ 65,306	$ 65,754	$ 64,196	$ 36,039	$ 45,964	$ 60,447
Receivables, net	37,829	37,138	38,612	39,787	39,575	37,881
Due from Other Governments	12,864	12,051	12,076	13,185	14,177	13,246
Due from Other Funds	0	0	3,366	0	0	0
Internal Balances	(44)	514	(5)	6,515	6,515	804
Inventories	355	368	331	2	0	1
Prepaids	0	0	0	0	25	0
Net Pension Assets	1,645	7,678	8,702	0	0	0
Capital Assets Not Being Depreciated	239,527	244,170	253,460	263,427	198,019	200,819
Capital Assets Being Depreciated, Net of Depreciation	277,534	263,323	250,852	254,876	325,640	311,280
Total Assets	$635,016	$630,996	$631,590	$613,831	$629,916	$624,478
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on refunding	$ 1,560	$ 1,413	$ 1,267	$ 1,123	$ 3,135	$ 2,886
Deferred Items - IMRF	0	0	0	7,373 (1)	5,901	5,659
Deferred Items - Police Pension	0	0	0	8,768 (1)	7,666	3,326
Deferred Items - Firefighters' Pension	0	0	0	13,221 (1)	12,637	5,829
Total Deferred Outflows or Resources	1,560	1,413	1,267	30,485	29,339	17,702
Total Assets and Deferred Outflows of Resources	$636,576	$632,409	$632,857	$644,316	$659,255	$642,180
LIABILITIES:						
Accounts Payable	$ 20,370	$ 25,726	$ 20,321	$ 12,464	$13,062	$ 12,346
Accrued Interest Payable	1,459	1,475	1,678	312	271	261
Due to Other Governments	223	827	141	160	239	389
Due to Fiduciary Funds	0	0	0	78	0	1,140
Unearned Revenue	0	0	3,116	2,469	2,469	3,145
Long Term Liabilities:						
Due Within One Year	12,669	12,460	15,225	11,510	15,033	14,862
Due In More Than One Year	100,692	100,004	108,800	238,686 (1)	231,580	196,242
Total Liabilities	$135,413	$140,492	$149,281	$265,679	$262,654	$228,384
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	$ 33,392	$ 32,584	$ 34,397	$ 35,019	$ 33,569	$ 32,061
Deferred Items - IMRF	0	0	0	0	1,073	14,826
Deferred Items - Police Pension	0	0	0	1,094	10,380	12,430
Deferred Items - Firefighters; Pension	0	0	0	0	5,210	8,812
Total Deferred Inflows or Resources	33,392	32,584	34,397	35,019	50,232	68,128
Total Liabilities and Deferred Inflows of Resources	$168,805	$173,076	$183,678	$300,698	$312,886	$296,512
NET POSITION:						
Invested in Capital Assets, Net of Related Debt	$419,148	$412,387	$409,027	$420,617	$425,260	$411,982
Restricted	6,787	8,042	9,623	9,635	7,993	17,301
Unrestricted	41,836	38,904	30,529	(87,728) (1)	(86,883)	(83,616)
Total Net Position	$467,771	$459,333	$449,179	$342,524	$346,370	$345,668

Note: (1). With the implementation of GASB 68, pension fund contributions made between fiscal years are accounted as Deferred Outflows of Resources and the unfunded pension liabilities are now recognized as a Long Term Liability.

Statement of Activities
Net (Expenses) Revenues and Changes in Net Assets
Functions/Programs
Primary Government
(Amounts Expressed in 000's)

	Audited Year Ending April 30			Audited Eight Months Ended December 31	Audited Year Ended December 31	
	2013	2014	2015	2015	2016	2017
Governmental Activities(1)						
General Government	$ (6,377)	$ (7,384)	$ (7,680)	$ (7,198)	$ (1,767)	$ (2,998)
Physical Environment	(6,287)	(5,998)	(5,742)	(4,424)	(6,045)	(7,007)
Public Safety	(55,385)	(57,982)	(60,050)	(57,040)	(68,772)	(63,587)
Culture and Recreation	(7,484)	(8,776)	(7,804)	(4,545)	(7,048)	(7,828)
Transportation	(40,162)	(40,409)	(36,837)	(23,236)	(33,862)	(44,795)
Interest on Long Term Debt	(3,952)	(3,590)	(3,991)	(2,512)	(3,524)	(3,122)
Total Governmental Activities	$(119,647)	$(124,139)	$(122,104)	$(98,955)	$(121,019)	$(129,337)
General Revenues						
Taxes						
Property	$ 36,227	$ 33,639	$ 33,169	$ 34,849	$ 33,355	$ 34,129
Utility	16,604	16,993	16,123	10,108	15,137	15,399
Sales and Use	32,263	34,498	35,580	25,189	44,356	46,082
State Income	12,784	13,823	13,892	9,925	13,809	13,029
Other	12,006	13,391	13,300	9,820	14,489	15,462
Franchise Fees	2,437	2,455	2,538	2,162	3,230	3,423
Investment Income	1,190	(293)	1,925	198	(109)	355
Miscellaneous	0	0	0	609	597	756
Transfers In (Out)	0	0	(4,577)	0	0	0
Total	$ 113,511	$ 114,506	$ 111,950	$ 92,860	$ 124,864	$ 128,635
Change in Net Position	$ (6,136)	$ (9,633)	$ (10,154)	$ (6,095)	$ 3,845	$ (702)
Net Position, May 1	$ 473,907	$ 468,966(2)	$ 459,333	$348,619(2)	$ 342,525	$ 346,370
Net Position, April 30	$ 467,771	$ 459,333	$ 449,179	$342,524	$ 346,370	$ 345,668

Notes:. (1) Expenses less program revenues of Charges for Services, Operating Grants and Capital Grants.
(2) As restated.

General Fund
Balance Sheet
(Amounts Expressed in 000's)

	Audited as of April 30			Audited as of December 31		
	2013	2014	2015	2015	2016	2017
ASSETS:						
Cash and Investments	$27,401	$23,688	$21,818	$14,893	$15,520	$23,356
Receivables:						
Property Taxes	21,086	18,959	17,515	21,027	20,742	18,824
Accrued Interest	86	81	82	30	31	51
Accounts Receivable	2,330	2,660	2,585	3,056	3,459	4,208
Customers:						
Billed	316	389	553	0	0	0
Unbilled, estimated	587	568	442	429	564	698
Less allowance for doubtful accounts	(682)	(98)	(54)	(92)	(81)	(127)
Inventory	15	27	331	2	0	1
Loans and Installments	727	48	12	11	7	7
Due from Other Funds	630	192	3,984	7,311	7,392	870
Advances to Other Funds	0	0	0	0	0	521
Due from Other Governments	11,005	11,407	11,315	12,232	11,167	9,782
Prepaids	0	0	0	0	25	0
Total Assets	$63,501	$57,921	$58,583	$58,899	$58,825	$58,192
LIABILITIES:						
Accounts Payable	$ 2,652	$ 3,584	$ 3,610	$ 4,123	$ 4,912	$ 4,115
Accrued Wages and Benefits	3,320	3,909	4,080	2,345	3,658	3,131
Due to Other Governmental Agencies	166	619	129	148	236	265
Due to Fiduciary Funds	0	0	0	0	0	1,011
Due to Other Funds	0	0	0	78	0	0
Contract Retainage Payable	0	0	0	370	0	0
Deposits	4,543	4,909	3,944	2,438	2,419	2,321
Other Payables	3	353	1	0	0	112
Total Liabilities	$10,684	$13,374	$11,764	$ 9,502	$11,225	$10,955
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	$21,086	$18,959	$17,515	$21,027	$20,742	$18,824
Total deferred inflows of resources	21,086	18,959	17,515	21,027	20,742	18,824
Total liabilities and deferred inflows of Resources	$31,770	$32,333	$29,279	$30,529	$31,967	$29,779
Fund Balance:						
Assigned	$ 6,000	$ 0	$ 0	$ 0	$ 0	$ 0
Nonspendable	158	75	343	13	32	529
Unassigned	25,573	25,513	28,961	28,357	26,826	27,884
Total Fund Balance	$31,731	$25,588	$29,304	$28,370	$26,858	$28,413
Total Liabilities, Deferred Inflows and Fund Balance	$63,501	$57,921	$58,583	$58,899	$58,825	$58,192

General Fund
Revenues and Expenditures
(Amounts Expressed in 000's)

	Audited Year Ending April 30			Audited Eight Months Ended December 31	Audited Year Ended December 31	
	2013	2014	2015	2015	2016	2017
REVENUES:						
Property Taxes	$ 20,450	$ 20,964	$ 19,091	$17,594	$ 21,143	$ 20,891
Utility Tax	16,604	16,993	16,123	10,108	15,137	15,399
Sales and Use Tax	32,263	34,498	35,580	25,189	0(2)	0
State Income Tax	12,784	13,823	13,892	9,925	0(2)	0
Other Taxes	5,628	6,885	7,170	5,236	7,323	7,469
Licenses and Permits	2,262	2,377	2,480	1,373	2,612	2,943
Fines and Forfeits	1,647	1,626	1,672	1,098	1,593	1,419
Investment Income	402	(155)	447	65	(3)	134
Intergovernmental	704	569	968	704	50,366(2)	50,461
Charges for Services	6,593	7,103	8,054	8,340	16,406	18,651
Fees	2,684	2,807	2,992	2,162	3,230	3,423
Miscellaneous	1,037	907	626	388	338	425
Total Revenues	$103,058	$108,397	$109,095	$82,182	$118,145	$121,214
EXPENDITURES:						
General Government	$ 6,130	$ 6,929	$ 7,196	$ 7,205	$ 12,022	$ 12,475
Physical Environment	7,958	8,085	7,996	5,139	7,725	7,850
Public Safety	60,614	70,156	67,841	48,775	69,741	71,652
Culture and Recreation	1,697	1,866	1,805	315	61	65
Transportation	18,798	21,567	24,148	16,014	25,083	23,842
Total Expenditures	$ 95,197	$108,603	$108,986	$77,448	$114,633	$115,884
Excess (Deficiency) of Revenues Over Expenditures	$ 7,861	$ (206)	$ 109	$ 4,734	$ 3,511	$ 5,330
Other Financing Sources (Uses):						
Transfers In (Out), net	(3,289)	(5,937)	3,607	(5,344)	(5,024)	(3,775)
Total Other Financing Sources (uses)	$ (3,289)	$ (5,937)	$ 3,607	$(5,344)	$ (5,024)	$ (3,775)
Net Change in Fund Balance	$ 4,572	$ (6,143)	$ 3,716	$ (610)	$ (1,512)	$ 1,555
Beginning Fund Balance	27,159	31,731	25,588	29,980(1)	28,370(1)	26,858
Ending Fund Balance	$ 31,731	$ 25,588	$ 29,304	$29,370	$ 26,858	$ 28,413

Note: (1) As restated.
(2) Accounting format change for Fiscal Year Ended December 31, 2016. Sales and Use Taxes and State Income Taxes are reported as intergovernmental.

General Fund
Budget and Interim Financial Information*(1)*
(Amounts Expressed in 000's)

	Budgeted Twelve Months Ending 12/31/2018	Interim Eight Months Ending 08/30/18
REVENUES:		
Retail Sales Tax	$ 34,058	$21,811
Property Taxes	18,824	7,569
Utility Taxes	16,330	10,673
State Income Tax	13,813	9,579
Charges for Service	15,081	8,414
Real Estate Transfer Tax	5,445	3,274
Other Taxes	3,965	2,931
Rental Income and Franchise Fees	3,420	2,347
Internal Services and Transfers In	3,413	0
Permits and Licenses	2,375	1,445
Fines and Fees	1,705	1,476
Hotel/Motel Tax	1,435	1,099
Grants and Intergovernmental Agreements	597	930
Other Revenues	417	348
Net Investment Income	165	(14)
Total Revenues	$121,043	$71,882
Operating Transfers In	$ 25	$ 1,843
Total Revenues and Transfers In	$121,068	$73,725
EXPENDITURES:		
Salaries and Wages	$ 63,354	$45,284
Benefits and Related	30,270	18,471
Contracted Services	10,864	5,127
Refuse Collection and Recycling	6,741	3,805
Supplies	7,179	4,425
Capital Outlay	397	91
Internal Services	(421)	0
Grants and Contributions to Others	1,563	984
Total Expenditures	$119,947	$78,187
Operating Transfers Out	$ 1,111	$ 715
Total Expenditures and Transfers Out	$121,059	$78,902
Revenues Over/(Under) Expenditures and Transfers	$ 9	$(5,177)

EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS

See **APPENDIX D** herein for a discussion of the City's employee retirement and other postemployment benefits obligations.

REGISTRATION, TRANSFER AND EXCHANGE

Registration and Record Date

The registered owner of a Bond will be deemed and regarded as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal of, premium, if any, or interest theron and for all other purposes whatsoever, and all such payments so made to such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Bond Registrar will be affected by any notice to the contrary.

Interest on the Bonds will be paid to the registered owners of the Bonds appearing on the registration books of the Bond Registrar as of the close of business on the 15th day of the calendar month next preceding an interest payment date (the "Record Date").

Transfers and Exchanges

The transfer of Bonds will be registrable only upon the registration books maintained by the City for that purpose at the principal corporate trust office of the Bond Registrar, by the registered owner thereof or by his attorney duly authorized in writing, upon surrender thereof together with an instrument of transfer satisfactory to the Bond Registrar and duly executed by the registered owner or his duly authorized agent. Upon such surrender for registration of transfer, the City will execute and the Bond Registrar will authenticate and deliver a new Bond or Bonds of any authorized denominations, registered in the name of the transferee, and of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate and of any authorized denominations, upon surrender thereof as the principal corporate trust office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorized agent.

For every such exchange or registration of transfer of Bonds, the City or the Bond Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. No charge will be made in connection with such exchange or registration of transfer to pay the cost of preparing each new Bond issued upon such exchange or registration of transfer.

TAX EXEMPTION

Summary of Bond Counsel Opinion

Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that under existing law, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. Bond Counsel is further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the Bonds is not exempt from State of Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of property financed with the proceeds of the Bonds. The City has covenanted in the Bond Ordinance to comply with these requirements.

Bonds Purchased at a Premium or a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Bond, the difference between the two is known as "bond premium"; if the Offering Price is lower than the maturity value of a Bond, the difference between the two is known as "original issue discount".

Bond premium and original issue discount are amortized over the term of a Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period and is subtracted from the owner's tax basis in the Bonds The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Bonds for Federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Bonds. A Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon disposition of the Bonds (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Bonds).

Owners of Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a year later.

Exclusion From Gross Income Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of Bonds proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain "temporary periods," proceeds of the Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of "minor portion") may generally not be invested in investments having a yield that is "materially higher" (1/8 of one percent) than the yield on the Bonds.

Rebate of Arbitrage Profit. Unless the City qualifies for one of several exemptions, earnings from the investment of the "gross proceeds" of the Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the Bonds, amounts received as a result of investing such proceeds, and amounts to be used to pay debt service on the Bonds.

Covenants to Comply. The City has covenanted in the Bonds Ordinance to comply with the requirements of the Code relating to the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

Risks of Non-Compliance

In the event that the City fails to comply with the requirements of the Code, interest on the Bonds may become includible in the gross income of the owners thereof for Federal income tax purposes retroactive to the date of issue. In such event, the Bond Ordinance requires neither acceleration of payment of principal of, or interest on, the Bonds nor payment of any additional interest or penalties to the owners of the Bonds.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Bonds which may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable Federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE BONDS.

QUALIFIED TAX EXEMPT OBLIGATIONS

Section 265(b)(3)(B) of the Code provides that certain issues designated or deemed as "qualified tax-exempt obligations" and purchased by financial institutions (either from the issuer or in a secondary market transaction) may be disregarded in computing the proportional disallowance of interest expense provided in such Section. In the Bond Ordinance, the City has designated the Bonds as "qualified tax-exempt obligations". In addition, as required by Section 265 of the Code, the City has represented that the reasonably anticipated amount of "tax-exempt obligations" that are required to be taken into account under Section 265 of the Code and will be issued by the City and all subordinate entities of the City during 2018 does not exceed $10,000,000 except to the extent that refunding bonds may be deemed as "qualified tax-exempt obligations" in excess of $10,000,000, and has covenanted that it will not designate and issue more than $10,000,000 aggregate principal amount of "tax-exempt obligations" during 2018. For purposes of the foregoing sentence, the term "tax-exempt obligations" includes "qualified 501(c)(3) bonds" (as defined in Section 145 of the Code) but does not include other "private activity bonds" (as defined in Section 141(a) of the Code).

CONTINUING DISCLOSURE

In the Bond Ordinance, the City has covenanted and agreed, for the benefit of the beneficial owners of the Bonds, to provide certain financial information and operating data relating to the City within 210 days after the close of the City's fiscal year (the "Annual Report"); and, in a timely manner not in excess of ten business days after the event, to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board (the "MSRB") for disclosures on its Electronic Municipal Market Access ("EMMA") system. The information to be contained in the Annual Report will consist of the annual audited financial statement of the City, and updated information with respect to the statements in the Official Statement contained under the captions **"Retailers' Occupation, Service Occupation and Use Tax"**, **"DEBT INFORMATION"**, **"PROPERTY ASSESSMENT AND TAX INFORMATION"** and **"FINANCIAL INFORMATION" (excluding Budget and Interim Financial Information)**. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. If the audited financial statement is not available, then an unaudited financial statement will be included in the Annual Report and the audited financial statement will be filed promptly after it becomes available. The notices of enumerated events and timely notice of any failure of the City to file its Annual Report within the 210 day period will be filed by the City with the MSRB for disclosures on EMMA. The City's undertaking with respect to enumerated events includes timely notice of the occurrence of any of the following events with respect to the Bonds.

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Debt calls, if material
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Tender offers
13. Bankruptcy, insolvency, receivership or similar event of the City*
14. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

**This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.*

The City has agreed to the foregoing undertakings in order to assist participating underwriters of the Bonds and brokers, dealers and municipal securities dealers in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. The City will provide the foregoing information for so long as Rule 15c2-12(b)(5) is applicable to the Bonds and the City remains an "obligated person" under the Rule with respect to the Bonds. No provision of the bond ordinance limits the remedies available to any beneficial owner of the Bonds with respect to the enforcement of the continuing disclosure covenants of the City described above. Failure to comply with the continuing disclosure covenants will not constitute an event of default under the Bond Ordinance.

The City may amend the continuing disclosure undertakings contained in the Bond Ordinance upon a change in circumstances provided that (a) the change in circumstances arises from a change in legal requirements, law, or change in the identity, nature or status of the City or the type of business conducted by the City, (b) the undertakings, as amended, would have complied with the requirements of Rule 15c2-12(b)(5) at the time of this offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (c) in the opinion of nationally recognized bond counsel selected by the City, the amendment does not materially impair the interests of the beneficial owners of the Bonds.

The City has failed to file certain financial information and operating data on a timely basis. The City has failed to file its comprehensive annual financial report ("CAFR") for the fiscal years ended December 31, 2015 and December 31, 2016 on time and in accordance with previous undertakings. The December 31, 2015 CAFR was filed upon its availability on November 18, 2016 and the December 31, 2016 CAFR was filed upon its availability on October 9, 2017. For the fiscal year ended December 31, 2017 the City filed a draft of its CAFR on time in accordance with previous undertakings and filed its final CAFR upon its availability on July 16, 2018.

OPTIONAL REDEMPTION

The Bonds due December 1, 2019-2026, inclusive, are non-callable. The Bonds due December 1, 2027-2038, are callable in whole or in part on any date on or after December 1, 2026, at a price of par plus accrued interest to the redemption date. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the unqualified approving opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel, whose approving opinion will be delivered with the Bonds. Bond Counsel has reviewed the statements in this Official Statement appearing under the heading **"TAX EXEMPTION"** and is of the opinion that the statements contained under such heading are accurate statements or summaries of the matters set forth therein and fairly present the information purported to be shown. Except for the foregoing, however, Bond Counsel has not independently verified the accuracy or completeness of statements and information contained in the Official Statement and does not assume any responsibility of the accuracy or completeness of such statements and information.

The opinion of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Bonds.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

INVESTMENT RATINGS

The Bonds have been rated "AAA" (Stable Outlook) and "Aaa" (Stable Outlook), respectively by S&P Global Ratings, a Division of the McGraw-Hill Companies and Moody's Investors Service. The City has supplied certain information and material concerning the Bonds and the City to the Rating Agencies, including certain information and materials which may not have been included in this Official Statement, as part of its application for investment ratings on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment ratings may be obtained from the Rating Agency: Standard & Poor's Corporation, 55 Water Street, New York, New York 10041, telephone 212-438-2000 and Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658.

DEFEASANCE AND PAYMENT OF BONDS

If the City shall pay or cause to be paid to the registered owners of the bonds, the principal, premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this ordinance, then the pledge of taxes, securities and funds hereby pledged and the covenants, agreements and other obligations of the City to the registered owners and the beneficial owners of the bonds shall be discharged and satisfied.

Any bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such bonds, shall be deemed to have been paid if (1) in case any such bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (2) there shall have been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined below, the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the principal of, redemption premium, if any, and interest due and to become due on said bonds on and prior to the applicable redemption date or maturity date thereof.

The term "Federal Obligations" means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest installments from the securities described in clause (i) or clause (ii) which are stripped pursuant to programs of the Department of the Treasury of the United States of America, or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

UNDERWRITING

The Bonds were offered for sale by the City at a public, competitive sale on October 22, 2018. The best bid submitted at the sale was submitted by _____ (the "Underwriter"). The City awarded the contract for sale of the Bonds to the Underwriter at a price of $_____. The Underwriter has represented to the City that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the addendum to this Official Statement.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as Municipal Advisor (the "Municipal Advisor") in connection with the issuance and sale of the Bonds. The Municipal Advisor is an Independent Registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the City's continuing disclosure undertaking.

CERTIFICATION

We have examined this Official Statement dated October 11, 2018, for the $4,690,000* General Obligation Bonds, Series 2018, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **STEVE CHIRICO**
Mayor
CITY OF NAPERVILLE

/s/ **DOUGLAS KRIEGER**
City Manager
CITY OF NAPERVILLE

**Subject to change.*

APPENDIX A

CITY OF NAPERVILLE, DUPAGE AND WILL COUNTIES, ILLINOIS

FISCAL YEAR DECEMBER 31, 2017 AUDITED FINANCIAL STATEMENTS

CITY OF NAPERVILLE, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

CITY OF NAPERVILLE, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2017

Prepared by:
The Finance Department

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INTRODUCTORY SECTION

CITY OF NAPERVILLE, ILLINOIS

Elected and Appointed Officers and Officials

For the fiscal year ended December 31, 2017

Mayor

Steve Chirico

Council

Becky Anderson	Patty Gustin
Rebecca Boyd-Obarski	Paul J. Hinterlong
Judith A. Brodhead	John Krummen
Kevin Coyne	Kevin Gallaher

City Manager

Douglas A. Krieger

Deputy City Manager

Marcie J. Schatz

City Clerk

Pamela Gallahue

Finance Director

Rachel Mayer

Chief of Police

Robert W. Marshall

Fire Chief

Mark J. Puknaitis

Director of Public Works

Richard E. Dublinski

Director of T.E.D. Business Group

William J. Novack

Director of Public Utilities – Electric

Mark J. Curran

Director of Public Utilities – Water

James E. Holzapfel

Director of Human Resources

James Sheehan

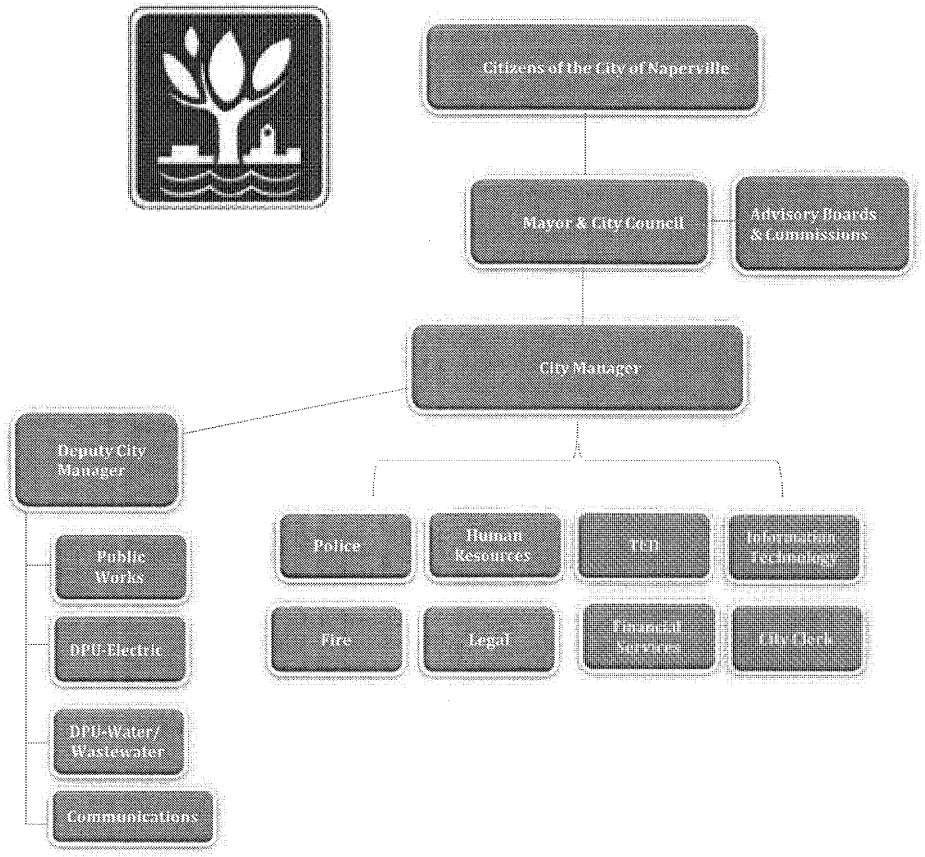
City Attorney

Michael DiSanto

Director of IT

Jeff Anderson

City of Naperville – Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Naperville

Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

Naperville

June 21, 2018

To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Naperville:

We are pleased to submit the Comprehensive Annual Financial Report of the City of Naperville for the fiscal year ended December 31, 2017. State law and local ordinances require that we publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Naperville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Naperville has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Naperville's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Naperville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Naperville's basic financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants, with the goal of providing reasonable assurance that the basic financial statements of the City of Naperville for the fiscal year ended December 31, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Naperville's basic financial statements for the fiscal year ended December 31, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of the City of Naperville was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal grants. These reports are available in the City of Naperville's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Naperville's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Naperville, incorporated in 1857, is located in the northeastern part of the state, which is considered to be the top growth area in the state and one of the top growth areas in the country. The City of Naperville currently occupies a land area of 39.90 square miles and serves a population of 145,789. The City of Naperville is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which has occurred periodically when deemed appropriate by the City Council.

The City has operated under the Council-Manager form of government since 1969. Policymaking and legislative authority are vested in the City Council, which consists of a mayor and eight at-large members. The City Council sets policy for the City, passes ordinances, adopts resolutions and the annual budget, and approves all expenditures. Council members have been elected to four-year staggered terms with four council members elected every two years. However, in 2010 Naperville voters approved a referendum to establish a district election system for the selection of City Council members starting in 2015. Three years later, in April of 2013 the voters approved a referendum reversing the 2010 referendum and retaining the existing "at-large" system. With the expectation of a district system to be implemented in 2015, the four candidates elected to City Council on April 9, 2013 were elected to two-year terms. All eight City Council seats were up for election in 2015. The four Council candidates who received the most votes serve four-year terms and the other four served two-year terms. In 2017, the seats of the individuals who served two-year terms were up for election as a four-year term, and all Council terms are again staggered four-year terms with the completion of the 2017 election. The Mayor is elected to a four-year term, and was not impacted in any way by the districting process. Mayor and the Council members are elected at large, on a non-partisan basis.

CITY OF NAPERVILLE, ILLINOIS

Letter of Transmittal

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the directors of the City's departments.

The City includes all the funds of the primary government (i.e. the City of Naperville as legally defined), as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. The City provides a full range of services including police and fire protection; refuse and recycling services; planning and development review; construction and maintenance of highways, streets and other infrastructure, as well as water, wastewater, and electric utilities.

The utility funds, providing electricity, water, and wastewater services, are reported as enterprise funds of the City. In addition, the Burlington Fund, which is the City's commuter parking fund, is treated as an enterprise fund, due to the business-like nature of its operations. Discretely presented component units are reported as a separate column in the basic financial statements to emphasize that these funds are legally separate from the primary government, and to differentiate their financial position, changes in financial position and cash flows from those of the primary government. The Naperville Public Library is reported as a discretely presented component unit.

The annual budget serves as the foundation for the City of Naperville's financial planning and control. All departments of the City of Naperville are required to submit requests for appropriation to the City Manager, who then uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review, public hearings and adoption before the City's fiscal year end. In September 2015, the City Council approved the transition to a calendar year budget in 2016. This means the budget year now begins on January 1 and ends on December 31 of the same year. Previously, the City operated on a fiscal year basis, which began on May 1 and ended on April 30 of the following year. Each year, the budget is prepared by fund, and department (e.g., police, fire, public works, etc.). Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Naperville operates.

For the past 22 years, the City has maintained its AAA bond rating and managed its finances to support a consistently low property tax rate while providing high quality services to the community. As the City becomes more solidified as a maintenance versus growth community, new revenue streams brought in by development have waned. In addition, the City experienced depleted cash reserves and increased reliance on borrowing

for infrastructure maintenance projects. City Council and City staff have spent significant time exploring and planning how they envision the municipality operating both now and into the future. This exploration culminated in the adoption of a new mission statement and ends policies to support and guide the everyday operations of all City departments. Financial management was a significant component of the new ends policies which led staff to modify the philosophies that surround the budget process and financial state of the City. As part of planning for the future, the City Council established three financial principles as a guideline for long- term financial stability of the community.

In 2016, City Council developed and passed a financial strategy that put the City on a road to long-term financial stability. This strategy is rooted in financial principles that are designed to help accomplish the City's long- term financial goals. The principles were developed beginning in May 2015, and throughout the process members of the community, including residents, businesses, City Council and staff, provided valuable input regarding the City's current state, present opportunities and the impact of potential decisions on the City as a whole. The following three financial principles were formally adopted.

Principle 1

- The City will pass a structurally balanced operating budget annually

Principle 2

- The City commits to continuous improvement in the delivery of necessary and cost- effective services

Principle 3

- The City will actively seek to increase its reserves to twenty- five percent (25%) and reduce its debt by twenty- five percent (25%) in the next eight (8) years.

Principle 1 provides guidance on how City expenditures and revenues will be reviewed in the future. Principle 2 provides guidance on balancing the quality of service provided to the community against the revenues required to provide those services. Principle #3 provides guidance on the appropriate level of debt, the aggressiveness of the City's debt reduction plan and how debt policies shape future property tax levies and the City's AAA bond rating. These principles are meant to guide the City's financial planning and budgeting through the next several years, and all financial decisions will be consistently tested against these principles. These principles have already borne results. For example, when the City issued General Obligation bonds in 2017, the AAA credit rating was reaffirmed by both Moody's and Standard & Poor's, citing strong fiscal management as one of the driving factors.

Aside from internal factors impacting the City's financial state, the City continues to monitor the financial climate at the state and federal level. Balancing internal factors with the general state of the economy are factored into all City financial proposals. City staff continues to monitor the financial trends of the nation, state and region allowing for

CITY OF NAPERVILLE, ILLINOIS

Letter of Transmittal

proactive action to any significant changes in the City's financial climate. At the federal level, the City monitors those factors that directly impact Naperville, including changes in healthcare, marketplace fairness initiatives, and other legislation that could have potential impacts on City revenues and expenditures. The State of Illinois continues to be a significant external risk for the City's financial stability. The state has approved several proposals that directly impact the City's revenues. Aside from these proposals, the state's overall financial status impacts Naperville in a number of ways; including the potential for higher borrowing costs, less state support, and fiscal uncertainty regarding economic development. Staff continues to monitor activity at the federal and state level and plans conservatively based on potential financial impacts that could reach the City.

Overall the City has seen positive economic trends including both residential and commercial growth, increased real estate activity, above average employment, and consistent retail sales. These trends for the City's economic condition are encouraging and show Naperville has moved into a stable financial status. However, the City will stay its course of conservative planning so that it may be prepared to react to any financial volatility at the federal, state, or local level.

City staff analyzes its services on a regular basis by looking at comparable communities, evaluating outsourcing, and examining process improvements. In addition, staff evaluates themselves through community engagement and satisfaction survey data. There is a consistent commitment to proactive internal reviews that align with the philosophy of providing improved services at a lower cost. Finally, staff evaluates the appropriateness of the public sector providing a service versus the private sector. This continual analysis provides the ultimate benefit to our residents and community partners.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Naperville for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2016. This was the twenty-fourth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2018. This was the twenty-sixth consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

The preparation of these reports would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Naperville's finances.

Respectfully submitted,

Douglas A. Krieger
City Manager

Rachel Mayer
Finance Director

FINANCIAL SECTION

SIKICH.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
Members of American Institute of Certified Public Accountants

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

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Naperville
400 South Eagle Street
Naperville, Illinois 60540

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Naperville, Illinois (the City), as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Firefighters' Pension Fund of the City which represents 43%, 44% and 25%, respectively, of the assets, fund balances/net position and revenue/additions of the aggregate remaining fund information of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Firefighters' Pension Fund of the City is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Firefighters' Pension Fund was not audited in accordance with *Government Auditing Standards*. 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 City'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 City'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 opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Naperville, Illinois, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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 and the other auditors 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 and the other auditors 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.

Other Information

Our audit and the audit of other auditors was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules are 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2018 on our consideration of the City of Naperville, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Naperville, Illinois' internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
June 21, 2018

BASIC FINANCIAL STATEMENTS

The City of Naperville's (the City) Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address subsequent year's challenges), (d) identify material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current fiscal year's activities, resulting changes and currently known facts, please read it in conjunction with the City's basic financial statements (beginning on page 4).

Financial Highlights

- The assets of the City exceeded its liabilities by $797.1 million (net position) for the fiscal year ended December 31, 2017.
- The City's total net position increased by $9.9 million. The governmental net position decreased by $700 thousand (or less than 1.00%) and the business-type net position increased by $10.6 million (or 2.40%).
- The City's governmental funds reported combined ending fund balances of $61.1 million. The General Fund accounted for $28.4 million or 46.51% of the total.
- The City issued $6.98 million in bonded debt during the current year and retired $15.23 million in bonded debt during the year.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the basic financial statements. The City of Naperville's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements (see pages 4-6) are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The focus of the Statement of Net Position (the Unrestricted Net Position) is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and /or subsidy to various business-type activities and/or the component unit.

The governmental activities reflect the City's basic services, including public safety, transportation, general government administration, physical environment, culture and recreation. Taxes on property, shared state sales, local utility and shared state income finance the majority of these services. The business-type activities reflect private sector-type operations (Electric, Water and Wastewater, and Burlington Commuter Parking), where the fee for service typically covers all or most of the cost of operation, including depreciation.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate unit, Naperville Public Library for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual budget for its General Fund and most governmental funds. Budgetary comparison schedules have been disclosed to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 7-11 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric Utility, Water and Wastewater Utility and Burlington Parking operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities. Because these services predominantly benefit governmental functions, they have been allocated to the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric Utility, Water and Wastewater Utility and Burlington Commuter Parking operations. The Electric Utility Fund and the Water and Wastewater Utility both are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 12-16 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-70 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budgetary comparison to actual for the General Fund, as well as the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 71-82 of this report.

CITY OF NAPERVILLE, ILLINOIS
Management's Discussion and Analysis

Government-wide Financial Analysis

Statement of Net Position

The City's assets exceeded liabilities by $797 million for the fiscal year ended December 31, 2017. By far the largest portion of the City's net position ($828 million) reflects its investment in capital assets (e.g., land, infrastructures, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position ($18 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit $49 million) may be used to meet the City's ongoing obligations to citizens and creditors.

The following table presents a condensed summary of Net Position as of December 31, 2017 and December 31, 2016:

	Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	$ 113	106	55	43	168	149
Capital Assets	511	524	477	486	988	1,010
Total Assets	624	630	532	529	1,156	1,159
Deferred Outflows	18	29	5	6	23	35
Total Assets/Deferred Outflows	642	659	537	535	1,179	1,194
Long-Term Liabilities	196	231	47	63	243	294
Other Liabilities	32	32	29	30	61	62
Total Liabilities	228	263	76	93	304	356
Deferred Inflows	68	50	10	1	78	51
Total Liabilities/Deferred Inflows	296	313	86	94	382	407
Net Postion						
Net Investment in Capital Assets	412	425	416	422	828	847
Restricted	18	8	-	-	18	8
Unrestricted (Deficit)	(84)	(87)	35	19	(49)	(68)
Total Net Position	346	346	451	441	797	787

Normal Impacts

There are five basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change net investment in capital assets.

Principal Payment on Debt –which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

For the fiscal year ended December 31, 2017, the City reported positive balances in two of the three categories of net position for the governmental activities. For business-type activities, the City reported positive balances in all three categories of net position. The deficit net position for the governmental activities of $84 million for the fiscal year ended December 31, 2017 is the result of the net pension liabilities and related activity for the City's Illinois Municipal Retirement Fund, Police Pension Fund and Firefighters' Pension Fund.

During the current fiscal year, total unrestricted net position increased by $19 million. The governmental unrestricted net position increased by $3 million and the business-type unrestricted net position increased by $16 million.

The following table presents a condensed summary of Changes in Net Position as of December 31, 2017 and December 31, 2015:

	Change in Net Position (in Millions)					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	$ 26	24	213	208	239	232
Operating Grants/Contributions	2	7	-	-	2	7
Capital Grants/Contributions	4	4	6	5	10	9
General Revenues						
Property Taxes	34	33	-	-	34	33
Other Taxes	94	84	-	-	94	84
Other General Revenues	1	4	3	3	4	7
Total Revenues	161	156	222	216	383	372
Expenses						
General Government	15	15	-	-	15	15
Physical Environment	11	10	-	-	11	10
Public Safety	75	78	-	-	75	78
Transportation	49	38	-	-	49	38
Culture and Recreation	8	7	-	-	8	7
Interest on Long-Term Debt	3	4	-	-	3	4
Electric	-	-	150	151	150	151
Water and Wastewater	-	-	61	57	61	57
Burlington Commuter Parking	-	-	1	2	1	2
Total Expenses	161	152	212	210	373	362
Change in Net Position Before Transfers	-	4	10	6	10	10
Transfers	-	-	-	-	-	-
Change in Net Position	-	4	10	6	10	10
Net Position	346	342	441	435	787	777
Net Position - Ending	346	346	451	441	797	787

Normal Impacts

Revenues

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, income, utility tax revenues as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in the City Approved Rates – while certain tax rates are set by statute, the City has significant authority to impose and periodically increase/decrease rates (electric, water/wastewater, impact fees, building fees, ambulance fees, etc.)

Changing Patterns in Intergovernmental and Grant Revenue – (both recurring and non-recurring) – certain recurring revenue (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparison.

Market Impact on Investment Income – the City's investment portfolio is managed utilizing investments of various maturities. Changes in market conditions will cause investment income to fluctuate due to the related appreciation or depreciation of these assets.

Expenses

Changes in Authorized Personnel – changes in service demand may cause the City to increase/decrease authorized staffing.

Salary Increase (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases. (e.g., fuel prices)

Current Year Impacts

Governmental Activities. Governmental activities decreased the City's net position by $700 thousand.

Revenue

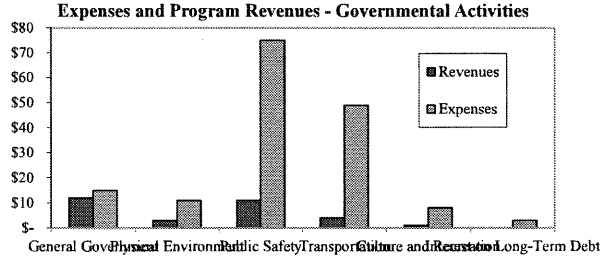
Total revenues from governmental activities increased by $5 million from the prior year, which is due predominantly to the rebounding of certain state shared revenues, including sales tax and income tax. Also, the City reported a $2 million increase in charges for services.

CITY OF NAPERVILLE, ILLINOIS
Management's Discussion and Analysis

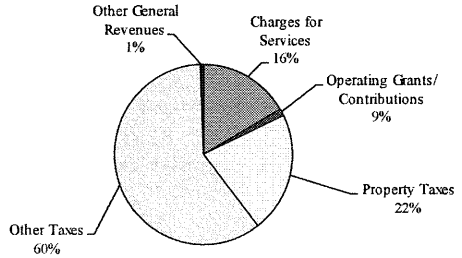
Expenses

Total expenses increased by $9 million or 5.92% to $161 million, with the increase predominantly coming from the transportation function due to road maintenance projects that are not capitalized. The transportation function expenses increased $11 million, which was offset by a decrease in public safety expenses of $3 million.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Business-type activities. The net position for business-type activities increased by $10.6 million.

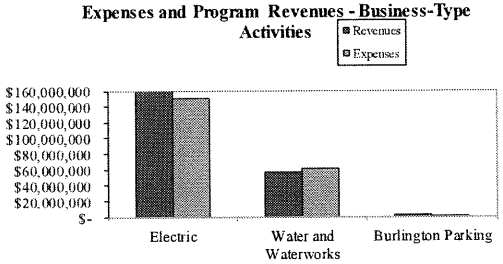
Revenue

Overall revenues from business type activities increased $6 million or 2.78% from the prior year with the majority of the increase coming from charges for services.

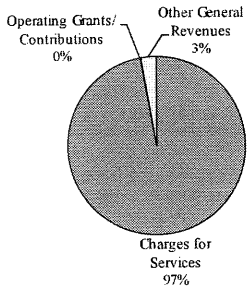
Expenses

Total expenses increased $2 million (or less than 1.00%). Electric and Burlington Commuter Parking both reported a $1 million decrease in expenses, while the water and wastewater function reported a $4 million increase in expenses

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds, which includes the General Fund and 20 other funds, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $61.1 million, an increase of $6.3 million in comparison with the prior fiscal year. Of the total fund balance amount, $27.9 million constitutes unassigned fund balance, the remainder of fund balance is for a variety of restricted, committed and assigned purposes and is not available for new spending.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2017 and December 31, 2016:

	12/31/2017	Percent of Total	12/31/2016	Amount of Increase (Decrease)	Percent of Increase (Decrease)
	(Amounts Expressed in Thousands)				
Revenues					
Taxes	$ 64,990	40.54%	62,981	2,009	3.19%
Intergovernmental	64,462	40.21%	64,630	(168)	-0.26%
Charges for Services	21,290	13.28%	18,741	2,549	13.60%
Net Investment Income	338	0.21%	(125)	463	370.40%
Fees	3,423	2.14%	3,247	176	5.42%
Licenses and Permits	3,006	1.88%	2,686	320	11.91%
Fines and Forfeits	1,473	0.92%	1,658	(185)	-11.16%
Contributions and Miscellaneous	1,312	0.82%	1,011	301	29.77%
Total Revenues	160,294	100.00%	154,829	5,465	3.53%

The largest dollar value in revenues came from taxes. Taxes include such items as utility tax, property tax (including pensions), hotel/motel tax, real estate transfer tax and food and beverage tax. Naperville's economic recovery has been visible since FY 2012 in all areas of tax receipts. Investment income reported a very positive result for the year, increasing $463 thousand, also an indicator of the rebound in the markets.

The main components of intergovernmental revenues are retail sales tax and income tax, as well as governmental grants. The City strives to obtain grant funding for eligible capital projects.

Expenditures:	12/31/17	Percent of total	12/31/16	Amount of increase (decrease)	Percent of increase (decrease)
	(Amounts expressed in thousands)				
Current:					
Public safety	$ 73,845	45.77%	$ 72,028	$ 1,817	2.52%
Transportation/ Physical Environment	34,690	21.50%	36,384	(1,694)	-4.66%
Culture and recreation	7,302	4.53%	6,652	650	9.77%
General government	12,482	7.74%	12,091	391	3.23%
Debt service:					
Principal	10,654	6.60%	6,920	3,734	53.96%
Interest, fees and issuance costs	3,306	2.05%	3,811	(505)	-13.25%
Capital outlay	19,060	11.82%	21,896	(2,836)	-12.95%
Total for all functions	$ 161,339	100.01%	$ 159,782	$ 1,557	0.97%

Expenditures increased less than 1.00% from the prior fiscal year, due to overall cost controlling measures throughout the year.

The City Council is committed to maintaining the City's infrastructure. Major capital projects during the reporting period included: continued Water Street District development, storm sewer lining, roadway, and bridge and parking lot maintenance.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Electric Utility – The Electric Utility recorded a net income before capital fees of $9.2 million for the fiscal year ended December 31, 2017, compared to a $4.9 million net income for the prior year.

On April 1, 2014, City Council passed Ordinance 14-030 to increase electric rates by 6% to all customers on May 1, 2014 and 7% on May 1, 2015. The City conducted a rate study in early FY16 for the three-year period beginning January 1, 2016. City Council approved annual rate increases of 8.3%, 2.4%, 2.4% beginning in 2016, and each subsequent January 1st for two years.

Kilowatt hour sales decreased by 75 million (or 5.37%) from 2016 to 2017. Purchased power expense for the twelve months ended December 31, 2017 is 80.56% of operating expense and fluctuates based on heating degree days, cooling degree days, rate for purchased electricity, and demand charges.

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Management's Discussion and Analysis

Water/Wastewater Utility – The Water/Wastewater Utility recorded a net loss before capital fees of $5.8 million for the fiscal year ended December 31, 2017, which is the same net loss for the year ended December 31, 2016.

The City completed a Water and Wastewater rate study during 2011 and as a result, the water and wastewater rate increases were implemented in January 2012 and January 2013. City Council voted to hold rates steady for January 2014 and January 2015 except for the wholesale water charges passed on to customers. It is important to note that Water Utility planned for net losses in FY2014, FY2015, FY2016; and FY2017 due to front loading the rate increase.

Retail water rates, passed through from the DuPage Water Commission to the City's customers, decreased 1.9% on May 1, 2015 for both residential and commercial customers compared to the prior period. On May 1, 2015, the water charge to customers decreased to $3.63 per 100 CCF from $3.70 per CCF. Other water charges for services and wastewater charges for services remained flat compared to the prior period. Overall, the City experienced an increase in gallons sold compared to 2016. Total gallons sold within the City increased in each of the previous four years.

Purchased water expense for the fiscal year ended December 31, 2017 is 53.31% of operating expense and fluctuates based on rainfall and the wholesale water rate set by the Du Page Water Commission. The purchased water rate (per 1000 gallons) decreased May 2016 to $4.80 (from $4.85) and increased May 2017 to $4.88.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to $988 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, furniture and fixtures, infrastructure, and IMEA participation right and other intangible assets. The City's investment in capital assets remained virtually unchanged from the prior year due to current year additions being offset by depreciation expense for the year.

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and land improvements	$ 187	187	18	14	205	201
Buliding and building improvements	93	96	5	4	98	100
Machinery and equipment	12	11	3	3	15	14
Infrastructure	201	215	415	437	616	652
IMEA participation right	-	-	13	10	13	10
Construction in progress	18	15	23	24	41	39
Total	511	524	477	492	988	1,016

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

Debt Administration

For the fiscal year ended December 31, 2017, the City had a total of $146.3 million of outstanding debt. These issues were all general obligation bonds. The City maintained its AAA rating on general obligation bond issues from both Standard and Poor's Rating Group and Moody's Investors Service.

Data as of December 31, 2017, is as follows:

	Amount	Ratio of Bonded Debt to Assessed Valuation	Bonded Debt Per Capita
General Obligation Bonded Debt	$ 146,255,000	2.19%	$ 1,003

	Long-Term Debt Outstanding (in Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	$ 100,268	103,943	45,986	50,557	146,254	154,500

Additional information on the City's long-term obligations can be found in Note 6 to the financial statements.

The City implemented Statement No. 45 of the Governmental Accounting Standards Board (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions) effective May 1, 2008. The total actuarial accrued liability is $10.6 million. In FY 2017 the City contributed $540,649 towards the liability. For additional information please refer to Note 10 in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

- The following three financial principles guide the City's budgetary process and financial management: 1) The City will pass a structurally balanced operating budget annually; 2) The City commits to continuous improvement in the delivery of necessary and cost-effective services; and 3) The City will actively seek to increase its services to twenty-five percent and reduce its debt by twenty-five percent in the next eight years.
- For the month of December 2017, the unemployment rate for the City was 5.0%. This is in-line with the state unemployment rate of 4.9% and slightly above the national unemployment rate of 4.1%.
- The number of total building permits dropped to just under 4,000 in calendar 2009 due to the recession. However, building activity appears to be recovering. There were 8,637 permits issued in 2017, which is up by 757 permits compared to 2016's total of 7,880 permits.
- Retail sales tax revenues continue to perform at a consistent rate and totaled $36.9 million for the fiscal year.
- The City is continuing to see increased activity in the real estate market; the City saw a 3% increase in residential, commercial and land sales from 2016 to 2017, with approximately 3,254 total real estate sales.
- Public safety pensions continue to place a significant burden on the City's finances. In 2016, public safety pension contributions totaled $11.7 million, and $12.8 million in 2017. This is a 9.4% increase from 2016, and these figures are expected to increase on an annual basis.
- With the challenges at the state level, the City is closely monitoring state shared revenues including, Income Tax revenues and Motor Fuel Tax revenues to determine the impact changes in these revenue streams will have on municipalities.
- On May 1, 2017 the City increased the garbage fee to residents per the solid waste contract with Waste Management
- In January 2016, the City implemented a Home Rule Sales Tax of .5% to offset debt and increase reserves. In the calendar year 2017, the City received $9.1 million.
- The City Council is committed to maintain a low property tax rate; the 2016 tax levy rate for the City is $0.7004, which is the lowest rate compared to neighboring communities and the lowest it's been in the last 10 years.
- Starting June 2011, the City began purchasing all of its wholesale power through 2035 from the Illinois Municipal Electric Agency. A membership in the IMEA allows the City to take advantage of the economies of scale provided by this large buying group and to stabilize electric rates to its residents and businesses for years to come.
- As part of the rate structure implemented in 2016, the Electric Utility included a rolling six-month purchased power adjustment (PPA) to better match the cost of purchased power with the rates charged to customers on a monthly basis. The result of the PPA was an additional $878,000 in revenue.

All of these factors were considered in preparing the City's budget and financial plans.

Requests for Information

This financial report is designed to provide a general overview of the City of Naperville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 400 South Eagle Street, Naperville, Illinois 60540.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2017

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Naperville Public Library
ASSETS				
Cash and investments	$ 60,446,630	$ 24,074,649	$ 84,521,279	$ 1,041,168
Receivables (net of allowance for uncollectable)	37,881,476	28,733,267	66,614,743	14,585,572
Due from other governments	13,245,800	192,807	13,438,607	110,140
Internal balances	804,281	(804,281)	-	-
Inventories	1,346	3,715,021	3,716,367	-
Capital assets (net of accumulated depreciation)				
Capital assets not depreciated	200,818,627	39,804,613	240,623,240	-
Capital assets depreciated, net	311,280,068	423,790,174	735,070,242	11,688,528
IMEA participation right	-	12,698,683	12,698,683	-
Total assets	624,478,228	532,204,933	1,156,683,161	27,425,408
DEFERRED OUTFLOWS OF RESOURCES				
Deferred items - IMRF	5,659,472	3,956,442	9,615,914	1,688,549
Deferred items - Police Pension	3,326,442	-	3,326,442	-
Deferred items - Firefighters' Pension	5,829,316	-	5,829,316	-
Unamortized refunding loss	2,886,313	1,223,933	4,110,246	-
Total deferred outflows of resources	17,701,543	5,180,375	22,881,918	1,688,549
Total assets and deferred outflows of resources	642,179,771	537,385,308	1,179,565,079	29,113,957
LIABILITIES				
Accounts payable and other current liabilities	12,345,753	22,014,084	34,359,837	756,657
Accrued interest payable	260,797	143,772	404,569	-
Due to other governments	388,826	817,261	1,206,087	-
Due to fiduciary funds	1,139,514	-	1,139,514	-
Unearned revenue	3,145,124	10,626	3,155,750	-
Long-term liabilities				
Due within one year	14,861,776	6,108,427	20,970,203	407,674
Due in more than one year	196,242,314	46,530,511	242,772,825	1,190,819
Total liabilities	228,384,104	75,624,681	304,008,785	2,355,150
DEFERRED INFLOWS OF RESOURCES				
Deferred items - IMRF	14,825,596	10,364,324	25,189,920	4,423,337
Deferred items - Police Pension	12,429,899	-	12,429,899	-
Deferred items - Firefighters' Pension	8,811,622	-	8,811,622	-
Deferred property taxes revenues	32,060,967	-	32,060,967	14,583,000
Total deferred inflows of resources	68,128,084	10,364,324	78,492,408	19,006,337
Total liabilities and deferred inflows of resources	296,512,188	85,989,005	382,501,193	21,361,487
NET POSITION				
Net investment in capital assets	411,982,476	416,692,268	828,674,744	11,688,528
Restricted for				
Debt service	3,605,400	-	3,605,400	-
Highways, streets, and parking facilities	1,382,937	-	1,382,937	-
Public safety	2,097,161	-	2,097,161	-
Capital projects	8,521,562	-	8,521,562	-
Culture and recreation	1,693,651	-	1,693,651	10,554
Unrestricted	(83,615,604)	34,704,035	(48,911,569)	(3,946,612)
TOTAL NET POSITION	$ 345,667,583	$ 451,396,303	$ 797,063,886	$ 7,752,470

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Net (Expense) Revenue and Changes in Net Position: Component: Naperville Public Library
PRIMARY GOVERNMENT								
Governmental Activities								
General government	$ 15,249,911	$ 12,252,250	$ -	$ -	$ (2,997,661)	$ -	$ (2,997,661)	$ -
Physical environment	10,376,296	2,401,432	968,176	-	(7,006,688)	-	(7,006,688)	-
Public safety	74,934,312	10,448,215	898,954	-	(63,587,143)	-	(63,587,143)	-
Culture and recreation	8,366,361	537,984	-	-	(7,828,377)	-	(7,828,377)	-
Transportation	48,964,200	128,664	361,034	3,679,434	(44,795,068)	-	(44,795,068)	-
Interest on long-term debt	3,122,449	-	-	-	(3,122,449)	-	(3,122,449)	-
Total governmental activities	161,013,529	25,768,545	2,228,164	3,679,434	(129,337,386)	-	(129,337,386)	-
Business-Type Activities								
Electric	150,148,371	157,317,048	-	4,070,120	-	11,238,797	11,238,797	-
Water and wastewater	60,591,482	53,627,047	306,676	1,978,404	-	(4,679,355)	(4,679,355)	-
Burlington commuter parking	1,423,228	2,527,694	-	-	-	1,104,466	1,104,466	-
Total business-type activities	212,163,081	213,471,789	306,676	6,048,524	-	7,663,908	7,663,908	-
TOTAL PRIMARY GOVERNMENT	$ 373,176,610	$ 239,240,334	$ 2,534,840	$ 9,727,958	(129,337,386)	7,663,908	(121,673,478)	
COMPONENT UNIT								
Naperville Public Library	$ 16,112,801	$ 435,931	$ 140,316	$ -	-	-	-	(15,536,554)
General Revenues								
Property taxes					34,129,103	-	34,129,103	14,081,203
Utility taxes					15,398,673	-	15,398,673	-
Other taxes					15,461,701	-	15,461,701	135,171
Franchise fees					3,423,069	-	3,423,069	-
Intergovernmental - unrestricted								
Sales taxes					46,081,944	-	46,081,944	-
Income taxes					13,029,080	-	13,029,080	-
Net investment income					355,195	579,788	934,983	(32,322)
Miscellaneous					756,345	2,350,631	3,106,976	115,182
Total					128,635,110	2,930,419	131,565,529	14,299,234
CHANGE IN NET POSITION					(702,276)	10,594,327	9,892,051	(1,237,320)
NET POSITION, JANUARY 1					346,369,859	440,801,976	787,171,835	8,847,255
Prior period adjustment					-	-	-	142,535
NET POSITION, JANUARY 1, RESTATED					346,369,859	440,801,976	787,171,835	8,989,790
NET POSITION, DECEMBER 31					$ 345,667,583	$ 451,396,303	$ 797,063,886	$ 7,752,470

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2017

	General Fund	Debt Service Fund	Nonmajor	Total
ASSETS				
Cash and investments	$ 23,356,403	$ 1,061,740	$ 33,213,929	$ 57,632,072
Receivables				
Property taxes	18,823,569	8,710,670	4,526,728	32,060,967
Accrued interest	51,354	(80,684)	77,938	48,608
Accounts receivable	4,208,353	-	952,604	5,160,957
Customers				
Unbilled, estimated	698,404	-	-	698,404
Less allowance for doubtful accounts	(127,412)	-	-	(127,412)
Loans and installments	6,729	-	30,393	37,122
Due from other funds	869,983	-	-	869,983
Advances to other funds	521,153	-	-	521,153
Due from other governments	9,782,241	2,169,819	1,293,740	13,245,800
Inventory	1,346	-	-	1,346
TOTAL ASSETS	$ 58,192,123	$ 11,861,545	$ 40,095,332	$ 110,149,000

(This statement is continued on the following page.)

	General Fund	Debt Service Fund	Nonmajor	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 4,114,681	$ -	$ 1,816,236	$ 5,930,917
Accrued wages and benefits	3,131,285	-	154,635	3,285,920
Due to other governmental agencies	265,137	-	123,689	388,826
Due to fiduciary funds	1,011,094	-	128,420	1,139,514
Due to other funds	-	-	65,702	65,702
Advances from other funds	-	-	521,153	521,153
Deposits	2,321,277	-	-	2,321,277
Contract retainage payable	-	-	200,300	200,300
Unearned grant revenues and others	112,000	-	3,033,124	3,145,124
Total liabilities	10,955,474	-	6,043,259	16,998,733
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	18,823,569	8,710,670	4,526,728	32,060,967
Total deferred inflows of resources	18,823,569	8,710,670	4,526,728	32,060,967
Total liabilities and deferred inflows of resources	29,779,043	8,710,670	10,569,987	49,059,700
FUND BALANCES				
Nonspendable				
Inventory	1,346	-	-	1,346
Loans	6,729	-	-	6,729
Advances	521,153	-	-	521,153
Restricted for				
Debt service	-	-	3,866,197	3,866,197
Highways, streets, and parking facilities	-	-	1,382,937	1,382,937
Public safety	-	-	2,097,161	2,097,161
Capital projects	-	-	10,866,557	10,866,557
Culture and recreation	-	-	1,693,651	1,693,651
Committed to				
Highways, streets, and parking facilities	-	-	858,121	858,121
Assigned to				
Debt service	-	3,150,875	-	3,150,875
Capital projects	-	-	9,303,837	9,303,837
Unassigned	27,883,852	-	(543,116)	27,340,736
Total fund balances	28,413,080	3,150,875	29,525,345	61,089,300
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 58,192,123	$ 11,861,545	$ 40,095,332	$ 110,149,000

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS		$ 61,089,300
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (See Note 4)		512,098,695
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.		
Deferred items - IMRF	$ (9,166,124)	
Deferred items - Police Pension	(9,103,457)	
Deferred items - Firefighters' Pension	(2,982,306)	
		(21,251,887)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term are reported in the statement of net position.		
Accrued interest payable		(260,797)
Deferred loss on refunding		2,886,313
Net pension liability		
IMRF	(3,398,821)	
Police Pension	(41,533,464)	
Firefighters' Pension	(48,141,991)	
Compensated absences	(8,325,914)	
Net other postemployment benefit obligation	(2,405,340)	
General obligation debt	(105,347,527)	
Total long-term liabilities (See Note 6)		(209,153,057)
Internal service funds are used by management to charge the costs of self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		259,016
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 345,667,583

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	General Fund	Debt Service Fund	Nonmajor	Total
REVENUES				
Property taxes	$ 20,890,668	$ 8,620,843	$ 4,617,592	$ 34,129,103
Utility tax	15,398,673	-	-	15,398,673
Other taxes	7,468,764	-	7,992,937	15,461,701
Licenses and permits	2,943,444	-	62,412	3,005,856
Fines and forfeits	1,419,028	-	53,545	1,472,573
Net investment income	134,196	(132,755)	336,917	338,358
Contributions	-	-	556,488	556,488
Intergovernmental	50,461,179	4,247,489	9,753,466	64,462,134
Charges for services	18,650,839	-	2,639,277	21,290,116
Fees	3,423,069	-	-	3,423,069
Miscellaneous revenues	424,525	-	331,820	756,345
Total revenues	121,214,385	12,735,577	26,344,454	160,294,416
EXPENDITURES				
Current				
General government	12,475,389	-	6,616	12,482,005
Physical environment	7,849,786	-	397,352	8,247,138
Public safety	71,651,890	-	2,193,422	73,845,312
Culture and recreation	65,097	-	7,236,684	7,301,781
Transportation	23,842,074	-	2,601,109	26,443,183
Capital outlay	-	-	19,059,612	19,059,612
Debt service				
Principal	-	10,155,746	498,338	10,654,084
Interest and fees	-	3,199,330	106,645	3,305,975
Total expenditures	115,884,236	13,355,076	32,099,778	161,339,090
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,330,149	(619,499)	(5,755,324)	(1,044,674)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	783,664	3,810,100	4,593,764
Transfers (out)	(3,775,000)	-	(818,764)	(4,593,764)
Sale of property	-	-	221,162	221,162
New bonds issued, at par	-	-	6,980,000	6,980,000
Premium on new bonds issued	-	-	179,109	179,109
Total other financing sources (uses)	(3,775,000)	783,664	10,371,607	7,380,271
NET CHANGE IN FUND BALANCES	1,555,149	164,165	4,616,283	6,335,597
FUND BALANCES, JANUARY 1	26,857,931	2,986,710	24,909,062	54,753,703
FUND BALANCES, DECEMBER 31	$ 28,413,080	$ 3,150,875	$ 29,525,345	$ 61,089,300

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 6,335,597
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	$ 9,731,131	
Disposals	-	
Depreciation (See Note 4)	(21,291,585)	
		(11,560,454)
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.		
Change in deferred items - IMRF	(13,993,817)	
Change in deferred items - Police Pension	(6,389,359)	
Change in deferred items - Firefighters' Pension	(10,409,154)	
		(30,792,330)
The issuance of long-term debt (e.g., bond, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments - G.O. bonds, SSA bonds, and notes payable	10,654,084	
New bond proceeds, principal	(6,980,000)	
Change in unamortized premium	243,022	
Change in loss on refunding	(249,181)	
		3,667,925
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in net pension liability		
IMRF	13,429,805	
Police Pension	8,531,728	
Firefighters' Pension	9,168,195	
Decrease in accrued interest payable	10,576	
Decrease in compensated absences (See Note 6)	603,978	
Increase in other post employment benefit obligation (See Note 6)	(323,605)	
		31,420,677
Internal service funds are used by management to charge the costs of information technology, fleet services, vehicle replacement and self-insurance to individual funds. The net revenue of certain activities of internal service funds are reported with governmental activities.		226,309
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (702,276)

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
CURRENT ASSETS					
Cash and investments	$ 16,898,469	$ 3,460,160	$ 3,716,020	$ 24,074,649	$ 2,814,558
Receivables					
Accrued interest	41,003	8,481	8,803	58,287	5,552
Customers					
Billed	8,251,566	3,212,664	28,273	11,492,503	(2,722)
Unbilled, estimated	12,108,040	3,580,000	-	15,688,040	-
Less allowance for doubtful accounts	(323,830)	(84,275)	(5,706)	(413,811)	-
Installments receivable	1,536,128	-	-	1,536,128	-
Due from other governments	-	192,807	-	192,807	-
Other receivables	263,481	108,639	-	372,120	-
Inventory	2,685,969	1,029,052	-	3,715,021	-
Total current assets	41,460,826	11,507,528	3,747,390	56,715,744	2,817,388
NONCURRENT ASSETS					
Advances to other fund	-	8,301,140	-	8,301,140	-
Capital assets (net of accumulated depreciation)					
Capital assets not depreciated	10,696,478	18,182,304	10,925,831	39,804,613	-
Capital assets depreciated, net	215,638,410	206,261,147	1,890,617	423,790,174	-
Net capital assets	226,334,888	224,443,451	12,816,448	463,594,787	-
Intangible assets (net of accumulated depreciation)					
IMEA participation right	12,698,683	-	-	12,698,683	-
Total assets	280,494,397	244,252,119	16,563,838	541,310,354	2,817,388
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items - IMRF	2,290,249	1,666,193	-	3,956,442	-
Unamortized refunding loss	826,358	397,575	-	1,223,933	-
Total deferred outflows of resources	3,116,607	2,063,768	-	5,180,375	-
Total assets and deferred outflows of resources	283,611,004	246,315,887	16,563,838	546,490,729	2,817,388

(This statement is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS

December 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
CURRENT LIABILITIES					
Accounts payable	$ 10,506,978	$ 4,183,776	$ 107,641	$ 14,798,395	$ 600,850
Accrued wages and benefits payable	600,410	426,627	20,798	1,047,835	6,489
Accrued interest payable	65,867	77,905	-	143,772	-
Compensated absences - current portion	629,591	416,688	-	1,046,279	-
Deposits	6,002,551	143,863	440	6,146,854	-
Contract retainage payable	-	21,000	-	21,000	-
Claims and judgments	-	-	-	-	338,064
Due to other government	817,261	-	-	817,261	-
Due to other funds	-	804,281	-	804,281	-
Unearned revenue	-	-	10,626	10,626	-
General obligation bonds payable - current portion	3,121,250	1,940,898	-	5,062,148	-
Total current liabilities	21,743,908	8,015,038	139,505	29,898,451	945,403
NONCURRENT LIABILITIES					
Advances from other fund	8,301,140	-	-	8,301,140	-
General obligation bonds payable	21,642,606	21,421,698	-	43,064,304	-
Net pension liability - IMRF	1,375,419	1,000,640	-	2,376,059	-
Compensated absences	643,572	216,718	-	860,290	-
Claims and judgments	-	-	-	-	1,612,969
Other postemployment benefits obligation	121,405	108,453	-	229,858	-
Total noncurrent liabilities	32,084,142	22,747,509	-	54,831,651	1,612,969
Total liabilities	53,828,050	30,762,547	139,505	84,730,102	2,558,372
DEFERRED INFLOWS OF RESOURCES					
Deferred items - IMRF	5,999,553	4,364,771	-	10,364,324	-
Total deferred inflows of resources	5,999,553	4,364,771	-	10,364,324	-
Total liabilities and deferred inflows of resources	59,827,603	35,127,318	139,505	95,094,426	2,558,372
NET POSITION					
Net investment in capital assets	202,397,390	201,478,430	12,816,448	416,692,268	-
Unrestricted	21,386,011	9,710,139	3,607,885	34,704,035	259,016
TOTAL NET POSITION	$ 223,783,401	$ 211,188,569	$ 16,424,333	$ 451,396,303	$ 259,016

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
OPERATING REVENUES					
Charges for services	$ 157,317,048	$ 53,627,047	$ 2,526,596	$ 213,470,691	$ 19,132,715
Miscellaneous	1,816,816	533,815	-	2,350,631	-
Total operating revenues	159,133,864	54,160,862	2,526,596	215,821,322	19,132,715
OPERATING EXPENSES					
Purchased power	109,005,955	-	-	109,005,955	-
Purchased water	-	26,444,100	-	26,444,100	-
Operations	5,813,862	12,334,413	1,214,742	19,363,017	-
Distribution	6,567,000	3,815,778	-	10,382,778	-
Other operating expenses	13,418,665	7,007,596	-	20,426,261	18,923,243
Total operating expenses	134,805,482	49,601,887	1,214,742	185,622,111	18,923,243
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	24,328,382	4,558,975	1,311,854	30,199,211	209,472
Depreciation and amortization	(14,253,884)	(10,019,415)	(208,486)	(24,481,785)	-
OPERATING INCOME (LOSS)	10,074,498	(5,460,440)	1,103,368	5,717,426	209,472
NON-OPERATING REVENUES (EXPENSES)					
Net investment income	166,432	359,345	54,011	579,788	16,837
Operating grant/intergovernmental	-	306,676	-	306,676	-
Gain on disposal of capital assets	-	-	1,098	1,098	-
Interest expense	(1,089,005)	(970,180)	-	(2,059,185)	-
Total non-operating revenues (expenses)	(922,573)	(304,159)	55,109	(1,171,623)	16,837
NET INCOME (LOSS) BEFORE CAPITAL FEES	9,151,925	(5,764,599)	1,158,477	4,545,803	226,309
CAPITAL FEES	4,070,120	1,978,404	-	6,048,524	-
CHANGE IN NET POSITION	13,222,045	(3,786,195)	1,158,477	10,594,327	226,309
NET POSITION, JANUARY 1	210,561,356	214,974,764	15,265,856	440,801,976	32,707
NET POSITION, DECEMBER 31	$ 223,783,401	$ 211,188,569	$ 16,424,333	$ 451,396,303	$ 259,016

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 160,738,743	$ 55,261,265	$ 2,504,029	$ 218,504,037	$ -
Receipts from interfund services provided	-	-	-	-	19,936,406
Payments to suppliers	(121,249,637)	(39,418,474)	(774,342)	(161,442,453)	(18,833,242)
Payments to employees	(15,172,183)	(11,113,545)	(546,713)	(26,832,441)	(188,469)
Net cash from operating activities	24,316,923	4,729,246	1,182,974	30,229,143	914,695
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grant	-	435,637	-	435,637	-
Advances to other fund	(2,570,490)	-	-	(2,570,490)	-
Advances from other fund	-	2,570,490	-	2,570,490	-
Due to General Fund	(5,710,794)	-	-	(5,710,794)	-
Net cash from noncapital financing activities	(8,281,284)	3,006,127	-	(5,275,157)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(7,729,630)	(3,516,004)	(4,056,368)	(15,302,002)	-
Proceeds from sale of capital assets	-	-	1,098	1,098	-
Payments of bond principal	(2,702,519)	(1,868,398)	-	(4,570,917)	-
Payment of bond interest	(1,195,530)	(983,970)	-	(2,179,500)	-
Net cash from capital and related financing activities	(11,627,679)	(6,368,372)	(4,055,270)	(22,051,321)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Net interest received	152,459	355,174	59,041	566,674	16,170
Net cash from investing activities	152,459	355,174	59,041	566,674	16,170
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,560,419	1,722,175	(2,813,255)	3,469,339	930,865
CASH AND CASH EQUIVALENTS, JANUARY 1	12,338,050	1,737,985	6,529,275	20,605,310	1,883,693
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 16,898,469	$ 3,460,160	$ 3,716,020	$ 24,074,649	$ 2,814,558

(This statement is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	$ 10,074,498	$ (5,460,440)	$ 1,103,368	$ 5,717,426	$ 209,472
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Other non-operating revenues	4,070,120	1,978,404	-	6,048,524	-
Depreciation and amortization expense	14,253,884	10,019,415	208,486	24,481,785	-
(Increase) decrease in current assets	(2,465,676)	(879,797)	(22,567)	(3,368,040)	803,691
Increase (decrease) in current liabilities	(1,615,903)	(928,336)	(106,313)	(2,650,552)	(98,468)
Total adjustments	14,242,425	10,189,686	79,606	24,511,717	705,223
NET CASH FROM OPERATING ACTIVITIES	$ 24,316,923	$ 4,729,246	$ 1,182,974	$ 30,229,143	$ 914,695

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2017

ASSETS	
Cash and short-term investments	$ 6,409,539
Receivables	
Interest receivable	1,109,897
Total receivables	1,109,897
Investments at fair value	
U.S. Treasury obligations	42,965,017
U.S. Government agencies	21,665,398
Municipal bonds	549,616
Corporate bonds	40,679,805
Annuities	28,610,063
Common stock	40,735,393
Mutual funds	155,321,470
Asset-backed securities	8,720,752
Negotiable certificates of deposit	527,817
Total investments	339,775,331
Due from municipality	1,139,514
Prepaid items	12,965
Total assets	348,447,246
LIABILITIES	
Accounts payable	66,410
NET POSITION RESTRICTED FOR PENSIONS	$ 348,380,836

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2017

ADDITIONS	
Contributions	
Employer	$ 14,016,007
Employee	3,625,714
Total contributions	17,641,721
Investment income	
Net appreciation in fair value of investments	31,964,289
Interest and dividends	9,128,015
Total investment income	41,092,304
Less investment expense	622,234
Net investment income	40,470,070
Total additions	58,111,791
DEDUCTIONS	
Benefits	14,312,249
Refunds of contributions	41,281
Administrative expense	192,931
Total deductions	14,546,461
NET INCREASE	43,565,330
NET POSITION RESTRICTED FOR PENSIONS	
January 1	304,815,506
December 31	$ 348,380,836

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Naperville, Illinois (the City) was incorporated in 1857. The City is a home-rule community operating under a council-manager form of government. The City Council is comprised of the Mayor and eight council members. The City provides services to the community which includes: police, fire, electric utility, water and wastewater utility, community development, street maintenance, refuse and recycling, transportation planning, and general services. The following significant accounting policies apply to the City and its component unit, the Naperville Public Library.

a. Reporting Entity

The City follows accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board. The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

2. Fiscal dependency on the primary government and there is a potential to provide specific financial benefits or to impose specific financial burdens.

The accompanying financial statements present the City of Naperville, Illinois (the primary government) and its component units. The financial data of the component unit is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

A blended component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City. The City of Naperville has no blended component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Discretely Presented Component Unit

A discretely presented component unit is an entity that is legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The City's discretely presented component unit is reported in a separate column to emphasize that it is legally separate from the City.

Naperville Public Library (the Library) - The Library is governed by a nine-member Board of Trustees appointed by the City's Mayor. The Library is financially accountable to the City as the City's approval is needed for the levy of property taxes for Library operations and to issue bonded debt on behalf of the Library. Separately audited financial statements of the Library are not available.

b. Basis of Presentation

Government-Wide Financial Statements - The government-wide statement of net position and statement of activities report the overall financial activity of the City and its component units, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. Interfund services provided and used are not eliminated on these statements. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Additionally, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) fines, fees, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

b. Basis of Presentation (Continued)

Fund Financial Statements - The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category-governmental, proprietary, and fiduciary-are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses include all expenses directly related to providing enterprise fund services. Incidental expenses are reported as non-operating expenses.

The City reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City. The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Fund - This fund is funded by a property tax restricted to the payment of principal and interest on general obligation bonds in accordance with the bond ordinance authorizing the issuance of the bonds.

The City reports the following major proprietary funds:

Electric Utility Fund - This fund accounts for the City's electric transmission and distribution operations.

Water and Wastewater Utility Fund - This fund accounts for the City's water and sewerage operations. The City operates the sewerage treatment plant, sewerage pumping stations, and collection systems and the water distribution system.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

b. Basis of Presentation (Continued)

Additionally, the City reports the following fund types:

Internal Service Fund - This fund account for self-insurance services that are provided to other departments of the City on a cost-reimbursement basis.

Pension Trust Funds - These funds account for the accumulation of retirement and disability benefits for police and firefighters' pension plans.

c. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City receives value without directly giving equal value in exchange, include property tax revenue, grants, and other contributions. On an accrual basis, revenues from property taxes are recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2016 levy is recognized as revenue for the fiscal year ended December 31, 2017. Revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property taxes and income tax, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year intended to finance. Revenues for the income tax are considered to be available if they are collected within 90 days at the end of the current fiscal year unless they are further delayed by the State. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

principal and interest on general long-term debt, claims and judgments are recorded only when payment is due. Compensated absences are recorded only when retirement or separation has occurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales tax, utilities taxes, motor fuel taxes, hotel/motel tax, food and beverage tax, E-911 surcharge, franchise taxes, ambulance fee, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports unavailable/unearned and deferred revenue on its financial statements. Unavailable/unearned and deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unavailable/unearned and deferred revenues also arise when the resources are received by the City before it has a legal claim to them or prior to the provision of services as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability or deferred inflow is removed from the financial statements and revenue is recognized.

d. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

e. Investments

State statutes and the City's investment policy authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; state and local obligations; commercial paper rated AAA 1, 2, or 3; repurchase agreements; non-negotiable certificates of deposits; money market accounts; and pooled investment funds. The pension trust funds investment policies also allow them to hold deposits in any bank insured by the FDIC and to invest in common and preferred stocks, corporate bonds, convertible debt securities, mutual funds, insured separate accounts, and direct obligations of the U.S. Government including GNMA securities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Investments (Continued)

The City's and pension trust fund investment policies also require collateral for all deposits unless FDIC coverage is available. The collateral must have a market value of not less than 100% of all deposits. Bank of America holds the collaterals in the names of the City of Naperville, the Naperville Police Pension Fund and the Firefighters' Pension Fund.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold.

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold

f. Unbilled Receivables

Estimated sales for electric, water, and wastewater usage prior to December 31, 2017, which are unbilled at year end, are recognized as current year revenue and are included in unbilled receivables.

g. Interfund Transactions

The City has the following types of interfund transactions:

Loans - amounts provided with a requirement for repayment. If repayment is expected within one year, interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e., due to other funds) in borrower funds. If repayment is expected in more than one year, the amounts are reported as advances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Interfund Transactions (Continued)

Services Provided and Used - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

Reimbursements - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

h. Inventory and Prepaid Items

Inventory, such as spare parts for electric, waterlines, and vehicles, is accounted for using the consumption method and is valued using a weighted average cost. Inventory reported in the governmental funds is not available for appropriation and therefore results in nonspendable fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both government-wide and fund financial statements.

i. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, traffic controls, drainage systems, and similar items), and IMEA participation right and other intangible assets, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 for buildings, building improvements, and equipment, and $25,000 for infrastructure with an estimated useful life in excess of two years. The capitalization threshold for the Library assets is $1,000 except for the IT related items which threshold is under $1,000. Purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, whereas improvements extending the useful lives of the related capital assets are capitalized.

Capital assets of the City and its component unit (Naperville Public Library) are depreciated using the straight-line method over the following useful lives:

	Years
Building and building improvements	20-40
Equipment	3-12
Infrastructure	25-50
IMEA participation right	25

j. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. Using the termination method, the City accrues the earned benefits to the extent it is probable that the benefits will result in termination cash payments. The general fund typically has been used to liquidate the governmental activities compensated absences.

Employees hired prior to June 9, 2001, are eligible to be covered under a traditional vacation and sick leave benefit plan. Vacation leave is tied to years of service, with a minimum of two weeks and a maximum of five weeks. Sick leave benefit days vary from 12 days per year for members of the Fraternal Order of Police Union to 15 days for all other union and non-union employees, except for sworn firefighters working 24-hour shifts. Firefighters earn seven shift days per year each January 1.

Employees hired between June 9, 2001 and July 1, 2011, and existing employees who made a one-time election to switch to a paid time off (PTO) program prior to June 9, 2001 are covered by a combination of PTO and sick leave benefits. PTO days are based upon years of service, with a minimum of 15 PTO days per year, while the amount of sick leave is fixed at ten days per year. Certain unions elected into the PTO plan, while others made it optional for employees hired after June 9, 2001. All sworn firefighters working shifts are not eligible to participate in the PTO plan. Under both plans, the maximum accrual of vacation or PTO is equal to 160% of annual accrued leave.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences (Continued)

Sick leave benefits can accumulate on an unlimited basis for employees in the traditional plan, but are limited to 120 days for those in the PTO plan. Upon retirement, the City cashes out up to 90 days of sick leave for employees as a retirement bonus. Members of the Fraternal Order of Police upon retirement can cash out up to 120 days. For sworn firefighters on shifts, they can cash out up to 42 shift days as a retirement bonus. Library employees may not accumulate sick time beyond one year.

Employees hired after July 1, 2011 are on a PTO plan that eliminates the distinction between vacation and sick leave. The PTO plan eliminates all future sick leave payouts. The plan provides fifteen (15) days of PTO accrued annually, and includes all time off with the exception of recognized holidays and funeral leave.

k. Deposits

The City receives deposits from contractors performing work in the City. These deposits are recorded within the General Fund.

l. Bond Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

m. Fund Balance/Net Position

Governmental funds equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Balance/Net Position (Continued)

fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include ordinances approved by the City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City's finance director through the approved fund balance policy of the City. Any residual fund balance of the General Fund and any deficits in other funds, if any, are reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first followed by assigned and then unassigned funds.

The City has a policy to maintain fund balance in the General Fund equal to 20% for the subsequent year's appropriations, net of interfund transfers as of December 31 each year. As noted in GASB S-54, fund balance policies in the General Fund are reported as unassigned but disclosed in the notes.

In the government-wide and proprietary fund financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Unrestricted net position consists of net position that does not meet the definition of restricted or invested in capital assets, net of related debt. None of the restricted net position or restricted fund balance results from enabling legislation adopted by the City except for the fund balance of $8,944 in the Fair Share Assessment Fund and the fund balance of $584,971 in the Food and Beverage Tax Fund.

n. Property Taxes

Property taxes are levied each year on all taxable real property located in the City. The City must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the DuPage and Will County Collectors/Treasurers who remit to the City its share of the collection. Taxes levied for calendar year 2016 were due, payable, and collected in two installments in June and September 2017.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Property Taxes (Continued)

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. Accordingly, the City recognized revenue during the fiscal year ended December 31, 2017 for collections from the calendar year 2016 levy if it was received by year end. Property taxes levied for calendar year 2017, which will be collected in fiscal year 2018 are recorded as receivables and unavailable revenue.

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

p. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed in the basic financial statements as "cash and investments."

a. Deposits

The City, Library, and pension funds' investment policies require all uninsured deposits with financial institutions, unless FDIC coverage is available, to be covered by collateral by up to 100%, with the collateral held by an independent third party acting as the City's agent and held in the name of the City, Library, and pension fund, respectively.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

The following table presents the investments and durations of the debt securities of the City and Naperville Public Library as of December 31, 2017.

City and Library

Investment Type	Fair Value	Modified Duration (Years)
U.S. Treasury and agency securities	$ 57,332,421	7.65

The City has the following recurring fair value measurements as of December 31, 2017:

- U.S. Treasury securities of $32,518,101 are valued using quoted market prices (Level 1 inputs)
- U.S. agency securities of $24,814,320 are valued using significant other observable inputs (Level 2 inputs)

The relationship between the City, or the Police or Fire Pension Funds and the investment agent is a direct contractual relationship.

Police Pension

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury obligations	$ 21,338,544	$ 2,597,971	$ 13,074,116	$ 5,666,457	$ -
U.S. agency obligations	10,984,513	13,427	2,259,073	2,790,323	5,921,690
Municipal bonds	274,808	-	72,146	202,662	-
Corporate bonds	24,440,888	1,411,778	7,229,915	12,631,623	3,167,572
Negotiable CD's	527,817	-	527,817	-	-
TOTAL	$ 57,566,570	$ 4,023,176	$ 23,163,067	$ 21,291,065	$ 9,089,262

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Police Pension (Continued)

The Fund has the following recurring fair value measurements as of December 31, 2017:

Investment by Fair Value Level	December 31, 2017	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury obligations	$ 21,338,544	$ 21,338,544	$ -	$ -
U.S. agency obligations	10,984,513	-	10,984,513	-
Municipal bonds	274,808	-	274,808	-
Corporate bonds	24,440,888	-	24,440,888	-
Equity securities				
Annuity contract	14,443,075	-	-	14,443,075
Common stock	17,209,391	17,209,391	-	-
Equity mutual funds	80,605,833	80,605,833	-	-
Negotiable CD's	527,817	-	527,817	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	$ 169,824,869	$ 119,153,768	$ 36,228,026	$ 14,443,075

Fire Pension

Investment Type	Fair Value	Investment Maturities (in Years): Less Than 1	1-5	6-10	More Than 10
U.S. Treasury obligations	$ 21,626,473	$ 3,244,479	$ 14,941,220	$ 3,440,774	$ -
U.S. agency obligations	10,680,885	18,794	2,634,994	2,138,905	5,888,192
Municipal bonds	274,808	-	147,883	126,925	-
Corporate bonds	16,238,917	1,288,611	8,503,632	5,794,215	652,459
TOTAL	$ 48,821,083	$ 4,551,884	$ 26,227,729	$ 11,500,819	$ 6,540,651

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Fire Pension (Continued)

The Fund has the following recurring fair value measurements as of December 31, 2017:

Investment by Fair Value Level	December 31, 2017	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury obligations	$ 21,626,473	$ 21,626,473	$ -	$ -
U.S. agency obligations	10,680,885	-	10,680,885	-
Municipal bonds	274,808	-	274,808	-
Corporate bonds	16,238,917	-	16,238,917	-
Equity securities				
Annuity contract	14,166,988	-	-	14,166,988
Common stock	23,526,002	23,526,002	-	-
Equity mutual funds	74,715,637	74,715,637	-	-
Asset-backed securities	8,720,752	-	8,720,752	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	$ 169,950,462	$ 119,868,112	$ 35,915,362	$ 14,166,988

The investments in the securities of U.S. government agencies were all rated AAA by Standard & Poor's, and Aaa by Moody's Investors Services. The municipal bonds were rated AAA to AA by Standard & Poor's and Aaa to A3 by Moody's, while corporate bonds were either not rated or rated A to BBB- by Standard & Poor's and Aa1 to Baa3 by Moody's.

Interest Rate Risk - Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City invests in mortgage-backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated. The City invests in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Through its investment policy, the City manages its exposure to fair value losses arising from increasing interest rates by limiting the weighted average duration to no more than four years. Interest rate risk for investments held by the Police and Firefighters' Pension Funds is managed by establishing investment parameters for the investment managers.

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 City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City and the Police and Firefighters' Pension Funds investment policies require 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 City's or Police and Firefighters' Pension Fund's agent separate from where the investment was purchased.

Credit Risk - The City's investment and cash management policy, as well as the investment policies of the Police and Firefighters' Pension Funds, prescribe to the "prudent person" rule, which states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City and the Police and Firefighters' Pension Funds limits their 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 or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. The Police and Fire Pension investment policies also allow investment grade corporate bonds 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. However, the City's and the Police and Firefighters' Pension Funds' investment policies do not specifically limit the City and Police and Firefighters' Pension Funds to these types of investments.

Concentration of Credit Risk - The City's investment policy follows the requirements of the State of Illinois Public Funds Investment Act, which prescribes allowable investment vehicles. No single investment, except those guaranteed by the United States Government, may exceed 5% of the fund's total market value. The Police and Firefighters' Pension Funds each have separate investment policies, which establish criteria for allowable investments. Both funds follow the requirements of the Illinois Pension Code. There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of net position available for benefits except for the following investments:

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Police Pension Fund

Investment	Amount
Vanguard Institutional Index Fund	$ 17,293,798
Vanguard Small Cap Fund	13,002,382
Vanguard Mid Cap Fund	13,022,476
DFA Emerg Mkts Core Equity	9,027,206
American Europacific Growth Fund	8,716,781
Principal Annuity Contract	14,443,075

Firefighter's Pension Fund

Investment	Amount
Vanguard Instl Index Fund	$ 17,299,280
Vanguard Mid Cap Fund	13,037,877
DFA International Small Cap	9,300,805
Dodge & Cox International Stock	8,735,343
American Europacific Growth Fund	8,689,745
Principal Annuity Contract	14,166,988

The Police Pension Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Return
Fixed income	35%	2.10%
Domestic equities	35%	5.60%
International equities	15%	5.80%
Real estate	10%	5.20%
Global tactical	5%	3.90%

ILCS limit the Police Pension 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.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

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, 2017 are listed in the table above.

For the fiscal year ended December 31, 2017, the annual money-weighted rate of return on police pension plan investments, net of pension plan investment expense, was 13.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Asset Class	Target	Long-Term Expected Real Return
Fixed income	35%	2.1%
Domestic equities	35%	5.6%
International equities	15%	5.8%
Real estate	10%	5.2%
Global tactical	5%	3.9%
Cash and cash equivalents	0%	0.4%

ILCS limit the Firefighters' Pension 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.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

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, 2017 are listed in the table above.

For the fiscal year ended December 31, 2017, the annual money-weighted rate of return on the Firefighters' Pension Plan investments, net of pension plan investment expense, was 13.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

3. RECEIVABLES

a. Installment Loans

The outstanding loans that are not expected to be collected within one year of December 31, 2017 are as follows:

	Term	Due	Amount
DuPage Mayor and Manger Association	20 Years	02/01/2021	$ 6,510
CPAL - computer loan	Various	Various	219
Loan to the SSA 24 property owners	Various	Various	30,393
Electric loans	Various	Various	1,536,128

4. CAPITAL ASSETS

A summary of changes in capital assets of the City and Library for the fiscal year ended December 31, 2017 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 21,542,991	$ 74,956	$ -	$ 21,617,947
Land - infrastructure	161,526,935	-	-	161,526,935
Construction in progress	14,948,946	2,724,799	-	17,673,745
Total capital assets not being depreciated	198,018,872	2,799,755	-	200,818,627
Capital assets being depreciated				
Land improvements	5,456,271	-	-	5,456,271
Buildings	154,245,291	295,540	-	154,540,831
Equipment	53,369,721	2,925,356	60,880	56,234,197
Infrastructure	461,750,518	3,710,480	-	465,460,998
Total capital assets being depreciated	674,821,801	6,931,376	60,880	681,692,297
Less accumulated depreciation for				
Land improvements	1,528,989	361,525	-	1,890,514
Buildings	57,763,332	3,963,491	-	61,726,823
Equipment	42,133,297	2,102,545	60,880	44,174,962
Infrastructure	247,755,906	14,864,024	-	262,619,930
Total accumulated depreciation	349,181,524	21,291,585	60,880	370,412,229
Total capital assets being depreciated, net	325,640,277	(14,360,209)	-	311,280,068
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 523,659,149	$ (11,560,454)	$ -	$ 512,098,695

Depreciation expense for governmental activities for the fiscal year ended December 31, 2017 was charged to functions as follows:

General government	$ 2,767,906
Physical environment	2,129,158
Public safety	1,916,243
Culture and recreation	1,064,580
Transportation	13,413,698
	$ 21,291,585

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES - ELECTRIC UTILITY				
Capital assets not being depreciated				
Land	$ 3,836,327	$ -	$ -	$ 3,836,327
Construction in progress	6,360,798	499,353	-	6,860,151
Total capital assets not being depreciated	10,197,125	499,353	-	10,696,478
Capital assets being depreciated				
Building and building improvements	7,642,944	64,152	-	7,707,096
Equipment	14,311,942	377,774	-	14,689,716
Infrastructure	410,886,438	3,334,099	-	414,220,537
Total capital assets being depreciated	432,841,324	3,776,025	-	436,617,349
Less accumulated depreciation for				
Building and building improvements	4,935,261	206,584	-	5,141,845
Equipment	13,585,626	176,840	-	13,762,466
Infrastructure	190,711,482	11,363,146	-	202,074,628
Total accumulated depreciation	209,232,369	11,746,570	-	220,978,939
Total capital assets being depreciated, net	223,608,955	(7,970,545)	-	215,638,410
BUSINESS-TYPE ACTIVITIES - ELECTRIC UTILITY CAPITAL ASSETS, NET	$ 233,806,080	$ (7,471,192)	$ -	$ 226,334,888

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES - WATER AND WASTEWATER UTILITY				
Capital assets not being depreciated				
Land	$ 2,565,671	$ -	$ -	$ 2,565,671
Construction in progress	14,643,118	973,515	-	15,616,633
Total capital assets not being depreciated	17,208,789	973,515	-	18,182,304
Capital assets being depreciated				
Equipment	10,687,648	753,102	-	11,440,750
Infrastructure	445,020,844	1,789,387	-	446,810,231
Total capital assets being depreciated	455,708,492	2,542,489	-	458,250,981
Less accumulated depreciation for				
Equipment	9,122,050	370,501	-	9,492,551
Infrastructure	232,848,369	9,648,914	-	242,497,283
Total accumulated depreciation	241,970,419	10,019,415	-	251,989,834
Total capital assets being depreciated, net	213,738,073	(7,476,926)	-	206,261,147
BUSINESS-TYPE ACTIVITIES - WATER AND WASTEWATER UTILITY CAPITAL ASSETS, NET	$ 230,946,862	$ (6,503,411)	$ -	$ 224,443,451

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES - OTHER ENTERPRISE				
Capital assets not being depreciated				
Land	$ 7,520,323	$ 3,405,508	$ -	$ 10,925,831
Total capital assets not being depreciated	7,520,323	3,405,508	-	10,925,831
Capital assets being depreciated				
Building and building improvements	6,240,167	220,066	-	6,460,233
Machinery and equipment	990,053	430,794	-	1,420,847
Total capital assets being depreciated	7,230,220	650,860	-	7,881,080
Less accumulated depreciation for				
Building and building improvements	5,203,946	164,437	-	5,368,383
Machinery and equipment	578,031	44,049	-	622,080
Total accumulated depreciation	5,781,977	208,486	-	5,990,463
Total capital assets being depreciated, net	1,448,243	442,374	-	1,890,617
Total other enterprise net capital assets	8,968,566	3,847,882	-	12,816,448
BUSINESS-TYPE ACTIVITIES - OTHER ENTERPRISE CAPITAL ASSETS, NET	$ 473,721,508	$ (10,126,721)	$ -	$ 463,594,787

	Beginning Balances (Restated)	Increases	Decreases	Ending Balances
COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY				
Capital assets being depreciated				
Building and building improvements	$ 14,678,720	$ 2,137,858	$ -	$ 16,816,578
Machinery and equipment	2,779,707	372,434	917,742	2,234,499
Total capital assets being depreciated	17,458,427	2,510,292	917,742	19,050,977
Less accumulated depreciation for				
Building and building improvements	5,684,200	469,298	-	6,153,498
Machinery and equipment	1,815,028	146,068	752,145	1,208,951
Total accumulated depreciation	7,499,228	615,366	752,145	7,362,449
COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY CAPITAL ASSETS, NET	$ 9,959,199	$ 1,894,926	$ 165,597	$ 11,688,528

5. INTERFUND BALANCES AND ACTIVITY

a. Balances Due to/from Other Funds

Balances due to/from other funds at December 31, 2017 were as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 65,702
General	Water and Wastewater Utility	804,281
Pension Trust funds	General	1,011,094
Pension Trust funds	Nonmajor Governmental	128,420
TOTAL		$ 2,009,497

Balances due to/from other funds are to cover cash accounts temporarily overdrawn at year end.

b. Advances

Advances at December 31, 2017 were as follows:

Receivable Fund	Payable Fund	Amount
General	SSA #25	$ 521,153
Water and Wastewater Utility	Electric Utility	8,301,140
TOTAL		$ 8,822,293

Interest on the outstanding interfund advance is charged at 2.7%. Semiannual repayments are made on October 31 and April 30 each year until repaid. All accrued interest and principal will be fully paid and the advance will be closed no later than December 31, 2020.

c. Transfers to/from Other Funds

Interfund transfers for the fiscal year ended December 31, 2017 were as follows:

Transfers In	Transfers Out	Amount
Debt Service	Food and Beverage Tax Fund	$ 783,664
Capital Projects	American Recovery and Reinvestment Act Federal Grants Fund	35,100
Road and Bridge	General	2,800,000
SSA #26	General	975,000
TOTAL		$ 4,593,764

5. INTERFUND BALANCES AND ACTIVITY

c. Transfers to/from Other Funds (Continued)

The purpose of significant transfers is as follows:

- $2,800,000 was transferred from the General Fund to the Road and Bridge Fund for projects. This transfer will not be repaid.
- $975,000 transferred from the General Fund to the Special Service Area #24 Fund for the City's subsidy of the downtown maintenance. This transfer will not be repaid.

As of December 31, 2017, the following funds had deficit fund balances:

Fund	Deficit
Community Development Block Grant Fund	$ 34,933
Test Track	20
Special Service Area #25	508,163

6. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt of the City for the fiscal year ended December 31, 2017:

Type of Debt	Beginning Balance	Additions	Deductions	Ending Balances	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Net pension liability					
IMRF	$ 16,828,626	$ -	$ 13,429,805	$ 3,398,821	$ -
Police Pension	50,065,192	-	8,531,728	41,533,464	-
Firefighters' Pension	57,310,186	-	9,168,195	48,141,991	-
Compensated absences	8,929,892	3,343,167	3,947,145	8,325,914	3,910,860
Net other postemployment benefit obligation	2,081,735	323,605	-	2,405,340	-
General obligation bonds	103,942,579	6,980,000	10,654,084	100,268,495	10,612,852
Premium (discount)	5,322,054	179,109	422,131	5,079,032	-
Claims and judgements	2,131,777	13,043,922	13,224,666	1,951,033	338,064
TOTAL	$ 246,612,041	$ 23,869,803	$ 59,377,754	$ 211,104,090	$ 14,861,776

6. LONG-TERM OBLIGATIONS (Continued)

Type of Debt	Beginning Balance	Additions	Deductions	Ending Balances	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES - ELECTRIC UTILITY					
Net pension liability - IMRF	$ 7,930,324	$ -	$ 6,554,905	$ 1,375,419	$ -
Compensated absences	1,812,324	217,623	756,784	1,273,163	629,591
Net other postemployment benefit obligation	127,248	-	5,843	121,405	-
General obligation bonds	25,796,819	-	2,702,519	23,094,300	3,121,250
Premium (discount)	1,840,712	-	171,156	1,669,556	-
Total electric utility	37,507,427	217,623	10,191,207	27,533,843	3,750,841
BUSINESS-TYPE ACTIVITIES - WATER AND WASTEWATER UTILITY					
Net pension liability - IMRF	5,088,969	-	4,088,329	1,000,640	-
Compensated absences	1,023,344	119,989	509,927	633,406	416,688
Net other postemployment benefit obligations	119,293	-	10,840	108,453	-
General obligation bonds	24,760,602	-	1,868,397	22,892,205	1,940,898
Premium (discount)	501,189	-	30,798	470,391	-
Total water and wastewater utility	31,493,397	119,989	6,508,291	25,105,095	2,357,586
TOTAL	$ 69,000,824	$ 337,612	$ 16,699,498	$ 52,638,938	$ 6,108,427
COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY					
Net pension liability - IMRF	$ 5,430,248	$ -	$ 4,416,182	$ 1,014,066	$ -
Compensated absences	410,771	419,098	407,674	422,195	407,674
Net other postemployment benefit obligation	168,574	-	6,342	162,232	-
TOTAL	$ 6,009,593	$ 419,098	$ 4,830,198	$ 1,598,493	$ 407,674

* The General Fund has typically been used in prior years to liquidate the compensated absences liability, the net pension liabilities and the other postemployment benefit obligation for governmental activities.

6. LONG-TERM OBLIGATIONS (Continued)

Long-term debt at December 31, 2017 consists of the following:

a. General Obligation Bonds

	Governmental Activities	Business-Type Activities	Total
March 2009, 2.05% - 4.75%, due serially through December 1, 2028	$ 1,890,000	$ 910,000	$ 2,800,000
April 2010, Series A, 4.65% - 5.25%, due serially through December 1, 2028	-	7,975,000	7,975,000
April 2010, Series B, 2.85% - 4.50%, due serially through December 1, 2023	10,632,795	3,892,205	14,525,000
April 2010, Series D, 2% - 4%, due serially through December 1, 2021	3,195,000	-	3,195,000
July 2011, 2.000% - 4.625%, due serially through December 1, 2029	-	12,500,000	12,500,000
September 2012, 2% - 4%, due serially through December 1, 2025	10,755,700	7,474,300	18,230,000
July 2013, 3% - 4%, due serially through December 1, 2031	4,820,000	-	4,820,000
May 2014, 2.0% - 3.5%, due serially through December 1, 2032	14,400,000	-	14,400,000
June 2016, 2.0% - 3.5%, due serially through December 1, 2035	47,595,000	13,235,000	60,830,000
November 2017, 3.0%, due serially through December 1, 2037	6,980,000	-	6,980,000
TOTAL	$ 100,268,495	$ 45,986,505	$ 146,255,000

6. LONG-TERM OBLIGATIONS (Continued)

a. General Obligation Bonds (Continued)

The annual requirements to amortize all short-and long-term general obligation bonds outstanding at December 31, 2017 are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	$ 10,612,852	$ 3,099,827	$ 5,062,148	$ 1,321,055
2019	10,285,185	2,806,699	4,979,815	1,148,876
2020	10,098,435	2,503,176	4,241,565	996,749
2021	9,762,785	2,205,714	4,127,215	8,62,061
2022	8,902,385	1,899,902	3,902,615	327,023
2023-2027	32,271,853	5,708,668	19,713,147	3,093,995
2028-2032	13,400,000	2,035,100	3,960,000	232,050
2033-2036	4,480,000	370,475	-	-
2037-2041	455,000	13,650	-	-
TOTAL	$ 100,268,495	$ 20,643,211	$ 45,986,505	$ 8,381,809

b. Enterprise Fund Commitments

The City has issued the general obligation bonds to fund various Electric and Water/Wastewater capital projects. The proportionate share of the general obligation bond liabilities have been recorded in the respective enterprise funds. The current general obligation bonds issuance amounts were allocated as follows:

Bonds Series	Electric Utility	Water and Wastewater Utility	Governmental Activities	Total
G.O. 2009	$ 280,000	$ 630,000	$ 1,890,000	$ 2,800,000
G.O. 2010A	-	7,975,000	-	7,975,000
G.O. 2010B	-	3,892,205	10,632,795	14,525,000
G.O. 2011	7,250,000	5,250,000	-	12,500,000
G.O. 2012 Refunding	7,474,300	-	10,755,700	18,230,000
G.O. 2016	8,090,000	5,145,000	47,595,000	60,830,000

The general obligation bonds outstanding amount for the enterprise funds at December 31, 2017 is $45,986,505.

6. LONG-TERM OBLIGATIONS (Continued)

c. Defeased Debt

The City has defeased the General Obligation Bonds Series 2009 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the City's financial statements. Outstanding bonds for these issues are considered defeased. A total of $22,450,00 remains outstanding at December 31, 2017.

7. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for its risk financing activities in the Self-Insurance Fund (internal service fund). The Self-Insurance Fund pays all general liability, unemployment and workers' compensation, and auto and collision claims for which the City is held liable. The City has a $2.0 million retention limit for general, auto liability, and workers' compensation. In addition, the City carries a policy for excess coverage for general and auto liability of $10.0 million.

The City is self-insured for health and dental claims, which are also being accounted for in the Self-Insurance Fund. The City has $300,000 specific stop loss coverage for PPO and $200,000 for HMO health claims. The City has a $2.0 million retention limit for health and dental claims. The City utilizes a third-party administrator to process the claims. The City reimburses the administrator for the claims plus a processing fee.

The Self-Insurance Fund is supported by payments from the General Fund, Naper Settlement Fund, Electric, Water and Wastewater Utility Funds, Burlington Commuter Parking Fund, Information Technology Fund, Fleet Services Fund, and the Naperville Public Library (component unit) based upon an estimate of the annual claims and administration costs. In addition, the City has recognized a liability for claims, which were incurred but not reported at year end. At December 31, 2017, this liability totaled $338,064. The claims liability reported in the Self-Insurance Fund of $1,612,969 at December 31, 2017 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. There were no significant reductions in insurance coverage from the previous year.

7. RISK MANAGEMENT (Continued)

Changes in the Self-Insurance Fund's claims liability amount for the fiscal year ended December 31, 2017 and 2016 were:

	2017	2016
CLAIMS LIABILITY, BEGINNING OF YEAR	$ 2,131,777	$ 2,865,633
Incurred claims	13,043,922	13,956,140
Claim payments	(13,224,666)	(14,689,996)
CLAIMS LIABILITY, END OF YEAR	$ 1,951,033	$ 2,131,777

8. COMMITMENTS AND CONTINGENCIES

DuPage Water Commission

The City is a charter customer, along with 23 other municipalities, of the Du Page Water Commission (the Commission). The Commission is a Joint Action Agency empowered to finance, construct, acquire, and operate a water supply system to serve municipalities to obtain Lake Michigan water from the City of Chicago and distribute it to customers through a comprehensive distribution system. The City began receiving Lake Michigan water in March 1992. Pursuant to its agreement with the Commission, in January 1989, the City began making payments for its portion of certain commission costs in an amount set forth by the Commission. The City has also adjusted its water rates accordingly to cover such costs. The related costs and revenues have been recorded as operating expenses and revenues of the Water and Wastewater Utility (Enterprise) Fund. The Commission has capitalized all costs including financing components associated with the development of the water facility.

Illinois Municipal Electric Agency (IMEA)

The City is a member of the IMEA, a not-for-profit joint action power purchasing agency. The City had not, in the past, purchased power from IMEA. In June 2011, the City began purchasing all of its wholesale power through 2035 from the IMEA.

The City's Power Sales Contract includes a premium adjustment to IMEA to secure additional capacity and energy resources to add to its existing mix of resources in order to be able to service the City. The premium payments to be made to IMEA through 2025 is to offset the projected increase to the average power supply costs to IMEA's 29 existing participating members resulting in acquisition of the resources necessary to serve the City. The projected premium payments are approximately $59.2 million. The cumulative premium payments through December 31, 2017 are $30.6 million.

8. COMMITMENTS AND CONTINGENCIES (Continued)

Illinois Municipal Electric Agency (IMEA) (Continued)

The City's obligation is to purchase its full requirements for power and energy from the IMEA beginning June 1, 2011 and to pay a proportionate share of all IMEA costs.

Naperville Renewable Energy Program

The City participates in a Renewable Energy Program to make the choice for a clean energy future. This program enables customers to support clean energy resources such as wind and sun that protect our environment and make a difference for future generations. The program is comprised predominantly of unbundled wind "renewable energy certificates" ("RECs"), as well as a small volume of unbundled solar RECs. The current REC mix is 99% wind, 1% solar. On a dollar spent basis, the mix in fiscal year 2017 was 75% wind and 25% solar because the solar REC's are much more expensive. The program includes a strong local component, sourcing all of its RECs from Illinois projects. The local component is an integral part of the program, and the City will continue to source 100% of its renewable energy offering from Illinois-sited renewable energy facilities.

Prior to April 30, 2013, the program was managed by Community Energy and beginning May 1, 2013, the City brought the program management in-house. The City now holds primary responsibility for the program on behalf of its customers and has retained the services of Customized Energy Solutions to manage the program's administration and renewable offerings. During fiscal year 2017, the City collected $0.3 million and due to management efficiencies will make all funds, less minimum administration costs, available through grants to directly fund local community based renewable energy projects within the City. The fund balance of this subfund of the electric fund at December 31, 2017 is $1.4 million.

Development Assistance

The City has entered into various agreements with private organizations to encourage economic development in the City. Some of these agreements provide for rebating a portion of sales tax and hotel tax to the private organizations if certain benchmarks of development are achieved. During the year ended December 31, 2017, $623,696 in sales tax and $784,320 in hotel tax were rebated under these agreements. Estimated remaining $18.3 million will be payable throughout 23 years.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the City at 400 South Eagle Street, Naperville, Illinois 60540. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

a. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

Plan Administration

All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that need or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Benefits Provided (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership

As of December 31, 2017, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	691
Inactive plan members entitled to but not yet receiving benefits	670
Active plan members	810
TOTAL	2,171

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2017 was 11.82% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Net Pension Liability

The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.50%
Salary increases	3.39% to 14.25%
Cost of living adjustments	3.00%
Inflation	2.50%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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, IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	$ 45,649,915	$ 6,788,946	$(25,212,177)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 306,525,860	$ 271,247,693	$ 35,278,167
Changes for the period			
Service cost	5,538,779	-	5,538,779
Interest	22,718,596	-	22,718,596
Difference between expected and actual experience	4,058,008	-	4,058,008
Changes in assumptions	(9,514,997)	-	(9,514,997)
Employer contributions	-	6,233,486	(6,233,486)
Employee contributions	-	2,431,700	(2,431,700)
Net investment income	-	46,307,985	(46,307,985)
Benefit payments and refunds	(12,761,262)	(12,761,262)	-
Other (net transfer)	-	(3,683,564)	3,683,564
BALANCES AT DECEMBER 31, 2017	$ 316,564,984	$ 309,776,038	$ 6,788,946

Assumptions related to salary increases were changed from 3.75% - 14.50% to 3.39% - 14.25%. Assumptions related to price inflation were changed from 2.75% to 2.50%. Additionally, Certain demographic assumptions were changed, which impacted mortality rates, and retirement rates.

	City	Library	Total
BEGINNING NET PENSION LIABILITY AT JANUARY 1, 2017	$ 29,847,919	$ 5,430,248	$ 35,278,167
EMPLOYER CONTRIBUTIONS - 2017	$ 5,302,389	$ 931,097	$ 6,233,486
ENDING NET PENSION LIABILITY AT DECEMBER 31, 2017	$ 5,774,880	$ 1,014,066	$ 6,788,946

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $5,251,129 and the Library recognized $922,312. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 3,203,728	$ (1,124,604)	$ 2,079,124
Changes in assumption	96,466	(7,483,737)	(7,387,271)
Net difference between projected and actual earnings on pension plan investments	8,004,269	(21,004,916)	(13,000,647)
TOTAL	$ 11,304,463	$ (29,613,257)	$ (18,308,794)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	City Net Deferred Inflows of Resources	Library Net Deferred Inflows of Resources	Total
2018	$ (2,793,433)	$ (490,523)	$ (3,283,956)
2019	(2,957,812)	(519,390)	(3,477,202)
2020	(5,355,910)	(940,495)	(6,296,405)
2021	(4,466,851)	(784,380)	(5,251,231)
2022	-	-	-
Thereafter	-	-	-
TOTAL	$ (15,574,006)	$ (2,734,788)	$ (18,308,794)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Plan Administration

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. 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 pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership

At December 31, 2017, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	89
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	165
TOTAL	260

Benefits Provided

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5% 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), 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 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 officer salary for the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a 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 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent 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 office 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% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. 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 plan and the administrative costs 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. However, the City is funding using the entry age normal actuarial cost method to fund 100% of the past service cost by the year 2033. For the fiscal year ended December 31, 2017, the City's contribution was 36.99% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00% to 11.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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 as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	$ 73,442,127	$ 41,533,464	$ 15,445,661

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 202,219,852	$ 152,154,660	$ 50,065,192
Changes for the period			
Service cost	4,277,831	-	4,277,831
Interest	14,216,220	-	14,216,220
Difference between expected and actual experience	1,578,661	-	1,578,661
Changes in assumptions	-	-	-
Employer contributions	-	6,677,807	(6,677,807)
Employee contributions	-	1,788,835	(1,788,835)
Net investment income	-	20,204,239	(20,204,239)
Benefit payments and refunds	(6,817,646)	(6,817,646)	-
Other (net transfer)	-	(66,441)	66,441
BALANCES AT DECEMBER 31, 2017	$ 215,474,918	$ 173,941,454	$ 41,533,464

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $4,535,438. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 1,315,550	$ (8,147,917)	$ (6,832,367)
Changes in assumption	2,010,892	-	2,010,892
Net difference between projected and actual earnings on pension plan investments	-	(4,281,982)	(4,281,982)
TOTAL	$ 3,326,442	$ (12,429,899)	$ (9,103,457)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2018	$ (1,530,008)
2019	(1,373,665)
2020	(3,409,402)
2021	(3,053,492)
2022	263,110
Thereafter	-
TOTAL	$ (9,103,457)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan

Plan Administration

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership

At December 31, 2017, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	101
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	187
TOTAL	294

Benefits Provided

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5% 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 firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), 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 the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a 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 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent 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 police office 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% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. 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 plan and the administrative costs 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. However, the City is funding using the entry age normal actuarial cost method to fund 100% of the past service cost by the year 2033. For the fiscal year ended December 31, 2017, the City's contribution was 38.10% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00% to 12.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	$ 81,285,305	$ 48,141,991	$ 21,105,079

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 209,971,032	$ 152,660,846	$ 57,310,186
Changes for the period			
Service cost	5,414,018	-	5,414,018
Interest	14,813,198	-	14,813,198
Difference between expected and actual experience	(96,584)	-	(96,584)
Changes in assumptions	-	-	-
Employer contributions	-	7,338,200	(7,338,200)
Employee contributions	-	1,821,286	(1,821,286)
Contributions buy-back	15,593	15,593	-
Net investment income	-	20,265,831	(20,265,831)
Benefit payments and refunds	(7,535,884)	(7,535,884)	-
Other (net transfer)	-	(126,490)	129,490
BALANCES AT DECEMBER 31, 2017	$ 222,581,373	$ 174,439,382	$ 48,141,991

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $8,579,159. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 2,349,820	$ (4,548,414)	$ (2,198,594)
Changes in assumption	3,479,496	-	3,479,496
Net difference between projected and actual earnings on pension plan investments	-	(4,263,208)	(4,263,208)
TOTAL	$ 5,829,316	$ (8,811,622)	$ (2,982,306)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2018	$ 792,733
2019	792,734
2020	(2,129,347)
2021	(2,082,120)
2022	(178,153)
Thereafter	(178,153)
TOTAL	$ (2,982,306)

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Descriptions

In addition to providing the pension benefits described, the City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The actuarial valuation for the OPEB plan is performed every two years. The December 31, 2016 actuarial valuation is used for the following sections.

b. Benefits Provided

The City provides post-employment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans or meet COBRA requirements.

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Eligibility in City sponsored health care plans is discontinued upon eligibility for federally sponsored health care benefits. Retirees who are eligible for health care program participation are also eligible for participation in the life insurance program in the amount of $5,000.

c. Membership

At December 31, 2016, most recent available, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	261
Active employees	1,200
TOTAL	1,461
Participating employers	1

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees via the self-insured plan (pay as you go) which results in an implicit subsidy to the City as defined by the GASB Statement No. 45. Since the City is self-insured, this amount fluctuates on an annual basis. For the fiscal year ending December 31, 2017, retirees contributed $2,392,516 for premiums and the City contributed $540,649 toward the implicit subsidy. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement. The general fund typically has been used to liquidate the governmental activities the net other postemployment benefit obligation.

e. Annual OPEB cost and Net OPEB Obligation

The City's annual OPEB cost (expense) was $841,229 while the ARC was $827,914 for the fiscal year ended December 31, 2017. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2017 were as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	$ 420,025	$ 295,349	70.32%	$ 2,312,088
2016	627,786	443,024	70.57%	2,496,850
2017	841,229	540,649	64.27%	2,797,430

The net OPEB obligation (NOPEBO) as of December 31, 2017, was calculated as follows:

Annual required contributions	$ 827,914
Interest on NOPEBO	99,873
Adjustment to ARC	(86,558)
Annual pension cost	841,229
Actual contribution	(540,649)
Change in NOPEBO	300,580
NOPEBO, beginning of year	2,496,850
NOPEBO, END OF YEAR	$ 2,797,430

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB cost and Net OPEB Obligation (Continued)

Governmental activities	$ 2,405,340
Business-type activities	229,858
Library discretely presented component unit	162,232
TOTAL	$ 2,797,430

f. Funded Status and Funding Progress

The funded status of the plan as of December 31, 2016, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	$ 10,649,256
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	10,649,256
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 82,729,832
UAAL as a percentage of covered payroll	12.87%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

g. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Actuarial Methods and Assumptions (Continued)

In the December 31, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.50% initially and 4.00% ultimately. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016, was 30 years.

11. DISCRETELY PRESENTED COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY

The following is summary fund financial information for the Naperville Public Library (the Library) for the fiscal year ended December 31, 2017:

Balance Sheet

	General Operating	Special Revenue: Building Reserve	Special Revenue: Gift and Memorial	Special Revenue: Endowment	Total	Adjustment	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
ASSETS							
Cash and cash equivalents	$ 404,055	$ 600,406	$ 26,178	$ 10,529	$ 1,041,168	$ -	$ 1,041,168
Property taxes receivable, net of allowance for uncollectible accounts	14,583,000	-	-	-	14,583,000	-	14,583,000
Interest receivable	1,030	1,454	63	25	2,572	-	2,572
Due from other governments	110,140	-	-	-	110,140	-	110,140
Capital assets (net)							
Capital assets not depreciated	-	-	-	-	-	-	-
Capital assets depreciated, net	-	-	-	-	-	11,688,528	11,688,528
Total assets	15,098,225	601,860	26,241	10,554	15,736,880	11,688,528	27,425,408
DEFERRED OUTFLOWS OF RESOURCES							
Deferred items - IMRF	-	-	-	-	-	1,688,549	1,688,549
Total deferred outflows of resources	-	-	-	-	-	1,688,549	1,688,549
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 15,098,225	$ 601,860	$ 26,241	$ 10,554	$ 15,736,880	$ 13,377,077	$ 29,113,957

11. DISCRETELY PRESENTED COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY (Continued)

Balance Sheet (Continued)

	General Operating	Special Revenue: Building Reserve	Special Revenue: Gift and Memorial	Special Revenue: Endowment	Total	Adjustment	Statement of Net Position
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES/ NET POSITION							
LIABILITIES							
Accounts payable	$ 81,441	$ 254,837	$ 23	$ -	$ 336,301	$ -	$ 336,301
Accrued wages and benefits	420,356	-	-	-	420,356	-	420,356
Compensated absences	-	-	-	-	-	422,195	422,195
Net pension liability	-	-	-	-	-	1,014,066	1,014,066
Other postemployment benefits obligation	-	-	-	-	-	162,232	162,232
Total liabilities	501,797	254,837	23	-	756,657	1,598,493	2,355,150
DEFERRED INFLOWS OF RESOURCES							
Deferred items - IMRF	-	-	-	-	-	4,423,337	4,423,337
Unavailable/earned property tax revenue	14,583,000	-	-	-	14,583,000	-	14,583,000
Total deferred inflows of resources	14,583,000	-	-	-	14,583,000	4,423,337	19,006,337
FUND BALANCES/ NET POSITION							
Fund balances							
Restricted for culture and recreation	-	-	-	10,554	10,554	-	10,554
Committed to culture and recreation	-	347,023	26,218	-	373,241	(373,241)	-
Unassigned	13,428	-	-	-	13,428	(13,428)	-
Net position							
Invested in capital assets	-	-	-	-	-	11,688,528	11,688,528
Unrestricted	-	-	-	-	-	(3,946,612)	(3,946,612)
Total fund balances/ net position	13,428	347,023	26,218	10,554	397,223	7,355,247	7,752,470
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES/ NET POSITION	$ 15,098,225	$ 601,860	$ 26,241	$ 10,554	$ 15,736,880	$ 13,377,077	$ 29,113,957

11. DISCRETELY PRESENTED COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY (Continued)

Statement of Net Position

	General Operating	Special Revenue: Building Reserve	Special Revenue: Gift and Memorial	Special Revenue: Endowment	Total	Adjustment	Statement of Activities
REVENUES							
Property taxes	$ 14,081,203	$ -	$ -	$ -	$ 14,081,203	$ -	$ 14,081,203
Other taxes - personal property replacement tax	135,171	-	-	-	135,171	-	135,171
Fines and forfeits	348,356	-	-	-	348,356	-	348,356
Net investment income	(37,891)	5,113	331	125	(32,322)	-	(32,322)
Intergovernmental	-	24,247	300	-	24,547	-	24,547
Charges for services	4,091	-	-	-	4,091	-	4,091
Fees	83,484	-	-	-	83,484	-	83,484
Contribution	110,140	-	5,629	-	115,769	-	115,769
Miscellaneous	112,437	2,745	-	-	115,182	-	115,182
Total revenues	14,836,991	32,105	6,260	125	14,875,481	-	14,875,481
EXPENDITURES/EXPENSES							
Current							
Culture and recreation	15,267,331	2,684,503	8,812	-	17,960,646	(1,847,845)	16,112,801
Total expenditures/ expenses	15,267,331	2,684,503	8,812	-	17,960,646	(1,847,845)	16,112,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(430,340)	(2,652,398)	(2,552)	125	(3,085,165)	1,847,845	(1,237,320)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	2,750,000	-	-	2,750,000	(2,750,000)	-
Transfers (out)	(2,750,000)	-	-	-	(2,750,000)	2,750,000	-
Total other financing sources (uses)	(2,750,000)	2,750,000	-	-	-	-	-
NET CHANGE IN FUND BALANCES/NET POSITION	(3,180,340)	97,602	(2,552)	125	(3,085,165)	1,847,845	(1,237,320)
FUND BALANCES/ NET POSITION AT JANUARY 1, 2017	3,193,768	249,421	28,770	10,429	3,482,388	5,364,867	8,847,255
Prior period adjustment	-	-	-	-	-	142,535	142,535
FUND BALANCES/ NET POSITION AT JANUARY 1, 2017, RESTATED	3,193,768	249,421	28,770	10,429	3,482,388	5,507,402	8,989,790
FUND BALANCES/ NET POSITION AT DECEMBER 31, 2017	$ 13,428	$ 347,023	$ 26,218	$ 10,554	$ 397,223	$ 7,355,247	$ 7,752,470

12. PRIOR PERIOD ADJUSTMENT

A net position of the Discretely Presented Component Unit - Naperville Public Library has been restated in the amount of $142,535 to adjust for corrections to capital assets and accumulated depreciation as a result of capital asset inventory performed at December 31, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amount			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 20,747,437	$ 20,747,437	$ 20,890,668	$ 143,231
Utility tax	16,576,700	16,576,700	15,398,673	(1,178,027)
Other taxes	6,726,000	6,726,000	7,468,764	742,764
Licenses and permits	2,456,500	2,456,500	2,943,444	486,944
Fines	1,962,500	1,962,500	1,419,028	(543,472)
Net investment income	182,500	182,500	134,196	(48,304)
Intergovernmental	52,446,215	52,446,215	50,461,179	(1,985,036)
Charges for services	17,336,921	17,336,921	18,650,839	1,313,918
Franchise fees	3,238,350	3,238,350	3,423,069	184,719
Miscellaneous	455,500	455,500	424,525	(30,975)
Total revenues	122,128,623	122,128,623	121,214,385	(914,238)
EXPENDITURES				
Current				
General government	10,981,191	10,981,191	12,475,389	(1,494,198)
Physical environment	8,165,390	8,165,390	7,849,786	315,604
Public safety	74,272,019	74,272,019	71,651,890	2,620,129
Transportation	24,673,314	24,673,314	23,842,074	831,240
Culture and recreation	87,108	87,108	65,097	22,011
Total expenditures	118,179,022	118,179,022	115,884,236	2,294,786
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,949,601	3,949,601	5,330,149	1,380,548
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(3,775,000)	(3,775,000)	(3,775,000)	-
Total other financing sources (uses)	(3,775,000)	(3,775,000)	(3,775,000)	-
NET CHANGE IN FUND BALANCE	$ 174,601	$ 174,601	1,555,149	$ 1,380,548
FUND BALANCE, JANUARY 1			26,857,931	
FUND BALANCE, DECEMBER 31			$ 28,413,080	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE

December 31, 2017

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted at the fund level for the Governmental and Proprietary Funds except for the Fair Share Assessment, Foreign Fire Insurance and Water Street TIF funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end. Several budget amendments were made during the current fiscal year.

The following funds had an excess of actual expenditures over budget for the fiscal year:

Fund	Excess
Food and Beverage Tax	$ 274,818
Downtown Parking	337,783

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017
Actuarially determined contributions	$ 6,026,372	$ 6,217,283	$ 6,233,486
Contributions in relation to the actuarially determined contribution	6,026,372	6,217,283	6,233,486
CONTRIBUTION DEFICIENCY (Excess)	$ -	$ -	$ -
Covered-employee payroll	$ 51,417,441	$ 51,486,313	$ 52,718,201
Contributions as a percentage of covered-employee payroll	11.72%	12.08%	11.82%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2014 (base year 2012)

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.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
Actuarially determined contributions	$ 5,156,419	$ 4,809,036	$ 5,829,394	$ 6,538,474
Contributions in relation to the actuarially determined contribution	5,641,180	5,345,433	6,329,588	6,677,807
CONTRIBUTION DEFICIENCY (Excess)	$ (484,761)	$ (536,397)	$ (500,194)	$ (139,333)
Covered-employee payroll	$ 16,365,735	$ 16,683,031	$ 17,893,623	$ 18,050,807
Contributions as a percentage of covered-employee payroll	34.47%	32.04%	35.37%	36.99%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	Market Value
Inflation	2.5%
Salary Increases	5.0%
Investment Rate of Return	7.0%
Retirement Age	100% by age 70
Mortality	RP 2000 Mortality Table (CHBCA)

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
Actuarially determined contributions	$ 5,183,001	$ 4,820,338	$ 5,871,947	$ 7,237,440
Contributions in relation to the actuarially determined contribution	5,670,039	5,355,723	6,415,496	7,338,200
CONTRIBUTION DEFICIENCY (Excess)	$ (487,038)	$ (535,385)	$ (543,549)	$ (100,760)
Covered-employee payroll	$ 17,165,868	$ 18,315,408	$ 18,576,954	$ 19,262,676
Contributions as a percentage of covered-employee payroll	33.03%	29.24%	34.53%	38.10%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.5%
Salary Increases	5.0%
Investment Rate of Return	7.0%
Retirement Age	100% by age 70
Mortality	RP 2000 Mortality Table (CHBCA)

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	$ 5,623,110	$ 5,569,481	$ 5,538,779
Interest	20,562,051	21,744,892	22,718,596
Changes in benefit terms	-	-	-
Differences between expected and actual experience	626,724	(2,265,178)	4,058,008
Change of assumptions	358,132	(740,500)	(9,514,997)
Benefit payments, including refunds of member contributions	(10,515,189)	(11,410,419)	(12,761,262)
Net change in total pension liability	16,654,828	12,898,276	10,039,124
Total pension liability - beginning	276,972,756	293,627,584	306,525,860
TOTAL PENSION LIABILITY - ENDING	$ 293,627,584	$ 306,525,860	$ 316,564,984
PLAN FIDUCIARY NET POSITION			
Contributions - employer	$ 6,026,372	$ 6,217,283	$ 6,233,486
Contributions - members	2,325,703	2,364,110	2,431,700
Net investment income	1,278,894	17,659,805	46,307,985
Benefit payments, including refunds of member contributions	(10,515,189)	(11,410,419)	(12,761,262)
Other	(715,829)	1,156,632	(3,683,564)
Net change in plan fiduciary net position	(1,600,049)	15,987,411	38,528,345
Plan fiduciary net position - beginning	256,860,331	255,260,282	271,247,693
PLAN FIDUCIARY NET POSITION - ENDING	$ 255,260,282	$ 271,247,693	$ 309,776,038
EMPLOYER'S NET PENSION LIABILITY	$ 38,367,302	$ 35,278,167	$ 6,788,946
Plan fiduciary net position as a percentage of the total pension liability	86.93%	88.49%	97.86%
Covered-employee payroll	$ 51,417,441	$ 51,486,313	$ 52,718,201
Employer's net pension liability as a percentage of covered-employee payroll	74.62%	68.52%	12.88%

Measurement Date December 31, 2015 - There was a change with respect to actuarial assumptions. Certain demographic assumptions were changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

Measurement Date December 31, 2016 - There was a change with respect to actuarial assumptions. Changes in assumptions related to mortality were made since the prior measurement date. Additionally, the discount rate was changed from 7.48% to 7.50%.

Measurement Date December 31, 2017 - Assumptions related to salary increases were changed from 3.75% - 14.50% to 3.39% - 14.25%. Assumptions related to price inflation were changed from 2.75% to 2.50%. Additionally, Certain demographic assumptions were changed, which impacted mortality rates and retirement rates.

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.)

CITY OF NAPERVILLE, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
TOTAL PENSION LIABILITY				
Service cost	$ 3,442,284	$ 2,635,406	$ 4,113,967	$ 4,277,831
Interest	12,150,401	8,904,818	13,993,038	14,216,220
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(2,006,971)	(1,398,497)	(11,518,319)	1,578,661
Change of assumptions	8,387,367	-	3,016,340	-
Benefit payments, including refunds of member contributions	(5,506,966)	(3,958,442)	(6,365,209)	(6,817,646)
Net change in total pension liability	16,466,115	6,183,285	3,239,817	13,255,066
Total pension liability - beginning	176,330,635	192,796,750	198,980,035	202,219,852
TOTAL PENSION LIABILITY - ENDING	$ 192,796,750	$ 198,980,035	$ 202,219,852	$ 215,474,918
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ 5,641,180	$ 5,345,433	$ 6,329,588	$ 6,677,807
Contributions - members	1,599,368	1,117,257	1,773,258	1,788,835
Contributions - other	8,066	2,237	21,704	-
Net investment income	8,726,002	(4,333,440)	11,562,097	20,204,239
Benefit payments, including refunds of member contributions	(5,506,966)	(3,950,028)	(6,386,913)	(6,817,646)
Administrative expense	(130,073)	(67,226)	(53,912)	(66,441)
Net change in plan fiduciary net position	10,337,577	(1,885,767)	13,245,822	21,786,794
Plan fiduciary net position - beginning	130,457,028	140,794,605	138,908,838	152,154,660
PLAN FIDUCIARY NET POSITION - ENDING	$ 140,794,605	$ 138,908,838	$ 152,154,660	$ 173,941,454
EMPLOYER'S NET PENSION LIABILITY	$ 52,002,145	$ 60,071,197	$ 50,065,192	$ 41,533,464
Plan fiduciary net position as a percentage of the total pension liability	73.03%	69.81%	75.24%	80.72%
Covered-employee payroll	$ 16,683,031	$ 16,683,031	$ 17,893,623	$ 18,050,807
Employer's net pension liability as a percentage of covered-employee payroll	311.71%	360.07%	279.79%	230.09%

Measurement Date April 30, 2015 - Changes made to mortality rate.

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.

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.)

CITY OF NAPERVILLE, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
TOTAL PENSION LIABILITY				
Service cost	$ 3,852,140	$ 3,038,367	$ 5,196,429	$ 5,414,018
Interest	11,857,616	8,558,822	14,032,562	14,813,198
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(82,734)	5,414,803	(5,954,167)	(96,584)
Change of assumptions	2,920,299	-	4,639,327	-
Contributions buy-back	-	-	-	15,593
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)	(6,423,714)	(7,535,884)
Net change in total pension liability	13,339,753	13,142,547	11,490,437	12,610,341
Total pension liability - beginning	171,998,295	185,338,048	198,480,595	209,971,032
TOTAL PENSION LIABILITY - ENDING	$ 185,338,048	$ 198,480,595	$ 209,971,032	$ 222,581,373
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ 5,670,039	$ 5,355,723	$ 6,415,496	$ 7,338,200
Contributions - members	1,839,016	1,181,158	1,756,451	1,821,286
Contributions buy-back	-	-	-	15,593
Net investment income	7,705,014	(4,543,027)	11,586,944	20,265,831
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)	(6,423,714)	(7,535,884)
Administrative expense	(109,970)	(82,866)	(123,773)	(126,490)
Net change in plan fiduciary net position	9,896,531	(1,958,457)	13,211,404	21,778,536
Plan fiduciary net position - beginning	131,511,368	141,407,899	139,449,442	152,660,846
PLAN FIDUCIARY NET POSITION - ENDING	$ 141,407,899	$ 139,449,442	$ 152,660,846	$ 174,439,382
EMPLOYER'S NET PENSION LIABILITY	$ 43,930,149	$ 59,031,153	$ 57,310,186	$ 48,141,991
Plan fiduciary net position as a percentage of the total pension liability	76.30%	70.26%	72.71%	78.37%
Covered-employee payroll	$ 17,165,868	$ 18,315,408	$ 18,576,954	$ 19,262,676
Employer's net pension liability as a percentage of covered-employee payroll	255.92%	322.30%	308.50%	249.92%

Measurement Date April 30, 2015 - Changes made to mortality rate.

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.

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
Annual money-weighted rate of return, net of investment expense	6.60%	(3.10%)	8.41%	13.29%

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	2016	2017
Annual money-weighted rate of return, net of investment expense	6.00%	(3.20%)	8.32%	13.31%

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry-Age	(b)-(a) Unfunded AAL (UAAL)	(a) / (b) Funded Ratio	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/17	N/A	N/A	N/A	N/A	N/A	N/A
12/31/16	$ -	$ 10,649,256	$ 10,649,256	0.00%	$ 82,729,832	12.87%
12/31/2015*	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2015	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2014	-	9,043,563	9,043,563	0.00%	88,717,698	10.19%
4/30/2013	-	8,302,543	8,302,543	0.00%	84,561,057	9.82%

*For the eight months ended.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

Year Ended April 30	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
12/31/17	$ 540,649	$ 827,914	65.30%
12/31/16	443,024	615,455	71.98%
12/31/2015*	295,349	410,303	71.98%
4/30/2015	443,023	615,455	71.98%
4/30/2014	435,507	558,380	77.99%
4/30/2013	435,507	558,380	77.99%

*Eight months ended.

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future.

(See independent auditor's report.)

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

General Fund - This fund is the general operating fund of the City. The General Fund should be used to account for and report all financial resources not accounted for and reported in another fund.

DEBT SERVICE FUND

Debt Service Fund - This fund is funded by a property tax restricted for the payment of principal and interest on general obligation bonds in accordance with the bond ordinance authorizing the issuance of the bonds.

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
TAXES				
Property taxes				
General	$ 7,951,523	$ 7,951,523	$ 8,001,670	$ 50,147
Police Pension	6,048,474	6,048,474	6,092,659	44,185
Firefighters' Pension	6,747,440	6,747,440	6,796,339	48,899
Total property taxes	20,747,437	20,747,437	20,890,668	143,231
Utility tax	16,576,700	16,576,700	15,398,673	(1,178,027)
Other taxes				
Auto rental tax	106,000	106,000	111,786	5,786
Real estate transfer tax	5,000,000	5,000,000	5,505,837	505,837
Hotel/motel tax	1,320,000	1,320,000	1,549,292	229,292
Charitable games tax	-	-	990	990
Personal property replacement tax	300,000	300,000	300,859	859
Total other taxes	6,726,000	6,726,000	7,468,764	742,764
Total taxes	44,050,137	44,050,137	43,758,105	(292,032)
LICENSES AND PERMITS				
Licenses				
Liquor	513,550	513,550	686,941	173,391
Business license	130,000	130,000	132,042	2,042
Scavenger	2,250	2,250	1,850	(400)
Total licenses	645,800	645,800	820,833	175,033
Permits				
Small permits	220,000	220,000	273,166	53,166
Inspection - electrical	100	100	50	(50)
Sale of permit pouches	-	-	1,800	1,800
Plan review - inspection storage	600	600	135	(465)
Single family (duplex) fees	525,000	525,000	679,987	154,987
1&2 Fam room addition fees	250,000	250,000	266,817	16,817
Multi-family new - fees	115,000	115,000	141,930	26,930
Commercial new fees	245,000	245,000	267,564	22,564
Commercial - simple occup	10,000	10,000	8,950	(1,050)
Commercial alteration	335,000	335,000	349,806	14,806
Demolitions	60,000	60,000	56,364	(3,636)
Fire alarm/sprinkler	50,000	50,000	76,042	26,042
Total permits	1,810,700	1,810,700	2,122,611	311,911
Total licenses and permits	2,456,500	2,456,500	2,943,444	486,944

(This schedule is continued on the following pages.)

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
FINES				
Police fines	$ 1,500,000	$ 1,500,000	$ 934,405	$ (565,595)
Police - false alarms	83,000	83,000	88,968	5,968
Fire - false alarms	1,000	1,000	800	(200)
Fines - court - enforcement	100,000	100,000	108,050	8,050
Parking fines	190,000	190,000	196,841	6,841
Alcohol and tobacco fines	13,000	13,000	3,475	(9,525)
Animal fines	5,500	5,500	7,415	1,915
DUI fines	70,000	70,000	79,074	9,074
Total fines	1,962,500	1,962,500	1,419,028	(543,472)
NET INVESTMENT INCOME	182,500	182,500	134,196	(48,304)
INTERGOVERNMENTAL REVENUE				
Sales and use tax	37,374,415	37,374,415	36,949,324	(425,091)
State income tax	14,540,000	14,540,000	13,029,080	(1,510,920)
FEMA	-	-	-	-
Secret services	10,000	10,000	11,500	1,500
IEMA - Citizen corps	-	-	-	-
Federal grants	46,000	46,000	22,195	(23,805)
ILEAS	22,000	22,000	18,960	(3,040)
Click it or ticket	50,000	50,000	49,084	(916)
TED - ride DuPage grant	140,000	140,000	128,736	(11,264)
Tobacco grant	8,800	8,800	-	(8,800)
Police training grant	-	-	14,661	14,661
MABAS/ITTF Deploy drill	60,000	60,000	47,269	(12,731)
IDOT-TED - traffic signal energy	40,000	40,000	35,371	(4,629)
DuPage County HHW project	100,000	100,000	100,000	-
Kane County HHW service	10,000	10,000	10,000	-
Will County	25,000	25,000	24,999	(1)
Aurora HHW contribution	20,000	20,000	20,000	-
Total intergovernmental revenue	52,446,215	52,446,215	50,461,179	(1,985,036)
CHARGES FOR SERVICES				
P.U.D. filing fees	100,000	100,000	136,824	36,824
Annexation fees	4,000	4,000	5,986	1,986
Residential engineering fee	130,000	130,000	194,490	64,490
Commercial engineering fee	60,000	60,000	51,123	(8,877)
Plat review fees - easement	4,500	4,500	8,280	3,780
Plat review fees - right of ways	-	-	24,929	24,929
Sale of printed material	-	-	10	10
Accident reports	18,000	18,000	16,895	(1,105)
Photo lab	200	200	61	(139)
Police ranging services	-	-	5	5

(This schedule is continued on the following pages.)

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
CHARGES FOR SERVICES (Continued)				
Meeting room fees	$ -	$ -	$ 14,740	$ 14,740
Ambulance report	2,500	2,500	4,716	2,216
Bail bond fees	72,000	72,000	40,405	(31,595)
Administrative tow fee	200,000	200,000	127,869	(72,131)
Clerk fees	10,400	10,400	11,072	672
Right of ways - other	20,000	20,000	23,280	3,280
Mowing services	28,000	28,000	36,910	8,910
Landscape services	220,000	220,000	210,032	(9,968)
Voluntary cart program	186,000	186,000	135,528	(50,472)
Cart delivery charge	7,000	7,000	8,090	1,090
DPW - services for DPU	70,000	70,000	57,031	(12,969)
N.F.P.D. - contract	1,090,000	1,090,000	1,098,206	8,206
Elevator inspections	85,000	85,000	79,039	(5,961)
Ambulance fees	3,800,000	3,800,000	5,232,628	1,432,628
Fire service fees	250,000	250,000	156,705	(93,295)
Police services	380,890	380,890	410,794	29,904
Billable police services	203,556	203,556	247,729	44,173
Billable fire services	182,767	182,767	119,225	(63,542)
Fire reimbursements	-	-	25,964	25,964
Billable TED service	1,533	1,533	13,202	11,669
Fire alarm monitoring	726,106	726,106	696,427	(29,679)
Billable DPW services	112,732	112,732	125,302	12,570
Garbage collection fee	6,338,613	6,338,613	6,292,031	(46,582)
Recycling Cart program	-	-	20	20
Charges for services	-	-	88,622	88,622
Other charges for services	3,033,124	3,033,124	2,956,669	(76,455)
Total charges for services	17,336,921	17,336,921	18,650,839	1,313,918
FRANCHISE FEES				
Rent income	62,050	62,050	62,057	7
WideOpenWest - cable franchise fee	650,000	650,000	594,877	(55,123)
WideOpenWest - 1% support fee	135,000	135,000	118,975	(16,025)
Comcast - cable franchise fee	1,450,000	1,450,000	1,618,523	168,523
Comcast - 1% support fee	295,000	295,000	323,705	28,705
Rents and royalties	131,500	131,500	293,795	162,295
Lease revenue	4,800	4,800	619	(4,181)
AT&T - cable franchise fee	425,000	425,000	342,098	(82,902)
AT&T - 1% support fee	85,000	85,000	68,420	(16,580)
Total franchise fees	3,238,350	3,238,350	3,423,069	184,719

(This schedule is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
MISCELLANEOUS				
Late payment charge	$ 35,000	$ 35,000	$ 43,698	$ 8,698
Sale of surplus property	-	-	43,616	43,616
DPW - disposal/scrap	5,000	5,000	6,706	1,706
Nonrefundable bid deposit	-	-	25	25
Bad debt recovery	40,000	40,000	(7,635)	(47,635)
Cashier over/short	-	-	(131)	(131)
Damage to city property	20,000	20,000	37,573	17,573
Miscellaneous non revenues	3,500	3,500	5,615	2,115
NSF check charge	20,000	20,000	24,727	4,727
Information technology	-	-	8,251	8,251
Miscellaneous revenues	332,000	332,000	262,080	(69,920)
Total miscellaneous	455,500	455,500	424,525	(30,975)
TOTAL REVENUES	$ 122,128,623	$ 122,128,623	$ 121,214,385	$ (914,238)

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
GENERAL GOVERNMENT				
Legislative				
Mayor and City Council				
Salaries	$ 229,562	$ 229,562	$ 227,557	$ 2,005
Employee benefits	65,841	65,841	64,128	1,713
Other purchased services	35,000	35,000	1,408	33,592
Supplies	2,450	2,450	1,208	1,242
Internal services	1,444	1,444	1,440	4
Total Mayor and City Council	334,297	334,297	295,741	38,556
Alcohol and Tobacco Commission				
Other professional services	2,000	2,000	2,879	(879)
Other purchased services	3,000	3,000	57	2,943
Supplies	18,250	18,250	11,372	6,878
Total Alcohol and Tobacco Commission	23,250	23,250	14,308	8,942
Legal				
Legal department				
Salaries	804,382	804,382	690,459	113,923
Employee benefits	246,785	246,785	224,657	22,128
Other professional services	30,000	30,000	8,782	21,218
Other purchased services	42,100	42,100	25,274	16,826
Purchase property service	2,500	2,500	-	2,500
Supplies	45,500	45,500	33,539	11,961
Internal services	2,152	2,152	2,148	4
Total legal	1,173,419	1,173,419	984,859	188,560
Executive				
City Manager's Office				
Salaries	408,704	408,704	433,138	(24,434)
Employee benefits	109,478	109,478	119,315	(9,837)
Other professional services	44,164	44,164	64,514	(20,350)
Other purchased services	50,959	50,959	67,704	(16,745)
Supplies	1,800	1,800	673	1,127
Internal services	3,130	3,130	3,132	(2)
Total City Manager's Office	618,235	618,235	688,476	(70,241)
Sister Cities Commission				
Other purchased services	3,350	3,350	3,331	19
Total Sister Cities Commission	3,350	3,350	3,331	19

(This schedule is continued on the following pages.)

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
GENERAL GOVERNMENT (Continued)				
Executive (Continued)				
Board of Fire and Police				
Salaries	$ 61,534	$ 61,534	$ 63,132	$ (1,598)
Employee benefits	25,697	25,697	25,718	(21)
Other professional services	82,641	82,641	66,991	15,650
Other purchased services	21,900	21,900	23,273	(1,373)
Supplies	1,700	1,700	2,245	(545)
Total Board of Fire and Police	193,472	193,472	181,359	12,113
Communications				
Salaries	260,954	260,954	242,703	18,251
Employee benefits	70,721	70,721	62,306	8,415
Technical services	99,740	99,740	56,228	43,512
Other professional services	55,500	55,500	59,652	(4,152)
Other purchased services	20,182	20,182	9,084	11,098
Purchased property	500	500	-	500
Supplies	6,700	6,700	475	6,225
Total communications	514,297	514,297	430,448	83,849
Human resources				
Salaries	574,014	574,014	542,720	31,294
Employee benefits	244,740	244,740	219,719	25,021
Technical services	11,441	11,441	1,523	9,918
Other professional services	122,022	122,022	63,778	58,244
Other purchased services	69,737	69,737	59,098	10,639
Supplies	23,613	23,613	21,493	2,120
Internal services	1,181	1,181	1,752	(571)
Total human resources	1,046,748	1,046,748	910,083	136,665
City clerk				
City Clerk's Office				
Salaries	493,312	493,312	450,971	42,341
Employee benefits	160,794	160,794	142,474	18,320
Other professional services	13,210	13,210	6,525	6,685
Purchased property	3,151	3,151	2,347	804
Other purchased services	87,750	87,750	16,899	70,851
Supplies	4,500	4,500	5,752	(1,252)
Property	-	-	7,767	(7,767)
Internal services	1,223	1,223	1,224	(1)
Other	7,000	7,000	8,511	(1,511)
Total City Clerk's Office	770,940	770,940	642,470	128,470

(This schedule is continued on the following pages.)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
GENERAL GOVERNMENT (Continued)				
City clerk (Continued)				
Reproduction micrographics service				
Salaries	$ -	$ -	$ 2,302	$ (2,302)
Employee benefits	-	-	230	(230)
Property	-	-	78	(78)
Total reproduction micrographics service	-	-	2,610	(2,610)
Information technology				
Salaries	1,396,830	1,396,830	1,330,680	66,150
Employee benefits	604,726	604,726	590,079	14,647
Technical services	1,602,179	1,602,179	1,827,579	(225,400)
Purchased property	11,800	11,800	654	11,146
Other professional services	314,000	314,000	408,497	(94,497)
Other purchased services	765,679	765,679	745,878	19,801
Supplies	645,807	645,807	578,469	67,338
Property	457,000	457,000	252,695	204,305
Internal services	(802,808)	(802,808)	(802,812)	4
Total information technology	4,995,213	4,995,213	4,931,719	63,494
Financial administration				
Administration				
Salaries	417,930	417,930	392,347	25,583
Employee benefits	143,983	143,983	130,474	13,509
Technical services	178,657	178,657	317,539	(138,882)
Other professional services	229,798	229,798	267,967	(38,169)
Purchased property	2,000	2,000	176	1,824
Other purchased services	21,998	21,998	16,757	5,241
Supplies	29,670	29,670	15,572	14,098
Property	-	-	19,012	(19,012)
Internal services	4,856	4,856	4,860	(4)
Total administration	1,028,892	1,028,892	1,164,704	(135,812)
Billing and collection				
Salaries	78,182	78,182	43,247	34,935
Employee benefits	23,063	23,063	15,346	7,717
Technical services	6,250	6,250	5,807	443
Other professional services	-	-	14,608	(14,608)
Purchased property	500	500	-	500
Property	-	-	1,612	(1,612)
Other purchased services	-	-	13,811	(13,811)
Total billing and collection	107,995	107,995	94,431	13,564

(This schedule is continued on the following pages.)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
GENERAL GOVERNMENT (Continued)				
Financial administration (Continued)				
Procurement services				
Salaries	$ 295,802	$ 295,802	$ 300,397	$ (4,595)
Employee benefits	123,172	123,172	123,691	(519)
Other purchased services	4,000	4,000	1,575	2,425
Supplies	-	-	37	(37)
Professional services	25,000	25,000	-	25,000
Total procurement services	447,974	447,974	425,700	22,274
Procurement services				
Salaries	125	125	1,189	(1,064)
Employee benefits	10	10	-	10
Total procurement services	135	135	1,189	(1,054)
General services	(277,026)	(277,026)	1,703,961	(1,980,987)
Total general government	10,981,191	10,981,191	12,475,389	(1,494,198)
PHYSICAL ENVIRONMENT				
Development review team				
Salaries	1,599,801	1,599,801	1,594,632	5,169
Employee benefits	551,248	551,248	544,672	6,576
Technical services	35,950	35,950	27,710	8,240
Total development review team	2,186,999	2,186,999	2,167,014	19,985
Special projects team				
Salaries	1,193,758	1,193,758	1,127,138	66,620
Employee benefits	474,477	474,477	400,340	74,137
Technical services	18,000	18,000	8,245	9,755
Other purchased services	66,815	66,815	60,494	6,321
Supplies	75,150	75,150	55,081	20,069
Property	2,000	2,000	1,993	7
Internal services	35,253	35,253	35,256	(3)
Total special projects team	1,865,453	1,865,453	1,688,547	176,906
Planning				
Salaries	327,602	327,602	338,038	(10,436)
Employee benefits	78,124	78,124	87,315	(9,191)
Other professional services	30,000	30,000	28,919	1,081
Total planning	435,726	435,726	454,272	(18,546)

(This schedule is continued on the following pages.)

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
PHYSICAL ENVIRONMENT (Continued)				
Public buildings				
Salaries	$ 1,063,170	$ 1,063,170	$ 1,115,793	$ (52,623)
Employee benefits	391,065	391,065	403,565	(12,500)
Technical services	238,146	238,146	205,982	32,164
Other professional services	20,000	20,000	20,733	(733)
Purchased property	500,200	500,200	426,096	74,104
Other purchased services	5,546	5,546	4,676	870
Supplies	1,222,085	1,222,085	1,233,969	(11,884)
Property	237,000	237,000	129,139	107,861
Total public buildings	3,677,212	3,677,212	3,539,953	137,259
Total physical environment	8,165,390	8,165,390	7,849,786	315,604
PUBLIC SAFETY				
Police				
Office of Chief of Police				
Salaries	1,579,274	1,579,274	1,364,812	214,462
Employee benefits	802,232	802,232	730,539	71,693
Other professional services	168,960	168,960	143,701	25,259
Purchased property services	19,700	19,700	19,194	506
Other purchased services	82,840	82,840	76,575	6,265
Supplies	105,100	105,100	82,694	22,406
Property	8,100	8,100	11,202	(3,102)
Other services and charges	4,000	4,000	4,000	-
Total Office of Chief of Police	2,770,206	2,770,206	2,432,717	337,489
Administrative services				
Salaries	582,644	582,644	658,074	(75,430)
Employee benefits	66,494	66,494	74,528	(8,034)
Other professional services	10,000	10,000	12,848	(2,848)
Purchased property services	6,781	6,781	5,143	1,638
Other purchased services	187,320	187,320	198,801	(11,481)
Supplies	248,583	248,583	222,414	26,169
Internal services	6,153,465	6,153,465	6,277,615	(124,150)
Total administrative services	7,255,287	7,255,287	7,449,423	(194,136)
Patrol				
Salaries	14,431,878	14,431,878	13,665,146	766,732
Employee benefits	2,191,053	2,191,053	2,136,712	54,341
Other professional services	13,700	13,700	12,250	1,450
Purchased property	9,500	9,500	2,789	6,711
Supplies	92,952	92,952	101,535	(8,583)
Property	40,400	40,400	33,205	7,195
Total patrol	16,779,483	16,779,483	15,951,637	827,846

(This schedule is continued on the following pages.)

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
PUBLIC SAFETY (Continued)				
Police (Continued)				
Investigations				
Salaries	$ 7,397,038	$ 7,397,038	$ 7,449,116	$ (52,078)
Employee benefits	1,298,865	1,298,865	1,266,932	31,933
Other professional services	117,889	117,889	130,503	(12,614)
Purchased property services	13,175	13,175	6,654	6,521
Other purchased services	2,500	2,500	2,015	485
Supplies	122,350	122,350	152,047	(29,697)
Total investigations	8,951,817	8,951,817	9,007,267	(55,450)
Communications				
Salaries	2,428,741	2,428,741	2,253,642	175,099
Employee benefits	804,652	804,652	737,519	67,133
Technical services	11,800	11,800	10,564	1,236
Other professional services	8,522	8,522	500	8,022
Purchased property services	532,928	532,928	510,374	22,554
Other purchased services	66,374	66,374	61,027	5,347
Supplies	37,902	37,902	27,659	10,243
Total communications	3,890,919	3,890,919	3,601,285	289,634
Fire				
Fire administration				
Salaries	1,736,535	1,736,535	1,633,136	103,399
Employee benefits	655,011	655,011	629,515	25,496
Technical services	40,316	40,316	29,373	10,943
Other professional services	431,300	431,300	440,902	(9,602)
Purchased property services	22,000	22,000	38,426	(16,426)
Other purchased services	86,340	86,340	64,667	21,673
Supplies	172,650	172,650	103,908	68,742
Internal services	6,791,646	6,791,646	6,760,579	31,067
Total fire administration	9,935,798	9,935,798	9,700,506	235,292
Operations division				
Salaries	20,425,627	20,425,627	19,564,477	861,150
Employee benefits	2,987,487	2,987,487	2,951,377	36,110
Technical services	105,795	105,795	108,864	(3,069)
Other professional services	146,000	146,000	95,645	50,355
Purchased property services	158,200	158,200	57,081	101,119
Other purchased services	80,750	80,750	70,112	10,638
Supplies	744,650	744,650	656,853	87,797
Property	40,000	40,000	4,646	35,354
Total operations division	24,688,509	24,688,509	23,509,055	1,179,454
Total public safety	74,272,019	74,272,019	71,651,890	2,620,129

(This schedule is continued on the following pages.)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
TRANSPORTATION				
Public works				
Administration				
Salaries	$ 613,600	$ 613,600	$ 621,555	$ (7,955)
Employee benefits	344,413	344,413	343,965	448
Technical services	6,717	6,717	6,954	(237)
Professional services	8,725	8,725	2,870	5,855
Other purchased services	50,455	50,455	44,123	6,332
Supplies	15,915	15,915	6,705	9,210
Internal services	59,388	59,388	59,388	-
Total administration	1,099,213	1,099,213	1,085,560	13,653
Strategic services				
Salaries	387,402	387,402	479,833	(92,431)
Employee benefits	108,144	108,144	122,311	(14,167)
Technical services	343,085	343,085	319,545	23,540
Other professional services	3,800	3,800	5,255	(1,455)
Purchased property services	6,758,494	6,758,494	7,068,064	(309,570)
Other purchased services	13,000	13,000	11,410	1,590
Supplies	201,265	201,265	155,310	45,955
Internal services	150,000	150,000	150,000	-
Total strategic services	7,965,190	7,965,190	8,311,728	(346,538)
Operations and maintenance				
Salaries	4,583,484	4,583,484	4,426,064	157,420
Employee benefits	1,625,122	1,625,122	1,585,019	40,103
Technical services	1,658,540	1,658,540	1,225,683	432,857
Other professional services	7,500	7,500	3,299	4,201
Purchased property services	265,175	265,175	215,630	49,545
Other purchased services	50,980	50,980	32,811	18,169
Supplies	1,429,675	1,429,675	1,233,450	196,225
Property	-	-	132	(132)
Total operations and maintenance	9,620,476	9,620,476	8,722,088	898,388
Fleet services				
Salaries	1,087,694	1,087,694	1,221,389	(133,695)
Employee benefits	385,074	385,074	421,593	(36,519)
Technical services	28,820	28,820	14,803	14,017
Purchased property services	417,000	417,000	450,471	(33,471)
Other purchased services	33,030	33,030	29,135	3,895
Supplies	2,121,475	2,121,475	1,709,035	412,440
Property	-	-	32,243	(32,243)
Other services and charges	5,500	5,500	9,300	(3,800)
Total fleet services	4,078,593	4,078,593	3,887,969	190,624

(This schedule is continued on the following page.)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
TRANSPORTATION (Continued)				
Transportation and engineering				
Administration				
Salaries	$ 774,624	$ 774,624	$ 853,299	$ (78,675)
Employee benefits	225,693	225,693	271,588	(45,895)
Technical services	5,000	5,000	-	5,000
Other professional services	64,000	64,000	25,832	38,168
Purchased property services	9,320	9,320	1,605	7,715
Other purchased services	335,025	335,025	262,542	72,483
Supplies	175,705	175,705	154,994	20,711
Other	320,475	320,475	264,869	55,606
Total administration	1,909,842	1,909,842	1,834,729	75,113
Total transportation	24,673,314	24,673,314	23,842,074	831,240
CULTURE AND RECREATION				
Carillon				
Supplies	-	-	198	(198)
Total Carillon	-	-	198	(198)
Riverwalk				
Salaries	27,456	27,456	27,590	(134)
Employee benefits	5,322	5,322	5,345	(23)
Technical services	52,000	52,000	31,498	20,502
Other purchased services	2,060	2,060	238	1,822
Supplies	270	270	228	42
Total Riverwalk	87,108	87,108	64,899	22,209
Total culture and recreation	87,108	87,108	65,097	22,011
TOTAL EXPENDITURES	$ 118,179,022	$ 118,179,022	$ 115,884,236	$ 2,294,786

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 8,759,076	$ 8,759,076	$ 8,620,843	$ (138,233)
Intergovernmental revenues				
Sales tax	4,055,000	4,055,000	4,083,516	28,516
Other	-	-	163,973	163,973
Net investment income	-	-	(132,755)	(132,755)
Total revenues	12,814,076	12,814,076	12,735,577	(78,499)
EXPENDITURES				
Debt service				
Principal	10,155,746	10,155,746	10,155,746	-
Interest and fees	3,199,330	3,199,330	3,199,330	-
Total expenditures	13,355,076	13,355,076	13,355,076	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(541,000)	(541,000)	(619,499)	(78,499)
OTHER FINANCING SOURCES (USES)				
Transfers in	541,000	541,000	783,664	242,664
Total other financing sources (uses)	541,000	541,000	783,664	242,664
NET CHANGE IN FUND BALANCE	$ -	$ -	164,165	$ 164,165
FUND BALANCE, JANUARY 1			2,986,710	
FUND BALANCE, DECEMBER 31			$ 3,150,875	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than special assessments or for major capital projects) that are legally restricted or committed to expenditures for specific purposes.

Motor Fuel Tax Fund - to account for the state allotments approved by the Illinois Department of Transportation and 75% of the local motor fuel tax and restricted to fund the street maintenance and various improvements projects.

Community Development Block Grant Fund - to account for the Community Development Block Grant approved by the Federal government and restricted to fund the Housing and Urban Development (HUD) projects.

Fair Share Assessment Fund - to account for street maintenance and improvement projects financed and restricted by the impact fees ordinance. All projects require the advance approval of the Transportation Management Advisory Committee and City Council. In 2009, the Council rescinded the impact fees ordinance. No impact fees revenue has been received since FY 2010.

Road and Bridge Fund - to account for the accumulation of 25% of the local motor fuel tax and the City's share of the four Townships' roadway funds, restricted for the street maintenance.

Naper Settlement Fund - to account for a property tax, one primary revenue source, levied and restricted for the operation and maintenance of the Naper Settlement Museum. In addition, there are donations, fees and interest earnings assigned to supplement the Settlement's program. The Settlement is administered by a Board of Directors, appointed by Council. The City Council approves the annual budget and property tax levy.

Foreign Fire Insurance Tax Fund - to account for state allotment of charges assessed to insurance companies who insure out of state organizations that do business in the State of Illinois and is restricted for fire department related purposes.

E-911 Surcharge Fund - to account for the receipt of E911 surcharges restricted to fund the operation of the E-911 system.

SPECIAL REVENUE FUNDS (Continued)

Food and Beverage Tax Fund - to account for the accumulation of 75% of the Food and Beverage tax, restricted to fund the social and artistic events and entities, providing cultural experiences for the Naperville community and its visitors.

Special Service Area #24 Fund - to account for the cost-sharing paid by property owners and the City, restricted to fund the maintenance and support services for enhancing downtown Naperville including improvements to the Chicago Avenue parking deck.

Test Track Fund - to account for the car dealership contributions restricted to fund the auto test rack maintenance.

Water Street TIF Fund - to account for the receipt and disbursement of Water Street TIF, a financing mechanism for the Water Street Redevelopment Project and to account for the 2014 G.O. bond proceeds of $6,220,000 to be restrictedly used for the Water Street Improvements. The eligible costs are restricted to the Water Street redevelopment project and may include, but not limited to, water storm, sanitary sewer, the service of public facilities and spaces pursuant to the Act, and road improvements.

Drug Forfeiture Fund - to account for the accumulation of funds seized by the City's authorities and restricted by the State and Federal governments for drug prevention expenditures.

American Recovery and Reinvestment Act Federal Grants Fund - to account for the receipt and disbursement of Energy Efficiency Conservation Block Program and Police Technology grants, restricted and approved by the Federal government under the American Recovery and Reinvestment Act.

Special Service Area #25 Fund - to account for the cost-sharing paid by property owners and the City, restricted to fund the traffic signal for enhancing south Naperville at Lacrosse St. and Rt. 59.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

DEBT SERVICE FUNDS

The following Debt Service Funds are established to account for the restricted resources required for the payment of principal and interest on the City's general obligation debts. The debt service funds are legal in nature. They are established in accordance with the City's ordinances.

Special Service Area #21 Fund - to establish a financing mechanism for repayment of a proportionate share of the cost to design and construct a parking deck on Van Buren Street.

Special Service Area #23 Fund - to establish a financing mechanism to collect a portion of the debt service for the Van Buren parking deck expansion. The City ceased to levy SSA #23 in December 2012 and will not levy it until December 2014.

Downtown Parking Fund - to account for the collection of the Downtown Food and Beverage Tax in repayment of one-third of the debt service for the acquisition of the Van Buren parking deck expansion.

CAPITAL PROJECTS FUNDS

Capital Projects Fund - to account for major capital improvement projects (CIP's) on an as needed basis. Yearly transfers from the other funds are done for funding of CIP projects.

Bond Project Fund - to account for the proceeds of $11,120,000 to be restricted for the capital improvements, including upgrades and repairs to capital equipment, municipal buildings/lots and Information Technology items; construction of traffic signals and streets including upgrading intersections; stormwater management programs; citywide LED street lighting conversion; Emerald Ash Borer tree removal and replacement; reconstruction/rehabilitation of bridges; and Riverwalk improvements.

CITY OF NAPERVILLE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Special Revenue Funds					
	Motor Fuel Tax Fund	Community Development Block Grant Fund	Fair Share Assessment Fund	Road and Bridge Fund	Naper Settlement Fund	Foreign Fire Insurance Tax Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS						
Cash and investments	$ 692,320	$ 62,461	$ 8,922	$ 426,405	$ 1,228,116	$ 538,290
Receivables						
Property taxes	-	-	-	-	2,898,272	-
Interest	1,969	-	22	1,074	2,983	-
Accounts receivable						
Less allowance for doubtful accounts	-	-	-	234,700	-	-
Loans and installments	-	-	-	-	-	-
Due from other governments	313,445	71,692	-	-	-	-
Total assets	1,007,434	134,153	8,944	662,179	4,129,371	538,290
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,007,434	$ 134,153	$ 8,944	$ 662,179	$ 4,129,371	$ 538,290
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 194,296	$ 71,692	$ -	$ 12,250	$ 31,316	$ -
Accrued wages and benefits	-	-	-	25,190	90,633	-
Due to other governments	-	97,394	-	-	-	-
Due to fiduciary funds	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Contract retainage payable	63,884	-	-	-	-	-
Unearned grant revenues and others	-	-	-	-	470	-
Total liabilities	258,180	169,086	-	37,440	122,419	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	-	-	-	-	2,898,272	-
Total deferred inflows of resources	-	-	-	-	2,898,272	-
Total liabilities and deferred inflows of resources	258,180	169,086	-	37,440	3,020,691	-
FUND BALANCES						
Restricted for						
Debt service	-	-	-	-	-	-
Highways, streets, and parking facilities	749,254	-	8,944	624,739	-	-
Public safety	-	-	-	-	-	538,290
Capital projects	-	-	-	-	-	-
Culture and recreation	-	-	-	-	1,108,680	-
Committed to						
Highways, streets, and parking facilities	-	-	-	-	-	-
Assigned to						
Capital projects	-	-	-	-	-	-
Unassigned	-	(34,933)	-	-	-	-
Total fund balances (deficit)	749,254	(34,933)	8,944	624,739	1,108,680	538,290
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,007,434	$ 134,153	$ 8,944	$ 662,179	$ 4,129,371	$ 538,290

	Special Revenue Funds								
	E-911 Surcharge Fund	Food and Beverage Tax Fund	Special Service Area #24 Fund	Test Track Fund	Water Street TIF Fund	Drug Forfeiture Fund	American Recovery and Reinvestment Act Federal Grants Fund	Special Service Area #25 Fund	Total Special Revenue Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
ASSETS									
Cash and investments	$ 255	$ 518,013	$ 881,806	$ 31,750	$ 5,167,321	$ 750,761	$ -	$ 12,959	$ 16,319,379
Receivables									
Property taxes	-	-	1,013,351	-	248,166	-	-	68,000	4,227,789
Interest	-	966	2,026	-	12,109	1,809	-	31	22,689
Accounts receivable									
Less allowance for doubtful accounts	64,000	405,783	-	35,407	-	-	-	-	739,890
Loans and installments	-	-	30,393	-	-	-	-	-	30,393
Due from other governments	771,693	-	-	-	-	-	-	-	1,156,830
Total assets	835,948	924,762	1,927,576	67,157	5,427,596	752,570	-	80,990	16,496,970
DEFERRED OUTFLOWS OF RESOURCES									
None	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 835,948	$ 924,762	$ 1,927,576	$ 67,157	$ 5,427,596	$ 752,570	$ -	$ 80,990	$ 16,496,970
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ -	$ 205,843	$ 22,820	$ 1,475	$ -	$ 3,352	$ -	$ -	$ 543,044
Accrued wages and benefits	-	5,528	33,284	-	-	-	-	-	154,635
Due to other governments	-	-	-	-	-	26,295	-	-	123,689
Due to fiduciary funds	-	128,420	-	-	-	-	-	-	128,420
Due to other funds	-	-	-	65,702	-	-	-	-	65,702
Advances from other funds	-	-	-	-	-	-	-	521,153	521,153
Contract retainage payable	-	-	-	-	-	-	-	-	63,884
Unearned grant revenues and others	-	-	-	-	-	-	-	-	470
Total liabilities	-	339,791	56,104	67,177	-	29,647	-	521,153	1,600,997
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue-property taxes	-	-	1,013,351	-	248,166	-	-	68,000	4,227,789
Total deferred inflows of resources	-	-	1,013,351	-	248,166	-	-	68,000	4,227,789
Total liabilities and deferred inflows of resources	-	339,791	1,069,455	67,177	248,166	29,647	-	589,153	5,828,786
FUND BALANCES									
Restricted for									
Debt service	-	-	-	-	-	-	-	-	-
Highways, streets, and parking facilities	-	-	-	-	-	-	-	-	1,382,937
Public safety	835,948	-	-	-	-	722,923	-	-	2,097,161
Capital projects	-	-	-	-	5,179,430	-	-	-	5,179,430
Culture and recreation	-	584,971	-	-	-	-	-	-	1,693,651
Committed to									
Highways, streets, and parking facilities	-	-	858,121	-	-	-	-	-	858,121
Assigned to									
Capital projects	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(20)	-	-	-	(508,163)	(543,116)
Total fund balances (deficit)	835,948	584,971	858,121	(20)	5,179,430	722,923	-	(508,163)	10,668,184
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 835,948	$ 924,762	$ 1,927,576	$ 67,157	$ 5,427,596	$ 752,570	$ -	$ 80,990	$ 16,496,970

(This statement is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Debt Service Funds			Capital Projects Funds		
	Special Service Areas Funds #21	Special Service Areas Funds #23	Downtown Parking Fund	Capital Projects Fund	Bond Project Fund	Total Nonmajor Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS						
Cash and investments	$ 822,561	$ 93,834	$ 2,740,902	$ 12,935,912	$ 6,301,341	$ 33,213,929
Receivables						
Property taxes	200,000	98,939	-	-	-	4,526,728
Interest	1,994	227	6,638	31,237	15,153	77,938
Accounts receivable						
Less allowance for doubtful accounts	-	-	201,547	11,167	-	952,604
Loans and installments	-	-	-	-	-	30,393
Due from other governments	-	-	-	136,910	-	1,293,740
Total assets	1,024,555	193,000	2,949,087	13,115,226	6,316,494	40,095,332
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,024,555	$ 193,000	$ 2,949,087	$ 13,115,226	$ 6,316,494	$ 40,095,332
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ 1,506	$ 642,319	$ 629,367	$ 1,816,236
Accrued wages and benefits	-	-	-	-	-	154,635
Due to other governments	-	-	-	-	-	123,689
Due to fiduciary funds	-	-	-	-	-	128,420
Due to other funds	-	-	-	-	-	65,702
Advances from other funds	-	-	-	-	-	521,153
Contract retainage payable	-	-	-	136,416	-	200,300
Unearned grant revenues and others	-	-	-	3,032,654	-	3,033,124
Total liabilities	-	-	1,506	3,811,389	629,367	6,043,259
DEFERRED INFLOWS OF BALANCES						
Unavailable revenue - property taxes	200,000	98,939	-	-	-	4,526,728
Total deferred inflows of resources	200,000	98,939	-	-	-	4,526,728
Total liabilities and deferred inflows of resources	200,000	98,939	1,506	3,811,389	629,367	10,569,987
FUND BALANCES						
Restricted for						
Debt service	824,555	94,061	2,947,581	-	-	3,866,197
Highways, streets, and parking facilities	-	-	-	-	-	1,382,937
Public safety	-	-	-	-	-	2,097,161
Capital projects	-	-	-	-	5,687,127	10,866,557
Culture and recreation	-	-	-	-	-	1,693,651
Committed to						
Highways, streets, and parking facilities	-	-	-	-	-	858,121
Assigned to						
Capital projects	-	-	-	9,303,837	-	9,303,837
Unassigned	-	-	-	-	-	(543,116)
Total fund balances (deficit)	824,555	94,061	2,947,581	9,303,837	5,687,127	29,525,345
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,024,555	$ 193,000	$ 2,949,087	$ 13,115,226	$ 6,316,494	$ 40,095,332

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	Special Revenue Funds					
	Motor Fuel Tax Fund	Community Development Block Grant Fund	Fair Share Assessment Fund	Road and Bridge Fund	Naper Settlement Fund	Foreign Fire Insurance Tax Fund
REVENUES						
Property taxes	$ -	$ -	$ -	$ 323,268	$ 2,948,397	$ -
Other taxes	-	-	-	2,734,625	-	-
Licenses and permits	-	-	-	62,412	-	-
Fines and forfeits	-	-	-	-	-	-
Net investment income (loss)	2,167	-	5,378	38,490	(3,547)	663
Contributions	-	-	-	-	-	-
Intergovernmental	3,679,434	350,433	-	-	-	250,941
Charges for services	-	-	-	-	537,985	-
Miscellaneous	58,255	-	-	1,122	-	-
Total revenues	3,739,856	350,433	5,378	3,159,917	3,482,835	251,604
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Physical environment	-	397,352	-	-	-	-
Public safety	-	-	-	-	-	269,758
Culture and recreation	-	-	-	-	3,514,521	-
Transportation	-	-	-	748,367	-	-
Capital outlay	3,333,534	-	523,750	4,919,136	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	3,333,534	397,352	523,750	5,667,503	3,514,521	269,758
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	406,322	(46,919)	(518,372)	(2,507,586)	(31,686)	(18,154)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	2,800,000	-	-
Transfers (out)	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
New bonds issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	2,800,000	-	-
NET CHANGE IN FUND BALANCES	406,322	(46,919)	(518,372)	292,414	(31,686)	(18,154)
FUND BALANCES (DEFICIT), JANUARY 1	342,932	11,986	527,316	332,325	1,140,366	556,444
FUND BALANCES (DEFICIT), DECEMBER 31	$ 749,254	$ (34,933)	$ 8,944	$ 624,739	$ 1,108,680	$ 538,290

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	Special Revenue Funds								Debt Service Funds		Capital Projects Funds		
	E-911 Surcharge Fund	Food and Beverage Tax Fund	Special Service Area #24 Fund	Test Track Fund	Water Street TIF Fund	Drug Forfeiture Fund	American Recovery and Reinvestment Act Federal Grants Fund	Special Service Area #25 Fund	Special Service Area Funds #21	Special Service Area Funds #23	Downtown Parking Fund	Capital Projects Fund	Bond Project Fund	Total Nonmajor Governmental Funds
REVENUES														
Property taxes	$ -	$ -	$ 941,579	$ -	$ 57,809	$ -	$ -	$ 68,019	$ 201,759	$ 76,761	$ -	$ -	$ -	$ 4,617,592
Other taxes	-	4,392,496	-	-	-	-	-	-	-	-	865,816	-	-	7,992,937
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	62,412
Fines and forfeits	-	-	53,545	-	-	-	-	-	-	-	-	-	-	53,545
Net investment income (loss)	130	18,577	23,449	-	25,927	9,263	-	(12)	10,647	2,287	22,412	132,746	48,340	336,917
Contributions	-	-	-	29,225	167,835	-	-	-	-	-	-	359,428	-	556,488
Intergovernmental	-	-	-	-	-	165,239	-	-	-	-	460,076	4,847,343	-	9,753,466
Charges for services	2,088,585	-	12,707	-	-	-	-	-	-	-	-	-	-	2,639,277
Miscellaneous	-	8,508	14,790	-	-	1,173	-	-	-	-	-	247,972	-	331,820
Total revenues	2,088,715	4,419,581	1,046,070	29,225	251,571	175,675	-	68,007	212,406	79,048	1,348,304	5,587,489	48,340	26,344,454
EXPENDITURES														
Current														
General government	-	-	-	-	6,616	-	-	-	-	-	-	-	-	6,616
Physical environment	-	-	-	-	-	-	-	-	-	-	-	-	-	397,352
Public safety	1,766,620	-	-	-	-	157,044	-	-	-	-	-	-	-	2,193,422
Culture and recreation	-	3,722,163	-	-	-	-	-	-	-	-	-	-	-	7,236,684
Transportation	-	-	1,815,244	37,498	-	-	-	-	-	-	-	-	-	2,601,109
Capital outlay	-	-	-	-	227,313	-	-	-	-	-	337,783	5,629,785	4,088,311	19,059,612
Debt service														
Principal	-	-	-	-	-	-	-	-	179,263	-	319,075	-	-	498,338
Interest	-	-	-	-	-	-	-	-	45,382	-	61,263	-	-	106,645
Total expenditures	1,766,620	3,722,163	1,815,244	37,498	233,929	157,044	-	-	224,645	-	718,121	5,629,785	4,088,311	32,099,778
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	322,095	697,418	(769,174)	(8,273)	17,642	18,631	-	68,007	(12,239)	79,048	630,183	(42,296)	(4,039,971)	(5,755,324)
OTHER FINANCING SOURCES (USES)														
Transfers in	-	-	975,000	-	-	-	-	-	-	-	-	35,100	-	3,810,100
Transfers out	-	(783,664)	-	-	-	-	(35,100)	-	-	-	-	-	-	(818,764)
Sale of property	-	-	-	-	-	-	-	-	-	-	-	221,162	-	221,162
New bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	6,980,000	6,980,000
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	179,109	179,109
Total other financing sources (uses)	-	(783,664)	975,000	-	-	-	(35,100)	-	-	-	-	256,262	7,159,109	10,371,607
NET CHANGE IN FUND BALANCES	322,095	(86,246)	205,826	(8,273)	17,642	18,631	(35,100)	68,007	(12,239)	79,048	630,183	213,966	3,119,138	4,616,283
FUND BALANCES (DEFICIT), JANUARY 1	513,853	671,217	652,295	8,253	5,161,788	704,292	35,100	(576,170)	836,794	15,013	2,317,398	9,089,871	2,567,989	24,909,062
FUND BALANCES (DEFICIT), DECEMBER 31	$ 835,948	$ 584,971	$ 858,121	$ (20)	$ 5,179,430	$ 722,923	$ -	$ (508,163)	$ 824,555	$ 94,061	$ 2,947,581	$ 9,303,837	$ 5,687,127	$ 29,525,345

(This statement is continued on the following page.)

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Net investment income	$ 11,000	$ 11,000	$ 2,167	$ (8,833)
Intergovernmental revenue - allotments from state and grants	3,775,000	3,775,000	3,679,434	(95,566)
Miscellaneous	-	-	58,255	58,255
Total revenues	3,786,000	3,786,000	3,739,856	(46,144)
EXPENDITURES				
Capital outlay	3,775,000	3,775,000	3,333,534	441,466
Total expenditures	3,775,000	3,775,000	3,333,534	441,466
NET CHANGE IN FUND BALANCE	$ 11,000	$ 11,000	406,322	$ 395,322
FUND BALANCE, JANUARY 1			342,932	
FUND BALANCE, DECEMBER 31			$ 749,254	

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Intergovernmental - federal grant	$ 459,468	$ 459,468	$ 350,433	$ (109,035)
Total revenues	459,468	459,468	350,433	(109,035)
EXPENDITURES				
Physical environment				
Outside agencies	459,468	459,468	397,352	62,116
Total expenditures	459,468	459,468	397,352	62,116
NET CHANGE IN FUND BALANCE	$ -	$ -	(46,919)	$ (46,919)
FUND BALANCE, JANUARY 1			11,986	
FUND BALANCE (DEFICIT), DECEMBER 31			$ (34,933)	

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property tax	$ 315,000	$ 315,000	$ 323,268	$ 8,268
Other taxes				
Local gasoline	2,645,000	2,645,000	2,699,392	54,392
Personal property replacement tax	35,000	35,000	35,233	233
Licenses and permits	60,000	60,000	62,412	2,412
Net investment income	-	-	38,490	38,490
Miscellaneous	-	-	1,122	1,122
Total revenues	3,055,000	3,055,000	3,159,917	104,917
EXPENDITURES				
Transportation				
Salaries	508,526	508,526	552,387	(43,861)
Employee benefits	195,332	195,332	195,980	(648)
Capital outlay	5,147,500	5,147,500	4,919,136	228,364
Total expenditures	5,851,358	5,851,358	5,667,503	183,855
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,796,358)	(2,796,358)	(2,507,586)	288,772
OTHER FINANCING SOURCES (USES)				
Transfers in	2,800,000	2,800,000	2,800,000	-
Total other financing sources (uses)	2,800,000	2,800,000	2,800,000	-
NET CHANGE IN FUND BALANCES	$ 3,642	$ 3,642	292,414	$ 288,772
FUND BALANCE, JANUARY 1			332,325	
FUND BALANCE, DECEMBER 31			$ 624,739	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NAPER SETTLEMENT FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 2,927,272	$ 2,927,272	$ 2,948,397	$ 21,125
Net investment income	5,600	5,600	(3,547)	(9,147)
Charges for services				
School services and programs	185,000	185,000	189,715	4,715
Museum tours	10,000	10,000	11,150	1,150
Public program revenue	72,000	72,000	76,123	4,123
Gate admissions	52,000	52,000	49,605	(2,395)
Settlement - weddings	100,000	100,000	96,797	(3,203)
Settlement - other	70,470	70,470	73,473	3,003
Settlement - MCOM	-	-	41,122	41,122
Contributions	481,294	481,294	-	(481,294)
Total revenues	3,903,636	3,903,636	3,482,835	(420,801)
EXPENDITURES				
Culture and recreation				
Settlement administration				
Salaries	560,857	560,857	484,804	76,053
Employee benefits	218,699	218,699	169,825	48,874
Technical services	31,851	31,851	21,568	10,283
Other professional services	57,917	57,917	1,976	55,941
Other purchased services	30,379	30,379	25,088	5,291
Supplies	33,680	33,680	19,907	13,773
Internal services	77,635	77,635	108,288	(30,653)
Visitor services				
Salaries	577,429	577,429	643,946	(66,517)
Employee benefits	202,265	202,265	179,141	23,124
Technical services	12,500	12,500	17,170	(4,670)
Other professional services	6,050	6,050	3,445	2,605
Other purchased services	1,700	1,700	2,921	(1,221)
Supplies	21,800	21,800	22,411	(611)
Building and grounds				
Salaries	255,164	255,164	187,866	67,298
Employee benefits	124,910	124,910	79,284	45,626
Technical services	99,392	99,392	161,442	(62,050)
Purchase property services	167,380	167,380	159,567	7,813

(This schedule is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
NAPER SETTLEMENT FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
Culture and recreation (Continued)				
Building and grounds (Continued)				
Other purchased services	$ 495	$ 495	$ -	$ 495
Supplies	167,411	167,411	155,538	11,873
Property	110,000	110,000	157,799	(47,799)
Internal services	280	280	276	4
Development				
Salaries	450,617	450,617	253,520	197,097
Employee benefits	151,306	151,306	79,553	71,753
Other purchased services	-	-	70	(70)
Artifact and preservation				
Salaries	249,682	249,682	241,708	7,974
Employee benefits	97,288	97,288	78,929	18,359
Technical services	6,800	6,800	7,621	(821)
Other purchased services	-	-	200	(200)
Supplies	4,523	4,523	4,346	177
Public relations/marketing				
Salaries	162,326	162,326	89,770	72,556
Employee benefits	53,125	53,125	37,861	15,264
Technical services	12,475	12,475	15,761	(3,286)
Other purchased services	139,218	139,218	102,870	36,348
Supplies	3,095	3,095	50	3,045
Total expenditures	4,088,249	4,088,249	3,514,521	573,728
NET CHANGE IN FUND BALANCE	$ (184,613)	$ (184,613)	(31,686)	$ 152,927
FUND BALANCE, JANUARY 1			1,140,366	
FUND BALANCE, DECEMBER 31			$ 1,108,680	

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
E-911 SURCHARGE FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Net investment income	$ -	$ -	$ 130	$ 130
Charges for services	1,825,464	1,825,464	2,088,585	263,121
Total revenues	1,825,464	1,825,464	2,088,715	263,251
EXPENDITURES				
Public safety				
Internal services	1,825,464	1,825,464	1,766,620	58,844
Total expenditures	1,825,464	1,825,464	1,766,620	58,844
NET CHANGE IN FUND BALANCE	$ -	$ -	322,095	$ 322,095
FUND BALANCE, JANUARY 1			513,853	
FUND BALANCE, DECEMBER 31			$ 835,948	

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOOD AND BEVERAGE TAX FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Food and beverage tax	$ 3,988,500	$ 3,988,500	$ 4,392,496	$ 403,996
Net investment income	8,750	8,750	18,577	9,827
Miscellaneous	8,000	8,000	8,508	508
Total revenues	4,005,250	4,005,250	4,419,581	414,331
EXPENDITURES				
Culture and recreation				
Salaries	568,972	568,972	590,823	(21,851)
Employee benefits	1,014,369	1,014,369	1,046,666	(32,297)
Other purchased services	292,711	292,711	298,964	(6,253)
Supplies	4,815	4,815	35,079	(30,264)
Outside agencies	1,554,364	1,554,364	1,750,631	(196,267)
Internal services	12,114	12,114	-	12,114
Total expenditures	3,447,345	3,447,345	3,722,163	(274,818)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	557,905	557,905	697,418	139,513
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(541,000)	(541,000)	(783,664)	(242,664)
Total other financing sources (uses)	(541,000)	(541,000)	(783,664)	(242,664)
NET CHANGE IN FUND BALANCE	$ 16,905	$ 16,905	(86,246)	$ (103,151)
FUND BALANCE, JANUARY 1			671,217	
FUND BALANCE, DECEMBER 31			$ 584,971	

(See independent auditor's report.)
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CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #24 FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 933,590	$ 933,590	$ 941,579	$ 7,989
Fines	70,000	70,000	53,545	(16,455)
Net investment income	-	-	23,449	23,449
Charges for services	11,500	11,500	12,707	1,207
Miscellaneous	100,000	100,000	14,790	(85,210)
Total revenues	1,115,090	1,115,090	1,046,070	(69,020)
EXPENDITURES				
Transportation				
Salaries	568,509	568,509	534,591	33,918
Employee benefits	166,142	166,142	147,270	18,872
Professional	907,553	907,553	755,938	151,615
Other purchased services	226,742	226,742	169,951	56,791
Supplies	262,100	262,100	203,077	59,023
Property	584,875	584,875	1	584,874
Internal services	6,626	6,626	4,416	2,210
Total expenditures	2,722,547	2,722,547	1,815,244	907,303
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,607,457)	(1,607,457)	(769,174)	838,283
OTHER FINANCING SOURCES (USES)				
Transfers in	951,279	951,279	975,000	23,721
Total other financing sources (uses)	951,279	951,279	975,000	23,721
NET CHANGE IN FUND BALANCE	$ (656,178)	$ (656,178)	205,826	$ 862,004
FUND BALANCE, JANUARY 1			652,295	
FUND BALANCE, DECEMBER 31			$ 858,121	

(See independent auditor's report.)
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CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TEST TRACK FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Contributions	$ 55,015	$ 55,015	$ 29,225	$ (25,790)
Total revenues	55,015	55,015	29,225	(25,790)
EXPENDITURES				
Transportation				
Technical services	14,000	14,000	1,591	12,409
Purchase property services	16,395	16,395	15,118	1,277
Other purchased services	3,620	3,620	3,208	412
Supplies	21,000	21,000	17,581	3,419
Total expenditures	55,015	55,015	37,498	17,517
NET CHANGE IN FUND BALANCE	$ -	$ -	(8,273)	$ (8,273)
FUND BALANCE, JANUARY 1			8,253	
FUND BALANCE (DEFICIT), DECEMBER 31			$ (20)	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRUG FORFEITURE FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Net investment income	$ 7,050	$ 7,050	$ 9,263	$ 2,213
Intergovernmental	281,500	281,500	165,239	(116,261)
Miscellaneous	-	-	1,173	1,173
Total revenues	288,550	288,550	175,675	(112,875)
EXPENDITURES				
Public Safety				
Professional services	55,000	55,000	21,517	33,483
Other purchased services	73,000	73,000	17,935	55,065
Supplies	119,000	119,000	48,896	70,104
Property	-	-	60,650	(60,650)
Internal services	25,000	25,000	7,377	17,623
Outside agencies	9,500	9,500	669	8,831
Total expenditures	281,500	281,500	157,044	124,456
NET CHANGE IN FUND BALANCE	$ 7,050	$ 7,050	18,631	$ 11,581
FUND BALANCE, JANUARY 1			704,292	
FUND BALANCE, DECEMBER 31			$ 722,923	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AMERICAN RECOVERY AND REINVESTMENT ACT FEDERAL GRANTS FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
None	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
None	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(35,100)	(35,100)
Total other financing sources (uses)	-	-	(35,100)	(35,100)
NET CHANGE IN FUND BALANCE	$ -	$ -	(35,100)	$ (35,100)
FUND BALANCE, JANUARY 1			35,100	
FUND BALANCE, DECEMBER 31			$ -	

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #25 FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 68,000	$ 68,000	$ 68,019	$ 19
Net investment income (loss)	-	-	(12)	(12)
Total revenues	68,000	68,000	68,007	(7)
EXPENDITURES				
None	-	-	-	-
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	$ 68,000	$ 68,000	68,007	$ (7)
FUND BALANCE (DEFICIT), JANUARY 1			(576,170)	
FUND BALANCE (DEFICIT), DECEMBER 31			$ (508,163)	

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #21 FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 200,000	$ 200,000	$ 201,759	$ 1,759
Net investment income	-	-	10,647	10,647
Miscellaneous	15,000	15,000	-	(15,000)
Total revenues	215,000	215,000	212,406	(2,594)
EXPENDITURES				
Debt service				
Principal	179,263	179,263	179,263	-
Interest	45,382	45,382	45,382	-
Total expenditures	224,645	224,645	224,645	-
NET CHANGE IN FUND BALANCE	$ (9,645)	$ (9,645)	(12,239)	$ (2,594)
FUND BALANCE, JANUARY 1			836,794	
FUND BALANCE, DECEMBER 31			$ 824,555	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #23 FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 103,585	$ 103,585	$ 76,761	$ (26,824)
Net investment income	-	-	2,287	2,287
Total revenues	103,585	103,585	79,048	(24,537)
EXPENDITURES				
None	-	-	-	-
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	$ 103,585	$ 103,585	79,048	$ (24,537)
FUND BALANCE, JANUARY 1			15,013	
FUND BALANCE, DECEMBER 31			$ 94,061	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN PARKING FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Other taxes				
Food and beverage tax	$ 925,000	$ 925,000	$ 865,816	$ (59,184)
Net investment income	25,000	25,000	22,412	(2,588)
Intergovernmental				
Sales tax	384,000	384,000	460,076	76,076
Miscellaneous	25,000	25,000	-	(25,000)
Total revenues	1,359,000	1,359,000	1,348,304	(10,696)
EXPENDITURES				
Capital outlay	-	-	337,783	(337,783)
Debt service				
Principal	319,075	319,075	319,075	-
Interest	61,263	61,263	61,263	-
Total expenditures	380,338	380,338	718,121	(337,783)
NET CHANGE IN FUND BALANCE	$ 978,662	$ 978,662	630,183	$ (348,479)
FUND BALANCE, JANUARY 1			2,317,398	
FUND BALANCE, DECEMBER 31			$ 2,947,581	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Net investment income	$ -	$ -	$ 132,746	$ 132,746
Contributions	2,997,000	2,997,000	359,428	(2,637,572)
Intergovernmental				
Sales taxes	4,088,500	4,088,500	4,589,029	500,529
Grants	2,827,534	2,827,534	258,314	(2,569,220)
Miscellaneous	100,000	100,000	247,972	147,972
Total revenues	10,013,034	10,013,034	5,587,489	(4,425,545)
EXPENDITURES				
Capital outlay	13,364,251	13,364,251	5,629,785	7,734,466
Total expenditures	13,364,251	13,364,251	5,629,785	7,734,466
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,351,217)	(3,351,217)	(42,296)	3,308,921
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	35,100	35,100
Sale of property	-	-	221,162	221,162
Total other financing sources (uses)	-	-	256,262	256,262
NET CHANGE IN FUND BALANCE	$ (3,351,217)	$ (3,351,217)	213,966	$ 3,565,183
FUND BALANCE, JANUARY 1			9,089,871	
FUND BALANCE, DECEMBER 31			$ 9,303,837	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BOND PROJECT FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Net investment income	$ -	$ -	$ 48,340	$ 48,340
Total revenues	-	-	48,340	48,340
EXPENDITURES				
Capital outlay	7,720,005	7,720,005	4,088,311	3,631,694
Total expenditures	7,720,005	7,720,005	4,088,311	3,631,694
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,720,005)	(7,720,005)	(4,039,971)	3,680,034
OTHER FINANCING SOURCES (USES)				
New bonds issued	7,720,005	7,720,005	6,980,000	(740,005)
Premium on bonds issued	-	-	179,109	179,109
Total other financing sources (uses)	7,720,005	7,720,005	7,159,109	(560,896)
NET CHANGE IN FUND BALANCE	$ -	$ -	3,119,138	$ 3,119,138
FUND BALANCE, JANUARY 1			2,567,989	
FUND BALANCE, DECEMBER 31			$ 5,687,127	

(See independent auditor's report.)

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Police and Firefighters' Pension Trust Funds - to account for the accumulation of retirement and disability benefits as required by state statute. Resources are contributed by employees at rates fixed by law and by the City determined by an actuarial study.

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2017

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and short-term investments	$ 3,136,523	$ 3,273,016	$ 6,409,539
Receivables			
Interest receivable	555,743	554,154	1,109,897
Investments at fair value			
U.S. Treasury obligations	21,338,544	21,626,473	42,965,017
U.S. Government agencies	10,984,513	10,680,885	21,665,398
Municipal bonds	274,808	274,808	549,616
Corporate bonds	24,440,888	16,238,917	40,679,805
Annuities	14,443,075	14,166,988	28,610,063
Common stock	17,209,391	23,526,002	40,735,393
Mutual funds	80,605,833	74,715,637	155,321,470
Asset-backed securities	-	8,720,752	8,720,752
Negotiable certificates of deposit	527,817	-	527,817
Total investments	169,824,869	169,950,462	339,775,331
Due from municipality	478,673	660,841	1,139,514
Prepaid items	11,920	1,045	12,965
Total assets	174,007,728	174,439,518	348,447,246
LIABILITIES			
Accounts payable	66,274	136	66,410
NET POSITION RESTRICTED FOR PENSIONS	$ 173,941,454	$ 174,439,382	$ 348,380,836

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2017

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	$ 6,677,807	$ 7,338,200	$ 14,016,007
Employee	1,788,835	1,836,879	3,625,714
Total contributions	8,466,642	9,175,079	17,641,721
Investment income			
Net appreciation in fair value of investments	16,365,432	15,598,857	31,964,289
Interest and dividends	4,111,282	5,016,733	9,128,015
Total investment income	20,476,714	20,615,590	41,092,304
Less investment expense	272,475	349,759	622,234
Net investment income	20,204,239	20,265,831	40,470,070
Total additions	28,670,881	29,440,910	58,111,791
DEDUCTIONS			
Benefits	6,807,712	7,504,537	14,312,249
Refunds of contributions	9,934	31,347	41,281
Administrative expense	66,441	126,490	192,931
Total deductions	6,884,087	7,662,374	14,546,461
NET INCREASE	21,786,794	21,778,536	43,565,330
NET POSITION RESTRICTED FOR PENSIONS			
January 1	152,154,660	152,660,846	304,815,506
December 1	$ 173,941,454	$ 174,439,382	$ 348,380,836

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (Unaudited)

This part of the City of Naperville, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page(s)
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	121-130
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	131-137
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	138-143
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	144-145
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	146-148

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF NAPERVILLE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2015*/**	2016	2017
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	$ 450,286	$ 446,437	$ 446,569	$ 427,459	$ 419,148	$ 412,387	$ 409,027	$ 420,617	$ 425,260	$ 411,982
Restricted	10,484	7,063	5,129	6,031	6,787	8,042	9,623	9,635	7,993	17,301
Unrestricted	21,009	18,818	31,009	40,417	41,836	38,904	30,529	(87,728)	(86,883)	(83,615)
TOTAL GOVERNMENTAL ACTIVITIES	$ 481,779	$ 472,318	$ 482,707	$ 473,907	$ 467,771	$ 459,333	$ 449,179	$ 342,524	$ 346,370	$ 345,668
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	$ 450,479	$ 447,279	$ 443,008	$ 439,216	$ 432,913	$ 437,827	$ 442,720	$ 426,461	$ 422,141	$ 416,692
Restricted	5,331	5,285	-	-	-	-	-	-	-	-
Unrestricted	7,293	4,157	13,890	19,899	27,522	11,846	6,674	8,693	18,661	34,704
TOTAL BUSINESS-TYPE ACTIVITIES	$ 463,103	$ 456,721	$ 456,898	$ 459,115	$ 460,435	$ 449,673	$ 449,394	$ 435,154	$ 440,802	$ 451,396
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	$ 900,765	$ 893,716	$ 889,577	$ 866,675	$ 852,061	$ 850,214	$ 851,747	$ 847,078	$ 847,401	$ 828,674
Restricted	15,815	12,348	5,129	6,031	6,787	8,042	9,623	9,635	7,993	17,301
Unrestricted	28,302	22,975	44,899	60,316	69,358	50,750	37,203	(79,035)	(68,222)	(48,911)
TOTAL PRIMARY GOVERNMENT	$ 944,882	$ 929,039	$ 939,605	$ 933,022	$ 928,206	$ 909,006	$ 898,573	$ 777,678	$ 787,172	$ 797,064

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.
**The City implemented GASB Statement No. 68 as of December 31, 2015.

Data Source

Audited Financial Statements

CITY OF NAPERVILLE, ILLINOIS

CHANGES IN NET POSITION

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2015*	2016	2017
EXPENSES										
Governmental activities										
General government	$ 9,654	$ 6,983	$ 5,129	$ 6,742	$ 7,986	$ 8,901	$ 8,925	$ 11,331	$ 14,918	$ 15,250
Physical environment	10,142	9,457	8,147	8,514	9,455	8,608	8,381	6,784	9,996	10,376
Public safety	64,461	64,190	65,495	66,165	65,017	67,578	70,241	63,792	78,039	74,934
Culture and recreation	8,075	8,677	10,370	8,531	8,426	9,779	8,687	4,846	7,516	8,366
Transportation	49,588	46,711	46,240	51,352	47,120	49,587	56,446	25,941	37,830	48,964
Interest on long-term debt	3,643	4,172	4,465	4,593	4,161	3,782	4,288	2,512	3,524	3,122
Total governmental activities expenses	145,563	140,190	139,846	145,897	142,165	148,235	156,968	115,206	151,823	161,012
Business-type activities										
Electric	128,724	125,021	133,761	136,090	145,585	152,352	144,954	103,759	151,588	150,148
Water and wastewater	37,047	37,372	40,692	40,724	46,037	50,981	51,287	41,990	56,926	60,591
Burlington commuter parking	1,759	1,568	1,764	1,309	2,033	1,559	2,061	905	1,770	1,423
Total business-type activities expenses	167,530	163,961	176,217	178,123	193,655	204,892	198,302	146,654	210,284	212,162
TOTAL PRIMARY GOVERNMENT EXPENSES	$ 313,093	$ 304,151	$ 316,063	$ 324,020	$ 335,820	$ 353,127	$ 355,270	$ 261,860	$ 362,107	$ 373,174
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General government	$ 1,332	$ 1,131	$ 3,027	$ 1,539	$ 1,609	$ 1,517	$ 1,245	$ 4,133	$ 13,151	$ 12,252
Physical environment	1,493	1,171	1,104	1,414	1,746	2,000	2,099	1,357	2,215	2,401
Public safety	8,498	8,518	9,801	8,416	7,700	7,788	7,875	5,021	8,081	10,448
Culture and recreation	551	520	494	910	855	832	883	301	467	538
Transportation	920	667	689	1,491	1,467	1,677	2,478	164	195	129
Operating grants and contributions										
General government										
Physical environment	145	545	1,544	572	1,422	610	540	1,003	1,737	968
Public safety	1,560	1,366	1,727	1,703	1,932	1,808	2,316	1,731	1,185	899
Culture and recreation	427	83	67	16	87	171	-	-	-	-
Transportation	3,861	3,877	4,763	4,746	4,405	4,489	5,013	-	38	361
Interest on long-term debt	-	-	309	285	209	192	297	-	-	-
Capital grants and contributions										
Transportation	8,328	8,046	9,366	2,869	1,086	3,012	12,118	2,541	3,736	3,679
Total governmental activities program revenues	27,115	25,924	32,891	23,961	22,518	24,096	34,864	16,251	30,805	31,675
Business-type activities										
Charges for services										
Electric	126,359	123,939	135,435	131,064	134,580	134,089	135,708	96,128	155,122	157,317
Water and wastewater	26,701	27,383	29,716	38,659	47,518	47,313	48,201	35,071	51,004	53,627
Burlington commuter parking	2,161	2,291	2,265	2,185	2,191	2,257	2,211	1,473	2,298	2,528
Operating grants and contributions										
Electric	31	37	5	-	82	17	-	-	(18)	-
Water and wastewater	-	25	210	176	336	230	234	235	224	307
Burlington commuter parking	-	100	21	65	-	-	-	-	-	-
Capital grants and contributions										
Electric	2,703	1,828	5,503	3,943	7,957	5,612	2,230	2,226	3,157	4,070
Water and wastewater	3,351	1,800	1,096	1,356	1,879	5,074	4,537	931	1,778	1,978
Total business-type activities program revenues	161,306	157,403	174,251	177,448	194,543	194,592	193,121	136,064	213,565	219,827
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	$ 188,421	$ 183,327	$ 207,142	$ 201,409	$ 217,061	$ 218,688	$ 227,985	$ 152,315	$ 244,370	$ 251,502

CITY OF NAPERVILLE, ILLINOIS

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2015*	2016	2017
NET (EXPENSE) REVENUE										
Governmental activities	$ (118,448)	$ (114,266)	$ (106,955)	$ (121,936)	$ (119,647)	$ (124,139)	$ (122,104)	$ (98,955)	$ (121,018)	$ (129,337)
Business-type activities	(6,224)	(6,558)	(1,966)	(675)	888	(10,300)	(5,181)	(10,590)	3,281	7,665
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	$ (124,672)	$ (120,824)	$ (108,921)	$ (122,611)	$ (118,759)	$ (134,439)	$ (127,285)	$ (109,545)	$ (117,737)	$ (121,672)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property	$ 34,360	$ 37,818	$ 39,464	$ 38,479	$ 36,227	$ 33,639	$ 33,169	$ 34,849	$ 33,355	$ 34,129
Utility	17,585	16,422	16,390	16,580	16,604	16,993	16,123	10,108	15,137	15,399
Sales and use	26,981	26,041	28,600	30,610	32,263	34,498	35,580	25,189	44,355	46,082
State income	12,532	11,482	11,271	11,581	12,784	13,823	13,892	9,925	13,809	13,029
Other	8,704	8,742	10,592	10,677	12,006	13,391	13,300	9,820	14,489	15,462
Franchise fees	1,714	1,790	2,020	2,141	2,437	2,455	2,538	2,162	3,230	3,423
Net investment income (loss)	4,634	2,572	2,766	3,130	1,190	(293)	1,925	198	(109)	355
Miscellaneous	-	-	-	-	-	-	-	609	597	756
Transfers	(41)	(62)	(61)	(62)	-	-	(4,577)	-	-	-
Total governmental activities	106,469	104,805	111,042	113,136	113,511	114,506	111,950	92,860	124,863	128,635
Business-type activities										
Net investment income (loss)	783	114	451	825	432	(462)	282	137	310	580
DWC refund	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	-	1,189	2,057	2,351
Transfers	41	62	61	62	-	-	4,577	-	-	-
Total business-type activities	824	176	512	887	432	(462)	4,859	1,326	2,367	2,931
TOTAL PRIMARY GOVERNMENT	$ 107,293	$ 104,981	$ 111,554	$ 114,023	$ 113,943	$ 114,044	$ 116,809	$ 94,186	$ 127,230	$ 131,566
CHANGE IN NET POSITION										
Governmental activities	$ (11,979)	$ (9,461)	$ 4,087	$ (8,800)	$ (6,136)	$ (9,633)	$ (10,154)	$ (6,095)	$ 3,845	$ (702)
Business-type activities	(5,400)	(6,382)	(1,454)	212	1,320	(10,762)	(322)	(9,264)	5,648	10,596
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	$ (17,379)	$ (15,843)	$ 2,633	$ (8,588)	$ (4,816)	$ (20,395)	$ (10,476)	$ (15,359)	$ 9,493	$ 9,894

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Source

Audited Financial Statements

CITY OF NAPERVILLE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2009	2010*	2011	2012	2013	2014	2015	2015**	2016	2017
GENERAL FUND										
Reserved	$ 201	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	20,249	-	-	-	-	-	-	-	-	-
Nonspendable	-	170	149	122	158	75	343	13	32	529
Assigned	-	-	-	-	6,000	-	-	-	-	-
Unassigned	-	22,768	22,782	27,037	25,573	25,513	28,961	28,358	26,826	27,884
TOTAL GENERAL FUND	$ 20,450	$ 22,938	$ 22,931	$ 27,159	$ 31,731	$ 25,588	$ 29,304	$ 28,370	$ 26,858	$ 28,413
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	$ 38,855	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in										
Special Revenue Funds	1,009	-	-	-	-	-	-	-	-	-
Capital Project Funds	(256)	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	86	54	75	62	39	38	35	-
Restricted	-	33,199	16,775	7,819	6,825	10,895	21,619	8,772	15,723	19,906
Committed	-	1,158	3,546	4,563	3,860	2,459	1,717	1,268	638	858
Assigned	-	1,465	1,596	5,002	3,278	5,033	5,115	5,780	12,076	12,455
Unassigned (deficit)	-	-	-	-	(55)	(190)	(543)	(763)	(576)	(543)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	$ 39,608	$ 35,822	$ 22,003	$ 17,438	$ 13,983	$ 18,259	$ 27,947	$ 15,095	$ 27,896	$ 32,676

*Statement No. 54 of the Governmental Accounting Standards Board was implemented at April 30, 2010.
**The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Source

Audited Financial Statements

CITY OF NAPERVILLE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2015*/**	2016	2017
REVENUES										
Taxes	$ 100,162	$ 100,505	$ 106,317	$ 107,927	$ 109,884	$ 112,344	$ 112,064	$ 54,777	$ 63,391	$ 64,990
Licenses and permits	2,097	1,733	1,652	1,926	2,319	2,480	2,548	1,421	2,685	3,006
Fines and forfeitures	2,890	3,258	3,137	2,554	1,718	1,709	1,770	1,162	1,659	1,473
Investment income	3,165	1,996	2,051	2,155	855	(98)	1,603	201	(125)	338
Intergovernmental	10,354	8,528	12,766	9,164	8,177	6,737	8,762	40,368	64,221	64,462
Charges for services	6,518	6,100	7,582	7,870	7,894	8,348	9,242	9,138	18,741	21,290
Fees	3,165	2,255	2,602	2,893	3,311	2,822	3,009	2,173	3,247	3,423
Contributions	48	46	53	58	166	1,890	1,875	280	413	556
Miscellaneous	789	563	2,165	1,012	1,209	908	628	609	597	756
Total revenues	129,188	124,984	138,325	135,559	135,473	137,140	141,501	110,129	154,829	160,294
EXPENDITURES										
General government	8,127	6,007	5,943	5,126	6,165	6,967	7,241	7,737	12,091	12,482
Physical environment	9,814	9,408	8,151	8,414	9,082	8,633	8,371	5,655	8,269	8,247
Public safety	61,054	61,668	64,006	64,069	63,090	71,862	70,040	50,462	72,028	73,845
Culture and recreation	7,299	7,815	7,660	7,571	7,275	8,165	7,142	4,422	6,652	7,302
Transportation	22,983	21,026	21,946	21,080	21,072	24,317	26,916	17,879	28,115	26,443
Capital outlay	48,805	29,978	32,956	14,624	16,067	16,997	22,250	24,743	21,896	19,060
Debt service										
Principal	5,580	5,614	5,444	6,087	12,010	5,648	6,841	9,448	6,920	10,654
Interest	3,005	3,833	4,329	4,527	3,880	3,766	4,031	4,027	3,811	3,306
Other charges	193	214	-	-	126	127	205	-	-	-
Total expenditures	166,860	145,563	150,435	131,498	138,767	146,482	153,037	124,373	159,782	161,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(37,672)	(20,579)	(12,110)	4,061	(3,294)	(9,342)	(11,536)	(14,244)	(4,953)	(1,045)
OTHER FINANCING SOURCES (USES)										
Transfers in	2,101	4,555	6,350	4,448	5,573	7,129	10,200	8,950	5,089	4,594
Transfers (out)	(1,573)	(7,852)	(6,066)	(9,665)	(5,224)	(6,779)	(3,504)	(8,950)	(5,089)	(4,594)
Sale of capital assets	-	-	-	819	200	-	515	-	769	221
Payment to refunded bond escrow agent	(6,233)	(8,588)	-	-	(16,550)	-	-	-	(35,679)	-
Bonds issued, at par	39,405	28,585	-	-	-	5,620	17,340	-	14,334	6,980
Refunding bonds issued	-	-	-	-	17,963	-	-	-	33,900	-
Premium on bonds issued	209	581	-	-	2,449	310	389	-	2,919	179
Total other financing sources (uses)	33,909	17,281	284	(4,398)	4,411	6,280	24,940	-	16,243	7,380
NET CHANGE IN FUND BALANCES	$ (3,763)	$ (3,298)	$ (11,826)	$ (337)	$ 1,117	$ (3,062)	$ 13,404	$ (14,244)	$ 11,290	$ 6,335
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	6.66%	7.48%	7.51%	8.16%	11.89%	6.68%	7.63%	13.67%	7.85%	10.09%

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.
**At December 31, 2015, sales and income taxes were moved from the "Taxes" category to the "Intergovernmental" category.

Data Source

Audited Financial Statements.

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CITY OF NAPERVILLE, ILLINOIS

GOVERNMENTAL FUNDS TAX REVENUE BY SOURCE

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Intergovernmental Taxes				Taxes				Total
	Sales and Use Tax	State Income Tax	Intergovernmental Taxes	Total	Property Tax	Utility Tax	Other Tax	Total Taxes	
2009	$ 26,981	$ 12,532	$ 39,513	$ 34,360	$ 17,585	$ 8,704	$ 60,649	$ 100,162	
2010	26,041	11,482	37,523	37,818	16,422	8,742	62,982	100,505	
2011	28,600	11,271	39,871	39,464	16,390	10,592	66,446	106,317	
2012	30,610	11,581	42,191	38,479	16,580	10,677	65,736	107,927	
2013	32,263	12,784	45,047	36,227	16,604	12,006	64,837	109,884	
2014	34,498	13,823	48,321	33,639	16,993	13,391	64,023	112,344	
2015	35,580	13,892	49,472	33,169	16,123	13,300	62,592	112,064	
2015*	25,189	9,925	35,114	34,849	10,108	9,820	54,777	89,891	
2016	44,355	13,809	58,164	33,355	15,137	14,489	62,981	121,145	
2017	46,082	13,029	59,111	34,129	15,399	15,462	64,990	124,101	

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Source

Audited Financial Statements

CITY OF NAPERVILLE, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Farm Property	Commercial and Industrial Property	Railroad Property	Total Taxable Assessed Value	Direct Tax Rate	Estimated Actual Taxable Value	Percent of Assessed Value
2007	$ 5,312,341,984	$ 100,648	$ 1,304,566,827	$ 1,225,143	$ 6,618,234,602	$ 0.7166	$ 19,854,703,806	33.333%
2008	5,611,215,473	508,876	1,398,092,647	1,465,280	7,011,282,276	0.7167	21,033,846,828	33.333%
2009	5,787,763,209	150,465	1,315,446,717	1,753,540	7,105,113,931	0.7166	21,315,341,793	33.333%
2010	5,486,898,369	228,129	1,229,589,941	2,023,287	6,718,739,726	0.7390	20,156,219,178	33.333%
2011	5,256,081,268	314,912	1,170,708,392	2,364,303	6,429,468,875	0.7515	19,288,406,625	33.333%
2012	4,964,302,585	334,456	1,105,830,624	2,509,329	6,072,976,994	0.7756	18,218,930,982	33.333%
2013	4,866,627,723	315,592	1,056,949,654	2,706,677	5,926,599,646	0.7828	17,779,798,938	33.333%
2014	4,917,955,140	215,985	1,071,651,247	2,731,565	5,992,553,937	0.8082	17,977,661,811	33.333%
2015	5,056,340,567	190,521	1,219,286,607	2,838,480	6,278,656,175	0.7392	18,835,968,525	33.333%
2016	5,384,396,867	130,047	1,279,947,209	3,194,886	6,667,669,009	0.7004	20,003,007,027	33.333%

Note: Property in the City is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Levy Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CITY DIRECT RATES										
General Corporate	0.1949	0.2139	0.1963	0.1882	0.1381	0.1457	0.1009	0.0803	0.1060	0.0789
Naperville Public Library	0.2231	0.1989	0.1828	0.1872	0.2076	0.2374	0.2465	0.2481	0.2288	0.2119
Police Pension	0.0488	0.0528	0.0667	0.0652	0.0679	0.0787	0.0879	0.0845	0.0938	0.0917
Firefighters' Pension	0.0489	0.0513	0.0647	0.0706	0.0737	0.0820	0.0884	0.0846	0.0945	0.1023
Bond and Interest - general obligation bond	0.1162	0.1192	0.1274	0.1472	0.1799	0.1403	0.1631	0.2153	0.1249	0.1297
Illinois Municipal Retirement	0.0383	0.0380	0.0395	0.0391	0.0409	0.0444	0.0461	0.0460	0.0441	0.0415
Naper Settlement	0.0464	0.0426	0.0392	0.0415	0.0434	0.0471	0.0499	0.0494	0.0471	0.0444
Total direct rates	0.7166	0.7167	0.7166	0.7390	0.7515	0.7756	0.7828	0.8082	0.7392	0.7004
OVERLAPPING RATES										
Naperville Park District	0.2481	0.2480	0.2574	0.2798	0.2969	0.3148	0.3358	0.3197	0.3317	0.3195
Unit School #203	3.9292	3.8593	3.9502	4.2265	4.5400	4.9909	5.3862	5.4756	5.3549	5.0547
Unit School #204	4.4930	4.3995	4.4987	4.8927	5.2200	5.7047	5.9498	6.0149	5.8505	5.6004
College of DuPage #502	0.1888	0.1845	0.2127	0.2349	0.2495	0.2681	0.2956	0.2975	0.2786	0.2636
DuPage Forest Preserve	0.1187	0.1206	0.1217	0.1321	0.1414	0.1542	0.1567	0.1691	0.1622	0.1514
DuPage Airport Authority	0.0170	0.0160	0.0148	0.0158	0.0169	0.0168	0.0178	0.0196	0.0188	0.0176
DuPage County	0.1631	0.1557	0.1554	0.1659	0.1773	0.1929	0.2040	0.2057	0.1971	0.1848
Will County	0.4826	0.4751	0.4833	0.5274	0.5351	0.5696	0.5994	0.6210	0.6408	0.6182
Lisle Township	0.0410	0.0406	0.0408	0.0445	0.0480	0.0261	0.0548	0.0561	0.0553	0.0528
Naperville Township	0.0423	0.0419	0.0419	0.0454	0.0483	0.0379	0.0515	0.0413	0.0452	0.0435
Wheatland Township	0.0303	0.0314	0.0319	0.0331	0.0328	0.0344	0.0378	0.0378	0.0336	0.0737

Data Source

Office of the County Clerk

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CITY OF NAPERVILLE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2016 Taxable Assessed Value	2016 Rank	2016 Percentage of Total City Taxable Assessed Valuation	2007 Taxable Assessed Value	2007 Rank	2007 Percentage of Total City Taxable Assessed Valuation
NS-MPG Inc.	$ 29,767,420	1	0.45%	$ 49,608,680	1	0.75%
ROC II IL Addison of Naperville	18,379,910	2	0.28%			
Allegan Warrenville LP	17,674,800	3	0.27%			
Tellabs Inc.	15,997,350	4	0.24%	25,453,540	3	0.38%
Amli Residential	15,251,810	5	0.23%	11,763,170	7	0.18%
BP-Amoco Oil Company	14,906,690	6	0.22%	29,319,740	2	0.44%
ING Clarion	14,870,380	7	0.22%			
Onedo Nalco Center	14,484,210	8	0.22%			
PBH Cress Creek LLC	14,348,280	9	0.22%			
UBS Realty Investors LLC	13,605,390	10	0.20%			
Nalco Chemical Company				23,432,660	4	0.35%
AIMCO Country Lakes LLC				20,763,800	5	0.31%
The Gale Company				13,835,960	6	0.21%
NICOR Gass				11,619,110	8	0.18%
Lincoln Naperville LLC				11,600,000	9	0.18%
New Plan Excel Reality				10,998,900	10	0.17%
	$ 169,286,240		2.55%	$ 208,395,360		3.15%

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the tax payers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Data Source

Office of the County Clerk

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CITY OF NAPERVILLE, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Extended	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$ 47,426,269	$ 47,203,394	99.53%	$ 13,060	$ 47,216,454	99.56%
2008	50,249,860	50,021,253	99.55%	12,094	50,033,347	99.57%
2009	50,915,246	50,579,647	99.34%	23,231	50,602,878	99.39%
2010	49,651,487	49,321,096	99.33%	19,667	49,340,763	99.37%
2011	48,317,459	47,929,719	99.20%	21,943	47,951,662	99.24%
2012	47,102,010	46,358,636	98.42%	11,716	46,370,352	98.45%
2013	46,393,422	46,183,534	99.55%	2,530	46,186,064	99.55%
2014	48,431,821	48,159,391	99.44%	29,969	48,189,360	99.50%
2015	46,260,521	45,964,584	99.36%	43,167	46,007,751	99.45%
2016	48,062,829	47,802,851	99.46%	-	47,802,851	99.46%

Note: Property in the City is reassessed each year. Property is assessed at 33% of actual value.
Amounts levied and collected include Library Fund and do not include Road and Bridge Fund.

Data Source

Office of the County Clerk

CITY OF NAPERVILLE, ILLINOIS

SALES TAXES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General merchandise	$ 2,179,149	$ 2,104,686	$ 2,103,314	$ 2,133,600	$ 2,175,020	$ 1,985,901	$ 2,055,475	$ 1,973,827	$ 1,734,850	$ 1,682,829
Food	3,224,528	3,130,912	3,210,537	3,268,563	3,440,483	3,586,963	3,457,404	3,537,170	4,030,651	4,277,657
Drinking and eating places	2,679,705	2,717,794	2,885,101	2,883,546	3,162,362	3,352,311	3,420,229	3,433,778	3,843,978	4,047,681
Apparel	690,165	742,079	767,404	933,475	1,004,555	1,067,110	1,088,821	1,152,420	1,210,325	1,203,706
Furniture & H.H. & radio	1,895,857	1,657,778	1,862,218	2,098,296	2,194,838	2,347,163	2,272,010	2,231,986	1,959,765	1,898,165
Lumber, building hardware	1,298,336	1,201,680	1,235,492	1,242,769	1,302,937	1,520,274	1,656,157	1,709,368	1,667,454	1,694,172
Automobile and filling stations	8,656,627	7,840,138	8,807,116	9,555,249	10,494,788	12,237,637	12,751,291	12,870,415	12,566,087	12,688,204
Drugs and miscellaneous retail	3,080,902	3,107,887	3,336,129	3,642,704	3,692,042	3,869,309	4,097,497	3,205,869	3,904,515	3,904,594
Agriculture and all others	1,815,359	1,484,390	1,560,231	1,483,822	1,501,727	1,509,790	1,620,270	2,576,081	1,866,766	1,997,162
Manufacturers	737,556	615,111	675,725	461,688	521,896	527,545	530,662	561,411	534,413	478,725
TOTAL	$ 26,258,184	$ 24,602,455	$ 26,443,267	$ 27,703,712	$ 29,490,648	$ 32,004,003	$ 32,949,816	$ 33,252,325	$ 33,318,804	$ 33,872,895
City's direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Data Source

Illinois Department of Revenue

CITY OF NAPERVILLE, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	City Direct Rate	City Home Rule Rate	State Rate	Regional Transportation Authority Rate	County Rate
2009	1.00%	0.00%	5.00%	0.75%	0.25%
2010	1.00%	0.00%	5.00%	0.75%	0.25%
2011	1.00%	0.00%	5.00%	0.75%	0.25%
2012	1.00%	0.00%	5.00%	0.75%	0.25%
2013	1.00%	0.00%	5.00%	0.75%	0.25%
2014	1.00%	0.00%	5.00%	0.75%	0.25%
2015	1.00%	0.00%	5.00%	0.75%	0.25%
2015*	1.00%	0.00%	5.00%	0.75%	0.25%
2016	1.00%	0.50%	5.00%	0.75%	0.25%
2017	1.00%	0.50%	5.00%	0.75%	0.25%

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Source

Illinois Department of Revenue

CITY OF NAPERVILLE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities: General Obligation Bonds	Business-Type Activities: General Obligation Bonds	Business-Type Activities: Revenue Bonds	Business-Type Activities: IEPA Loan	Total Primary Government	Percentage of Personal Income*	Per Capita*
2009	$ 111,889,364	$ 40,352,985	$ 5,308,769	$ 1,249,966	$ 158,801,084	2.50%	$ 1,121.51
2010	122,474,459	56,584,111	4,073,712	763,848	183,896,130	2.84%	1,272.11
2011	116,918,354	54,185,617	-	259,354	171,363,325	2.59%	1,179.90
2012	105,219,222	75,012,910	-	-	180,232,132	2.79%	1,270.56
2013	97,950,479	71,886,351	-	-	169,836,830	2.63%	1,197.27
2014	97,958,819	66,354,322	-	-	164,313,141	2.55%	1,146.73
2015	108,548,121	60,391,308	-	-	168,939,429	2.56%	1,179.01
2015**	98,808,280	55,863,868	-	-	154,672,148	2.27%	1,058.47
2016	109,264,633	52,899,322	-	-	162,163,955	2.38%	1,117.92
2017	105,347,527	48,126,452	-	-	153,473,979	2.19%	1,052.71

* See the Schedule of Demographic and Economic Statistics on page 144 for personal income and population data.

** The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

CITY OF NAPERVILLE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds: Governmental Activities	General Obligation Bonds: Business-Type Activities	Less: Amounts Available In Debt Service Funds**	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
2009	$ 111,889,364	$ 40,352,985	$ 2,388,640	$ 149,853,709	0.75%	$ 1,058.32
2010	122,474,459	56,584,111	2,706,329	176,352,241	0.84%	1,219.92
2011	116,918,354	54,185,617	4,028,824	167,075,147	0.78%	1,150.38
2012	105,219,222	75,012,910	5,156,557	175,075,575	0.87%	1,234.20
2013	97,950,479	71,886,351	4,717,628	165,119,202	0.86%	1,164.02
2014	97,958,819	66,354,322	5,272,118	159,041,023	0.87%	1,109.93
2015	108,548,121	60,391,308	6,355,932	162,583,497	0.91%	1,134.65
2015***	98,808,280	55,863,868	4,997,000	149,675,148	0.83%	1,024.27
2016	109,264,633	52,899,322	3,169,205	158,994,750	0.84%	1,096.08
2017	105,347,527	48,126,452	3,866,197	149,607,782	0.75%	1,023.81

* See the Schedule of Assessed Value and Actual Value of Taxable Property on page 132 for property value data.
** Including restricted and assigned fund balances of Debt Service Fund, SSA 21, 23 and Downtown Parking Funds, which were set up for paying G.O. debt.
*** The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

CITY OF NAPERVILLE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2017

Governmental Unit	Gross Debt	Percentage Debt Applicable to the City of Naperville (1)	City of Naperville's Share of Debt
City of Naperville	$ 105,347,527	100.00%	$ 105,347,527
School District #200	148,740,000	0.35%	520,590
School District #202	4,195,000	1.69%	70,896
School District #203	30,060,000	77.46%	23,284,476
School District #204	222,285,000	60.39%	134,237,912
School District #365	171,249,477	0.01%	17,125
Community College District #502	257,390,000	16.33%	42,031,787
Community College District #525	182,755,000	0.28%	511,714
Lisle Park District	10,915,000	0.43%	46,935
Naperville Park District	22,385,000	96.37%	21,572,425
Wheaton Park District	32,945,815	0.26%	85,659
Will County	289,885,000	11.34%	32,872,959
Will County Forest Preserve	116,293,575	11.34%	13,187,691
DuPage County	155,390,000	12.35%	19,190,665
DuPage County Forest Preserve	126,373,681	12.35%	15,607,150
	1,770,862,548		303,237,984
	$ 1,876,210,075		$ 408,585,511

(1) Determined by ratio of assessed valuation of property subject to taxation in the City of Naperville to valuation of property subject to taxation in overlapping unit.

Data Sources

DuPage County Clerk, Will County Clerk, or Local Government Entity

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2017

Under the 1970 Illinois Constitution, there is no legal limit for home rule municipalities except as set by the General Assembly.

CITY OF NAPERVILLE, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years
(Amounts expressed in thousands)

	Electric Revenue Bonds (5)						
Fiscal Year	Electric Charges and Other	Less: Operating Expenses (1)	Net Operating Revenue	Net Available Revenue per Ordinance (2)	Debt Service (3) Principal	Interest	Coverage (4)
2009	see note (5)						
2010							
2011							
2012							
2013							
2014							
2015							
2015*							
2016							
2017							

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.
Water Charges and Other includes investment earnings but not tap on fees.
(1) Operating expenses do not include interest or depreciation.
(2) Revenues based on existing revenue bond ordinances. Amount available for debt service is the net operating revenue plus interest income and installation connection and development charges (not including contributions of capital assets).
(3) The principal and interest does not include principal amounts refunded.
(4) Coverage=Net available revenue/(Principal+Interest)
(5) All Electric Revenue Bonds were defeased on 6/21/2006.
(6) All Water Revenue Bonds were defeased on 01/05/2011.

Data Source

City of Naperville Annual Financial Reports

Water Revenue Bonds						
Water Charges and Other	Less: Operating Expenses (1)	Net Operating Revenue	Net Available Revenue per Ordinance (2)	Debt Service (3) Principal	Debt Service (3) Interest	Coverage(4)
$ 26,701	$ 26,346	$ 355	$ 1,453	$ 1,145	$ 382	0.95
27,383	27,177	206	536	1,195	584	0.30
see note (6)						

CITY OF NAPERVILLE, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2009	141,596	$ 6,341,660,052	$ 44,787	35.9	15.13	47,274	3.6
2010	144,560	6,221,284,160	43,036	35.9	15.13	47,522	6.2
2011	145,235	6,606,449,680	45,488	34.8	15.13	47,274	8.0
2012	141,853	6,452,609,264	45,488	35.0	15.13	47,946	6.1
2013	141,853	6,452,609,264	45,488	37.9	15.41	47,572	6.7
2014	143,289	6,449,724,468	45,012	39.2	15.41	46,790	7.1
2015	143,289	6,606,769,212	46,108	38.7	14.97	46,790	5.7
2015*	146,128	6,809,272,544	46,598	38.2	17.81	45,020	4.6
2016	145,058	6,803,945,000	46,905	38.6	17.81	45,071	4.6
2017	145,789	7,018,136,671	48,139	38.5	17.81	44,524	4.4

* The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Sources

Population:	U.S. Bureau of Census Estimate
Per Capita Income:	U.S Bureau of Census Estimate
Median Age:	U.S. Bureau of Census Estimate
Education Level:	U.S. Bureau of Census Estimate
School Enrollment:	Illinois Report Card
Unemployment Rate:	Illinois Department of Employment Security

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CITY OF NAPERVILLE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2017			2008		
Employer	**Employees**	**Rank**	**% of Total City Population**	**Employer**	**Employees**	**Rank**	**% of Total City Population**
Edward Hospital & Health Services	4,940	1	3.39%	Edward Hospital & Health Services	4,600	1	3.25%
Indian Prairie School District 204	3,022	2	2.07%	Nicor Gas	3,700	2	2.61%
Alcatel-Lucent	3,000	3	2.06%	Indian Prairie School District 204	3,100	3	2.19%
Naperville School District 203	2,367	4	1.62%	Naperville School District 203	2,425	4	1.71%
Nicor Gas	2,160	5	1.48%	BP America	1,800	5	1.27%
BP America	1,800	6	1.23%	Tellabs, Inc.	1,338	6	0.94%
Nalco	1,300	7	0.89%	City of Naperville	1,100	7	0.78%
BMO Harris	1,250	8	0.86%	Nalco	1,000	8	0.71%
City of Naperville	961	9	0.66%	Healthcare Services Corp	1,000	9	0.71%
Skilch	848	10	0.58%	Laidlaw	450	10	0.32%
TOTAL	21,648		14.84%		20,513		14.49%

Data Sources

Naperville Development Partnership and Naperville Convention & Visitors Bureau

CITY OF NAPERVILLE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015***	**2016**	**2017**
Mayor and Council	12.00	12.00	11.12	11.12	11.12	11.12	11.12	11.00	11.00	11.00
Board of Fire and Police	1.12	1.12	0.88	0.88	0.88	0.88	0.88	1.00	1.00	1.00
Legal	12.00	11.50	10.50	10.50	10.50	10.50	14.00	14.00	13.50	9.00
City Manager's Office	15.87	12.87	11.62	10.12	10.12	13.12	11.12	11.12	11.12	11.63
City Clerk	8.00	6.00	5.50	5.50	5.50	5.50	5.50	6.50	8.00	6.75
Special Events and Cultural	1.00	1.00	1.50	0.50	0.50	0.50	0.50	0.62	0.62	1.00
Community Development Block Grant	0.50	0.50	-	1.00	0.75	0.50	0.67	0.67	0.67	1.00
Information Technology	23.75	21.37	19.85	19.37	18.75	19.75	21.75	27.00	27.00	26.00
Finance	46.82	42.49	35.63	35.63	35.63	35.63	36.63	35.63	35.63	33.13
Human Resources	17.75	12.75	10.50	9.50	9.50	9.50	9.00	9.00	9.00	9.00
TED Business Group	95.61	82.66	71.97	67.03	65.87	66.60	66.18	66.66	68.66	63.00
Riverwalk Commission	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Public Works	121.04	117.35	110.35	108.96	108.55	108.30	108.76	108.88	109.39	103.63
Police	310.04	299.04	284.88	273.54	269.92	269.92	275.67	275.54	274.90	267.75
Fire	213.00	208.00	207.00	203.00	203.00	202.00	202.00	202.00	202.00	201.00
Electric Utility	126.04	122.04	120.00	120.00	118.50	117.00	114.00	112.00	112.00	106.00
Water Utility	96.52	97.02	92.27	92.07	83.50	82.94	82.94	83.56	83.79	82.50
Temps	-	-	-	-	-	-	-	-	-	14.66
TOTAL	1,101.56	1,048.21	994.07	969.22	953.09	954.26	961.22	965.68	968.78	948.55

* The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Source

City Budget

CITY OF NAPERVILLE, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2015*	2016	2017
PUBLIC SAFETY										
Police (1)										
Physical arrests (DUI)	622	578	622	574	549	424	374	369	312	266
Parking violations	18,896	17,898	19,278	15,654	16,600	14,148	13,630	13,582	18,206	17,246
Traffic violations	27,780	25,611	21,546	18,521	17,769	13,924	12,319	12,532	15,831	15,743
Fire										
Emergency responses	9,435	10,957	11,575	11,264	11,760	12,210	12,792	12,979	13,677	14,631
Fires extinguished	83	89	90	86	83	78	93	87	106	158
PUBLIC WORKS										
Total curbside refuse collected (tons)	42,198	39,909	38,781	38,367	37,803	37,077	36,657	36,272	37,405	37,539
Total curbside recycling collected (tons)	18,675	17,095	17,251	17,069	16,469	15,605	15,692	15,872	15,655	15,650
Snow and ice control events	37	36	44	16	18	49	25	24	29	17
Tons of salt used	20,300	18,000	16,046	8,251	13,686	21,964	11,768	11,692	10,908	6,525
WATER/WASTEWATER (1)										
New connections	157	171	96	107	171	283	291	342	300	733
Water main breaks	75	73	84	37	64	92	75	68	80	81
Average daily consumption	16.29	15.26	15.29	15.16	16.64	15.11	13.90	14.10	14.46	41.90
Peak daily consumption	30.82	27.37	28.34	30.79	34.19	29.55	22.90	24.26	25.21	26.20
Average daily wastewater treated (million gal)	23.30	22.10	21.40	21.59	18.30	19.70	19.40	18.16	19.47	26.25
ELECTRIC (1)										
Peak monthly demand	348,000	358,000	369,000	390,853	402,273	365,033	322,831	328,597	352,640	330,946
Peak month energy use (million)	165.0	136.9	172.1	172.7	184.1	151.9	142.8	143.4	154.6	144.6

* The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

(1) Records for Police, Water/Wastewater, and Electric are maintained on a calendar year basis. The statistics for April 30, 2015 are based on actual from January 1, 2015 to April 30, 2015 and extrapolated for the remainder of the year.

Data Source

Various city departments

CITY OF NAPERVILLE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	10	10	10	10	10	10	10	10	12	12
Patrol units	81	80	83	78	78	80	85	85	89	89
Fire										
Fire stations	9	9	10	10	10	10	10	10	10	10
Front Line Apparatus (engines and ambulance)	18	18	19	18	18	18	18	18	18	18
TRANSPORTATION										
Arterial streets (centerline miles)	127	127	127	127	127	127	127	138	140	140
Residential streets (centerline miles)	325	325	325	325	325	325	327	364	378	380
Traffic signals	162	163	163	163	163	163	164	164	165	165
PUBLIC WORKS										
Streetlights	10,612	10,994	11,040	11,312	11,462	11,480	11,542	11,705	12,080	12,154
Storm sewers (miles)	875	877	818	861	870	879	886	895	987	852
WATER										
Water mains (miles)	615.7	629.4	636.4	641.1	688.7	693.7	708.2	714.5	723.2	732.7
Fire hydrants	8,452	8,672	8,809	8,897	8,967	9,055	9,157	9,236	9,378	9,451
Storage capacity (million gallons)	43.90	43.90	43.90	43.90	43.90	43.90	43.90	43.90	43.90	43.90
Sanitary sewers (miles)	477.02	484.54	489.52	492.80	530.93	534.09	539.34	543.28	551.40	553.26
Treatment capacity (million gallons per day)	26.25	26.25	26.25	26.20	26.25	26.25	26.25	26.25	26.25	26.25
ELECTRIC										
Number of distribution stations	16	16	16	16	16	16	16	16	16	16
Transmission and distribution line mileage (excluding secondary distribution)	949.42	958.15	970.26	973.89	977.83	979.98	984.19	999.49	1,007.90	1,017.77

Data Source

Various city departments.

APPENDIX B
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C
PROPOSED FORM OF OPINION OF BOND COUNSEL
[TO BE DATED CLOSING DATE]

November __, 2018

The City Council of the
City of Naperville, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of $_____,000 principal amount of General Obligation Bonds, Series 2018 (the "Bonds"), of the City of Naperville, a municipal corporation and a home rule unit of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and the City of Naperville Municipal Code and by virtue of an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance").

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 or any integral multiple thereof. Bonds delivered on original issuance are dated November __, 2018. The Bonds mature on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on June 1, 2019 and semiannually thereafter on each June 1 and December 1 at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		

The Bonds maturing on or after December 1, 2027, are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

In our opinion, the Bonds are valid and legally binding general obligations of the City of Naperville and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The City has covenanted in the Bond Ordinance to comply with these requirements.

Pursuant to the Bond Ordinance, the City has designated the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

APPENDIX D

EXCERPTS OF FISCAL YEAR 2017 AUDITED FINANCIAL STATEMENTS RELATING TO THE CITY'S PENSION PLANS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

Additionally, the City reports the following fund types:

Internal Service Fund - This fund account for self-insurance services that are provided to other departments of the City on a cost-reimbursement basis.

Pension Trust Funds - These funds account for the accumulation of retirement and disability benefits for police and firefighters' pension plans.

c. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City receives value without directly giving equal value in exchange, include property tax revenue, grants, and other contributions. On an accrual basis, revenues from property taxes are recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2016 levy is recognized as revenue for the fiscal year ended December 31, 2017. Revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property taxes and income tax, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year intended to finance. Revenues for the income tax are considered to be available if they are collected within 90 days at the end of the current fiscal year unless they are further delayed by the State. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Property Taxes (Continued)

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. Accordingly, the City recognized revenue during the fiscal year ended December 31, 2017 for collections from the calendar year 2016 levy if it was received by year end. Property taxes levied for calendar year 2017, which will be collected in fiscal year 2018 are recorded as receivables and unavailable revenue.

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

p. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed in the basic financial statements as "cash and investments."

a. Deposits

The City, Library, and pension funds' investment policies require all uninsured deposits with financial institutions, unless FDIC coverage is available, to be covered by collateral by up to 100%, with the collateral held by an independent third party acting as the City's agent and held in the name of the City, Library, and pension fund, respectively.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

The following table presents the investments and durations of the debt securities of the City and Naperville Public Library as of December 31, 2017.

City and Library

Investment Type	Fair Value	Modified Duration (Years)
U.S. Treasury and agency securities	$ 57,332,421	7.65

The City has the following recurring fair value measurements as of December 31, 2017:

- U.S. Treasury securities of $32,518,101 are valued using quoted market prices (Level 1 inputs)
- U.S. agency securities of $24,814,320 are valued using significant other observable inputs (Level 2 inputs)

The relationship between the City, or the Police or Fire Pension Funds and the investment agent is a direct contractual relationship.

Police Pension

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury obligations	$ 21,338,544	$ 2,597,971	$ 13,074,116	$ 5,666,457	$ -
U.S. agency obligations	10,984,513	13,427	2,259,073	2,790,323	5,921,690
Municipal bonds	274,808	-	72,146	202,662	-
Corporate bonds	24,440,888	1,411,778	7,229,915	12,631,623	3,167,572
Negotiable CD's	527,817	-	527,817	-	-
TOTAL	$ 57,566,570	$ 4,023,176	$ 23,163,067	$ 21,291,065	$ 9,089,262

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Police Pension (Continued)

The Fund has the following recurring fair value measurements as of December 31, 2017:

		Fair Value Measurements Using		
Investment by Fair Value Level	December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury obligations	$ 21,338,544	$ 21,338,544	$ -	$ -
U.S. agency obligations	10,984,513	-	10,984,513	-
Municipal bonds	274,808	-	274,808	-
Corporate bonds	24,440,888	-	24,440,888	-
Equity securities				
Annuity contract	14,443,075	-	-	14,443,075
Common stock	17,209,391	17,209,391	-	-
Equity mutual funds	80,605,833	80,605,833	-	-
Negotiable CD's	527,817	-	527,817	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	$ 169,824,869	$ 119,153,768	$ 36,228,026	$ 14,443,075

Fire Pension

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury obligations	$ 21,626,473	$ 3,244,479	$ 14,941,220	$ 3,440,774	$ -
U.S. agency obligations	10,680,885	18,794	2,634,994	2,138,905	5,888,192
Municipal bonds	274,808	-	147,883	126,925	-
Corporate bonds	16,238,917	1,288,611	8,503,632	5,794,215	652,459
TOTAL	$ 48,821,083	$ 4,551,884	$ 26,227,729	$ 11,500,819	$ 6,540,651

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Fire Pension (Continued)

The Fund has the following recurring fair value measurements as of December 31, 2017:

Investment by Fair Value Level	December 31, 2017	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury obligations	$ 21,626,473	$ 21,626,473	$ -	$ -
U.S. agency obligations	10,680,885	-	10,680,885	-
Municipal bonds	274,808	-	274,808	-
Corporate bonds	16,238,917	-	16,238,917	-
Equity securities				
Annuity contract	14,166,988	-	-	14,166,988
Common stock	23,526,002	23,526,002	-	-
Equity mutual funds	74,715,637	74,715,637	-	-
Asset-backed securities	8,720,752	-	8,720,752	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	$ 169,950,462	$ 119,868,112	$ 35,915,362	$ 14,166,988

The investments in the securities of U.S. government agencies were all rated AAA by Standard & Poor's, and Aaa by Moody's Investors Services. The municipal bonds were rated AAA to AA by Standard & Poor's and Aaa to A3 by Moody's, while corporate bonds were either not rated or rated A to BBB- by Standard & Poor's and Aa1 to Baa3 by Moody's.

Interest Rate Risk - Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City invests in mortgage-backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated. The City invests in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Through its investment policy, the City manages its exposure to fair value losses arising from increasing interest rates by limiting the weighted average duration to no more than four years. Interest rate risk for investments held by the Police and Firefighters' Pension Funds is managed by establishing investment parameters for the investment managers.

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 City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City and the Police and Firefighters' Pension Funds investment policies require 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 City's or Police and Firefighters' Pension Fund's agent separate from where the investment was purchased.

Credit Risk - The City's investment and cash management policy, as well as the investment policies of the Police and Firefighters' Pension Funds, prescribe to the "prudent person" rule, which states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City and the Police and Firefighters' Pension Funds limits their 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 or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. The Police and Fire Pension investment policies also allow investment grade corporate bonds 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. However, the City's and the Police and Firefighters' Pension Funds' investment policies do not specifically limit the City and Police and Firefighters' Pension Funds to these types of investments.

Concentration of Credit Risk - The City's investment policy follows the requirements of the State of Illinois Public Funds Investment Act, which prescribes allowable investment vehicles. No single investment, except those guaranteed by the United States Government, may exceed 5% of the fund's total market value. The Police and Firefighters' Pension Funds each have separate investment policies, which establish criteria for allowable investments. Both funds follow the requirements of the Illinois Pension Code. There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of net position available for benefits except for the following investments:

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Police Pension Fund

Investment	Amount
Vanguard Institutional Index Fund	$ 17,293,798
Vanguard Small Cap Fund	13,002,382
Vanguard Mid Cap Fund	13,022,476
DFA Emerg Mkts Core Equity	9,027,206
American Europacific Growth Fund	8,716,781
Principal Annuity Contract	14,443,075

Firefighter's Pension Fund

Investment	Amount
Vanguard Instl Index Fund	$ 17,299,280
Vanguard Mid Cap Fund	13,037,877
DFA International Small Cap	9,300,805
Dodge & Cox International Stock	8,735,343
American Europacific Growth Fund	8,689,745
Principal Annuity Contract	14,166,988

The Police Pension Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Return
Fixed income	35%	2.10%
Domestic equities	35%	5.60%
International equities	15%	5.80%
Real estate	10%	5.20%
Global tactical	5%	3.90%

ILCS limit the Police Pension 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.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

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, 2017 are listed in the table above.

For the fiscal year ended December 31, 2017, the annual money-weighted rate of return on police pension plan investments, net of pension plan investment expense, was 13.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Asset Class	Target	Long-Term Expected Real Return
Fixed income	35%	2.1%
Domestic equities	35%	5.6%
International equities	15%	5.8%
Real estate	10%	5.2%
Global tactical	5%	3.9%
Cash and cash equivalents	0%	0.4%

ILCS limit the Firefighters' Pension 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.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

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, 2017 are listed in the table above.

For the fiscal year ended December 31, 2017, the annual money-weighted rate of return on the Firefighters' Pension Plan investments, net of pension plan investment expense, was 13.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

3. RECEIVABLES

a. Installment Loans

The outstanding loans that are not expected to be collected within one year of December 31, 2017 are as follows:

	Term	Due	Amount
DuPage Mayor and Manger Association	20 Years	02/01/2021	$ 6,510
CPAL - computer loan	Various	Various	219
Loan to the SSA 24 property owners	Various	Various	30,393
Electric loans	Various	Various	1,536,128

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the City at 400 South Eagle Street, Naperville, Illinois 60540. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

a. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

Plan Administration

All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that need or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Benefits Provided (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership

As of December 31, 2017, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	691
Inactive plan members entitled to but not yet receiving benefits	670
Active plan members	810
TOTAL	2,171

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2017 was 11.82% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Net Pension Liability

The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.50%
Salary increases	3.39% to 14.25%
Cost of living adjustments	3.00%
Inflation	2.50%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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, IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	$ 45,649,915	$ 6,788,946	$ (25,212,177)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 306,525,860	$ 271,247,693	$ 35,278,167
Changes for the period			
Service cost	5,538,779	-	5,538,779
Interest	22,718,596	-	22,718,596
Difference between expected and actual experience	4,058,008	-	4,058,008
Changes in assumptions	(9,514,997)	-	(9,514,997)
Employer contributions	-	6,233,486	(6,233,486)
Employee contributions	-	2,431,700	(2,431,700)
Net investment income	-	46,307,985	(46,307,985)
Benefit payments and refunds	(12,761,262)	(12,761,262)	-
Other (net transfer)	-	(3,683,564)	3,683,564
BALANCES AT DECEMBER 31, 2017	$ 316,564,984	$ 309,776,038	$ 6,788,946

Assumptions related to salary increases were changed from 3.75% - 14.50% to 3.39% - 14.25%. Assumptions related to price inflation were changed from 2.75% to 2.50%. Additionally, Certain demographic assumptions were changed, which impacted mortality rates, and retirement rates.

	City	Library	Total
BEGINNING NET PENSION LIABILITY AT JANUARY 1, 2017	$ 29,847,919	$ 5,430,248	$ 35,278,167
EMPLOYER CONTRIBUTIONS - 2017	$ 5,302,389	$ 931,097	$ 6,233,486
ENDING NET PENSION LIABILITY AT DECEMBER 31, 2017	$ 5,774,880	$ 1,014,066	$ 6,788,946

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $5,251,129 and the Library recognized $922,312. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 3,203,728	$ (1,124,604)	$ 2,079,124
Changes in assumption	96,466	(7,483,737)	(7,387,271)
Net difference between projected and actual earnings on pension plan investments	8,004,269	(21,004,916)	(13,000,647)
TOTAL	$ 11,304,463	$ (29,613,257)	$ (18,308,794)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	City Net Deferred Inflows of Resources	Library Net Deferred Inflows of Resources	Total
2018	$ (2,793,433)	$ (490,523)	$ (3,283,956)
2019	(2,957,812)	(519,390)	(3,477,202)
2020	(5,355,910)	(940,495)	(6,296,405)
2021	(4,466,851)	(784,380)	(5,251,231)
2022	-	-	-
Thereafter	-	-	-
TOTAL	$ (15,574,006)	$ (2,734,788)	$ (18,308,794)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Plan Administration

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. 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 pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership

At December 31, 2017, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	89
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	165
TOTAL	260

Benefits Provided

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5% 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), 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 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 officer salary for the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a 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 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent 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 office 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% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. 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 plan and the administrative costs 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. However, the City is funding using the entry age normal actuarial cost method to fund 100% of the past service cost by the year 2033. For the fiscal year ended December 31, 2017, the City's contribution was 36.99% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00% to 11.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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 as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	$ 73,442,127	$ 41,533,464	$ 15,445,661

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 202,219,852	$ 152,154,660	$ 50,065,192
Changes for the period			
Service cost	4,277,831	-	4,277,831
Interest	14,216,220	-	14,216,220
Difference between expected and actual experience	1,578,661	-	1,578,661
Changes in assumptions	-	-	-
Employer contributions	-	6,677,807	(6,677,807)
Employee contributions	-	1,788,835	(1,788,835)
Net investment income	-	20,204,239	(20,204,239)
Benefit payments and refunds	(6,817,646)	(6,817,646)	-
Other (net transfer)	-	(66,441)	66,441
BALANCES AT DECEMBER 31, 2017	$ 215,474,918	$ 173,941,454	$ 41,533,464

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $4,535,438. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 1,315,550	$ (8,147,917)	$ (6,832,367)
Changes in assumption	2,010,892	-	2,010,892
Net difference between projected and actual earnings on pension plan investments	-	(4,281,982)	(4,281,982)
TOTAL	$ 3,326,442	$ (12,429,899)	$ (9,103,457)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2018	$ (1,530,008)
2019	(1,373,665)
2020	(3,409,402)
2021	(3,053,492)
2022	263,110
Thereafter	-
TOTAL	$ (9,103,457)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan

Plan Administration

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership

At December 31, 2017, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	101
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	187
TOTAL	294

Benefits Provided

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5% 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 firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), 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 the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a 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 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent 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 police office 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% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. 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 plan and the administrative costs 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. However, the City is funding using the entry age normal actuarial cost method to fund 100% of the past service cost by the year 2033. For the fiscal year ended December 31, 2017, the City's contribution was 38.10% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00% to 12.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	$ 81,285,305	$ 48,141,991	$ 21,105,079

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 209,971,032	$ 152,660,846	$ 57,310,186
Changes for the period			
Service cost	5,414,018	-	5,414,018
Interest	14,813,198	-	14,813,198
Difference between expected and actual experience	(96,584)	-	(96,584)
Changes in assumptions	-	-	-
Employer contributions	-	7,338,200	(7,338,200)
Employee contributions	-	1,821,286	(1,821,286)
Contributions buy-back	15,593	15,593	-
Net investment income	-	20,265,831	(20,265,831)
Benefit payments and refunds	(7,535,884)	(7,535,884)	-
Other (net transfer)	-	(126,490)	129,490
BALANCES AT DECEMBER 31, 2017	$ 222,581,373	$ 174,439,382	$ 48,141,991

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $8,579,159. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 2,349,820	$ (4,548,414)	$ (2,198,594)
Changes in assumption	3,479,496	-	3,479,496
Net difference between projected and actual earnings on pension plan investments	-	(4,263,208)	(4,263,208)
TOTAL	$ 5,829,316	$ (8,811,622)	$ (2,982,306)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2018	$ 792,733
2019	792,734
2020	(2,129,347)
2021	(2,082,120)
2022	(178,153)
Thereafter	(178,153)
TOTAL	$ (2,982,306)

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Descriptions

In addition to providing the pension benefits described, the City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The actuarial valuation for the OPEB plan is performed every two years. The December 31, 2016 actuarial valuation is used for the following sections.

b. Benefits Provided

The City provides post-employment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans or meet COBRA requirements.

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Eligibility in City sponsored health care plans is discontinued upon eligibility for federally sponsored health care benefits. Retirees who are eligible for health care program participation are also eligible for participation in the life insurance program in the amount of $5,000.

c. Membership

At December 31, 2016, most recent available, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	261
Active employees	1,200
TOTAL	1,461
Participating employers	1

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees via the self-insured plan (pay as you go) which results in an implicit subsidy to the City as defined by the GASB Statement No. 45. Since the City is self-insured, this amount fluctuates on an annual basis. For the fiscal year ending December 31, 2017, retirees contributed $2,392,516 for premiums and the City contributed $540,649 toward the implicit subsidy. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement. The general fund typically has been used to liquidate the governmental activities the net other postemployment benefit obligation.

e. Annual OPEB cost and Net OPEB Obligation

The City's annual OPEB cost (expense) was $841,229 while the ARC was $827,914 for the fiscal year ended December 31, 2017. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2017 were as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	$ 420,025	$ 295,349	70.32%	$ 2,312,088
2016	627,786	443,024	70.57%	2,496,850
2017	841,229	540,649	64.27%	2,797,430

The net OPEB obligation (NOPEBO) as of December 31, 2017, was calculated as follows:

Annual required contributions	$ 827,914
Interest on NOPEBO	99,873
Adjustment to ARC	(86,558)
Annual pension cost	841,229
Actual contribution	(540,649)
Change in NOPEBO	300,580
NOPEBO, beginning of year	2,496,850
NOPEBO, END OF YEAR	$ 2,797,430

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB cost and Net OPEB Obligation (Continued)

Governmental activities	$ 2,405,340
Business-type activities	229,858
Library discretely presented component unit	162,232
TOTAL	$ 2,797,430

f. Funded Status and Funding Progress

The funded status of the plan as of December 31, 2016, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	$ 10,649,256
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	10,649,256
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 82,729,832
UAAL as a percentage of covered payroll	12.87%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

g. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Actuarial Methods and Assumptions (Continued)

In the December 31, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.50% initially and 4.00% ultimately. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016, was 30 years.

11. DISCRETELY PRESENTED COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY

The following is summary fund financial information for the Naperville Public Library (the Library) for the fiscal year ended December 31, 2017:

Balance Sheet

	General Operating	Special Revenue: Building Reserve	Special Revenue: Gift and Memorial	Special Revenue: Endowment	Total	Adjustment	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
ASSETS							
Cash and cash equivalents	$ 404,055	$ 600,406	$ 26,178	$ 10,529	$ 1,041,168	$ -	$ 1,041,168
Property taxes receivable, net of allowance for uncollectible accounts	14,583,000	-	-	-	14,583,000	-	14,583,000
Interest receivable	1,030	1,454	63	25	2,572	-	2,572
Due from other governments	110,140	-	-	-	110,140	-	110,140
Capital assets (net)							
Capital assets not depreciated	-	-	-	-	-	-	-
Capital assets depreciated, net	-	-	-	-	-	11,688,528	11,688,528
Total assets	15,098,225	601,860	26,241	10,554	15,736,880	11,688,528	27,425,408
DEFERRED OUTFLOWS OF RESOURCES							
Deferred items - IMRF	-	-	-	-	-	1,688,549	1,688,549
Total deferred outflows of resources	-	-	-	-	-	1,688,549	1,688,549
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 15,098,225	$ 601,860	$ 26,241	$ 10,554	$ 15,736,880	$ 13,377,077	$ 29,113,957

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017
Actuarially determined contributions	$ 6,026,372	$ 6,217,283	$ 6,233,486
Contributions in relation to the actuarially determined contribution	6,026,372	6,217,283	6,233,486
CONTRIBUTION DEFICIENCY (Excess)	$ -	$ -	$ -
Covered-employee payroll	$ 51,417,441	$ 51,486,313	$ 52,718,201
Contributions as a percentage of covered-employee payroll	11.72%	12.08%	11.82%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2014 (base year 2012)

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	2016	2017
Actuarially determined contributions	$ 5,156,419	$ 4,809,036	$ 5,829,394	$ 6,538,474
Contributions in relation to the actuarially determined contribution	5,641,180	5,345,433	6,329,588	6,677,807
CONTRIBUTION DEFICIENCY (Excess)	$ (484,761)	$ (536,397)	$ (500,194)	$ (139,333)
Covered-employee payroll	$ 16,365,735	$ 16,683,031	$ 17,893,623	$ 18,050,807
Contributions as a percentage of covered-employee payroll	34.47%	32.04%	35.37%	36.99%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	Market Value
Inflation	2.5%
Salary Increases	5.0%
Investment Rate of Return	7.0%
Retirement Age	100% by age 70
Mortality	RP 2000 Mortality Table (CHBCA)

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	2016	2017
Actuarially determined contributions	$ 5,183,001	$ 4,820,338	$ 5,871,947	$ 7,237,440
Contributions in relation to the actuarially determined contribution	5,670,039	5,355,723	6,415,496	7,338,200
CONTRIBUTION DEFICIENCY (Excess)	$ (487,038)	$ (535,385)	$ (543,549)	$ (100,760)
Covered-employee payroll	$ 17,165,868	$ 18,315,408	$ 18,576,954	$ 19,262,676
Contributions as a percentage of covered-employee payroll	33.03%	29.24%	34.53%	38.10%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.5%
Salary Increases	5.0%
Investment Rate of Return	7.0%
Retirement Age	100% by age 70
Mortality	RP 2000 Mortality Table (CHBCA)

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	$ 5,623,110	$ 5,569,481	$ 5,538,779
Interest	20,562,051	21,744,892	22,718,596
Changes in benefit terms	-	-	-
Differences between expected and actual experience	626,724	(2,265,178)	4,058,008
Change of assumptions	358,132	(740,500)	(9,514,997)
Benefit payments, including refunds of member contributions	(10,515,189)	(11,410,419)	(12,761,262)
Net change in total pension liability	16,654,828	12,898,276	10,039,124
Total pension liability - beginning	276,972,756	293,627,584	306,525,860
TOTAL PENSION LIABILITY - ENDING	$ 293,627,584	$ 306,525,860	$ 316,564,984
PLAN FIDUCIARY NET POSITION			
Contributions - employer	$ 6,026,372	$ 6,217,283	$ 6,233,486
Contributions - members	2,325,703	2,364,110	2,431,700
Net investment income	1,278,894	17,659,805	46,307,985
Benefit payments, including refunds of member contributions	(10,515,189)	(11,410,419)	(12,761,262)
Other	(715,829)	1,156,632	(3,683,564)
Net change in plan fiduciary net position	(1,600,049)	15,987,411	38,528,345
Plan fiduciary net position - beginning	256,860,331	255,260,282	271,247,693
PLAN FIDUCIARY NET POSITION - ENDING	$ 255,260,282	$ 271,247,693	$ 309,776,038
EMPLOYER'S NET PENSION LIABILITY	$ 38,367,302	$ 35,278,167	$ 6,788,946
Plan fiduciary net position as a percentage of the total pension liability	86.93%	88.49%	97.86%
Covered-employee payroll	$ 51,417,441	$ 51,486,313	$ 52,718,201
Employer's net pension liability as a percentage of covered-employee payroll	74.62%	68.52%	12.88%

Measurement Date December 31, 2015 - There was a change with respect to actuarial assumptions. Certain demographic assumptions were changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

Measurement Date December 31, 2016 - There was a change with respect to actuarial assumptions. Changes in assumptions related to mortality were made since the prior measurement date. Additionally, the discount rate was changed from 7.48% to 7.50%.

Measurement Date December 31, 2017 - Assumptions related to salary increases were changed from 3.75% - 14.50% to 3.39% - 14.25%. Assumptions related to price inflation were changed from 2.75% to 2.50%. Additionally, Certain demographic assumptions were changed, which impacted mortality rates and retirement rates.

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.)

CITY OF NAPERVILLE, ILLINOIS

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

Last Four Fiscal Years

	April 30,	December 31,		
MEASUREMENT DATE	2015	2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	$ 3,442,284	$ 2,635,406	$ 4,113,967	$ 4,277,831
Interest	12,150,401	8,904,818	13,993,038	14,216,220
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(2,006,971)	(1,398,497)	(11,518,319)	1,578,661
Change of assumptions	8,387,367	-	3,016,340	-
Benefit payments, including refunds of member contributions	(5,506,966)	(3,958,442)	(6,365,209)	(6,817,646)
Net change in total pension liability	16,466,115	6,183,285	3,239,817	13,255,066
Total pension liability - beginning	176,330,635	192,796,750	198,980,035	202,219,852
TOTAL PENSION LIABILITY - ENDING	$ 192,796,750	$ 198,980,035	$ 202,219,852	$ 215,474,918
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ 5,641,180	$ 5,345,433	$ 6,329,588	$ 6,677,807
Contributions - members	1,599,368	1,117,257	1,773,258	1,788,835
Contributions - other	8,066	2,237	21,704	-
Net investment income	8,726,002	(4,333,440)	11,562,097	20,204,239
Benefit payments, including refunds of member contributions	(5,506,966)	(3,950,028)	(6,386,913)	(6,817,646)
Administrative expense	(130,073)	(67,226)	(53,912)	(66,441)
Net change in plan fiduciary net position	10,337,577	(1,885,767)	13,245,822	21,786,794
Plan fiduciary net position - beginning	130,457,028	140,794,605	138,908,838	152,154,660
PLAN FIDUCIARY NET POSITION - ENDING	$ 140,794,605	$ 138,908,838	$ 152,154,660	$ 173,941,454
EMPLOYER'S NET PENSION LIABILITY	$ 52,002,145	$ 60,071,197	$ 50,065,192	$ 41,533,464
Plan fiduciary net position as a percentage of the total pension liability	73.03%	69.81%	75.24%	80.72%
Covered-employee payroll	$ 16,683,031	$ 16,683,031	$ 17,893,623	$ 18,050,807
Employer's net pension liability as a percentage of covered-employee payroll	311.71%	360.07%	279.79%	230.09%

Measurement Date April 30, 2015 - Changes made to mortality rate.

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.

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.)

CITY OF NAPERVILLE, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
TOTAL PENSION LIABILITY				
Service cost	$ 3,852,140	$ 3,038,367	$ 5,196,429	$ 5,414,018
Interest	11,857,616	8,558,822	14,032,562	14,813,198
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(82,734)	5,414,803	(5,954,167)	(96,584)
Change of assumptions	2,920,299	-	4,639,327	-
Contributions buy-back	-	-	-	15,593
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)	(6,423,714)	(7,535,884)
Net change in total pension liability	13,339,753	13,142,547	11,490,437	12,610,341
Total pension liability - beginning	171,998,295	185,338,048	198,480,595	209,971,032
TOTAL PENSION LIABILITY - ENDING	$ 185,338,048	$ 198,480,595	$ 209,971,032	$ 222,581,373
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ 5,670,039	$ 5,355,723	$ 6,415,496	$ 7,338,200
Contributions - members	1,839,016	1,181,158	1,756,451	1,821,286
Contributions buy-back	-	-	-	15,593
Net investment income	7,705,014	(4,543,027)	11,586,944	20,265,831
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)	(6,423,714)	(7,535,884)
Administrative expense	(109,970)	(82,866)	(123,773)	(126,490)
Net change in plan fiduciary net position	9,896,531	(1,958,457)	13,211,404	21,778,536
Plan fiduciary net position - beginning	131,511,368	141,407,899	139,449,442	152,660,846
PLAN FIDUCIARY NET POSITION - ENDING	$ 141,407,899	$ 139,449,442	$ 152,660,846	$ 174,439,382
EMPLOYER'S NET PENSION LIABILITY	$ 43,930,149	$ 59,031,153	$ 57,310,186	$ 48,141,991
Plan fiduciary net position as a percentage of the total pension liability	76.30%	70.26%	72.71%	78.37%
Covered-employee payroll	$ 17,165,868	$ 18,315,408	$ 18,576,954	$ 19,262,676
Employer's net pension liability as a percentage of covered-employee payroll	255.92%	322.30%	308.50%	249.92%

Measurement Date April 30, 2015 - Changes made to mortality rate.

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.

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
Annual money-weighted rate of return, net of investment expense	6.60%	(3.10%)	8.41%	13.29%

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	2016	2017
Annual money-weighted rate of return, net of investment expense	6.00%	(3.20%)	8.32%	13.31%

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry-Age	(b)-(a) Unfunded AAL (UAAL)	(a) / (b) Funded Ratio	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/17	N/A	N/A	N/A	N/A	N/A	N/A
12/31/16	$ -	$ 10,649,256	$ 10,649,256	0.00%	$ 82,729,832	12.87%
12/31/2015*	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2015	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2014	-	9,043,563	9,043,563	0.00%	88,717,698	10.19%
4/30/2013	-	8,302,543	8,302,543	0.00%	84,561,057	9.82%

*For the eight months ended.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

Year Ended April 30	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
12/31/17	$ 540,649	$ 827,914	65.30%
12/31/16	443,024	615,455	71.98%
12/31/2015*	295,349	410,303	71.98%
4/30/2015	443,023	615,455	71.98%
4/30/2014	435,507	558,380	77.99%
4/30/2013	435,507	558,380	77.99%

*Eight months ended.

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future.

(See independent auditor's report.)

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Police and Firefighters' Pension Trust Funds - to account for the accumulation of retirement and disability benefits as required by state statute. Resources are contributed by employees at rates fixed by law and by the City determined by an actuarial study.

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2017

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and short-term investments	$ 3,136,523	$ 3,273,016	$ 6,409,539
Receivables			
Interest receivable	555,743	554,154	1,109,897
Investments at fair value			
U.S. Treasury obligations	21,338,544	21,626,473	42,965,017
U.S. Government agencies	10,984,513	10,680,885	21,665,398
Municipal bonds	274,808	274,808	549,616
Corporate bonds	24,440,888	16,238,917	40,679,805
Annuities	14,443,075	14,166,988	28,610,063
Common stock	17,209,391	23,526,002	40,735,393
Mutual funds	80,605,833	74,715,637	155,321,470
Asset-backed securities	-	8,720,752	8,720,752
Negotiable certificates of deposit	527,817	-	527,817
Total investments	169,824,869	169,950,462	339,775,331
Due from municipality	478,673	660,841	1,139,514
Prepaid items	11,920	1,045	12,965
Total assets	174,007,728	174,439,518	348,447,246
LIABILITIES			
Accounts payable	66,274	136	66,410
NET POSITION RESTRICTED FOR PENSIONS	$ 173,941,454	$ 174,439,382	$ 348,380,836

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2017

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	$ 6,677,807	$ 7,338,200	$ 14,016,007
Employee	1,788,835	1,836,879	3,625,714
Total contributions	8,466,642	9,175,079	17,641,721
Investment income			
Net appreciation in fair value of investments	16,365,432	15,598,857	31,964,289
Interest and dividends	4,111,282	5,016,733	9,128,015
Total investment income	20,476,714	20,615,590	41,092,304
Less investment expense	272,475	349,759	622,234
Net investment income	20,204,239	20,265,831	40,470,070
Total additions	28,670,881	29,440,910	58,111,791
DEDUCTIONS			
Benefits	6,807,712	7,504,537	14,312,249
Refunds of contributions	9,934	31,347	41,281
Administrative expense	66,441	126,490	192,931
Total deductions	6,884,087	7,662,374	14,546,461
NET INCREASE	21,786,794	21,778,536	43,565,330
NET POSITION RESTRICTED FOR PENSIONS			
January 1	152,154,660	152,660,846	304,815,506
December 1	$ 173,941,454	$ 174,439,382	$ 348,380,836

(See independent auditor's report.)

OFFICIAL BID FORM

(Open Speer Auction)

City of Naperville
400 South Eagle Street
Naperville, Illinois 60540

October 22, 2018
Speer Financial, Inc.

Members of the City Council:

For the $4,690,000* General Obligation Bonds, Series 2018, of the City of Naperville, Illinois, as described in the annexed Official Notice of Sale, which is expressly made a part of this bid, we will pay you $_____ (no less than $4,643,100) from the date of delivery for Bonds, expected to be on or about November 7, 2018, bearing interest as follows (each rate a multiple of 1/8 or 1/100 of 1%). Interest is due June 1 and December 1 of each year commencing June 1, 2019. **The premium or discount, if any, is subject to adjustment allowing the same $_____ gross spread per $1,000 bond as bid herein.**

MATURITIES* - DECEMBER 1

$200,000	2019	$300,000	2026	$270,000	2033
115,000	2020	150,000	2027	280,000	2034
165,000	2021	220,000	2028	290,000	2035
190,000	2022	300,000	2029	305,000	2036
180,000	2023	190,000	2030	315,000	2037
185,000	2024	250,000	2031	330,000	2038
195,000	2025	260,000	2032		

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois. The City will pay for the legal opinion. The underwriter agrees to **apply for CUSIP numbers within 24 hours** and pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time to the City's good faith bank and under the terms provided in the Official Notice of Sale for the Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the order of the Treasurer of the City in the amount of the Deposit under the terms provided in the Official Notice of Sale for the Bonds.

Form of Deposit (Check One)

Prior to Bid Opening:
Certified/Cashier's Check [ ]
Wire Transfer [ ]

Within **TWO hours** of Bidding:
Wire Transfer [ ]

Amount: $93,800

Account Manager Information

Name _____

Address _____

By _____

City _____ State/Zip _____

Direct Phone (_____) _____

FAX Number (_____) _____

E-Mail Address _____

Bidders Option Insurance

We have purchased insurance from:

Name of Insurer
(Please fill in)

_____

Premium: _____

Maturities: (Check One)

[__] _____ **Years**

[__] **All**

The foregoing bid was accepted and the Bonds sold by Ordinance of the City on October 22, 2018, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Notice of Sale.

CITY OF NAPERVILLE, ILLINOIS

_____
Mayor

**Subject to change.*

---------- NOT PART OF THE BID ----------

(Calculation of true interest cost)

	Bid	Post Sale Revision
Gross Interest	$	
Less Premium/Plus Discount	$	
True Interest Cost	$	
True Interest Rate	%	
TOTAL BOND YEARS	55,327.67	
AVERAGE LIFE	11.797 Years	

OFFICIAL NOTICE OF SALE

$4,690,000*
CITY OF NAPERVILLE
DuPage and Will Counties, Illinois
General Obligation Bonds, Series 2018
(OPEN SPEER AUCTION)

The City of Naperville, Illinois (the "City"), will receive electronic bids on the SpeerAuction (*"SpeerAuction"*) website address "www.SpeerAuction.com" for its $4,690,000* General Obligation Bonds, Series 2018 (the "Bonds"), on an all or none basis between 10:45 A.M. and 11:00 A.M., C.D.T., October 22, 2018. To bid, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City's sale (as described below). Award will be made or all bids rejected at a meeting of the City on that date. The City reserves the right to change the date or time for receipt of bids. Any such change shall be made not less than twenty-four (24) hours prior to the revised date and time for receipt of the bids for the Bonds and shall be communicated by publishing the changes in the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds are valid and legally binding general obligations of the City and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

Bidding Details

Bidders should be aware of the following bidding details associated with the sale of the Bonds.

(1) All bids must be submitted on the SpeerAuction website at www.SpeerAuction.com. **No telephone, telefax or personal delivery bids will be accepted.** The use of SpeerAuction shall be at the bidder's risk and expense and the City shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bid. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.

(2) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid the prior bid will remain valid.

(3) If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by SpeerAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.

(4) The last valid bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.

(5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd" etc.)

(6) On the Auction Page, bidders will be able to see whether a bid has been submitted.

Rules of SpeerAuction

Bidders must comply with the Rules of SpeerAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of SpeerAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

Establishment of Issue Price (10% Test May Apply if Competitive Sale Requirements are Not Satisfied)

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Katten Muchin Rosenman LLP ("Bond Counsel"). All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor and any notice or report to be provided to the City may be provided to Speer Financial, Inc., Chicago, Illinois (*"Speer"*).

**Subject to change.*

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

(1) the City shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
(2) all bidders shall have an equal opportunity to bid;
(3) the City may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
(4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. **The City will not require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, though the winning bidder may elect to apply the "hold the offering price rule" (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the "hold-the-offering-price rule" as described below, bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Bonds unless the winning bidder shall request that the "hold-the-offering-price rule" (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the "hold-the-offering-price rule" at or prior to the time the Bonds are awarded.

(i) If the winning bidder does not request that the "hold-the-offering-price rule" apply to determine the issue price of the Bonds, the following two paragraphs shall apply:

The City shall treat the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.

Until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the purchaser shall provide the City with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Bonds of such maturity.

(ii) If the winning bidder does request that the "hold-the-offering-price rule" apply to determine the issue price of the Bonds, the following three paragraphs shall apply:

The City may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the *"initial offering price"*), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth business day after the Sale Date; or
(2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price applicable to the Bonds.

(d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award.

(e) Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "Public" means any person other than an Underwriter or a Related Party,
(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

(iii) a purchaser of any of the Bonds is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "Sale Date" means the date that the Bonds are awarded by the City to the winning bidder.

Rules

(1) A bidder ("Bidder") submitting a winning bid ("Winning Bid") is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the City, as set forth in the related Official Notice of Sale. Winning Bids are not officially awarded to Winning Bidders until formally accepted by the City.

(2) Neither the City, Speer Financial, Inc., nor Grant Street Group (the "Auction Administrator") is responsible for technical difficulties that result in loss of Bidder's internet connection with SpeerAuction, slowness in transmission of bids, or other technical problems.

(3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the City exercises its right to reject bids, as set forth herein.

(4) Bids which generate error messages are not accepted until the error is corrected and bid is received prior to the deadline.

(5) Bidders accept and agree to abide by all terms and conditions specified in the Official Notice of Sale (including amendments, if any) related to the auction.

(6) Neither the City, Speer Financial, Inc., nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Official Notice of Sale, amendments, or Preliminary Official Statement as they appear on SpeerAuction.

(7) Only Bidders who request and receive admission to an auction may submit bids. SpeerAuction and the Auction Administrator reserve the right to deny access to SpeerAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.

(8) Neither the City, Speer Financial, Inc., nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder's SpeerAuction password.

(9) If two bids submitted in the same auction by the same or two or more different Bidders result in same True Interest Cost, the first confirmed bid received by SpeerAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.

(10) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to SpeerAuction within 15 minutes after the bidding time period ends. Regardless of the final results reported by SpeerAuction, Bonds are definitively awarded to the winning bidder only upon official award by the City. If, for any reason, the City fails to: (i) award Bonds to the winner reported by SpeerAuction, or (ii) deliver Bonds to winning bidder at settlement, neither the City, Speer Financial, Inc., nor the Auction Administrator will be liable for damages.

The City reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Notice of Sale, and to waive any irregularity or informality with respect to any proposal. Additionally, the City reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds will be in fully registered form in the denominations of $5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry only form. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. Interest is due semiannually on June 1 and December 1 of each year commencing June 1, 2019, and is payable by UMB Bank, St. Louis, Missouri (the "Bond Registrar"). The Bonds are dated the date of delivery, expected to be on or about November 7, 2018.

If the winning bidder is not a direct participant of DTC and does not have clearing privileges with DTC, the Bonds will be issued as Registered Bonds in the name of the purchaser. At the request of such winning bidder, the City will assist in the timely conversion of the Registered Bonds into book-entry bonds with DTC as described herein.

MATURITIES* - DECEMBER 1

$200,000 2019	$300,000 2026	$270,000 2033
115,000 2020	150,000 2027	280,000 2034
165,000 2021	220,000 2028	290,000 2035
190,000 2022	300,000 2029	305,000 2036
180,000 2023	190,000 2030	315,000 2037
185,000 2024	250,000 2031	330,000 2038
195,000 2025	260,000 2032	

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds due December 1, 2019-2026, inclusive, are non-callable. The Bonds due December 1, 2027-2038, are callable in whole or in part on any date on or after December 1, 2026, at a price of par plus accrued interest to the redemption date. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid for maturities 2028 through 2038 shall be in non-descending order in relation to the rate bid on the 2027 maturity. The differential between the highest rate bid and the lowest rate bid shall not exceed three percent (3%). All bids must be for all of the Bonds, must be for not less than $4,643,100.

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage.

The Bonds will be awarded to the bidder complying with the terms of this Official Notice of Sale whose bid produces the lowest true interest cost rate to the City as determined by the City's Municipal Advisor, which determination shall be conclusive and binding on all bidders; *provided*, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The discount or premium, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, allowing the same dollar amount of profit per $1,000 bond as submitted on the Official Bid Form.

The true interest cost of each bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the City's Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or its Municipal Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-32. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per bond.

The winning bidder is required to wire transfer from a solvent bank or trust company to the City's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the City. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

The Deposit of the successful bidder will be retained by the City pending delivery of the Bonds and all others will be promptly returned. Should the successful bidder fail to take up and pay for the Bonds when tendered in accordance with this Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the City caused by failure of the bidder to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Bonds. No interest on the Deposit will accrue to the purchaser.

**Subject to change.*

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
30 North LaSalle Street, 38th Floor
Chicago, IL 60602
ABA # 071003405
Credit To: 3281 Speer Bidding Escrow
RE: City of Naperville, DuPage and Will Counties, Illinois
bid for $4,690,000* General Obligation Bonds, Series 2018

Contemporaneously with such wire transfer, the bidder shall send an email to biddingescrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such bidder is not awarded the Bonds. The City and any bidder who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful bidder; (ii) if the bid is accepted, the Deposit shall be forwarded to the City; (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the bidder; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the City in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the City in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about November 7, 2018. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in the Rule. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled "Final Official Statement" rather than through supplementing the Official Statement by an addendum or addenda. By awarding the Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 100 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Bonds to the purchaser in New York, New York, through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the unqualified opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, that the Bonds are lawful and enforceable obligations of the City in accordance with their terms and are payable from ad valorem taxes levied against all taxable property of the City, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate by the City.

**Subject to change.*

The City intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Bonds. Copies of such Official Statement or additional information may be obtained from , Ms. Rachel Mayer, Finance Director/City Treasurer, City of Naperville, 400 South Eagle Street, Naperville, Illinois 60540 or an electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Sales Calendar" from the Independent Public Finance Consultants to the City, Speer Financial, Inc., One North LaSalle Street, Suite 4100, Chicago, Illinois 60602, telephone (312) 346-3700.

/s/ ***STEVE CHIRICO***
Mayor
CITY OF NAPERVILLE

/s/ ***DOUGLAS KRIEGER***
City Manager
CITY OF NAPERVILLE

Exhibit A
Example Issue Price Certificate

FORM OF ISSUE PRICE CERTIFICATE –
AT LEAST 10% OF EACH MATURITY ACTUALLY SOLD AT A SINGLE PRICE

$___,___,000
CITY OF NAPERVILLE
DUPAGE AND WILL COUNTIES, ILLINOIS
GENERAL OBLIGATION BONDS, SERIES 2018

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____ (the "Underwriter") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A. *[NOTE: This statement must be modified if 10% of any maturity is not sold by the issue date of the Bonds]*

2. ***Defined Terms.***

(a) *Issuer* means the City of Naperville, DuPage and Will Counties, Illinois.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party to an underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) An *underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Katten Muchin Rosenman LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

_____, as Underwriter

By:_____
Name:_____

Dated: _____ __, 2018

New Issue

Investment Ratings:
S&P Global Ratings... AAA (Stable)
Moody's Investors Service ... Aaa (Stable)

Final Official Statement

*Subject to compliance by the City with certain covenants, in the opinion of Katten Muchin Rosenman LLP, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "**TAX EXEMPTION**" herein for a more complete discussion.*

CITY OF NAPERVILLE
DuPage and Will Counties, Illinois
$4,640,000 General Obligation Bonds, Series 2018

Dated Date of Delivery **Book-Entry** **Bank Qualified** **Due on December 1, 2019-2038**

The $4,640,000 General Obligation Bonds, Series 2018 (the "Bonds"), are being issued by the City of Naperville, DuPage and Will Counties, Illinois (the "City"). Interest is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2019. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each series and maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on December 1 in the following years and amounts.

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS*(1)*

Principal Amount	Due Dec. 1	Interest Rate	Yield	CUSIP(1) Number	Principal Amount	Due Dec. 1	Interest Rate	Yield	CUSIP(1) Number
$200,000	2019	5.000%	2.380%	630412 YB4	$330,000	2029*	4.000%	3.000%	630412 YM0
135,000	2020	5.000%	2.540%	630412 YC2	160,000	2030*	4.000%	3.100%	630412 YN8
135,000	2021	5.000%	2.600%	630412 YD0	245,000	2031*	4.000%	3.200%	630412 YP3
190,000	2022	5.000%	2.690%	630412 YE8	255,000	2032*	4.000%	3.300%	630412 YQ1
175,000	2023	5.000%	2.770%	630412 YF5	265,000	2033*	4.000%	3.400%	630412 YR9
180,000	2024	5.000%	2.860%	630412 YG3	280,000	2034*	4.000%	3.450%	630412 YS7
190,000	2025	5.000%	2.950%	630412 YH1	290,000	2035*	4.000%	3.500%	630412 YT5
300,000	2026	5.000%	3.040%	630412 YJ7	300,000	2036*	4.000%	3.550%	630412 YU2
150,000	2027	3.125%	3.130%	630412 YK4	315,000	2037*	4.000%	3.600%	630412 YV0
220,000	2028	3.125%	3.210%	630412 YL2	325,000	2038*	4.000%	3.650%	630412 YW8

**These maturities have been priced to call.*

OPTIONAL REDEMPTION

The Bonds due December 1, 2019-2026, inclusive, are non-callable. The Bonds due December 1, 2027-2038, are callable in whole or in part on any date on or after December 1, 2026, at a price of par plus accrued interest to the redemption date. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "**OPTIONAL REDEMPTION**" herein.

PURPOSE, LEGALITY AND SECURITY

The Bond proceeds are expected to be used to (i) finance certain capital improvements in the City; and (ii) pay the costs of issuance of the Bonds. See "**THE PROJECT**" herein.

The Bonds are valid and legally binding general obligations of the City and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

This Final Official Statement is dated October 22, 2018, and has been prepared under the authority of the City. An electronic copy of this Final Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Final Official Statement Sales Calendar". Additional copies may be obtained from Ms. Rachel Mayer, Finance Director/City Treasurer, City of Naperville, 400 South Eagle Street, Naperville, Illinois 60540, or from the Independent Public Finance Consultants to the City:

Speer Financial, Inc.
INDEPENDENT MUNICIPAL ADVISORS • ESTABLISHED 1954
ONE NORTH LASALLE STREET, SUITE 4100 • CHICAGO, ILLINOIS 60602
Telephone: (312) 346-3700; Facsimile: (312) 346-8833
www.speerfinancial.com

(1) CUSIP numbers appearing in this Final Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Final Official Statement.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

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BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Final Official Statement which is provided for the convenience of potential investors and which should be reviewed in their entirety by potential investors.

Issuer:	City of Naperville, Illinois.
Issue:	$4,640,000 General Obligation Bonds, Series 2018.
Dated Date:	Date of delivery, expected to be on or about November 7, 2018.
Interest Due:	Each June 1 and December 1, commencing June 1, 2019.
Principal Due:	Each December 1, commencing December 1, 2019, through December 1, 2038, as detailed on the cover page of this Final Official Statement.
Optional Redemption:	The Bonds due December 1, 2019-2026, inclusive, are non-callable. The Bonds due December 1, 2027-2038, are callable in whole or in part on any date on or after December 1, 2026, at a price of par plus accrued interest to the redemption date. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See **"OPTIONAL REDEMPTION"** herein.
Authorization:	The City is a home rule unit under the 1970 Illinois Constitution, has no statutory debt limit, and is not required to seek referendum approval to issue the Bonds.
Security:	The Bonds are valid and legally binding general obligations of the City and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.
Investment Ratings:	The Bonds have been rated AAA/Stable from S&P Global Ratings, a Division of the McGraw-Hill Companies, New York, New York ("S&P"), and Aaa/Stable from Moody's Investors Service, New York, New York ("Moody's").
Purpose:	The Bond proceeds are expected to be used to (i) finance certain capital improvements in the City; and (ii) pay the costs of issuance of the Bonds. See "**THE PROJECT**" herein.
Tax Exemption:	Katten Muchin Rosenman LLP, Chicago, Illinois, will provide an opinion as to the tax exemption of the interest on the Bonds as discussed under **"TAX EXEMPTION"** in this Final Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.
Bank Qualification:	The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See **"QUALIFIED TAX-EXEMPT OBLIGATIONS"** herein.
Bond Registrar/Paying Agent:	UMB Bank, St. Louis, Missouri.
Delivery:	The Bonds are expected to be delivered on or about November 7, 2018.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. See **APPENDIX B** herein.
Denomination:	$5,000 or integral multiples thereof.

CITY OF NAPERVILLE
DuPage and Will Counties, Illinois

Steve C. Chirico
Mayor

City Council Members

Becky Anderson	Kevin Coyne	Paul Hinterlong
Rebecca Boyd-Obarski	Patty Gustin	John Krummen
Judy Brodhead		Benjamin White

OFFICIALS

Pam R. Gallahue	Douglas Krieger	Rachel Mayer
City Clerk	*City Manager*	*Finance Director/City Treasurer*

Speer Financial, Inc.	Katten Muchin Rosenman LLP
Municipal Advisor	*Bond Counsel*

AUTHORIZATION, PURPOSE AND SECURITY

The $4,640,000 General Obligation Bonds, Series 2018 (the "Bonds"), are being issued pursuant to the home rule powers of the City of Naperville, Illinois (the "City"), under Section 6 of Article VII of the 1970 Constitution of the State of Illinois, and pursuant to a bond ordinance adopted by the City Council on the 16th day of October, 2018 (the "Bond Ordinance"). Bond proceeds will be used to (i) finance certain capital improvements of the City, and (ii) to pay the costs of issuing the Bonds. See "**THE PROJECT**" herein. The Bonds constitute valid and legally binding full faith and credit general obligations of the City, and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount. The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the City in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Ordinance will be filed with the County Clerks of DuPage and Will Counties, and will serve as authorization to said County Clerks to extend and collect the property taxes as set forth in the Bond Ordinance.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Final Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Finances of the State of Illinois

The State of Illinois (the "State") has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. The State failed to enact a full budget for the State fiscal years ending June 30, 2016, and June 30, 2017, which had a significant, negative impact on the State's finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. In addition, the underfunding of the State's pension systems and a bill backlog of billions of dollars contributed to the State's poor financial health. On July 6, 2017, the General Assembly of the State (the "General Assembly") enacted a budget for the State fiscal year ending June 30, 2018 (the "Fiscal Year 2018 Budget"), overriding the Governor's veto. On May 31, 2018, the General Assembly passed a budget for the State for fiscal year ending June 30, 2019 (the "Fiscal Year 2019 Budget"), and on June 4, 2018, the Governor approved the same.

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with municipalities, including the City. The State's general fiscal condition and the underfunding of the State's pension systems have materially adversely affected the State's financial condition and may result in decreased or delayed revenues allocated to the City. In addition, both the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget contain a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the City, by 10% (for Fiscal Year 2018) and by 5% (for Fiscal Year 2019). The Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget also include a service fee for sales taxes imposed locally and collected on behalf of municipalities by the State, the same being 2% of such sales taxes (for Fiscal Year 2018) and 1.5% of such sales taxes (for Fiscal Year 2019). The City cannot determine at this time the financial impact of these provisions on its overall financial condition but such provisions may result in lower income tax revenues and sales tax revenues distributed to the City.

The City can give no assurance that there will not be additional changes in applicable law modifying the manner in which local revenue sharing is allocated by the State.

Future Pension Plan Funding Requirements

The City participates in the Police Pension Plan and the Firefighters' Pension Plan, both as hereinafter defined. Under the Illinois Pension Code, as amended (the "Pension Code"), the City is required to contribute to each plan in order to achieve a Funded Ratio of 90% by 2040. In order to achieve the 90% Funded Ratio for both plans by 2040, it is expected that the annual employer contributions required by the City will increase over time. The City also participates in the Illinois Municipal Retirement Plan (the "IMRF Plan"), which is a defined benefit pension plan administered by the Illinois Municipal Retirement Fund ("IMRF"); employer contributions are projected by the IMRF to increase over time. Increasing annual required employer contributions for the City could have a material adverse effect on the finances of the City.

The Pension Code allows the State Comptroller, after proper procedures have taken place, to divert State payments intended for the City to the Police Pension Plan and the Firefighters' Pension Plan to satisfy contribution shortfalls by the City. If the City does not make 100% of its annual required contributions to the Police Pension Plan and Firefighters' Pension Plan, the City may have revenues withheld by the State Comptroller. Such withholdings by the State Comptroller could adversely affect the City's financial health and operations.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the City. Despite the implementation of network security measures by the City, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the City does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the City's operations and financial health. Further, as cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

Local Economy

The financial health of the City is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the City.

Loss or Change of Bond Rating

The Bonds have received a credit rating of AAA/Stable from S&P Global Ratings, a Division of the McGraw-Hill Companies ("S&P") and Aaa/Stable from Moody's Investors Service, New York, New York ("Moody's"). The rating can be changed or withdrawn at any time for reasons both under and outside the City's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Secondary Market for the Bonds

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the City to comply with the Undertaking for continuing disclosure (see **"CONTINUING DISCLOSURE"** and **"THE UNDERTAKING"** herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Final Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City, or the taxing authority of the City. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the City, the taxable value of property within the City, and the ability of the City to levy property taxes or collect revenues for its ongoing operations.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

THE CITY

The City, incorporated in 1857, is located in southwestern DuPage County with a portion in Will County and covers an area of approximately 39.90 square miles. The City is a home-rule unit of government under the 1970 Illinois Constitution and operates under the Council-Manager form of government. The City is located along the I-88 State of Illinois designated High Technology Corridor and is home to many corporate headquarters, research centers and facilities for many well-known national and international companies. The City has been one of the fastest growing communities in the Chicago metropolitan area over the past decade and, based on U.S. Census Bureau estimates, is the fourth largest city in the state with a population of 147,841, as of the 2018 special census.

City Government and Services

Since October 1, 1969, the City has been operating under a Council-Manager form of government. The City Manager is appointed by the Council, which consists of a Mayor and eight Councilmen who are elected for overlapping four-year terms. The Council sets policy for the City, adopts ordinances and resolutions, approves the annual budget and approves all expenditures or disbursements. Total budgeted employment of the City is 960 full-time equivalent positions.

The City owns its own water, wastewater and electric distribution systems. The wastewater system has over 43,000 customers and the water system has over 44,000 customers with consumption of 5.5 billion gallons. The electric system serves over 59,000 customers. Natural gas is provided by Northern Illinois Gas, cable television is provided by Comcast, AT&T Broadband, and Wide Open West, and telephone service is provided by Ameritech, AT&T, and various other companies.

The City's Police Department, consisting of 169 sworn employees and 99.75 full time equivalent civilian employees, provide police protection. The City's Public Safety Answering Point (the "911 Center") became accredited in fiscal year 2002, making Naperville the first City in the country with an accredited dispatch center and police and fire department.

The Fire Department, consisting of 184 full time personnel and 17 administrative staff, provides fire protection as well as paramedic and special rescue services to the City's residents. The Department is staffed 24 hours per day and operates a total of six front line engines, one front line squad, three front line ladder trucks, two alternate response rescue vehicles and eight front line ambulances that operate out of 10 fire stations and are supervised by one Shift Commander and one Safety Officer. The City currently maintains an ISO fire insurance rating of 2. The Fire Department is accredited by the Commission for Public Safety Excellence.

The City owns and appoints a board which operates the Naperville Public Libraries. The libraries contain over 792,000 volumes as well as periodicals, audiovisual equipment and software available for City residents. Nichols Library was built in 1986 and is approximately 63,000 square feet in size. The Naper Boulevard Library, a 64,000 square foot branch library, was completed in December 1992. The 95th Street Library was completed in 2003 and is the biggest library of the three in the City with 73,000 square feet in size.

Employee Relations*(1)*

Salaries, working conditions and benefits of certain employees in the following departments are governed through bargaining agreements:

Department	Budgeted Full Time Equivalent	Expiration
Water/Wastewater	44	December 31, 2020
Water -Local Union No. 150	8	Negotiating
Police -Labor Council/F.O.P. Lodge No. 42	134	December 31, 2019
Police -Labor Council/F.O.P. Lodge No. 42-1	5	December 31, 2020
Police -Labor Council/F.O.P. Lodge No. 42-2	25.5	December 31, 2020
Police -MAP Chapter 363	24	December 31, 2019
Police -MAP Chapter 582	8	Negotiating
Electric	56	December 31, 2020
Public Works Operating Engineers -Local Union No. 150	45	December 31, 2021
DPW-Field Supervisors -Local Union No. 150	6	December 31, 2020
DPW-Fleet -Local Union No. 150	16	December 31, 2020
Public Works Operating Engineers -Local Union No. 399	12	December 31, 2019
Fire-Firefighters	186	December 31, 2019

Note: (1) Source: City of Naperville.

All other employees are compensated based on a plan approved annually by the City Council.

Education

There are two public school districts that serve the City. Naperville Community Unit School Number 203 has a total enrollment of over 16,500 students for the 2017-2018 school year. District 203 operates 14 elementary schools, five junior high schools and two high schools. Indian Prairie Community Unit School District Number 204 had a total enrollment of over 27,800 for the 2017-2018 school year. District 204 operates twenty-one elementary schools, seven middle schools, three high schools, one alternative school and one pre-school The area also has seven private schools in the City.

In addition, there are many higher educational opportunities within the surrounding areas such as Northern Illinois University, North Central College, DePaul University, Robert Morris College, and College of DuPage. Other educational institutions in surrounding communities include Benedictine University, National-Lewis University, Illinois Institute of Technology, Aurora University, and Wheaton College as well as the many other colleges and universities within the Chicago-land area.

Recreation

The City is served by the Naperville Park District (the "District"). The District maintains and operates more than 2,400 acres with 137 parks and facilities and provides more than 1,400 recreational, arts and environmental programs and special events annually. Included within the District's operations are two championship golf courses, a multitude of playgrounds, trails, athletic courts and sports fields, two inline skating and skateboarding facilities, the Millennium Carillon, a paddleboat quarry, and historic Centennial Beach. The City also has a fully developed Riverwalk system that traverses through the City's downtown. The City is also home to Naper Settlement, a historical settlement which has replica businesses and working shops, primarily from the 19th Century. In addition, the DuPage County Forest Preserve has over 4,500 areas of open space within close proximity of the City.

Transportation

The City is located approximately 28 miles west of downtown Chicago along the Illinois Research and Development Corridor, which was designated in April of 1986 by the State of Illinois as an area targeted for growth as a high-technology corridor. Commuter travel to and from Chicago's downtown is available via the Burlington-Northern Santa Fe Railway at two train stations. Also accessible to the City are Interstate 290 (the Eisenhower Expressway), Interstate 88 (Reagan Memorial Tollway), Interstate 355 (Veterans Memorial Tollway) and Interstate 55 (Stevenson Expressway). Air travel is also accessible to residents and corporations: O'Hare International Airport is located just 26 miles northeast of the City, Midway Airport is approximately 22 miles east, DuPage County Airport lies 15 miles northwest and Aurora Municipal Airport 10 miles to the west.

SOCIOECONOMIC INFORMATION

Following are lists of large employers located in the City and in the surrounding area.

Major City Employers*(1)*

Name	Product/Service	Approximate Employment
Edward Hospital	General Hospital	4,458
School District Number 204	Public School District	3,022
Nokia	Telecommunications Research	2,750
School District Number 203	Public School District	2,367
BP America	Testing Laboratory	1,200
BMO Harris	National Bank	1,200
Nalco	Water Treatment	1,200
City of Naperville	Municipality	961
North Central College	Liberal Arts College	700
Coriant	Telecommunications Equipment	600
Nicor Gas	Gas Distribution Headquarters	600

Note: (1) Source: 2018 Illinois Manufacturers Directory, 2018 Illinois Services Directory and the City's 2017 CAFR.

Major Area Employers*(1)*

Location	Name	Product/Service	Approximate Employment
Lisle	IC Bus, LLC	School Buses Company Headquarters	2,800
Aurora	Rush Copley Medical Center	General Hospital	2,200
Lisle	Navistar, Inc.	Holding Company Headquarters	1,800
Lisle	Valid USA, Inc.	Marketing Services	1,700
Bolingbrook	Ulta Salon Cosmetics and Fragrance, Inc.	Cosmetics	1,500
Aurora	Presence Mercy Medical Center	General Hospital	1,300
Aurora	Dreyer Medical Clinic	Medical Center	1,200
Warrenville	EN Engineering, LLC	Engineering	1,000
Lisle	Molex, LLC	Electronic Components	1,000
Lisle	CA Technologies	Software Development	800
Aurora	Metlife, Inc.	Insurance	800
Bolingbrook	Southern Glazer's Wine and Spirits	Distributor of Wine and Spirts	670
Bolingbrook	Greencore U.S.A	Food Packaging	600
Warrenville	Liberty Mutual	Insurance	600

Note: (1) Source: 2018 Illinois Manufacturers Directory, 2018 Illinois Services Directory and the City's 2017 CAFR.

The following tables show employment by industry and by occupation for the City, DuPage County, Will County and the State of Illinois (the "State") as reported by the U.S. Census Bureau 2012-2016 American Community Survey 5-year estimated values.

Employment By Industry*(1)*

	The City		DuPage County		Will County		The State	
Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	159	0.2%	965	0.2%	1,481	0.4%	65,146	1.1%
Construction	2,351	3.2%	22,217	4.6%	21,570	6.4%	317,245	5.2%
Manufacturing	8,247	11.2%	59,904	12.4%	38,428	11.4%	763,429	12.4%
Wholesale Trade	2,600	3.5%	18,673	3.9%	10,431	3.1%	187,477	3.1%
Retail Trade	6,924	9.4%	50,046	10.4%	41,235	12.2%	670,576	10.9%
Transportation and Warehousing, and Utilities	2,796	3.8%	27,572	5.7%	25,134	7.4%	370,802	6.0%
Information	2,267	3.1%	12,692	2.6%	6,741	2.0%	121,338	2.0%
Finance and Insurance, and Real Estate and Rental and Leasing	8,001	10.8%	43,104	8.9%	22,974	6.8%	448,924	7.3%
Professional, Scientific, and Management, and Administrative and Waste Management Services	12,899	17.5%	70,501	14.6%	37,797	11.2%	709,106	11.6%
Educational Services and Health Care and Social Assistance	16,929	22.9%	100,905	20.9%	75,570	22.4%	1,404,905	22.9%
Arts, Entertainment and Recreation and Accommodation and Food Services	6,060	8.2%	41,498	8.6%	29,403	8.7%	556,087	9.1%
Other Services, Except Public Administration	2,936	4.0%	23,375	4.8%	15,155	4.5%	291,022	4.7%
Public Administration	1,645	2.2%	11,398	2.4%	12,023	3.6%	228,064	3.7%
Total	73,814	100.0%	482,850	100.0%	337,942	100.0%	6,134,121	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

Employment By Occupation*(1)*

Classification	The City		DuPage County		Will County		The State	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science and Arts	42,851	58.1%	217,828	45.1%	123,673	36.6%	2,280,198	37.2%
Service	7,947	10.8%	63,863	13.2%	54,234	16.0%	1,062,499	17.3%
Sales and Office	17,529	23.7%	124,582	25.8%	84,041	24.9%	1,489,090	24.3%
Natural Resources, Construction, and Maintenance	2,252	3.1%	25,940	5.4%	29,266	8.7%	443,197	7.2%
Production, Transportation, and Material Moving	3,235	4.4%	50,637	10.5%	46,728	13.8%	859,137	14.0%
Total	73,814	100.0%	482,850	100.0%	337,942	100.0%	6,134,121	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

Annual Average Unemployment Rates*(1)*

Calendar Year	The City	DuPage County	Will County	The State
2009	7.7%	8.6%	10.3%	10.2%
2010	8.1%	8.9%	11.1%	10.4%
2011	7.5%	8.2%	10.6%	9.7%
2012	7.1%	7.5%	9.8%	9.0%
2013	7.1%	7.4%	9.9%	9.1%
2014	5.6%	5.8%	7.6%	7.1%
2015	4.6%	4.7%	6.2%	5.9%
2016	4.6%	4.8%	6.1%	5.9%
2017	4.0%	4.1%	5.2%	5.0%
2018(2)	3.6%	3.6%	4.5%	4.5%

Notes: (1) Source: Illinois Department of Employment Security.
(2) Preliminary rates for June 2018.

Building Permits

Residential building permits have averaged $105,175,830 annually over the last five years in the City, excluding the value of land.

City Building Permits*(1)*

Calendar Year	Commercial Construction		Residential Construction		
	Number of Units	Value	Number of Units	Value	Total
2013	27	$119,583,402	298	$ 90,813,098	$210,396,500
2014	20	95,129,800	357	117,571,523	212,701,323
2015	25	183,253,255	348	105,939,296	289,192,551
2016	27	77,077,195	315	105,173,746	182,250,941
2017	24	32,535,562	325	106,381,487	138,917,049

Note: (1) Source: The City.

Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was $388,400. This compares to $283,500 for DuPage County, $210,600 for Will County and $174,800 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, DuPage and Will Counties and the State at the time of the 2012-2016 American Community Survey.

Home Values*(1)*

	The City		DuPage County		Will County		The State	
Value	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under $50,000	481	1.3%	5,473	2.2%	6,057	3.3%	236,380	7.5%
$50,000 to $99,999	627	1.6%	10,104	4.1%	12,603	6.9%	514,549	16.2%
$100,000 to $149,999	1,534	4.0%	18,637	7.5%	26,816	14.7%	527,244	16.6%
$150,000 to $199,999	2,552	6.7%	31,924	12.9%	39,541	21.7%	520,909	16.4%
$200,000 to $299,999	5,431	14.2%	68,547	27.7%	50,916	27.9%	643,217	20.3%
$300,000 to $499,999	18,261	47.8%	73,679	29.8%	36,604	20.1%	479,792	15.1%
$500,000 to $999,999	8,689	22.7%	31,389	12.7%	9,014	4.9%	196,189	6.2%
$1,000,000 or more	620	1.6%	7,402	3.0%	790	0.4%	48,801	1.5%
Total	38,195	100.0%	247,155	100.0%	182,341	100.0%	3,167,081	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

Mortgage Status*(1)*

	The City		DuPage County		Will County		The State	
Value	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage	28,459	74.5%	173,367	70.1%	135,433	74.3%	2,071,942	65.4%
Housing Units without a Mortgage	9,736	25.5%	73,788	29.9%	46,908	25.7%	1,095,139	34.6%
Total	38,195	100.0%	247,155	100.0%	182,341	100.0%	3,167,081	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

Income

Per Capita Personal Income for the Highest Income Counties in the State*(1)*

Rank		2012-2016
1	Lake County	$40,655
2	**DuPage County**	**40,547**
3	Monroe County	35,699
4	McHenry County	34,589
5	Piatt County	33,197
6	Putnam County	32,584
7	Woodford County	32,360
8	**Will County**	**32,311**
9	Cook County	32,179
10	Kendall County	31,920
11	Sangamon County	31,904
12	Kane County	31,774

Note: (1) Source: U.S. Bureau of the Census. 2012-2016 American Community 5-Year Estimates.

The following shows a ranking of median family income for the Chicago metropolitan area from the 2012-2016 American Community Survey.

Ranking of Median Family Income*(1)*

County	Family Income	Rank
DuPage County	**$100,467**	**1**
Lake County	97,079	2
Kendall County	93,135	3
McHenry County	92,187	4
Will County	**90,541**	**5**
Kane County	83,680	8
Cook County	70,076	20

Note: (1) Source: U.S. Bureau of the Census 2012-2016 American Community Survey 5-Year Estimates.

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of $129,855. This compares to $100,456 for DuPage County, $90,541 for Will County and $73,714 for the State. The following table represents the distribution of family incomes for the City, DuPage and Will Counties and the State at the time of the 2012-2016 American Community Survey.

Family Income*(1)*

	The City		DuPage County		Will County		The State	
Income	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under $10,000	679	1.8%	4,896	2.1%	3,793	2.2%	132,725	4.3%
$10,000 to $14,999	330	0.9%	2,835	1.2%	2,150	1.3%	80,194	2.6%
$15,000 to $24,999	1,009	2.6%	8,608	3.6%	7,770	4.6%	209,560	6.7%
$25,000 to $34,999	1,012	2.6%	11,820	5.0%	9,224	5.4%	238,239	7.6%
$35,000 to $49,999	2,370	6.2%	20,443	8.6%	15,628	9.2%	366,398	11.7%
$50,000 to $74,999	3,675	9.5%	35,450	14.9%	29,483	17.3%	559,852	17.9%
$75,000 to $99,999	4,164	10.8%	34,339	14.4%	27,296	16.0%	458,296	14.7%
$100,000 to $149,999	9,359	24.3%	54,152	22.7%	40,619	23.8%	568,779	18.2%
$150,000 to $199,999	6,681	17.4%	29,503	12.4%	18,669	11.0%	248,870	8.0%
$200,000 or more	9,226	24.0%	36,155	15.2%	15,694	9.2%	259,684	8.3%
Total	38,505	100.0%	238,201	100.0%	170,326	100.0%	3,122,597	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of $110,676. This compares to $81,521 for DuPage County, $77,507 for Will County and $59,196 for the State. The following table represents the distribution of household incomes for the City, DuPage and Will Counties and the State at the time of the 2012-2016 American Community Survey.

Household Income*(1)*

	The City		DuPage County		Will County		The State	
Income	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under $10,000	1,670	3.3%	12,998	3.8%	8,040	3.6%	341,280	7.1%
$10,000 to $14,999	708	1.4%	7,932	2.3%	5,117	2.3%	212,171	4.4%
$15,000 to $24,999	2,122	4.2%	20,909	6.2%	15,370	6.8%	463,092	9.6%
$25,000 to $34,999	2,368	4.7%	22,970	6.8%	15,689	7.0%	439,726	9.2%
$35,000 to $49,999	4,189	8.2%	36,122	10.7%	24,280	10.8%	605,086	12.6%
$50,000 to $74,999	6,071	11.9%	55,454	16.4%	40,088	17.8%	842,052	17.5%
$75,000 to $99,999	5,725	11.3%	46,329	13.7%	33,254	14.8%	612,265	12.7%
$100,000 to $149,999	10,969	21.6%	64,529	19.0%	45,796	20.4%	698,513	14.5%
$150,000 to $199,999	7,093	14.0%	32,608	9.6%	20,439	9.1%	289,346	6.0%
$200,000 or more	9,916	19.5%	39,136	11.5%	16,886	7.5%	298,593	6.2%
Total	50,831	100.0%	338,987	100.0%	224,959	100.0%	4,802,124	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

Retail Activity

Following is a summary of the City's sales tax receipts as collected and disbursed by the State of Illinois.

Retailers' Occupation, Service Occupation and Use Tax*(1)(2)*

State Fiscal Year Ending June 30	Municipal Tax	Percent Change +(-)
2009	$25,573,987	(5.74%)
2010	24,854,740	(2.81%)
2011	26,861,455	8.07%
2012	28,055,015	4.44%
2013	30,030,630	7.04%
2014	32,014,712	6.61%
2015	33,336,313	4.13%
2016	33,127,574	(0.63%)
2017	33,425,456	0.90%
2018	33,954,574	1.58%
Growth from 2009 to 2018		32.77%

Notes: (1) Source: Illinois Department of Revenue.
(2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the City, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.

THE PROJECT

A portion of Bond proceeds will be used to finance certain capital improvements in the City. The capital improvements include: building maintenance and upgrade programs, E-Government initiatives, community enhancement investments, stormwater management programs, traffic improvement programs and other miscellaneous capital projects.

DEBT INFORMATION

After issuance of the Bonds, the City will have outstanding $150,895,000 principal amount of general obligation debt. The City does not expect to issue additional general obligation debt within the next six months.

General Obligation Bonded Debt*(1)*
(Principal Only)

Calendar Year	Series 2009	Series 2010A	Series 2010B	Series 2010D	Series 2011	Series 2012	Series 2013	Series 2014	Series 2016	Series 2017	The Bonds	Total Principal All GO Bonds	Principal Retired Amount	Principal Retired Percent
2018.....	$2,800,000	$ 0	$ 3,000,000	$ 745,000	$ 1,100,000	$ 3,325,000	$ 200,000	$ 400,000	$ 3,855,000	$ 250,000	$ 0	$ 15,675,000	$ 15,675,000	10.39%
2019.....	0	0	2,500,000	780,000	1,100,000	3,390,000	200,000	0	7,025,000	270,000	200,000	15,465,000	31,140,000	20.64%
2020.....	0	0	2,500,000	815,000	1,100,000	2,565,000	500,000	200,000	6,385,000	275,000	135,000	14,475,000	45,615,000	30.23%
2021.....	0	0	2,500,000	855,000	1,000,000	2,530,000	500,000	1,000,000	5,220,000	285,000	135,000	14,025,000	59,640,000	39.52%
2022.....	0	0	2,500,000	0	1,000,000	1,970,000	500,000	1,000,000	5,540,000	295,000	190,000	12,995,000	72,635,000	48.14%
2023.....	0	975,000	1,525,000	0	1,000,000	1,830,000	500,000	2,000,000	5,550,000	300,000	175,000	13,855,000	86,490,000	57.32%
2024.....	0	2,500,000	0	0	1,000,000	1,445,000	500,000	900,000	5,975,000	310,000	180,000	12,810,000	99,300,000	65.81%
2025.....	0	1,500,000	0	0	1,000,000	1,175,000	500,000	1,400,000	4,785,000	320,000	190,000	10,870,000	110,170,000	73.01%
2026.....	0	1,000,000	0	0	1,000,000	0	200,000	1,000,000	3,800,000	330,000	300,000	7,630,000	117,800,000	78.07%
2027.....	0	1,000,000	0	0	1,000,000	0	200,000	2,200,000	2,925,000	340,000	150,000	7,815,000	125,615,000	83.25%
2028.....	0	1,000,000	0	0	1,000,000	0	200,000	1,100,000	3,170,000	350,000	220,000	7,040,000	132,655,000	87.91%
2029.....	0	0	0	0	1,200,000	0	200,000	600,000	1,135,000	360,000	330,000	3,825,000	136,480,000	90.45%
2030.....	0	0	0	0	0	0	200,000	1,200,000	775,000	370,000	160,000	2,705,000	139,185,000	92.24%
2031.....	0	0	0	0	0	0	420,000	800,000	935,000	380,000	245,000	2,780,000	141,965,000	94.08%
2032.....	0	0	0	0	0	0	0	600,000	970,000	395,000	255,000	2,220,000	144,185,000	95.55%
2033.....	0	0	0	0	0	0	0	0	995,000	405,000	265,000	1,665,000	145,850,000	96.66%
2034.....	0	0	0	0	0	0	0	0	1,030,000	415,000	280,000	1,725,000	147,575,000	97.80%
2035.....	0	0	0	0	0	0	0	0	760,000	430,000	290,000	1,480,000	149,055,000	98.78%
2036.....	0	0	0	0	0	0	0	0	0	445,000	300,000	745,000	149,800,000	99.27%
2037.....	0	0	0	0	0	0	0	0	0	455,000	315,000	770,000	150,570,000	99.78%
2038.....	0	0	0	0	0	0	0	0	0	0	325,000	325,000	150,895,000	100.00%
Total...	$2,800,000	$7,975,000	$14,525,000	$3,195,000	$12,500,000	$18,230,000	$4,820,000	$14,400,000	$60,830,000	$6,980,000	$4,640,000	$150,895,000		

Note: (1) Source: the City.

Detailed Overlapping Bonded Debt*(1)(2)*
(As of June 14, 2018)

	Outstanding Debt	Applicable to City	
		Percent(3)	Amount
Schools:			
School District Number 200	$135,320,000	0.34%	$ 460,088
School District Number 202	211,430,000	1.65%	3,488,595
School District Number 203	34,000,000	77.69%	26,414,600
School District Number 204	197,885,000	60.23%	119,186,136
School District Number 365	160,429,465	0.01%	16,043
Community College Number 502	227,460,000	16.13%	36,689,298
Community College Number 525	179,530,000	0.27%	484,731
Total Schools			$186,739,490
Others:			
DuPage County	$160,900,000	12.25%	$ 19,710,250
DuPage County Forest Preserve	111,117,382	12.25%	13,611,879
Will County	281,380,000	11.23%	31,598,974
Will County Forest Preserve District	108,309,792	11.23%	12,163,190
Lisle Park District	9,555,000	0.44%	42,042
Naperville Park District	21,875,000	96.37%	21,080,938
Wheaton Park District	29,194,650	0.26%	75,906
Total Others			$ 98,283,179
Total Schools and Others Overlapping Bonded Debt			$285,022,669

Note: (1) Source: DuPage and Will County Clerk.
(2) Includes alternate revenue source bonds. Does not include debt certificates.
(3) Percentages are based on 2017 Equalized Assessed Valuations, the most recent available.

Statement of Bonded Indebtedness*(1)*

	Amount Applicable	Ratio To Equalized Assessed	Ratio To Estimated Actual	Per Capita (2018 Special Census 147,841)
Assessed Valuation of Taxable Property, 2017	$ 6,952,570,228	100.00%	33.33%	$ 47,027.35
Estimated Actual Value, 2017	$20,857,710,684	300.00%	100.00%	$141,082.05
City Direct Bonded Debt	$ 150,895,000	2.17%	0.72%	$ 1,020.66
Overlapping Debt:(2)				
Schools	$ 186,739,490	2.69%	0.90%	$ 1,263.11
All Others	98,283,179	1.41%	0.47%	664.79
Total Overlapping Bonded Debt	$ 285,022,669	4.10%	1.37%	$ 1,927.90
Total Net Direct & Overlapping Debt(2)	$ 435,917,669	6.27%	2.09%	$ 2,948.56

Notes: (1) Source: The City.
(2) As of June 14, 2018.

PROPERTY ASSESSMENT AND TAX INFORMATION

For the 2017 levy year, the City's EAV was comprised of approximately 81% residential, 19% commercial and industrial, and less than 1% of farm and railroad property valuations.

Equalized Assessed Valuation*(1)*

	Levy Years				
Property Class	2013	2014	2015	2016	2017
Residential	$4,866,627,723	$4,917,955,140	$5,056,340,567	$5,384,396,867	$5,615,923,169
Farm	315,592	215,985	190,521	130,047	233,148
Commercial/Industrial	1,056,949,654	1,071,651,247	1,219,286,607	1,279,947,209	1,332,878,028
Railroad	2,706,677	2,731,565	2,838,480	3,194,886	3,535,883
Total	$5,926,599,646	$5,992,553,937	$6,278,656,175	$6,667,669,009	$6,952,570,228
Percent change +(-)	(2.41%) (2)	1.11%	4.77%	6.20%	4.27%

Notes: (1) Source: DuPage and Will County Clerks' offices.
(2) Percentage change based on a levy year 2012 EAV of $6,072,976,994.

Representative Tax Rates*(1)*
(Per $100 EAV)

	Levy Years				
	2013	2014	2015	2016	2017
City Rates:					
Corporate Fund	$0.1009	$0.0803	$0.1060	$0.0789	$0.0188
Bonds and Interest	0.1631	0.2153	0.1249	0.1297	0.1538
IMRF	0.0461	0.0460	0.0441	0.0415	0.0369
Firefighter's Pension	0.0884	0.0846	0.0945	0.1023	0.1218
Police Pension	0.0879	0.0845	0.0938	0.0917	0.0961
Aquarium/Museum	0.0499	0.0494	0.0471	0.0444	0.0422
Library	0.2465	0.2481	0.2288	0.2119	0.2119
Total City Rate	$0.7828	$0.8082	$0.7392	$0.7004	$0.6815
DuPage County	0.2040	0.2057	0.1971	0.1848	0.1749
DuPage County Forest Preserve District	0.1657	0.1691	0.1622	0.1514	0.1306
DuPage Airport Authority	0.0178	0.0196	0.0188	0.0176	0.0166
Naperville Township(2)	0.0900	0.0660	0.0738	0.0785	0.0769
Naperville Park District	0.3358	0.3397	0.3317	0.3195	0.3162
Unit School District 204	5.9601	6.0210	5.8505	5.6004	5.4967
Community College District Number 502	0.2956	0.2975	0.2786	0.2626	0.2431
Total(3)	$7.8518	$7.9268	$7.6519	$7.3152	$7.1365

Notes: (1) Source: DuPage County Clerk.
(2) Includes Road and Bridge.
(3) Representative tax rate is for Tax Code No 7030 which represents the largest tax code of the City's 2017 EAV; the latest data available.

Tax Extensions and Collections*(1)*

Levy Year	Collection Year	Tax Extensions	Total Collected	Percent
2012	2013	$47,102,010	$46,370,352	98.45%
2013	2014	46,393,422	46,186,064	99.55%
2014	2015	48,431,821	48,189,360	99.50%
2015	2016	46,260,521	46,007,751	99.45%
2016	2017	48,062,829	47,802,851	99.46%
2017	2018	47,381,766	---In Collection---	

Note: (1) Source: the City.

Principal Taxpayers*(1)*

Taxpayer Name	Type of Property	2017 EAV(2)
NS-MPG Inc.	Alcatel Lucent Building	$ 30,104,500
ROC II IL Addison of Naperville	Apartment Complex	22,568,380
Agellan Warrenville LP	Real Property	18,337,610
AMLI Residential	Real Property	17,977,750
Tellabs Inc.	Optical Solutions	16,669,240
ING Clarion	Real Property	16,357,420
PBH Cress Creek LLC	Real Property	15,783,140
BP-Amoco Oil Company	Oil Company Corporate Campus	14,906,690
Ondeo Nalco Center	Water Treatment Center	14,560,600
UBS Reality Investors LLC	Real Property	12,773,480
Total		$180,038,810
10 Largest Taxpayers as Percent of Total		2.59%

Notes: (1) Source: DuPage and Will County Clerks.
(2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2017 EAV is the most current available.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Tax Levy and Collection Procedures

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

Exemptions

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of $6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to $45,000 through December 31, 2003, and $75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is $5,000.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is $35,000 for years prior to 1999, $40,000 for assessment years 1999 through 2003, $45,000 for assessment years 2004 and 2005, $50,000 from assessment years 2006 and 2007 and for assessments year 2008 and after, the maximum income limitation is $55,000. In general, the Senior Citizens Assessment Freeze Homestead Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. For those counties with a population of less than 3,000,000, the Senior Citizens Assessment Freeze Homestead Exemption is as follows: through assessment year 2005 and for assessment year 2007 and later, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the Exemption (plus the EAV of improvements since such year). For assessment year 2006, the amount of the Senior Citizens Assessment Freeze Homestead Exemption phases out as the amount of household income increases. The amount of the Senior Citizens Assessment Freeze Homestead Exemption is calculated by using the same formula as above, and then multiplying the resulting value by a ratio that varies according to household income.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the equalized assessed value of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Another exemption available to disabled veterans operates annually to exempt up to $100,000 of the assessed valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption or the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

Furthermore, beginning with assessment year 2007, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of $2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2015 and thereafter. Specifically, (i) those veterans with a service-connected disability of 30% or more but less than 50% are granted an exemption of $2,500, (ii) those veterans with a service-connected disability of 50% or more but less than 70% are granted an exemption of $5,000 and (iii) if the veteran has a service-connected disability of 70% or more then the property is exempt from taxation under the code. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Persons' Homestead Exemption cannot claim the Disabled Veterans Standard Homestead Exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of $5,000, which is applicable in all counties. In order to apply for the Returning Veterans' Homestead Exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, "or a leasehold interest of land on which a single family residence is located, which is occupied as a principle residence of a veteran returning from an armed conflict involving the armed forces of the United States who has an ownership interest therein, legal, equitable or as a lessee, and on which the veteran is liable for the payment of property taxes." Those individuals eligible for the Returning Veterans' Homestead Exemption may claim the Returning Veterans' Homestead Exemption, in addition to other homestead exemptions, unless otherwise noted.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law (the "Limitation Law") limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units, including the City, are exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the City, the limitations set forth therein will not apply to any taxes levied by the City to pay the principal of and interest on the Bonds. See **"DESCRIPTION OF THE BONDS"** herein.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. In particular, the House passed Senate Bill 851 ("Senate Bill 851") on November 8, 2017. Senate Bill 851 provides that for levy years 2017 and 2018, for taxing districts (including home rule units) with a majority of EAV in Cook and the collar counties (Lake, McHenry, Kane, DuPage and Will Counties), other than qualified school districts, the extension limitation under the Limitation Law will be 0% or the rate of increase approved by voters. In addition, Senate Bill 851 allows county boards for counties other than Cook and the collar counties, to submit to their voters at the general primary or general election in 2018, the question of whether to subject all taxing districts (including home rule units) with a majority of EAV in their county, other than qualified school districts, to the provisions of the Limitation Law and an extension limitation under the Limitation Law of 0% or the rate of increase approved by voters for levy years 2018 and 2019. Senate Bill 851 is subject to a vote of concurrence by the Senate and approval from the Governor prior to being enacted into law. If Senate Bill 851 or similar legislation were to become law, such reform may have a material impact on the finances of the City. The City cannot predict whether, or in what form, any change to the Limitation Law, including Senate Bill 851, may be enacted into law, nor can the City predict the effect of any such change on the City's finances.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Truth in Taxation Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Truth in Taxation Law do not apply to levies made to pay principal of and certain interest on the Bonds.

FINANCIAL INFORMATION

Investment and Cash Management Policy

The City has adopted a comprehensive Investment and Cash Management Policy (the "Policy") addressing the administration of all funds except those restricted by specific ordinances. Examples of funds not subject to the Policy are debt service and reserve funds which are subject to limitations set forth in the bond ordinances authorizing the issuance of the related bonds.

The City Manager has delegated the responsibility of management of the Policy to the Director of Finance. In addition the Financial Advisory Board (the "FAB") which is appointed by the City Council will undertake specific tasks such as reviewing the Policy as assigned by the Mayor and City Council. The Director of Finance provides an investment report to FAB quarterly.

The City's investment objective as summarized in the Policy is to preserve capital, provide liquidity, and maximize investment income. Further, the Policy establishes a standard of prudence which states the "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The city contracts with financial institutions to provide investments. In order to protect the City from the failure of any financial institutions, the City requires full collateralization of all City investments in accordance with the City's collateral agreement. The objective with all investments is to maximize returns. In order to maximize returns, funds should be kept at the money managers and only a minimum amount of cash should be on hand. The minimum amount of cash will be used to provide adequate short term funding for payroll and accounts payable. However, the maximum that will be held is $22 million.

The Policy requires that liquidity in the portfolio be maintained to meet operating needs based on cash forecasts. Repurchase agreements can be used to provide liquidity and maintain investment returns. The maximum maturity for the City investments shall be twenty years, except for CMO's whose average life may not exceed ten years at 100 PSA. The average maturity of the total portfolio shall not exceed five years, unless otherwise recommended by the professional investment advisors.

Financial Reports

The City's financial statements are audited annually by certified public accountants. The City's financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to governmental entities. See **APPENDIX A** for more detail.

No Consent or Updated Information Requested of the Auditor

The tables contained in this **"FINANCIAL INFORMATION"** section (the "Excerpted Financial Information") are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended December 31, 2017 (the "2017 Audit"), which was approved by formal action of the City Council and attached to this Final Official Statement as **APPENDIX A**. The City has not requested the Auditor to update information contained in the Excerpted Financial Information or the 2017 Audit; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information or the 2017 Audit in this Final Official Statement. Other than as expressly set forth in this Final Official Statement, the financial information contained in the Excerpted Financial Information and 2017 Audit has not been updated since the date of the 2017 Audit. The inclusion of the Excerpted Financial Information and 2017 Audit in this Final Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2017 Audit. Questions or inquiries relating to financial information of the City since the date of the 2017 Audit should be directed to the City.

Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for the City's 2017 Audit.

Statement of Net Assets/Position
Governmental Activities
(Amounts Expressed in 000's)

	Audited As of April 30			Audited as of December 31		
	2013	2014	2015	2015	2016	2017
ASSETS:						
Cash and Investments	$ 65,306	$ 65,754	$ 64,196	$ 36,039	$ 45,964	$ 60,447
Receivables, net	37,829	37,138	38,612	39,787	39,575	37,881
Due from Other Governments	12,864	12,051	12,076	13,185	14,177	13,246
Due from Other Funds	0	0	3,366	0	0	0
Internal Balances	(44)	514	(5)	6,515	6,515	804
Inventories	355	368	331	2	0	1
Prepaids	0	0	0	0	25	0
Net Pension Assets	1,645	7,678	8,702	0	0	0
Capital Assets Not Being Depreciated	239,527	244,170	253,460	263,427	198,019	200,819
Capital Assets Being Depreciated, Net of Depreciation	277,534	263,323	250,852	254,876	325,640	311,280
Total Assets	$635,016	$630,996	$631,590	$613,831	$629,916	$624,478
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on refunding	$ 1,560	$ 1,413	$ 1,267	$ 1,123	$ 3,135	$ 2,886
Deferred Items - IMRF	0	0	0	7,373(1)	5,901	5,659
Deferred Items - Police Pension	0	0	0	8,768(1)	7,666	3,326
Deferred Items - Firefighters' Pension	0	0	0	13,221(1)	12,637	5,829
Total Deferred Outflows or Resources	1,560	1,413	1,267	30,485	29,339	17,702
Total Assets and Deferred Outflows of Resources	$636,576	$632,409	$632,857	$644,316	$659,255	$642,180
LIABILITIES:						
Accounts Payable	$ 20,370	$ 25,726	$ 20,321	$ 12,464	$13,062	$ 12,346
Accrued Interest Payable	1,459	1,475	1,678	312	271	261
Due to Other Governments	223	827	141	160	239	389
Due to Fiduciary Funds	0	0	0	78	0	1,140
Unearned Revenue	0	0	3,116	2,469	2,469	3,145
Long Term Liabilities:						
Due Within One Year	12,669	12,460	15,225	11,510	15,033	14,862
Due In More Than One Year	100,692	100,004	108,800	238,686(1)	231,580	196,242
Total Liabilities	$135,413	$140,492	$149,281	$265,679	$262,654	$228,384
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	$ 33,392	$ 32,584	$ 34,397	$ 35,019	$ 33,569	$ 32,061
Deferred Items - IMRF	0	0	0	0	1,073	14,826
Deferred Items - Police Pension	0	0	0	1,094	10,380	12,430
Deferred Items - Firefighters; Pension	0	0	0	0	5,210	8,812
Total Deferred Inflows or Resources	33,392	32,584	34,397	35,019	50,232	68,128
Total Liabilities and Deferred Inflows of Resources	$168,805	$173,076	$183,678	$300,698	$312,886	$296,512
NET POSITION:						
Invested in Capital Assets, Net of Related Debt	$419,148	$412,387	$409,027	$420,617	$425,260	$411,982
Restricted	6,787	8,042	9,623	9,635	7,993	17,301
Unrestricted	41,836	38,904	30,529	(87,728) (1)	(86,883)	(83,616)
Total Net Position	$467,771	$459,333	$449,179	$342,524	$346,370	$345,668

Note: (1). With the implementation of GASB 68, pension fund contributions made between fiscal years are accounted as Deferred Outflows of Resources and the unfunded pension liabilities are now recognized as a Long Term Liability.

Statement of Activities
Net (Expenses) Revenues and Changes in Net Assets
Functions/Programs
Primary Government
(Amounts Expressed in 000's)

	Audited Year Ending April 30			Audited Eight Months Ended December 31	Audited Year Ended December 31	
	2013	2014	2015	2015	2016	2017
Governmental Activities(1)						
General Government	$ (6,377)	$ (7,384)	$ (7,680)	$ (7,198)	$ (1,767)	$ (2,998)
Physical Environment	(6,287)	(5,998)	(5,742)	(4,424)	(6,045)	(7,007)
Public Safety	(55,385)	(57,982)	(60,050)	(57,040)	(68,772)	(63,587)
Culture and Recreation	(7,484)	(8,776)	(7,804)	(4,545)	(7,048)	(7,828)
Transportation	(40,162)	(40,409)	(36,837)	(23,236)	(33,862)	(44,795)
Interest on Long Term Debt	(3,952)	(3,590)	(3,991)	(2,512)	(3,524)	(3,122)
Total Governmental Activities	$(119,647)	$(124,139)	$(122,104)	$(98,955)	$(121,019)	$(129,337)
General Revenues						
Taxes						
Property	$ 36,227	$ 33,639	$ 33,169	$ 34,849	$ 33,355	$ 34,129
Utility	16,604	16,993	16,123	10,108	15,137	15,399
Sales and Use	32,263	34,498	35,580	25,189	44,356	46,082
State Income	12,784	13,823	13,892	9,925	13,809	13,029
Other	12,006	13,391	13,300	9,820	14,489	15,462
Franchise Fees	2,437	2,455	2,538	2,162	3,230	3,423
Investment Income	1,190	(293)	1,925	198	(109)	355
Miscellaneous	0	0	0	609	597	756
Transfers In (Out)	0	0	(4,577)	0	0	0
Total	$ 113,511	$ 114,506	$ 111,950	$ 92,860	$ 124,864	$ 128,635
Change in Net Position	$ (6,136)	$ (9,633)	$ (10,154)	$ (6,095)	$ 3,845	$ (702)
Net Position, May 1	$ 473,907	$ 468,966(2)	$ 459,333	$348,619(2)	$ 342,525	$ 346,370
Net Position, April 30	$ 467,771	$ 459,333	$ 449,179	$342,524	$ 346,370	$ 345,668

Notes:. (1) Expenses less program revenues of Charges for Services, Operating Grants and Capital Grants.
(2) As restated.

General Fund
Balance Sheet
(Amounts Expressed in 000's)

	Audited as of April 30			Audited as of December 31		
	2013	2014	2015	2015	2016	2017
ASSETS:						
Cash and Investments	$27,401	$23,688	$21,818	$14,893	$15,520	$23,356
Receivables:						
Property Taxes	21,086	18,959	17,515	21,027	20,742	18,824
Accrued Interest	86	81	82	30	31	51
Accounts Receivable	2,330	2,660	2,585	3,056	3,459	4,208
Customers:						
Billed	316	389	553	0	0	0
Unbilled, estimated	587	568	442	429	564	698
Less allowance for doubtful accounts	(682)	(98)	(54)	(92)	(81)	(127)
Inventory	15	27	331	2	0	1
Loans and Installments	727	48	12	11	7	7
Due from Other Funds	630	192	3,984	7,311	7,392	870
Advances to Other Funds	0	0	0	0	0	521
Due from Other Governments	11,005	11,407	11,315	12,232	11,167	9,782
Prepaids	0	0	0	0	25	0
Total Assets	$63,501	$57,921	$58,583	$58,899	$58,825	$58,192
LIABILITIES:						
Accounts Payable	$ 2,652	$ 3,584	$ 3,610	$ 4,123	$ 4,912	$ 4,115
Accrued Wages and Benefits	3,320	3,909	4,080	2,345	3,658	3,131
Due to Other Governmental Agencies	166	619	129	148	236	265
Due to Fiduciary Funds	0	0	0	0	0	1,011
Due to Other Funds	0	0	0	78	0	0
Contract Retainage Payable	0	0	0	370	0	0
Deposits	4,543	4,909	3,944	2,438	2,419	2,321
Other Payables	3	353	1	0	0	112
Total Liabilities	$10,684	$13,374	$11,764	$ 9,502	$11,225	$10,955
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	$21,086	$18,959	$17,515	$21,027	$20,742	$18,824
Total deferred inflows of resources	21,086	18,959	17,515	21,027	20,742	18,824
Total liabilities and deferred inflows of Resources	$31,770	$32,333	$29,279	$30,529	$31,967	$29,779
Fund Balance:						
Assigned	$ 6,000	$ 0	$ 0	$ 0	$ 0	$ 0
Nonspendable	158	75	343	13	32	529
Unassigned	25,573	25,513	28,961	28,357	26,826	27,884
Total Fund Balance	$31,731	$25,588	$29,304	$28,370	$26,858	$28,413
Total Liabilities, Deferred Inflows and Fund Balance	$63,501	$57,921	$58,583	$58,899	$58,825	$58,192

General Fund
Revenues and Expenditures
(Amounts Expressed in 000's)

	Audited Year Ending April 30			Audited Eight Months Ended December 31	Audited Year Ended December 31	
	2013	2014	2015	2015	2016	2017
REVENUES:						
Property Taxes	$ 20,450	$ 20,964	$ 19,091	$17,594	$ 21,143	$ 20,891
Utility Tax	16,604	16,993	16,123	10,108	15,137	15,399
Sales and Use Tax	32,263	34,498	35,580	25,189	0 (2)	0
State Income Tax	12,784	13,823	13,892	9,925	0 (2)	0
Other Taxes	5,628	6,885	7,170	5,236	7,323	7,469
Licenses and Permits	2,262	2,377	2,480	1,373	2,612	2,943
Fines and Forfeits	1,647	1,626	1,672	1,098	1,593	1,419
Investment Income	402	(155)	447	65	(3)	134
Intergovernmental	704	569	968	704	50,366 (2)	50,461
Charges for Services	6,593	7,103	8,054	8,340	16,406	18,651
Fees	2,684	2,807	2,992	2,162	3,230	3,423
Miscellaneous	1,037	907	626	388	338	425
Total Revenues	$103,058	$108,397	$109,095	$82,182	$118,145	$121,214
EXPENDITURES:						
General Government	$ 6,130	$ 6,929	$ 7,196	$ 7,205	$ 12,022	$ 12,475
Physical Environment	7,958	8,085	7,996	5,139	7,725	7,850
Public Safety	60,614	70,156	67,841	48,775	69,741	71,652
Culture and Recreation	1,697	1,866	1,805	315	61	65
Transportation	18,798	21,567	24,148	16,014	25,083	23,842
Total Expenditures	$ 95,197	$108,603	$108,986	$77,448	$114,633	$115,884
Excess (Deficiency) of Revenues Over Expenditures	$ 7,861	$ (206)	$ 109	$ 4,734	$ 3,511	$ 5,330
Other Financing Sources (Uses):						
Transfers In (Out), net	(3,289)	(5,937)	3,607	(5,344)	(5,024)	(3,775)
Total Other Financing Sources (uses)	$ (3,289)	$ (5,937)	$ 3,607	$ (5,344)	$ (5,024)	$ (3,775)
Net Change in Fund Balance	$ 4,572	$ (6,143)	$ 3,716	$ (610)	$ (1,512)	$ 1,555
Beginning Fund Balance	27,159	31,731	25,588	29,980 (1)	28,370 (1)	26,858
Ending Fund Balance	$ 31,731	$ 25,588	$ 29,304	$29,370	$ 26,858	$ 28,413

Note: (1) As restated.
(2) Accounting format change for Fiscal Year Ended December 31, 2016. Sales and Use Taxes and State Income Taxes are reported as intergovernmental.

General Fund
Budget and Interim Financial Information*(1)*
(Amounts Expressed in 000's)

	Budgeted Twelve Months Ending 12/31/2018	Interim Eight Months Ending 08/30/18
REVENUES:		
Retail Sales Tax	$ 34,058	$21,811
Property Taxes	18,824	7,569
Utility Taxes	16,330	10,673
State Income Tax	13,813	9,579
Charges for Service	15,081	8,414
Real Estate Transfer Tax	5,445	3,274
Other Taxes	3,965	2,931
Rental Income and Franchise Fees	3,420	2,347
Internal Services and Transfers In	3,413	0
Permits and Licenses	2,375	1,445
Fines and Fees	1,705	1,476
Hotel/Motel Tax	1,435	1,099
Grants and Intergovernmental Agreements	597	930
Other Revenues	417	348
Net Investment Income	165	(14)
Total Revenues	$121,043	$71,882
Operating Transfers In	$ 25	$ 1,843
Total Revenues and Transfers In	$121,068	$73,725
EXPENDITURES:		
Salaries and Wages	$ 63,354	$45,284
Benefits and Related	30,270	18,471
Contracted Services	10,864	5,127
Refuse Collection and Recycling	6,741	3,805
Supplies	7,179	4,425
Capital Outlay	397	91
Internal Services	(421)	0
Grants and Contributions to Others	1,563	984
Total Expenditures	$119,947	$78,187
Operating Transfers Out	$ 1,111	$ 715
Total Expenditures and Transfers Out	$121,059	$78,902
Revenues Over/(Under) Expenditures and Transfers	$ 9	$(5,177)

EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS

See **APPENDIX D** herein for a discussion of the City's employee retirement and other postemployment benefits obligations.

REGISTRATION, TRANSFER AND EXCHANGE

Registration and Record Date

The registered owner of a Bond will be deemed and regarded as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal of, premium, if any, or interest theron and for all other purposes whatsoever, and all such payments so made to such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Bond Registrar will be affected by any notice to the contrary.

Interest on the Bonds will be paid to the registered owners of the Bonds appearing on the registration books of the Bond Registrar as of the close of business on the 15th day of the calendar month next preceding an interest payment date (the "Record Date").

Transfers and Exchanges

The transfer of Bonds will be registrable only upon the registration books maintained by the City for that purpose at the principal corporate trust office of the Bond Registrar, by the registered owner thereof or by his attorney duly authorized in writing, upon surrender thereof together with an instrument of transfer satisfactory to the Bond Registrar and duly executed by the registered owner or his duly authorized agent. Upon such surrender for registration of transfer, the City will execute and the Bond Registrar will authenticate and deliver a new Bond or Bonds of any authorized denominations, registered in the name of the transferee, and of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate and of any authorized denominations, upon surrender thereof as the principal corporate trust office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorized agent.

For every such exchange or registration of transfer of Bonds, the City or the Bond Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. No charge will be made in connection with such exchange or registration of transfer to pay the cost of preparing each new Bond issued upon such exchange or registration of transfer.

TAX EXEMPTION

Summary of Bond Counsel Opinion

Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that under existing law, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. Bond Counsel is further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the Bonds is not exempt from State of Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of property financed with the proceeds of the Bonds. The City has covenanted in the Bond Ordinance to comply with these requirements.

Bonds Purchased at a Premium or a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Bond, the difference between the two is known as "bond premium"; if the Offering Price is lower than the maturity value of a Bond, the difference between the two is known as "original issue discount".

Bond premium and original issue discount are amortized over the term of a Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period and is subtracted from the owner's tax basis in the Bonds The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Bonds for Federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Bonds. A Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon disposition of the Bonds (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Bonds).

Owners of Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a year later.

Exclusion From Gross Income Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of Bonds proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain "temporary periods," proceeds of the Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of "minor portion") may generally not be invested in investments having a yield that is "materially higher" (1/8 of one percent) than the yield on the Bonds.

Rebate of Arbitrage Profit. Unless the City qualifies for one of several exemptions, earnings from the investment of the "gross proceeds" of the Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the Bonds, amounts received as a result of investing such proceeds, and amounts to be used to pay debt service on the Bonds.

Covenants to Comply. The City has covenanted in the Bonds Ordinance to comply with the requirements of the Code relating to the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

Risks of Non-Compliance

In the event that the City fails to comply with the requirements of the Code, interest on the Bonds may become includible in the gross income of the owners thereof for Federal income tax purposes retroactive to the date of issue. In such event, the Bond Ordinance requires neither acceleration of payment of principal of, or interest on, the Bonds nor payment of any additional interest or penalties to the owners of the Bonds.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Bonds which may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable Federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE BONDS.

QUALIFIED TAX EXEMPT OBLIGATIONS

Section 265(b)(3)(B) of the Code provides that certain issues designated or deemed as "qualified tax-exempt obligations" and purchased by financial institutions (either from the issuer or in a secondary market transaction) may be disregarded in computing the proportional disallowance of interest expense provided in such Section. In the Bond Ordinance, the City has designated the Bonds as "qualified tax-exempt obligations". In addition, as required by Section 265 of the Code, the City has represented that the reasonably anticipated amount of "tax-exempt obligations" that are required to be taken into account under Section 265 of the Code and will be issued by the City and all subordinate entities of the City during 2018 does not exceed $10,000,000 except to the extent that refunding bonds may be deemed as "qualified tax-exempt obligations" in excess of $10,000,000, and has covenanted that it will not designate and issue more than $10,000,000 aggregate principal amount of "tax-exempt obligations" during 2018. For purposes of the foregoing sentence, the term "tax-exempt obligations" includes "qualified 501(c)(3) bonds" (as defined in Section 145 of the Code) but does not include other "private activity bonds" (as defined in Section 141(a) of the Code).

CONTINUING DISCLOSURE

In the Bond Ordinance, the City has covenanted and agreed, for the benefit of the beneficial owners of the Bonds, to provide certain financial information and operating data relating to the City within 210 days after the close of the City's fiscal year (the "Annual Report"); and, in a timely manner not in excess of ten business days after the event, to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board (the "MSRB") for disclosures on its Electronic Municipal Market Access ("EMMA") system. The information to be contained in the Annual Report will consist of the annual audited financial statement of the City, and updated information with respect to the statements in the Final Official Statement contained under the captions **"Retailers' Occupation, Service Occupation and Use Tax"**, **"DEBT INFORMATION"**, **"PROPERTY ASSESSMENT AND TAX INFORMATION"** and **"FINANCIAL INFORMATION" (excluding Budget and Interim Financial Information)**. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. If the audited financial statement is not available, then an unaudited financial statement will be included in the Annual Report and the audited financial statement will be filed promptly after it becomes available. The notices of enumerated events and timely notice of any failure of the City to file its Annual Report within the 210 day period will be filed by the City with the MSRB for disclosures on EMMA. The City's undertaking with respect to enumerated events includes timely notice of the occurrence of any of the following events with respect to the Bonds.

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Debt calls, if material
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Tender offers
13. Bankruptcy, insolvency, receivership or similar event of the City*
14. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

**This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.*

The City has agreed to the foregoing undertakings in order to assist participating underwriters of the Bonds and brokers, dealers and municipal securities dealers in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. The City will provide the foregoing information for so long as Rule 15c2-12(b)(5) is applicable to the Bonds and the City remains an "obligated person" under the Rule with respect to the Bonds. No provision of the bond ordinance limits the remedies available to any beneficial owner of the Bonds with respect to the enforcement of the continuing disclosure covenants of the City described above. Failure to comply with the continuing disclosure covenants will not constitute an event of default under the Bond Ordinance.

The City may amend the continuing disclosure undertakings contained in the Bond Ordinance upon a change in circumstances provided that (a) the change in circumstances arises from a change in legal requirements, law, or change in the identity, nature or status of the City or the type of business conducted by the City, (b) the undertakings, as amended, would have complied with the requirements of Rule 15c2-12(b)(5) at the time of this offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (c) in the opinion of nationally recognized bond counsel selected by the City, the amendment does not materially impair the interests of the beneficial owners of the Bonds.

The City has failed to file certain financial information and operating data on a timely basis. The City has failed to file its comprehensive annual financial report ("CAFR") for the fiscal years ended December 31, 2015 and December 31, 2016 on time and in accordance with previous undertakings. The December 31, 2015 CAFR was filed upon its availability on November 18, 2016 and the December 31, 2016 CAFR was filed upon its availability on October 9, 2017. For the fiscal year ended December 31, 2017 the City filed a draft of its CAFR on time in accordance with previous undertakings and filed its final CAFR upon its availability on July 16, 2018.

OPTIONAL REDEMPTION

The Bonds due December 1, 2019-2026, inclusive, are non-callable. The Bonds due December 1, 2027-2038, are callable in whole or in part on any date on or after December 1, 2026, at a price of par plus accrued interest to the redemption date. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the unqualified approving opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel, whose approving opinion will be delivered with the Bonds. Bond Counsel has reviewed the statements in this Final Official Statement appearing under the heading **"TAX EXEMPTION"** and is of the opinion that the statements contained under such heading are accurate statements or summaries of the matters set forth therein and fairly present the information purported to be shown. Except for the foregoing, however, Bond Counsel has not independently verified the accuracy or completeness of statements and information contained in the Final Official Statement and does not assume any responsibility of the accuracy or completeness of such statements and information.

The opinion of Bond Counsel and the descriptions of the tax law contained in this Final Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Bonds.

FINAL OFFICIAL STATEMENT AUTHORIZATION

This Final Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

INVESTMENT RATINGS

The Bonds have been rated "AAA" (Stable Outlook) and "Aaa" (Stable Outlook), respectively by S&P Global Ratings, a Division of the McGraw-Hill Companies and Moody's Investors Service. The City has supplied certain information and material concerning the Bonds and the City to the Rating Agencies, including certain information and materials which may not have been included in this Final Official Statement, as part of its application for investment ratings on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment ratings may be obtained from the Rating Agency: Standard & Poor's Corporation, 55 Water Street, New York, New York 10041, telephone 212-438-2000 and Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658.

DEFEASANCE AND PAYMENT OF BONDS

If the City shall pay or cause to be paid to the registered owners of the bonds, the principal, premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this ordinance, then the pledge of taxes, securities and funds hereby pledged and the covenants, agreements and other obligations of the City to the registered owners and the beneficial owners of the bonds shall be discharged and satisfied.

Any bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such bonds, shall be deemed to have been paid if (1) in case any such bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (2) there shall have been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined below, the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the principal of, redemption premium, if any, and interest due and to become due on said bonds on and prior to the applicable redemption date or maturity date thereof.

The term "Federal Obligations" means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest installments from the securities described in clause (i) or clause (ii) which are stripped pursuant to programs of the Department of the Treasury of the United States of America, or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

UNDERWRITING

The Bonds were offered for sale by the City at a public, competitive sale on October 22, 2018. The best bid submitted at the sale was submitted by Northland Securities, Minneapolis, Minnesota (the "Underwriter"). The City awarded the contract for sale of the Bonds to the Underwriter at a price of $4,843,601.90. The Underwriter has represented to the City that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the addendum to this Final Official Statement.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as Municipal Advisor (the "Municipal Advisor") in connection with the issuance and sale of the Bonds. The Municipal Advisor is an Independent Registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Final Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Final Official Statement, nor is the Municipal Advisor obligated by the City's continuing disclosure undertaking.

CERTIFICATION

We have examined this Final Official Statement dated October 22, 2018, for the $4,640,000 General Obligation Bonds, Series 2018, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **STEVE CHIRICO**
Mayor
CITY OF NAPERVILLE

/s/ **DOUGLAS KRIEGER**
City Manager
CITY OF NAPERVILLE

APPENDIX A

CITY OF NAPERVILLE, DUPAGE AND WILL COUNTIES, ILLINOIS

FISCAL YEAR DECEMBER 31, 2017 AUDITED FINANCIAL STATEMENTS

CITY OF NAPERVILLE, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Naperville

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

CITY OF NAPERVILLE, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2017

Prepared by:
The Finance Department

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INTRODUCTORY SECTION

CITY OF NAPERVILLE, ILLINOIS

Elected and Appointed Officers and Officials

For the fiscal year ended December 31, 2017

Mayor

Steve Chirico

Council

Becky Anderson	Patty Gustin
Rebecca Boyd-Obarski	Paul J. Hinterlong
Judith A. Brodhead	John Krummen
Kevin Coyne	Kevin Gallaher

City Manager

Douglas A. Krieger

Deputy City Manager

Marcie J. Schatz

City Clerk

Pamela Gallahue

Finance Director

Rachel Mayer

Chief of Police

Robert W. Marshall

Fire Chief

Mark J. Puknaitis

Director of Public Works

Richard E. Dublinski

Director of T.E.D. Business Group

William J. Novack

Director of Public Utilities – Electric

Mark J. Curran

Director of Public Utilities – Water

James E. Holzapfel

Director of Human Resources

James Sheehan

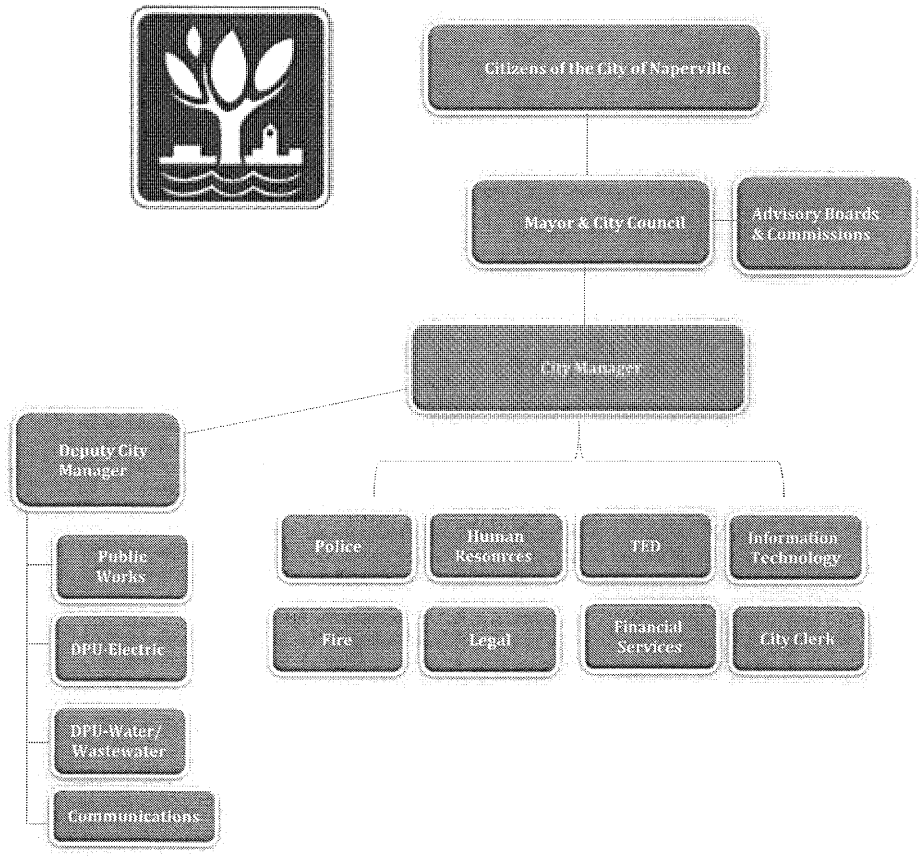
City Attorney

Michael DiSanto

Director of IT

Jeff Anderson

City of Naperville – Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Naperville

Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

Naperville

June 21, 2018

To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Naperville:

We are pleased to submit the Comprehensive Annual Financial Report of the City of Naperville for the fiscal year ended December 31, 2017. State law and local ordinances require that we publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Naperville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Naperville has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Naperville's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Naperville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Naperville's basic financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants, with the goal of providing reasonable assurance that the basic financial statements of the City of Naperville for the fiscal year ended December 31, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Naperville's basic financial statements for the fiscal year ended December 31, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of the City of Naperville was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal grants. These reports are available in the City of Naperville's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Naperville's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Naperville, incorporated in 1857, is located in the northeastern part of the state, which is considered to be the top growth area in the state and one of the top growth areas in the country. The City of Naperville currently occupies a land area of 39.90 square miles and serves a population of 145,789. The City of Naperville is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which has occurred periodically when deemed appropriate by the City Council.

The City has operated under the Council-Manager form of government since 1969. Policymaking and legislative authority are vested in the City Council, which consists of a mayor and eight at-large members. The City Council sets policy for the City, passes ordinances, adopts resolutions and the annual budget, and approves all expenditures. Council members have been elected to four-year staggered terms with four council members elected every two years. However, in 2010 Naperville voters approved a referendum to establish a district election system for the selection of City Council members starting in 2015. Three years later, in April of 2013 the voters approved a referendum reversing the 2010 referendum and retaining the existing "at-large" system. With the expectation of a district system to be implemented in 2015, the four candidates elected to City Council on April 9, 2013 were elected to two-year terms. All eight City Council seats were up for election in 2015. The four Council candidates who received the most votes serve four-year terms and the other four served two-year terms. In 2017, the seats of the individuals who served two-year terms were up for election as a four-year term, and all Council terms are again staggered four-year terms with the completion of the 2017 election. The Mayor is elected to a four-year term, and was not impacted in any way by the districting process. Mayor and the Council members are elected at large, on a non-partisan basis.

CITY OF NAPERVILLE, ILLINOIS

Letter of Transmittal

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the directors of the City's departments.

The City includes all the funds of the primary government (i.e. the City of Naperville as legally defined), as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. The City provides a full range of services including police and fire protection; refuse and recycling services; planning and development review; construction and maintenance of highways, streets and other infrastructure, as well as water, wastewater, and electric utilities.

The utility funds, providing electricity, water, and wastewater services, are reported as enterprise funds of the City. In addition, the Burlington Fund, which is the City's commuter parking fund, is treated as an enterprise fund, due to the business-like nature of its operations. Discretely presented component units are reported as a separate column in the basic financial statements to emphasize that these funds are legally separate from the primary government, and to differentiate their financial position, changes in financial position and cash flows from those of the primary government. The Naperville Public Library is reported as a discretely presented component unit.

The annual budget serves as the foundation for the City of Naperville's financial planning and control. All departments of the City of Naperville are required to submit requests for appropriation to the City Manager, who then uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review, public hearings and adoption before the City's fiscal year end. In September 2015, the City Council approved the transition to a calendar year budget in 2016. This means the budget year now begins on January 1 and ends on December 31 of the same year. Previously, the City operated on a fiscal year basis, which began on May 1 and ended on April 30 of the following year. Each year, the budget is prepared by fund, and department (e.g., police, fire, public works, etc.). Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Naperville operates.

For the past 22 years, the City has maintained its AAA bond rating and managed its finances to support a consistently low property tax rate while providing high quality services to the community. As the City becomes more solidified as a maintenance versus growth community, new revenue streams brought in by development have waned. In addition, the City experienced depleted cash reserves and increased reliance on borrowing

for infrastructure maintenance projects. City Council and City staff have spent significant time exploring and planning how they envision the municipality operating both now and into the future. This exploration culminated in the adoption of a new mission statement and ends policies to support and guide the everyday operations of all City departments. Financial management was a significant component of the new ends policies which led staff to modify the philosophies that surround the budget process and financial state of the City. As part of planning for the future, the City Council established three financial principles as a guideline for long- term financial stability of the community.

In 2016, City Council developed and passed a financial strategy that put the City on a road to long-term financial stability. This strategy is rooted in financial principles that are designed to help accomplish the City's long- term financial goals. The principles were developed beginning in May 2015, and throughout the process members of the community, including residents, businesses, City Council and staff, provided valuable input regarding the City's current state, present opportunities and the impact of potential decisions on the City as a whole. The following three financial principles were formally adopted.

Principle 1

- The City will pass a structurally balanced operating budget annually

Principle 2

- The City commits to continuous improvement in the delivery of necessary and cost- effective services

Principle 3

- The City will actively seek to increase its reserves to twenty- five percent (25%) and reduce its debt by twenty- five percent (25%) in the next eight (8) years.

Principle 1 provides guidance on how City expenditures and revenues will be reviewed in the future. Principle 2 provides guidance on balancing the quality of service provided to the community against the revenues required to provide those services. Principle #3 provides guidance on the appropriate level of debt, the aggressiveness of the City's debt reduction plan and how debt policies shape future property tax levies and the City's AAA bond rating. These principles are meant to guide the City's financial planning and budgeting through the next several years, and all financial decisions will be consistently tested against these principles. These principles have already borne results. For example, when the City issued General Obligation bonds in 2017, the AAA credit rating was reaffirmed by both Moody's and Standard & Poor's, citing strong fiscal management as one of the driving factors.

Aside from internal factors impacting the City's financial state, the City continues to monitor the financial climate at the state and federal level. Balancing internal factors with the general state of the economy are factored into all City financial proposals. City staff continues to monitor the financial trends of the nation, state and region allowing for

CITY OF NAPERVILLE, ILLINOIS

Letter of Transmittal

proactive action to any significant changes in the City's financial climate. At the federal level, the City monitors those factors that directly impact Naperville, including changes in healthcare, marketplace fairness initiatives, and other legislation that could have potential impacts on City revenues and expenditures. The State of Illinois continues to be a significant external risk for the City's financial stability. The state has approved several proposals that directly impact the City's revenues. Aside from these proposals, the state's overall financial status impacts Naperville in a number of ways; including the potential for higher borrowing costs, less state support, and fiscal uncertainty regarding economic development. Staff continues to monitor activity at the federal and state level and plans conservatively based on potential financial impacts that could reach the City.

Overall the City has seen positive economic trends including both residential and commercial growth, increased real estate activity, above average employment, and consistent retail sales. These trends for the City's economic condition are encouraging and show Naperville has moved into a stable financial status. However, the City will stay its course of conservative planning so that it may be prepared to react to any financial volatility at the federal, state, or local level.

City staff analyzes its services on a regular basis by looking at comparable communities, evaluating outsourcing, and examining process improvements. In addition, staff evaluates themselves through community engagement and satisfaction survey data. There is a consistent commitment to proactive internal reviews that align with the philosophy of providing improved services at a lower cost. Finally, staff evaluates the appropriateness of the public sector providing a service versus the private sector. This continual analysis provides the ultimate benefit to our residents and community partners.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Naperville for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2016. This was the twenty-fourth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2018. This was the twenty-sixth consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

The preparation of these reports would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Naperville's finances.

Respectfully submitted,

Douglas A. Krieger
City Manager

Rachel Mayer
Finance Director

FINANCIAL SECTION

SIKICH.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
Members of American Institute of Certified Public Accountants

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

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Naperville
400 South Eagle Street
Naperville, Illinois 60540

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Naperville, Illinois (the City), as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Firefighters' Pension Fund of the City which represents 43%, 44% and 25%, respectively, of the assets, fund balances/net position and revenue/additions of the aggregate remaining fund information of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Firefighters' Pension Fund of the City is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Firefighters' Pension Fund was not audited in accordance with *Government Auditing Standards*. 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 City'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 City'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 opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Naperville, Illinois, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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 and the other auditors 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 and the other auditors 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.

Other Information

Our audit and the audit of other auditors was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules are 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2018 on our consideration of the City of Naperville, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Naperville, Illinois' internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
June 21, 2018

BASIC FINANCIAL STATEMENTS

The City of Naperville's (the City) Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address subsequent year's challenges), (d) identify material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current fiscal year's activities, resulting changes and currently known facts, please read it in conjunction with the City's basic financial statements (beginning on page 4).

Financial Highlights

- The assets of the City exceeded its liabilities by $797.1 million (net position) for the fiscal year ended December 31, 2017.
- The City's total net position increased by $9.9 million. The governmental net position decreased by $700 thousand (or less than 1.00%) and the business-type net position increased by $10.6 million (or 2.40%).
- The City's governmental funds reported combined ending fund balances of $61.1 million. The General Fund accounted for $28.4 million or 46.51% of the total.
- The City issued $6.98 million in bonded debt during the current year and retired $15.23 million in bonded debt during the year.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the basic financial statements. The City of Naperville's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements (see pages 4-6) are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The focus of the Statement of Net Position (the Unrestricted Net Position) is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

CITY OF NAPERVILLE, ILLINOIS
Management's Discussion and Analysis

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and /or subsidy to various business-type activities and/or the component unit.

The governmental activities reflect the City's basic services, including public safety, transportation, general government administration, physical environment, culture and recreation. Taxes on property, shared state sales, local utility and shared state income finance the majority of these services. The business-type activities reflect private sector-type operations (Electric, Water and Wastewater, and Burlington Commuter Parking), where the fee for service typically covers all or most of the cost of operation, including depreciation.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate unit, Naperville Public Library for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual budget for its General Fund and most governmental funds. Budgetary comparison schedules have been disclosed to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 7-11 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric Utility, Water and Wastewater Utility and Burlington Parking operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities. Because these services predominantly benefit governmental functions, they have been allocated to the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric Utility, Water and Wastewater Utility and Burlington Commuter Parking operations. The Electric Utility Fund and the Water and Wastewater Utility both are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 12-16 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-70 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budgetary comparison to actual for the General Fund, as well as the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 71-82 of this report.

Government-wide Financial Analysis

Statement of Net Position

The City's assets exceeded liabilities by $797 million for the fiscal year ended December 31, 2017. By far the largest portion of the City's net position ($828 million) reflects its investment in capital assets (e.g., land, infrastructures, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position ($18 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit $49 million) may be used to meet the City's ongoing obligations to citizens and creditors.

The following table presents a condensed summary of Net Position as of December 31, 2017 and December 31, 2016:

	Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	$ 113	106	55	43	168	149
Capital Assets	511	524	477	486	988	1,010
Total Assets	624	630	532	529	1,156	1,159
Deferred Outflows	18	29	5	6	23	35
Total Assets/Deferred Outflows	642	659	537	535	1,179	1,194
Long-Term Liabilities	196	231	47	63	243	294
Other Liabilities	32	32	29	30	61	62
Total Liabilities	228	263	76	93	304	356
Deferred Inflows	68	50	10	1	78	51
Total Liabilities/Deferred Inflows	296	313	86	94	382	407
Net Postion						
Net Investment in Capital Assets	412	425	416	422	828	847
Restricted	18	8	-	-	18	8
Unrestricted (Deficit)	(84)	(87)	35	19	(49)	(68)
Total Net Position	346	346	451	441	797	787

Normal Impacts

There are five basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change net investment in capital assets.

Principal Payment on Debt –which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

For the fiscal year ended December 31, 2017, the City reported positive balances in two of the three categories of net position for the governmental activities. For business-type activities, the City reported positive balances in all three categories of net position. The deficit net position for the governmental activities of $84 million for the fiscal year ended December 31, 2017 is the result of the net pension liabilities and related activity for the City's Illinois Municipal Retirement Fund, Police Pension Fund and Firefighters' Pension Fund.

During the current fiscal year, total unrestricted net position increased by $19 million. The governmental unrestricted net position increased by $3 million and the business-type unrestricted net position increased by $16 million.

The following table presents a condensed summary of Changes in Net Position as of December 31, 2017 and December 31, 2015:

	Change in Net Position (in Millions)					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	$ 26	24	213	208	239	232
Operating Grants/Contributions	2	7	-	-	2	7
Capital Grants/Contributions	4	4	6	5	10	9
General Revenues						
Property Taxes	34	33	-	-	34	33
Other Taxes	94	84	-	-	94	84
Other General Revenues	1	4	3	3	4	7
Total Revenues	161	156	222	216	383	372
Expenses						
General Government	15	15	-	-	15	15
Physical Environment	11	10	-	-	11	10
Public Safety	75	78	-	-	75	78
Transportation	49	38	-	-	49	38
Culture and Recreation	8	7	-	-	8	7
Interest on Long-Term Debt	3	4	-	-	3	4
Electric	-	-	150	151	150	151
Water and Wastewater	-	-	61	57	61	57
Burlington Commuter Parking	-	-	1	2	1	2
Total Expenses	161	152	212	210	373	362
Change in Net Position Before Transfers	-	4	10	6	10	10
Transfers	-	-	-	-	-	-
Change in Net Position	-	4	10	6	10	10
Net Position	346	342	441	435	787	777
Net Position - Ending	346	346	451	441	797	787

Normal Impacts

Revenues

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, income, utility tax revenues as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in the City Approved Rates – while certain tax rates are set by statute, the City has significant authority to impose and periodically increase/decrease rates (electric, water/wastewater, impact fees, building fees, ambulance fees, etc.)

Changing Patterns in Intergovernmental and Grant Revenue – (both recurring and non-recurring) – certain recurring revenue (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparison.

Market Impact on Investment Income – the City's investment portfolio is managed utilizing investments of various maturities. Changes in market conditions will cause investment income to fluctuate due to the related appreciation or depreciation of these assets.

Expenses

Changes in Authorized Personnel – changes in service demand may cause the City to increase/decrease authorized staffing.

Salary Increase (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases. (e.g., fuel prices)

Current Year Impacts

Governmental Activities. Governmental activities decreased the City's net position by $700 thousand.

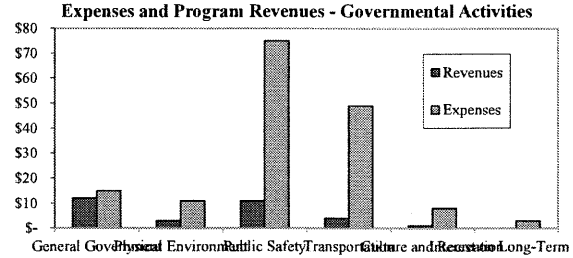
Revenue

Total revenues from governmental activities increased by $5 million from the prior year, which is due predominantly to the rebounding of certain state shared revenues, including sales tax and income tax. Also, the City reported a $2 million increase in charges for services.

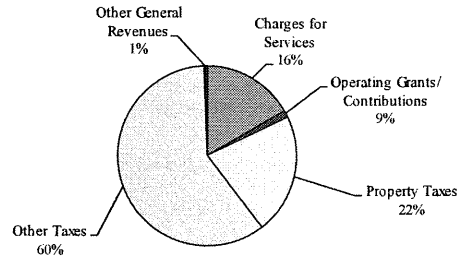
Expenses

Total expenses increased by $9 million or 5.92% to $161 million, with the increase predominantly coming from the transportation function due to road maintenance projects that are not capitalized. The transportation function expenses increased $11 million, which was offset by a decrease in public safety expenses of $3 million.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Business-type activities. The net position for business-type activities increased by $10.6 million.

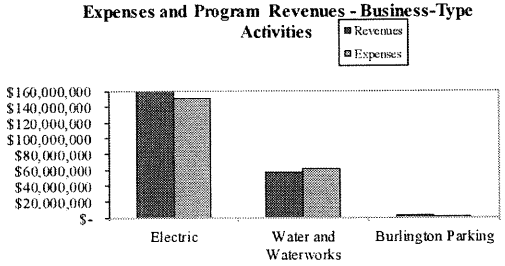
Revenue

Overall revenues from business type activities increased $6 million or 2.78% from the prior year with the majority of the increase coming from charges for services.

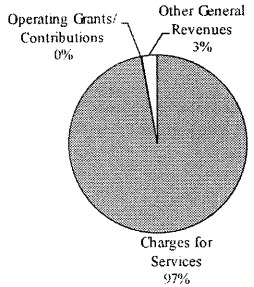
Expenses

Total expenses increased $2 million (or less than 1.00%). Electric and Burlington Commuter Parking both reported a $1 million decrease in expenses, while the water and wastewater function reported a $4 million increase in expenses

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds, which includes the General Fund and 20 other funds, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $61.1 million, an increase of $6.3 million in comparison with the prior fiscal year. Of the total fund balance amount, $27.9 million constitutes unassigned fund balance, the remainder of fund balance is for a variety of restricted, committed and assigned purposes and is not available for new spending.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2017 and December 31, 2016:

	12/31/2017	Percent of Total	12/31/2016	Amount of Increase (Decrease)	Percent of Increase (Decrease)
	(Amounts Expressed in Thousands)				
Revenues					
Taxes	$ 64,990	40.54%	62,981	2,009	3.19%
Intergovernmental	64,462	40.21%	64,630	(168)	-0.26%
Charges for Services	21,290	13.28%	18,741	2,549	13.60%
Net Investment Income	338	0.21%	(125)	463	370.40%
Fees	3,423	2.14%	3,247	176	5.42%
Licenses and Permits	3,006	1.88%	2,686	320	11.91%
Fines and Forfeits	1,473	0.92%	1,658	(185)	-11.16%
Contributions and Miscellaneous	1,312	0.82%	1,011	301	29.77%
Total Revenues	160,294	100.00%	154,829	5,465	3.53%

The largest dollar value in revenues came from taxes. Taxes include such items as utility tax, property tax (including pensions), hotel/motel tax, real estate transfer tax and food and beverage tax. Naperville's economic recovery has been visible since FY 2012 in all areas of tax receipts. Investment income reported a very positive result for the year, increasing $463 thousand, also an indicator of the rebound in the markets.

The main components of intergovernmental revenues are retail sales tax and income tax, as well as governmental grants. The City strives to obtain grant funding for eligible capital projects.

Expenditures:	12/31/17	Percent of total	12/31/16	Amount of increase (decrease)	Percent of increase (decrease)
	(Amounts expressed in thousands)				
Current:					
Public safety	$ 73,845	45.77%	$ 72,028	$ 1,817	2.52%
Transportation/ Physical Environment	34,690	21.50%	36,384	(1,694)	-4.66%
Culture and recreation	7,302	4.53%	6,652	650	9.77%
General government	12,482	7.74%	12,091	391	3.23%
Debt service:					
Principal	10,654	6.60%	6,920	3,734	53.96%
Interest, fees and issuance costs	3,306	2.05%	3,811	(505)	-13.25%
Capital outlay	19,060	11.82%	21,896	(2,836)	-12.95%
Total for all functions	$ 161,339	100.01%	$ 159,782	$ 1,557	0.97%

Expenditures increased less than 1.00% from the prior fiscal year, due to overall cost controlling measures throughout the year.

The City Council is committed to maintaining the City's infrastructure. Major capital projects during the reporting period included: continued Water Street District development, storm sewer lining, roadway, and bridge and parking lot maintenance.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Electric Utility – The Electric Utility recorded a net income before capital fees of $9.2 million for the fiscal year ended December 31, 2017, compared to a $4.9 million net income for the prior year.

On April 1, 2014, City Council passed Ordinance 14-030 to increase electric rates by 6% to all customers on May 1, 2014 and 7% on May 1, 2015. The City conducted a rate study in early FY16 for the three-year period beginning January 1, 2016. City Council approved annual rate increases of 8.3%, 2.4%, 2.4% beginning in 2016, and each subsequent January 1st for two years.

Kilowatt hour sales decreased by 75 million (or 5.37%) from 2016 to 2017. Purchased power expense for the twelve months ended December 31, 2017 is 80.56% of operating expense and fluctuates based on heating degree days, cooling degree days, rate for purchased electricity, and demand charges.

Water/Wastewater Utility – The Water/Wastewater Utility recorded a net loss before capital fees of $5.8 million for the fiscal year ended December 31, 2017, which is the same net loss for the year ended December 31, 2016.

The City completed a Water and Wastewater rate study during 2011 and as a result, the water and wastewater rate increases were implemented in January 2012 and January 2013. City Council voted to hold rates steady for January 2014 and January 2015 except for the wholesale water charges passed on to customers. It is important to note that Water Utility planned for net losses in FY2014, FY2015, FY2016; and FY2017 due to front loading the rate increase.

Retail water rates, passed through from the DuPage Water Commission to the City's customers, decreased 1.9% on May 1, 2015 for both residential and commercial customers compared to the prior period. On May 1, 2015, the water charge to customers decreased to $3.63 per 100 CCF from $3.70 per CCF. Other water charges for services and wastewater charges for services remained flat compared to the prior period. Overall, the City experienced an increase in gallons sold compared to 2016. Total gallons sold within the City increased in each of the previous four years.

Purchased water expense for the fiscal year ended December 31, 2017 is 53.31% of operating expense and fluctuates based on rainfall and the wholesale water rate set by the Du Page Water Commission. The purchased water rate (per 1000 gallons) decreased May 2016 to $4.80 (from $4.85) and increased May 2017 to $4.88.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to $988 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, furniture and fixtures, infrastructure, and IMEA participation right and other intangible assets. The City's investment in capital assets remained virtually unchanged from the prior year due to current year additions being offset by depreciation expense for the year.

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and land improvements	$ 187	187	18	14	205	201
Buliding and building improvements	93	96	5	4	98	100
Machinery and equipment	12	11	3	3	15	14
Infrastructure	201	215	415	437	616	652
IMEA participation right	-	-	13	10	13	10
Construction in progress	18	15	23	24	41	39
Total	511	524	477	492	988	1,016

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

Debt Administration

For the fiscal year ended December 31, 2017, the City had a total of $146.3 million of outstanding debt. These issues were all general obligation bonds. The City maintained its AAA rating on general obligation bond issues from both Standard and Poor's Rating Group and Moody's Investors Service.

Data as of December 31, 2017, is as follows:

	Amount	Ratio of Bonded Debt to Assessed Valuation	Bonded Debt Per Capita
General Obligation Bonded Debt	$ 146,255,000	2.19%	$ 1,003

Long-Term Debt Outstanding (in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	$ 100,268	103,943	45,986	50,557	146,254	154,500

Additional information on the City's long-term obligations can be found in Note 6 to the financial statements.

The City implemented Statement No. 45 of the Governmental Accounting Standards Board (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions) effective May 1, 2008. The total actuarial accrued liability is $10.6 million. In FY 2017 the City contributed $540,649 towards the liability. For additional information please refer to Note 10 in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

- The following three financial principles guide the City's budgetary process and financial management: 1) The City will pass a structurally balanced operating budget annually; 2) The City commits to continuous improvement in the delivery of necessary and cost-effective services; and 3) The City will actively seek to increase its services to twenty-five percent and reduce its debt by twenty-five percent in the next eight years.
- For the month of December 2017, the unemployment rate for the City was 5.0%. This is in-line with the state unemployment rate of 4.9% and slightly above the national unemployment rate of 4.1%.
- The number of total building permits dropped to just under 4,000 in calendar 2009 due to the recession. However, building activity appears to be recovering. There were 8,637 permits issued in 2017, which is up by 757 permits compared to 2016's total of 7,880 permits.
- Retail sales tax revenues continue to perform at a consistent rate and totaled $36.9 million for the fiscal year.
- The City is continuing to see increased activity in the real estate market; the City saw a 3% increase in residential, commercial and land sales from 2016 to 2017, with approximately 3,254 total real estate sales.
- Public safety pensions continue to place a significant burden on the City's finances. In 2016, public safety pension contributions totaled $11.7 million, and $12.8 million in 2017. This is a 9.4% increase from 2016, and these figures are expected to increase on an annual basis.
- With the challenges at the state level, the City is closely monitoring state shared revenues including, Income Tax revenues and Motor Fuel Tax revenues to determine the impact changes in these revenue streams will have on municipalities.
- On May 1, 2017 the City increased the garbage fee to residents per the solid waste contract with Waste Management
- In January 2016, the City implemented a Home Rule Sales Tax of .5% to offset debt and increase reserves. In the calendar year 2017, the City received $9.1 million.
- The City Council is committed to maintain a low property tax rate; the 2016 tax levy rate for the City is $0.7004, which is the lowest rate compared to neighboring communities and the lowest it's been in the last 10 years.
- Starting June 2011, the City began purchasing all of its wholesale power through 2035 from the Illinois Municipal Electric Agency. A membership in the IMEA allows the City to take advantage of the economies of scale provided by this large buying group and to stabilize electric rates to its residents and businesses for years to come.
- As part of the rate structure implemented in 2016, the Electric Utility included a rolling six-month purchased power adjustment (PPA) to better match the cost of purchased power with the rates charged to customers on a monthly basis. The result of the PPA was an additional $878,000 in revenue.

All of these factors were considered in preparing the City's budget and financial plans.

Requests for Information

This financial report is designed to provide a general overview of the City of Naperville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 400 South Eagle Street, Naperville, Illinois 60540.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2017

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Naperville Public Library
ASSETS				
Cash and investments	$ 60,446,630	$ 24,074,649	$ 84,521,279	$ 1,041,168
Receivables (net of allowance for uncollectable)	37,881,476	28,733,267	66,614,743	14,585,572
Due from other governments	13,245,800	192,807	13,438,607	110,140
Internal balances	804,281	(804,281)	-	-
Inventories	1,346	3,715,021	3,716,367	-
Capital assets (net of accumulated depreciation)				
Capital assets not depreciated	200,818,627	39,804,613	240,623,240	-
Capital assets depreciated, net	311,280,068	423,790,174	735,070,242	11,688,528
IMEA participation right	-	12,698,683	12,698,683	-
Total assets	624,478,228	532,204,933	1,156,683,161	27,425,408
DEFERRED OUTFLOWS OF RESOURCES				
Deferred items - IMRF	5,659,472	3,956,442	9,615,914	1,688,549
Deferred items - Police Pension	3,326,442	-	3,326,442	-
Deferred items - Firefighters' Pension	5,829,316	-	5,829,316	-
Unamortized refunding loss	2,886,313	1,223,933	4,110,246	-
Total deferred outflows of resources	17,701,543	5,180,375	22,881,918	1,688,549
Total assets and deferred outflows of resources	642,179,771	537,385,308	1,179,565,079	29,113,957
LIABILITIES				
Accounts payable and other current liabilities	12,345,753	22,014,084	34,359,837	756,657
Accrued interest payable	260,797	143,772	404,569	-
Due to other governments	388,826	817,261	1,206,087	-
Due to fiduciary funds	1,139,514	-	1,139,514	-
Unearned revenue	3,145,124	10,626	3,155,750	-
Long-term liabilities				
Due within one year	14,861,776	6,108,427	20,970,203	407,674
Due in more than one year	196,242,314	46,530,511	242,772,825	1,190,819
Total liabilities	228,384,104	75,624,681	304,008,785	2,355,150
DEFERRED INFLOWS OF RESOURCES				
Deferred items - IMRF	14,825,596	10,364,324	25,189,920	4,423,337
Deferred items - Police Pension	12,429,899	-	12,429,899	-
Deferred items - Firefighters' Pension	8,811,622	-	8,811,622	-
Deferred property taxes revenues	32,060,967	-	32,060,967	14,583,000
Total deferred inflows of resources	68,128,084	10,364,324	78,492,408	19,006,337
Total liabilities and deferred inflows of resources	296,512,188	85,989,005	382,501,193	21,361,487
NET POSITION				
Net investment in capital assets	411,982,476	416,692,268	828,674,744	11,688,528
Restricted for				
Debt service	3,605,400	-	3,605,400	-
Highways, streets, and parking facilities	1,382,937	-	1,382,937	-
Public safety	2,097,161	-	2,097,161	-
Capital projects	8,521,562	-	8,521,562	-
Culture and recreation	1,693,651	-	1,693,651	10,554
Unrestricted	(83,615,604)	34,704,035	(48,911,569)	(3,946,612)
TOTAL NET POSITION	$ 345,667,583	$ 451,396,303	$ 797,063,886	$ 7,752,470

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Net (Expense) Revenue and Changes in Net Position: Component: Naperville Public Library
PRIMARY GOVERNMENT								
Governmental Activities								
General government	$ 15,249,911	$ 12,252,250	$ -	$ -	$ (2,997,661)	$ -	$ (2,997,661)	$ -
Physical environment	10,376,296	2,401,432	968,176	-	(7,006,688)	-	(7,006,688)	-
Public safety	74,934,312	10,448,215	898,954	-	(63,587,143)	-	(63,587,143)	-
Culture and recreation	8,366,361	537,984	-	-	(7,828,377)	-	(7,828,377)	-
Transportation	48,964,200	128,664	361,034	3,679,434	(44,795,068)	-	(44,795,068)	-
Interest on long-term debt	3,122,449	-	-	-	(3,122,449)	-	(3,122,449)	-
Total governmental activities	161,013,529	25,768,545	2,228,164	3,679,434	(129,337,386)	-	(129,337,386)	-
Business-Type Activities								
Electric	150,148,371	157,317,048	-	4,070,120	-	11,238,797	11,238,797	-
Water and wastewater	60,591,482	53,627,047	306,676	1,978,404	-	(4,679,355)	(4,679,355)	-
Burlington commuter parking	1,423,228	2,527,694	-	-	-	1,104,466	1,104,466	-
Total business-type activities	212,163,081	213,471,789	306,676	6,048,524	-	7,663,908	7,663,908	-
TOTAL PRIMARY GOVERNMENT	$ 373,176,610	$ 239,240,334	$ 2,534,840	$ 9,727,958	(129,337,386)	7,663,908	(121,673,478)	
COMPONENT UNIT								
Naperville Public Library	$ 16,112,801	$ 435,931	$ 140,316	$ -	-	-	-	(15,536,554)
General Revenues								
Property taxes					34,129,103	-	34,129,103	14,081,203
Utility taxes					15,398,673	-	15,398,673	-
Other taxes					15,461,701	-	15,461,701	135,171
Franchise fees					3,423,069	-	3,423,069	-
Intergovernmental - unrestricted								
Sales taxes					46,081,944	-	46,081,944	-
Income taxes					13,029,080	-	13,029,080	-
Net investment income					355,195	579,788	934,983	(32,322)
Miscellaneous					756,345	2,350,631	3,106,976	115,182
Total					128,635,110	2,930,419	131,565,529	14,299,234
CHANGE IN NET POSITION					(702,276)	10,594,327	9,892,051	(1,237,320)
NET POSITION, JANUARY 1					346,369,859	440,801,976	787,171,835	8,847,255
Prior period adjustment					-	-	-	142,535
NET POSITION, JANUARY 1, RESTATED					346,369,859	440,801,976	787,171,835	8,989,790
NET POSITION, DECEMBER 31					$ 345,667,583	$ 451,396,303	$ 797,063,886	$ 7,752,470

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2017

	General Fund	Debt Service Fund	Nonmajor	Total
ASSETS				
Cash and investments	$ 23,356,403	$ 1,061,740	$ 33,213,929	$ 57,632,072
Receivables				
Property taxes	18,823,569	8,710,670	4,526,728	32,060,967
Accrued interest	51,354	(80,684)	77,938	48,608
Accounts receivable	4,208,353	-	952,604	5,160,957
Customers				
Unbilled, estimated	698,404	-	-	698,404
Less allowance for doubtful accounts	(127,412)	-	-	(127,412)
Loans and installments	6,729	-	30,393	37,122
Due from other funds	869,983	-	-	869,983
Advances to other funds	521,153	-	-	521,153
Due from other governments	9,782,241	2,169,819	1,293,740	13,245,800
Inventory	1,346	-	-	1,346
TOTAL ASSETS	$ 58,192,123	$ 11,861,545	$ 40,095,332	$ 110,149,000

(This statement is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS

December 31, 2017

	General Fund	Debt Service Fund	Nonmajor	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 4,114,681	$ -	$ 1,816,236	$ 5,930,917
Accrued wages and benefits	3,131,285	-	154,635	3,285,920
Due to other governmental agencies	265,137	-	123,689	388,826
Due to fiduciary funds	1,011,094	-	128,420	1,139,514
Due to other funds	-	-	65,702	65,702
Advances from other funds	-	-	521,153	521,153
Deposits	2,321,277	-	-	2,321,277
Contract retainage payable	-	-	200,300	200,300
Unearned grant revenues and others	112,000	-	3,033,124	3,145,124
Total liabilities	10,955,474	-	6,043,259	16,998,733
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	18,823,569	8,710,670	4,526,728	32,060,967
Total deferred inflows of resources	18,823,569	8,710,670	4,526,728	32,060,967
Total liabilities and deferred inflows of resources	29,779,043	8,710,670	10,569,987	49,059,700
FUND BALANCES				
Nonspendable				
Inventory	1,346	-	-	1,346
Loans	6,729	-	-	6,729
Advances	521,153	-	-	521,153
Restricted for				
Debt service	-	-	3,866,197	3,866,197
Highways, streets, and parking facilities	-	-	1,382,937	1,382,937
Public safety	-	-	2,097,161	2,097,161
Capital projects	-	-	10,866,557	10,866,557
Culture and recreation	-	-	1,693,651	1,693,651
Committed to				
Highways, streets, and parking facilities	-	-	858,121	858,121
Assigned to				
Debt service	-	3,150,875	-	3,150,875
Capital projects	-	-	9,303,837	9,303,837
Unassigned	27,883,852	-	(543,116)	27,340,736
Total fund balances	28,413,080	3,150,875	29,525,345	61,089,300
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 58,192,123	$ 11,861,545	$ 40,095,332	$ 110,149,000

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS		$ 61,089,300
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (See Note 4)		512,098,695
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.		
Deferred items - IMRF	$ (9,166,124)	
Deferred items - Police Pension	(9,103,457)	
Deferred items - Firefighters' Pension	(2,982,306)	
		(21,251,887)
Long-term liabilities are not due and payable in the current period and. therefore, are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term are reported in the statement of net position.		
Accrued interest payable		(260,797)
Deferred loss on refunding		2,886,313
Net pension liability		
IMRF	(3,398,821)	
Police Pension	(41,533,464)	
Firefighters' Pension	(48,141,991)	
Compensated absences	(8,325,914)	
Net other postemployment benefit obligation	(2,405,340)	
General obligation debt	(105,347,527)	
Total long-term liabilities (See Note 6)		(209,153,057)
Internal service funds are used by management to charge the costs of self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		259,016
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 345,667,583

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	General Fund	Debt Service Fund	Nonmajor	Total
REVENUES				
Property taxes	$ 20,890,668	$ 8,620,843	$ 4,617,592	$ 34,129,103
Utility tax	15,398,673	-	-	15,398,673
Other taxes	7,468,764	-	7,992,937	15,461,701
Licenses and permits	2,943,444	-	62,412	3,005,856
Fines and forfeits	1,419,028	-	53,545	1,472,573
Net investment income	134,196	(132,755)	336,917	338,358
Contributions	-	-	556,488	556,488
Intergovernmental	50,461,179	4,247,489	9,753,466	64,462,134
Charges for services	18,650,839	-	2,639,277	21,290,116
Fees	3,423,069	-	-	3,423,069
Miscellaneous revenues	424,525	-	331,820	756,345
Total revenues	121,214,385	12,735,577	26,344,454	160,294,416
EXPENDITURES				
Current				
General government	12,475,389	-	6,616	12,482,005
Physical environment	7,849,786	-	397,352	8,247,138
Public safety	71,651,890	-	2,193,422	73,845,312
Culture and recreation	65,097	-	7,236,684	7,301,781
Transportation	23,842,074	-	2,601,109	26,443,183
Capital outlay	-	-	19,059,612	19,059,612
Debt service				
Principal	-	10,155,746	498,338	10,654,084
Interest and fees	-	3,199,330	106,645	3,305,975
Total expenditures	115,884,236	13,355,076	32,099,778	161,339,090
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,330,149	(619,499)	(5,755,324)	(1,044,674)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	783,664	3,810,100	4,593,764
Transfers (out)	(3,775,000)	-	(818,764)	(4,593,764)
Sale of property	-	-	221,162	221,162
New bonds issued, at par	-	-	6,980,000	6,980,000
Premium on new bonds issued	-	-	179,109	179,109
Total other financing sources (uses)	(3,775,000)	783,664	10,371,607	7,380,271
NET CHANGE IN FUND BALANCES	1,555,149	164,165	4,616,283	6,335,597
FUND BALANCES, JANUARY 1	26,857,931	2,986,710	24,909,062	54,753,703
FUND BALANCES, DECEMBER 31	$ 28,413,080	$ 3,150,875	$ 29,525,345	$ 61,089,300

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 6,335,597
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	$ 9,731,131	
Disposals	-	
Depreciation (See Note 4)	(21,291,585)	
		(11,560,454)
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.		
Change in deferred items - IMRF	(13,993,817)	
Change in deferred items - Police Pension	(6,389,359)	
Change in deferred items - Firefighters' Pension	(10,409,154)	
		(30,792,330)
The issuance of long-term debt (e.g., bond, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments - G.O. bonds, SSA bonds, and notes payable	10,654,084	
New bond proceeds, principal	(6,980,000)	
Change in unamortized premium	243,022	
Change in loss on refunding	(249,181)	
		3,667,925
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in net pension liability		
IMRF	13,429,805	
Police Pension	8,531,728	
Firefighters' Pension	9,168,195	
Decrease in accrued interest payable	10,576	
Decrease in compensated absences (See Note 6)	603,978	
Increase in other post employment benefit obligation (See Note 6)	(323,605)	
		31,420,677
Internal service funds are used by management to charge the costs of information technology, fleet services, vehicle replacement and self-insurance to individual funds. The net revenue of certain activities of internal service funds are reported with governmental activities.		226,309
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (702,276)

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
CURRENT ASSETS					
Cash and investments	$ 16,898,469	$ 3,460,160	$ 3,716,020	$ 24,074,649	$ 2,814,558
Receivables					
Accrued interest	41,003	8,481	8,803	58,287	5,552
Customers					
Billed	8,251,566	3,212,664	28,273	11,492,503	(2,722)
Unbilled, estimated	12,108,040	3,580,000	-	15,688,040	-
Less allowance for doubtful accounts	(323,830)	(84,275)	(5,706)	(413,811)	-
Installments receivable	1,536,128	-	-	1,536,128	-
Due from other governments	-	192,807	-	192,807	-
Other receivables	263,481	108,639	-	372,120	-
Inventory	2,685,969	1,029,052	-	3,715,021	-
Total current assets	41,460,826	11,507,528	3,747,390	56,715,744	2,817,388
NONCURRENT ASSETS					
Advances to other fund	-	8,301,140	-	8,301,140	-
Capital assets (net of accumulated depreciation)					
Capital assets not depreciated	10,696,478	18,182,304	10,925,831	39,804,613	-
Capital assets depreciated, net	215,638,410	206,261,147	1,890,617	423,790,174	-
Net capital assets	226,334,888	224,443,451	12,816,448	463,594,787	-
Intangible assets (net of accumulated depreciation)					
IMEA participation right	12,698,683	-	-	12,698,683	-
Total assets	280,494,397	244,252,119	16,563,838	541,310,354	2,817,388
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items - IMRF	2,290,249	1,666,193	-	3,956,442	-
Unamortized refunding loss	826,358	397,575	-	1,223,933	-
Total deferred outflows of resources	3,116,607	2,063,768	-	5,180,375	-
Total assets and deferred outflows of resources	283,611,004	246,315,887	16,563,838	546,490,729	2,817,388

(This statement is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS

December 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
CURRENT LIABILITIES					
Accounts payable	$ 10,506,978	$ 4,183,776	$ 107,641	$ 14,798,395	$ 600,850
Accrued wages and benefits payable	600,410	426,627	20,798	1,047,835	6,489
Accrued interest payable	65,867	77,905	-	143,772	-
Compensated absences - current portion	629,591	416,688	-	1,046,279	-
Deposits	6,002,551	143,863	440	6,146,854	-
Contract retainage payable	-	21,000	-	21,000	-
Claims and judgments	-	-	-	-	338,064
Due to other government	817,261	-	-	817,261	-
Due to other funds	-	804,281	-	804,281	-
Unearned revenue	-	-	10,626	10,626	-
General obligation bonds payable - current portion	3,121,250	1,940,898	-	5,062,148	-
Total current liabilities	21,743,908	8,015,038	139,505	29,898,451	945,403
NONCURRENT LIABILITIES					
Advances from other fund	8,301,140	-	-	8,301,140	-
General obligation bonds payable	21,642,606	21,421,698	-	43,064,304	-
Net pension liability - IMRF	1,375,419	1,000,640	-	2,376,059	-
Compensated absences	643,572	216,718	-	860,290	-
Claims and judgments	-	-	-	-	1,612,969
Other postemployment benefits obligation	121,405	108,453	-	229,858	-
Total noncurrent liabilities	32,084,142	22,747,509	-	54,831,651	1,612,969
Total liabilities	53,828,050	30,762,547	139,505	84,730,102	2,558,372
DEFERRED INFLOWS OF RESOURCES					
Deferred items - IMRF	5,999,553	4,364,771	-	10,364,324	-
Total deferred inflows of resources	5,999,553	4,364,771	-	10,364,324	-
Total liabilities and deferred inflows of resources	59,827,603	35,127,318	139,505	95,094,426	2,558,372
NET POSITION					
Net investment in capital assets	202,397,390	201,478,430	12,816,448	416,692,268	-
Unrestricted	21,386,011	9,710,139	3,607,885	34,704,035	259,016
TOTAL NET POSITION	$ 223,783,401	$ 211,188,569	$ 16,424,333	$ 451,396,303	$ 259,016

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
OPERATING REVENUES					
Charges for services	$ 157,317,048	$ 53,627,047	$ 2,526,596	$ 213,470,691	$ 19,132,715
Miscellaneous	1,816,816	533,815	-	2,350,631	-
Total operating revenues	159,133,864	54,160,862	2,526,596	215,821,322	19,132,715
OPERATING EXPENSES					
Purchased power	109,005,955	-	-	109,005,955	-
Purchased water	-	26,444,100	-	26,444,100	-
Operations	5,813,862	12,334,413	1,214,742	19,363,017	-
Distribution	6,567,000	3,815,778	-	10,382,778	-
Other operating expenses	13,418,665	7,007,596	-	20,426,261	18,923,243
Total operating expenses	134,805,482	49,601,887	1,214,742	185,622,111	18,923,243
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	24,328,382	4,558,975	1,311,854	30,199,211	209,472
Depreciation and amortization	(14,253,884)	(10,019,415)	(208,486)	(24,481,785)	-
OPERATING INCOME (LOSS)	10,074,498	(5,460,440)	1,103,368	5,717,426	209,472
NON-OPERATING REVENUES (EXPENSES)					
Net investment income	166,432	359,345	54,011	579,788	16,837
Operating grant/intergovernmental	-	306,676	-	306,676	-
Gain on disposal of capital assets	-	-	1,098	1,098	-
Interest expense	(1,089,005)	(970,180)	-	(2,059,185)	-
Total non-operating revenues (expenses)	(922,573)	(304,159)	55,109	(1,171,623)	16,837
NET INCOME (LOSS) BEFORE CAPITAL FEES	9,151,925	(5,764,599)	1,158,477	4,545,803	226,309
CAPITAL FEES	4,070,120	1,978,404	-	6,048,524	-
CHANGE IN NET POSITION	13,222,045	(3,786,195)	1,158,477	10,594,327	226,309
NET POSITION, JANUARY 1	210,561,356	214,974,764	15,265,856	440,801,976	32,707
NET POSITION, DECEMBER 31	$ 223,783,401	$ 211,188,569	$ 16,424,333	$ 451,396,303	$ 259,016

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 160,738,743	$ 55,261,265	$ 2,504,029	$ 218,504,037	$ -
Receipts from interfund services provided	-	-	-	-	19,936,406
Payments to suppliers	(121,249,637)	(39,418,474)	(774,342)	(161,442,453)	(18,833,242)
Payments to employees	(15,172,183)	(11,113,545)	(546,713)	(26,832,441)	(188,469)
Net cash from operating activities	24,316,923	4,729,246	1,182,974	30,229,143	914,695
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grant	-	435,637	-	435,637	-
Advances to other fund	(2,570,490)	-	-	(2,570,490)	-
Advances from other fund	-	2,570,490	-	2,570,490	-
Due to General Fund	(5,710,794)	-	-	(5,710,794)	-
Net cash from noncapital financing activities	(8,281,284)	3,006,127	-	(5,275,157)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(7,729,630)	(3,516,004)	(4,056,368)	(15,302,002)	-
Proceeds from sale of capital assets	-	-	1,098	1,098	-
Payments of bond principal	(2,702,519)	(1,868,398)	-	(4,570,917)	-
Payment of bond interest	(1,195,530)	(983,970)	-	(2,179,500)	-
Net cash from capital and related financing activities	(11,627,679)	(6,368,372)	(4,055,270)	(22,051,321)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Net interest received	152,459	355,174	59,041	566,674	16,170
Net cash from investing activities	152,459	355,174	59,041	566,674	16,170
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,560,419	1,722,175	(2,813,255)	3,469,339	930,865
CASH AND CASH EQUIVALENTS, JANUARY 1	12,338,050	1,737,985	6,529,275	20,605,310	1,883,693
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 16,898,469	$ 3,460,160	$ 3,716,020	$ 24,074,649	$ 2,814,558

(This statement is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	$ 10,074,498	$ (5,460,440)	$ 1,103,368	$ 5,717,426	$ 209,472
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Other non-operating revenues	4,070,120	1,978,404	-	6,048,524	-
Depreciation and amortization expense	14,253,884	10,019,415	208,486	24,481,785	-
(Increase) decrease in current assets	(2,465,676)	(879,797)	(22,567)	(3,368,040)	803,691
Increase (decrease) in current liabilities	(1,615,903)	(928,336)	(106,313)	(2,650,552)	(98,468)
Total adjustments	14,242,425	10,189,686	79,606	24,511,717	705,223
NET CASH FROM OPERATING ACTIVITIES	$ 24,316,923	$ 4,729,246	$ 1,182,974	$ 30,229,143	$ 914,695

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2017

ASSETS	
Cash and short-term investments	$ 6,409,539
Receivables	
Interest receivable	1,109,897
Total receivables	1,109,897
Investments at fair value	
U.S. Treasury obligations	42,965,017
U.S. Government agencies	21,665,398
Municipal bonds	549,616
Corporate bonds	40,679,805
Annuities	28,610,063
Common stock	40,735,393
Mutual funds	155,321,470
Asset-backed securities	8,720,752
Negotiable certificates of deposit	527,817
Total investments	339,775,331
Due from municipality	1,139,514
Prepaid items	12,965
Total assets	348,447,246
LIABILITIES	
Accounts payable	66,410
NET POSITION RESTRICTED FOR PENSIONS	$ 348,380,836

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2017

ADDITIONS	
Contributions	
Employer	$ 14,016,007
Employee	3,625,714
Total contributions	17,641,721
Investment income	
Net appreciation in fair value of investments	31,964,289
Interest and dividends	9,128,015
Total investment income	41,092,304
Less investment expense	622,234
Net investment income	40,470,070
Total additions	58,111,791
DEDUCTIONS	
Benefits	14,312,249
Refunds of contributions	41,281
Administrative expense	192,931
Total deductions	14,546,461
NET INCREASE	43,565,330
NET POSITION RESTRICTED FOR PENSIONS	
January 1	304,815,506
December 31	$ 348,380,836

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Naperville, Illinois (the City) was incorporated in 1857. The City is a home-rule community operating under a council-manager form of government. The City Council is comprised of the Mayor and eight council members. The City provides services to the community which includes: police, fire, electric utility, water and wastewater utility, community development, street maintenance, refuse and recycling, transportation planning, and general services. The following significant accounting policies apply to the City and its component unit, the Naperville Public Library.

a. Reporting Entity

The City follows accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board. The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

2. Fiscal dependency on the primary government and there is a potential to provide specific financial benefits or to impose specific financial burdens.

The accompanying financial statements present the City of Naperville, Illinois (the primary government) and its component units. The financial data of the component unit is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

A blended component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City. The City of Naperville has no blended component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Discretely Presented Component Unit

A discretely presented component unit is an entity that is legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The City's discretely presented component unit is reported in a separate column to emphasize that it is legally separate from the City.

Naperville Public Library (the Library) - The Library is governed by a nine-member Board of Trustees appointed by the City's Mayor. The Library is financially accountable to the City as the City's approval is needed for the levy of property taxes for Library operations and to issue bonded debt on behalf of the Library. Separately audited financial statements of the Library are not available.

b. Basis of Presentation

Government-Wide Financial Statements - The government-wide statement of net position and statement of activities report the overall financial activity of the City and its component units, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. Interfund services provided and used are not eliminated on these statements. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Additionally, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) fines, fees, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

Fund Financial Statements - The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category-governmental, proprietary, and fiduciary-are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses include all expenses directly related to providing enterprise fund services. Incidental expenses are reported as non-operating expenses.

The City reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City. The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Fund - This fund is funded by a property tax restricted to the payment of principal and interest on general obligation bonds in accordance with the bond ordinance authorizing the issuance of the bonds.

The City reports the following major proprietary funds:

Electric Utility Fund - This fund accounts for the City's electric transmission and distribution operations.

Water and Wastewater Utility Fund - This fund accounts for the City's water and sewerage operations. The City operates the sewerage treatment plant, sewerage pumping stations, and collection systems and the water distribution system.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

Additionally, the City reports the following fund types:

Internal Service Fund - This fund account for self-insurance services that are provided to other departments of the City on a cost-reimbursement basis.

Pension Trust Funds - These funds account for the accumulation of retirement and disability benefits for police and firefighters' pension plans.

c. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City receives value without directly giving equal value in exchange, include property tax revenue, grants, and other contributions. On an accrual basis, revenues from property taxes are recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2016 levy is recognized as revenue for the fiscal year ended December 31, 2017. Revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property taxes and income tax, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year intended to finance. Revenues for the income tax are considered to be available if they are collected within 90 days at the end of the current fiscal year unless they are further delayed by the State. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

principal and interest on general long-term debt, claims and judgments are recorded only when payment is due. Compensated absences are recorded only when retirement or separation has occurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales tax, utilities taxes, motor fuel taxes, hotel/motel tax, food and beverage tax, E-911 surcharge, franchise taxes, ambulance fee, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports unavailable/unearned and deferred revenue on its financial statements. Unavailable/unearned and deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unavailable/unearned and deferred revenues also arise when the resources are received by the City before it has a legal claim to them or prior to the provision of services as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability or deferred inflow is removed from the financial statements and revenue is recognized.

d. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

e. Investments

State statutes and the City's investment policy authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; state and local obligations; commercial paper rated AAA 1, 2, or 3; repurchase agreements; non-negotiable certificates of deposits; money market accounts; and pooled investment funds. The pension trust funds investment policies also allow them to hold deposits in any bank insured by the FDIC and to invest in common and preferred stocks, corporate bonds, convertible debt securities, mutual funds, insured separate accounts, and direct obligations of the U.S. Government including GNMA securities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Investments (Continued)

The City's and pension trust fund investment policies also require collateral for all deposits unless FDIC coverage is available. The collateral must have a market value of not less than 100% of all deposits. Bank of America holds the collaterals in the names of the City of Naperville, the Naperville Police Pension Fund and the Firefighters' Pension Fund.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold.

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold

f. Unbilled Receivables

Estimated sales for electric, water, and wastewater usage prior to December 31, 2017, which are unbilled at year end, are recognized as current year revenue and are included in unbilled receivables.

g. Interfund Transactions

The City has the following types of interfund transactions:

Loans - amounts provided with a requirement for repayment. If repayment is expected within one year, interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e., due to other funds) in borrower funds. If repayment is expected in more than one year, the amounts are reported as advances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Interfund Transactions (Continued)

Services Provided and Used - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

Reimbursements - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

h. Inventory and Prepaid Items

Inventory, such as spare parts for electric, waterlines, and vehicles, is accounted for using the consumption method and is valued using a weighted average cost. Inventory reported in the governmental funds is not available for appropriation and therefore results in nonspendable fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both government-wide and fund financial statements.

i. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, traffic controls, drainage systems, and similar items), and IMEA participation right and other intangible assets, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 for buildings, building improvements, and equipment, and $25,000 for infrastructure with an estimated useful life in excess of two years. The capitalization threshold for the Library assets is $1,000 except for the IT related items which threshold is under $1,000. Purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, whereas improvements extending the useful lives of the related capital assets are capitalized.

Capital assets of the City and its component unit (Naperville Public Library) are depreciated using the straight-line method over the following useful lives:

	Years
Building and building improvements	20-40
Equipment	3-12
Infrastructure	25-50
IMEA participation right	25

j. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. Using the termination method, the City accrues the earned benefits to the extent it is probable that the benefits will result in termination cash payments. The general fund typically has been used to liquidate the governmental activities compensated absences.

Employees hired prior to June 9, 2001, are eligible to be covered under a traditional vacation and sick leave benefit plan. Vacation leave is tied to years of service, with a minimum of two weeks and a maximum of five weeks. Sick leave benefit days vary from 12 days per year for members of the Fraternal Order of Police Union to 15 days for all other union and non-union employees, except for sworn firefighters working 24-hour shifts. Firefighters earn seven shift days per year each January 1.

Employees hired between June 9, 2001 and July 1, 2011, and existing employees who made a one-time election to switch to a paid time off (PTO) program prior to June 9, 2001 are covered by a combination of PTO and sick leave benefits. PTO days are based upon years of service, with a minimum of 15 PTO days per year, while the amount of sick leave is fixed at ten days per year. Certain unions elected into the PTO plan, while others made it optional for employees hired after June 9, 2001. All sworn firefighters working shifts are not eligible to participate in the PTO plan. Under both plans, the maximum accrual of vacation or PTO is equal to 160% of annual accrued leave.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences (Continued)

Sick leave benefits can accumulate on an unlimited basis for employees in the traditional plan, but are limited to 120 days for those in the PTO plan. Upon retirement, the City cashes out up to 90 days of sick leave for employees as a retirement bonus. Members of the Fraternal Order of Police upon retirement can cash out up to 120 days. For sworn firefighters on shifts, they can cash out up to 42 shift days as a retirement bonus. Library employees may not accumulate sick time beyond one year.

Employees hired after July 1, 2011 are on a PTO plan that eliminates the distinction between vacation and sick leave. The PTO plan eliminates all future sick leave payouts. The plan provides fifteen (15) days of PTO accrued annually, and includes all time off with the exception of recognized holidays and funeral leave.

k. Deposits

The City receives deposits from contractors performing work in the City. These deposits are recorded within the General Fund.

l. Bond Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

m. Fund Balance/Net Position

Governmental funds equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Balance/Net Position (Continued)

fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include ordinances approved by the City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City's finance director through the approved fund balance policy of the City. Any residual fund balance of the General Fund and any deficits in other funds, if any, are reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first followed by assigned and then unassigned funds.

The City has a policy to maintain fund balance in the General Fund equal to 20% for the subsequent year's appropriations, net of interfund transfers as of December 31 each year. As noted in GASB S-54, fund balance policies in the General Fund are reported as unassigned but disclosed in the notes.

In the government-wide and proprietary fund financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Unrestricted net position consists of net position that does not meet the definition of restricted or invested in capital assets, net of related debt. None of the restricted net position or restricted fund balance results from enabling legislation adopted by the City except for the fund balance of $8,944 in the Fair Share Assessment Fund and the fund balance of $584,971 in the Food and Beverage Tax Fund.

n. Property Taxes

Property taxes are levied each year on all taxable real property located in the City. The City must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the DuPage and Will County Collectors/Treasurers who remit to the City its share of the collection. Taxes levied for calendar year 2016 were due, payable, and collected in two installments in June and September 2017.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Property Taxes (Continued)

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. Accordingly, the City recognized revenue during the fiscal year ended December 31, 2017 for collections from the calendar year 2016 levy if it was received by year end. Property taxes levied for calendar year 2017, which will be collected in fiscal year 2018 are recorded as receivables and unavailable revenue.

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

p. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed in the basic financial statements as "cash and investments."

a. Deposits

The City, Library, and pension funds' investment policies require all uninsured deposits with financial institutions, unless FDIC coverage is available, to be covered by collateral by up to 100%, with the collateral held by an independent third party acting as the City's agent and held in the name of the City, Library, and pension fund, respectively.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

The following table presents the investments and durations of the debt securities of the City and Naperville Public Library as of December 31, 2017.

City and Library

Investment Type	Fair Value	Modified Duration (Years)
U.S. Treasury and agency securities	$ 57,332,421	7.65

The City has the following recurring fair value measurements as of December 31, 2017:

- U.S. Treasury securities of $32,518,101 are valued using quoted market prices (Level 1 inputs)
- U.S. agency securities of $24,814,320 are valued using significant other observable inputs (Level 2 inputs)

The relationship between the City, or the Police or Fire Pension Funds and the investment agent is a direct contractual relationship.

Police Pension

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury obligations	$ 21,338,544	$ 2,597,971	$ 13,074,116	$ 5,666,457	$ -
U.S. agency obligations	10,984,513	13,427	2,259,073	2,790,323	5,921,690
Municipal bonds	274,808	-	72,146	202,662	-
Corporate bonds	24,440,888	1,411,778	7,229,915	12,631,623	3,167,572
Negotiable CD's	527,817	-	527,817	-	-
TOTAL	$ 57,566,570	$ 4,023,176	$ 23,163,067	$ 21,291,065	$ 9,089,262

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Police Pension (Continued)

The Fund has the following recurring fair value measurements as of December 31, 2017:

Investment by Fair Value Level	December 31, 2017	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury obligations	$ 21,338,544	$ 21,338,544	$ -	$ -
U.S. agency obligations	10,984,513	-	10,984,513	-
Municipal bonds	274,808	-	274,808	-
Corporate bonds	24,440,888	-	24,440,888	-
Equity securities				
Annuity contract	14,443,075	-	-	14,443,075
Common stock	17,209,391	17,209,391	-	-
Equity mutual funds	80,605,833	80,605,833	-	-
Negotiable CD's	527,817	-	527,817	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	$ 169,824,869	$ 119,153,768	$ 36,228,026	$ 14,443,075

Fire Pension

Investment Type	Fair Value	Investment Maturities (in Years): Less Than 1	1-5	6-10	More Than 10
U.S. Treasury obligations	$ 21,626,473	$ 3,244,479	$ 14,941,220	$ 3,440,774	$ -
U.S. agency obligations	10,680,885	18,794	2,634,994	2,138,905	5,888,192
Municipal bonds	274,808	-	147,883	126,925	-
Corporate bonds	16,238,917	1,288,611	8,503,632	5,794,215	652,459
TOTAL	$ 48,821,083	$ 4,551,884	$ 26,227,729	$ 11,500,819	$ 6,540,651

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Fire Pension (Continued)

The Fund has the following recurring fair value measurements as of December 31, 2017:

Investment by Fair Value Level	December 31, 2017	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury obligations	$ 21,626,473	$ 21,626,473	$ -	$ -
U.S. agency obligations	10,680,885	-	10,680,885	-
Municipal bonds	274,808	-	274,808	-
Corporate bonds	16,238,917	-	16,238,917	-
Equity securities				
Annuity contract	14,166,988	-	-	14,166,988
Common stock	23,526,002	23,526,002	-	-
Equity mutual funds	74,715,637	74,715,637	-	-
Asset-backed securities	8,720,752	-	8,720,752	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	$ 169,950,462	$ 119,868,112	$ 35,915,362	$ 14,166,988

The investments in the securities of U.S. government agencies were all rated AAA by Standard & Poor's, and Aaa by Moody's Investors Services. The municipal bonds were rated AAA to AA by Standard & Poor's and Aaa to A3 by Moody's, while corporate bonds were either not rated or rated A to BBB- by Standard & Poor's and Aa1 to Baa3 by Moody's.

Interest Rate Risk - Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City invests in mortgage-backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated. The City invests in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Through its investment policy, the City manages its exposure to fair value losses arising from increasing interest rates by limiting the weighted average duration to no more than four years. Interest rate risk for investments held by the Police and Firefighters' Pension Funds is managed by establishing investment parameters for the investment managers.

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 City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City and the Police and Firefighters' Pension Funds investment policies require 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 City's or Police and Firefighters' Pension Fund's agent separate from where the investment was purchased.

Credit Risk - The City's investment and cash management policy, as well as the investment policies of the Police and Firefighters' Pension Funds, prescribe to the "prudent person" rule, which states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City and the Police and Firefighters' Pension Funds limits their 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 or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. The Police and Fire Pension investment policies also allow investment grade corporate bonds 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. However, the City's and the Police and Firefighters' Pension Funds' investment policies do not specifically limit the City and Police and Firefighters' Pension Funds to these types of investments.

Concentration of Credit Risk - The City's investment policy follows the requirements of the State of Illinois Public Funds Investment Act, which prescribes allowable investment vehicles. No single investment, except those guaranteed by the United States Government, may exceed 5% of the fund's total market value. The Police and Firefighters' Pension Funds each have separate investment policies, which establish criteria for allowable investments. Both funds follow the requirements of the Illinois Pension Code. There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of net position available for benefits except for the following investments:

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Police Pension Fund

Investment	Amount
Vanguard Institutional Index Fund	$ 17,293,798
Vanguard Small Cap Fund	13,002,382
Vanguard Mid Cap Fund	13,022,476
DFA Emerg Mkts Core Equity	9,027,206
American Europacific Growth Fund	8,716,781
Principal Annuity Contract	14,443,075

Firefighter's Pension Fund

Investment	Amount
Vanguard Instl Index Fund	$ 17,299,280
Vanguard Mid Cap Fund	13,037,877
DFA International Small Cap	9,300,805
Dodge & Cox International Stock	8,735,343
American Europacific Growth Fund	8,689,745
Principal Annuity Contract	14,166,988

The Police Pension Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Return
Fixed income	35%	2.10%
Domestic equities	35%	5.60%
International equities	15%	5.80%
Real estate	10%	5.20%
Global tactical	5%	3.90%

ILCS limit the Police Pension 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.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

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, 2017 are listed in the table above.

For the fiscal year ended December 31, 2017, the annual money-weighted rate of return on police pension plan investments, net of pension plan investment expense, was 13.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Asset Class	Target	Long-Term Expected Real Return
Fixed income	35%	2.1%
Domestic equities	35%	5.6%
International equities	15%	5.8%
Real estate	10%	5.2%
Global tactical	5%	3.9%
Cash and cash equivalents	0%	0.4%

ILCS limit the Firefighters' Pension 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.

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

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, 2017 are listed in the table above.

For the fiscal year ended December 31, 2017, the annual money-weighted rate of return on the Firefighters' Pension Plan investments, net of pension plan investment expense, was 13.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

3. RECEIVABLES

a. Installment Loans

The outstanding loans that are not expected to be collected within one year of December 31, 2017 are as follows:

	Term	Due	Amount
DuPage Mayor and Manger Association	20 Years	02/01/2021	$ 6,510
CPAL - computer loan	Various	Various	219
Loan to the SSA 24 property owners	Various	Various	30,393
Electric loans	Various	Various	1,536,128

4. CAPITAL ASSETS

A summary of changes in capital assets of the City and Library for the fiscal year ended December 31, 2017 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 21,542,991	$ 74,956	$ -	$ 21,617,947
Land - infrastructure	161,526,935	-	-	161,526,935
Construction in progress	14,948,946	2,724,799	-	17,673,745
Total capital assets not being depreciated	198,018,872	2,799,755	-	200,818,627
Capital assets being depreciated				
Land improvements	5,456,271	-	-	5,456,271
Buildings	154,245,291	295,540	-	154,540,831
Equipment	53,369,721	2,925,356	60,880	56,234,197
Infrastructure	461,750,518	3,710,480	-	465,460,998
Total capital assets being depreciated	674,821,801	6,931,376	60,880	681,692,297
Less accumulated depreciation for				
Land improvements	1,528,989	361,525	-	1,890,514
Buildings	57,763,332	3,963,491	-	61,726,823
Equipment	42,133,297	2,102,545	60,880	44,174,962
Infrastructure	247,755,906	14,864,024	-	262,619,930
Total accumulated depreciation	349,181,524	21,291,585	60,880	370,412,229
Total capital assets being depreciated, net	325,640,277	(14,360,209)	-	311,280,068
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 523,659,149	$ (11,560,454)	$ -	$ 512,098,695

Depreciation expense for governmental activities for the fiscal year ended December 31, 2017 was charged to functions as follows:

General government	$ 2,767,906
Physical environment	2,129,158
Public safety	1,916,243
Culture and recreation	1,064,580
Transportation	13,413,698
	$ 21,291,585

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES - ELECTRIC UTILITY				
Capital assets not being depreciated				
Land	$ 3,836,327	$ -	$ -	$ 3,836,327
Construction in progress	6,360,798	499,353	-	6,860,151
Total capital assets not being depreciated	10,197,125	499,353	-	10,696,478
Capital assets being depreciated				
Building and building improvements	7,642,944	64,152	-	7,707,096
Equipment	14,311,942	377,774	-	14,689,716
Infrastructure	410,886,438	3,334,099	-	414,220,537
Total capital assets being depreciated	432,841,324	3,776,025	-	436,617,349
Less accumulated depreciation for				
Building and building improvements	4,935,261	206,584	-	5,141,845
Equipment	13,585,626	176,840	-	13,762,466
Infrastructure	190,711,482	11,363,146	-	202,074,628
Total accumulated depreciation	209,232,369	11,746,570	-	220,978,939
Total capital assets being depreciated, net	223,608,955	(7,970,545)	-	215,638,410
BUSINESS-TYPE ACTIVITIES - ELECTRIC UTILITY CAPITAL ASSETS, NET	$ 233,806,080	$ (7,471,192)	$ -	$ 226,334,888

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES - WATER AND WASTEWATER UTILITY				
Capital assets not being depreciated				
Land	$ 2,565,671	$ -	$ -	$ 2,565,671
Construction in progress	14,643,118	973,515	-	15,616,633
Total capital assets not being depreciated	17,208,789	973,515	-	18,182,304
Capital assets being depreciated				
Equipment	10,687,648	753,102	-	11,440,750
Infrastructure	445,020,844	1,789,387	-	446,810,231
Total capital assets being depreciated	455,708,492	2,542,489	-	458,250,981
Less accumulated depreciation for				
Equipment	9,122,050	370,501	-	9,492,551
Infrastructure	232,848,369	9,648,914	-	242,497,283
Total accumulated depreciation	241,970,419	10,019,415	-	251,989,834
Total capital assets being depreciated, net	213,738,073	(7,476,926)	-	206,261,147
BUSINESS-TYPE ACTIVITIES - WATER AND WASTEWATER UTILITY CAPITAL ASSETS, NET	$ 230,946,862	$ (6,503,411)	$ -	$ 224,443,451

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES - OTHER ENTERPRISE				
Capital assets not being depreciated				
Land	$ 7,520,323	$ 3,405,508	$ -	$ 10,925,831
Total capital assets not being depreciated	7,520,323	3,405,508	-	10,925,831
Capital assets being depreciated				
Building and building improvements	6,240,167	220,066	-	6,460,233
Machinery and equipment	990,053	430,794	-	1,420,847
Total capital assets being depreciated	7,230,220	650,860	-	7,881,080
Less accumulated depreciation for				
Building and building improvements	5,203,946	164,437	-	5,368,383
Machinery and equipment	578,031	44,049	-	622,080
Total accumulated depreciation	5,781,977	208,486	-	5,990,463
Total capital assets being depreciated, net	1,448,243	442,374	-	1,890,617
Total other enterprise net capital assets	8,968,566	3,847,882	-	12,816,448
BUSINESS-TYPE ACTIVITIES - OTHER ENTERPRISE CAPITAL ASSETS, NET	$ 473,721,508	$ (10,126,721)	$ -	$ 463,594,787

	Beginning Balances (Restated)	Increases	Decreases	Ending Balances
COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY				
Capital assets being depreciated				
Building and building improvements	$ 14,678,720	$ 2,137,858	$ -	$ 16,816,578
Machinery and equipment	2,779,707	372,434	917,742	2,234,499
Total capital assets being depreciated	17,458,427	2,510,292	917,742	19,050,977
Less accumulated depreciation for				
Building and building improvements	5,684,200	469,298	-	6,153,498
Machinery and equipment	1,815,028	146,068	752,145	1,208,951
Total accumulated depreciation	7,499,228	615,366	752,145	7,362,449
COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY CAPITAL ASSETS, NET	$ 9,959,199	$ 1,894,926	$ 165,597	$ 11,688,528

5. INTERFUND BALANCES AND ACTIVITY

a. Balances Due to/from Other Funds

Balances due to/from other funds at December 31, 2017 were as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 65,702
General	Water and Wastewater Utility	804,281
Pension Trust funds	General	1,011,094
Pension Trust funds	Nonmajor Governmental	128,420
TOTAL		$ 2,009,497

Balances due to/from other funds are to cover cash accounts temporarily overdrawn at year end.

b. Advances

Advances at December 31, 2017 were as follows:

Receivable Fund	Payable Fund	Amount
General	SSA #25	$ 521,153
Water and Wastewater Utility	Electric Utility	8,301,140
TOTAL		$ 8,822,293

Interest on the outstanding interfund advance is charged at 2.7%. Semiannual repayments are made on October 31 and April 30 each year until repaid. All accrued interest and principal will be fully paid and the advance will be closed no later than December 31, 2020.

c. Transfers to/from Other Funds

Interfund transfers for the fiscal year ended December 31, 2017 were as follows:

Transfers In	Transfers Out	Amount
Debt Service	Food and Beverage Tax Fund	$ 783,664
Capital Projects	American Recovery and Reinvestment Act Federal Grants Fund	35,100
Road and Bridge	General	2,800,000
SSA #26	General	975,000
TOTAL		$ 4,593,764

5. INTERFUND BALANCES AND ACTIVITY

c. Transfers to/from Other Funds (Continued)

The purpose of significant transfers is as follows:

- $2,800,000 was transferred from the General Fund to the Road and Bridge Fund for projects. This transfer will not be repaid.
- $975,000 transferred from the General Fund to the Special Service Area #24 Fund for the City's subsidy of the downtown maintenance. This transfer will not be repaid.

As of December 31, 2017, the following funds had deficit fund balances:

Fund	Deficit
Community Development Block Grant Fund	$ 34,933
Test Track	20
Special Service Area #25	508,163

6. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt of the City for the fiscal year ended December 31, 2017:

Type of Debt	Beginning Balance	Additions	Deductions	Ending Balances	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Net pension liability					
IMRF	$ 16,828,626	$ -	$ 13,429,805	$ 3,398,821	$ -
Police Pension	50,065,192	-	8,531,728	41,533,464	-
Firefighters' Pension	57,310,186	-	9,168,195	48,141,991	-
Compensated absences	8,929,892	3,343,167	3,947,145	8,325,914	3,910,860
Net other postemployment benefit obligation	2,081,735	323,605	-	2,405,340	-
General obligation bonds	103,942,579	6,980,000	10,654,084	100,268,495	10,612,852
Premium (discount)	5,322,054	179,109	422,131	5,079,032	-
Claims and judgements	2,131,777	13,043,922	13,224,666	1,951,033	338,064
TOTAL	$ 246,612,041	$ 23,869,803	$ 59,377,754	$ 211,104,090	$ 14,861,776

6. LONG-TERM OBLIGATIONS (Continued)

Type of Debt	Beginning Balance	Additions	Deductions	Ending Balances	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES - ELECTRIC UTILITY					
Net pension liability - IMRF	$ 7,930,324	$ -	$ 6,554,905	$ 1,375,419	$ -
Compensated absences	1,812,324	217,623	756,784	1,273,163	629,591
Net other postemployment benefit obligation	127,248	-	5,843	121,405	-
General obligation bonds	25,796,819	-	2,702,519	23,094,300	3,121,250
Premium (discount)	1,840,712	-	171,156	1,669,556	-
Total electric utility	37,507,427	217,623	10,191,207	27,533,843	3,750,841
BUSINESS-TYPE ACTIVITIES - WATER AND WASTEWATER UTILITY					
Net pension liability - IMRF	5,088,969	-	4,088,329	1,000,640	-
Compensated absences	1,023,344	119,989	509,927	633,406	416,688
Net other postemployment benefit obligations	119,293	-	10,840	108,453	-
General obligation bonds	24,760,602	-	1,868,397	22,892,205	1,940,898
Premium (discount)	501,189	-	30,798	470,391	-
Total water and wastewater utility	31,493,397	119,989	6,508,291	25,105,095	2,357,586
TOTAL	$ 69,000,824	$ 337,612	$ 16,699,498	$ 52,638,938	$ 6,108,427
COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY					
Net pension liability - IMRF	$ 5,430,248	$ -	$ 4,416,182	$ 1,014,066	$ -
Compensated absences	410,771	419,098	407,674	422,195	407,674
Net other postemployment benefit obligation	168,574	-	6,342	162,232	-
TOTAL	$ 6,009,593	$ 419,098	$ 4,830,198	$ 1,598,493	$ 407,674

* The General Fund has typically been used in prior years to liquidate the compensated absences liability, the net pension liabilities and the other postemployment benefit obligation for governmental activities.

6. LONG-TERM OBLIGATIONS (Continued)

Long-term debt at December 31, 2017 consists of the following:

a. General Obligation Bonds

	Governmental Activities	Business-Type Activities	Total
March 2009, 2.05% - 4.75%, due serially through December 1, 2028	$ 1,890,000	$ 910,000	$ 2,800,000
April 2010, Series A, 4.65% - 5.25%, due serially through December 1, 2028	-	7,975,000	7,975,000
April 2010, Series B, 2.85% - 4.50%, due serially through December 1, 2023	10,632,795	3,892,205	14,525,000
April 2010, Series D, 2% - 4%, due serially through December 1, 2021	3,195,000	-	3,195,000
July 2011, 2.000% - 4.625%, due serially through December 1, 2029	-	12,500,000	12,500,000
September 2012, 2% - 4%, due serially through December 1, 2025	10,755,700	7,474,300	18,230,000
July 2013, 3% - 4%, due serially through December 1, 2031	4,820,000	-	4,820,000
May 2014, 2.0% - 3.5%, due serially through December 1, 2032	14,400,000	-	14,400,000
June 2016, 2.0% - 3.5%, due serially through December 1, 2035	47,595,000	13,235,000	60,830,000
November 2017, 3.0%, due serially through December 1, 2037	6,980,000	-	6,980,000
TOTAL	$ 100,268,495	$ 45,986,505	$ 146,255,000

6. LONG-TERM OBLIGATIONS (Continued)

a. General Obligation Bonds (Continued)

The annual requirements to amortize all short-and long-term general obligation bonds outstanding at December 31, 2017 are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	$ 10,612,852	$ 3,099,827	$ 5,062,148	$ 1,321,055
2019	10,285,185	2,806,699	4,979,815	1,148,876
2020	10,098,435	2,503,176	4,241,565	996,749
2021	9,762,785	2,205,714	4,127,215	8,62,061
2022	8,902,385	1,899,902	3,902,615	327,023
2023-2027	32,271,853	5,708,668	19,713,147	3,093,995
2028-2032	13,400,000	2,035,100	3,960,000	232,050
2033-2036	4,480,000	370,475	-	-
2037-2041	455,000	13,650	-	-
TOTAL	$ 100,268,495	$ 20,643,211	$ 45,986,505	$ 8,381,809

b. Enterprise Fund Commitments

The City has issued the general obligation bonds to fund various Electric and Water/Wastewater capital projects. The proportionate share of the general obligation bond liabilities have been recorded in the respective enterprise funds. The current general obligation bonds issuance amounts were allocated as follows:

Bonds Series	Electric Utility	Water and Wastewater Utility	Governmental Activities	Total
G.O. 2009	$ 280,000	$ 630,000	$ 1,890,000	$ 2,800,000
G.O. 2010A	-	7,975,000	-	7,975,000
G.O. 2010B	-	3,892,205	10,632,795	14,525,000
G.O. 2011	7,250,000	5,250,000	-	12,500,000
G.O. 2012 Refunding	7,474,300	-	10,755,700	18,230,000
G.O. 2016	8,090,000	5,145,000	47,595,000	60,830,000

The general obligation bonds outstanding amount for the enterprise funds at December 31, 2017 is $45,986,505.

6. LONG-TERM OBLIGATIONS (Continued)

c. Defeased Debt

The City has defeased the General Obligation Bonds Series 2009 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the City's financial statements. Outstanding bonds for these issues are considered defeased. A total of $22,450,00 remains outstanding at December 31, 2017.

7. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for its risk financing activities in the Self-Insurance Fund (internal service fund). The Self-Insurance Fund pays all general liability, unemployment and workers' compensation, and auto and collision claims for which the City is held liable. The City has a $2.0 million retention limit for general, auto liability, and workers' compensation. In addition, the City carries a policy for excess coverage for general and auto liability of $10.0 million.

The City is self-insured for health and dental claims, which are also being accounted for in the Self-Insurance Fund. The City has $300,000 specific stop loss coverage for PPO and $200,000 for HMO health claims. The City has a $2.0 million retention limit for health and dental claims. The City utilizes a third-party administrator to process the claims. The City reimburses the administrator for the claims plus a processing fee.

The Self-Insurance Fund is supported by payments from the General Fund, Naper Settlement Fund, Electric, Water and Wastewater Utility Funds, Burlington Commuter Parking Fund, Information Technology Fund, Fleet Services Fund, and the Naperville Public Library (component unit) based upon an estimate of the annual claims and administration costs. In addition, the City has recognized a liability for claims, which were incurred but not reported at year end. At December 31, 2017, this liability totaled $338,064. The claims liability reported in the Self-Insurance Fund of $1,612,969 at December 31, 2017 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. There were no significant reductions in insurance coverage from the previous year.

7. RISK MANAGEMENT (Continued)

Changes in the Self-Insurance Fund's claims liability amount for the fiscal year ended December 31, 2017 and 2016 were:

	2017	2016
CLAIMS LIABILITY, BEGINNING OF YEAR	$ 2,131,777	$ 2,865,633
Incurred claims	13,043,922	13,956,140
Claim payments	(13,224,666)	(14,689,996)
CLAIMS LIABILITY, END OF YEAR	$ 1,951,033	$ 2,131,777

8. COMMITMENTS AND CONTINGENCIES

DuPage Water Commission

The City is a charter customer, along with 23 other municipalities, of the Du Page Water Commission (the Commission). The Commission is a Joint Action Agency empowered to finance, construct, acquire, and operate a water supply system to serve municipalities to obtain Lake Michigan water from the City of Chicago and distribute it to customers through a comprehensive distribution system. The City began receiving Lake Michigan water in March 1992. Pursuant to its agreement with the Commission, in January 1989, the City began making payments for its portion of certain commission costs in an amount set forth by the Commission. The City has also adjusted its water rates accordingly to cover such costs. The related costs and revenues have been recorded as operating expenses and revenues of the Water and Wastewater Utility (Enterprise) Fund. The Commission has capitalized all costs including financing components associated with the development of the water facility.

Illinois Municipal Electric Agency (IMEA)

The City is a member of the IMEA, a not-for-profit joint action power purchasing agency. The City had not, in the past, purchased power from IMEA. In June 2011, the City began purchasing all of its wholesale power through 2035 from the IMEA.

The City's Power Sales Contract includes a premium adjustment to IMEA to secure additional capacity and energy resources to add to its existing mix of resources in order to be able to service the City. The premium payments to be made to IMEA through 2025 is to offset the projected increase to the average power supply costs to IMEA's 29 existing participating members resulting in acquisition of the resources necessary to serve the City. The projected premium payments are approximately $59.2 million. The cumulative premium payments through December 31, 2017 are $30.6 million.

8. COMMITMENTS AND CONTINGENCIES (Continued)

Illinois Municipal Electric Agency (IMEA) (Continued)

The City's obligation is to purchase its full requirements for power and energy from the IMEA beginning June 1, 2011 and to pay a proportionate share of all IMEA costs.

Naperville Renewable Energy Program

The City participates in a Renewable Energy Program to make the choice for a clean energy future. This program enables customers to support clean energy resources such as wind and sun that protect our environment and make a difference for future generations. The program is comprised predominantly of unbundled wind "renewable energy certificates" ("RECs"), as well as a small volume of unbundled solar RECs. The current REC mix is 99% wind, 1% solar. On a dollar spent basis, the mix in fiscal year 2017 was 75% wind and 25% solar because the solar REC's are much more expensive. The program includes a strong local component, sourcing all of its RECs from Illinois projects. The local component is an integral part of the program, and the City will continue to source 100% of its renewable energy offering from Illinois-sited renewable energy facilities.

Prior to April 30, 2013, the program was managed by Community Energy and beginning May 1, 2013, the City brought the program management in-house. The City now holds primary responsibility for the program on behalf of its customers and has retained the services of Customized Energy Solutions to manage the program's administration and renewable offerings. During fiscal year 2017, the City collected $0.3 million and due to management efficiencies will make all funds, less minimum administration costs, available through grants to directly fund local community based renewable energy projects within the City. The fund balance of this subfund of the electric fund at December 31, 2017 is $1.4 million.

Development Assistance

The City has entered into various agreements with private organizations to encourage economic development in the City. Some of these agreements provide for rebating a portion of sales tax and hotel tax to the private organizations if certain benchmarks of development are achieved. During the year ended December 31, 2017, $623,696 in sales tax and $784,320 in hotel tax were rebated under these agreements. Estimated remaining $18.3 million will be payable throughout 23 years.

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

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the City at 400 South Eagle Street, Naperville, Illinois 60540. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

a. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

Plan Administration

All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that need or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Benefits Provided (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership

As of December 31, 2017, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	691
Inactive plan members entitled to but not yet receiving benefits	670
Active plan members	810
TOTAL	2,171

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2017 was 11.82% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Net Pension Liability

The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.50%
Salary increases	3.39% to 14.25%
Cost of living adjustments	3.00%
Inflation	2.50%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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, IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	$ 45,649,915	$ 6,788,946	$(25,212,177)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 306,525,860	$ 271,247,693	$ 35,278,167
Changes for the period			
Service cost	5,538,779	-	5,538,779
Interest	22,718,596	-	22,718,596
Difference between expected and actual experience	4,058,008	-	4,058,008
Changes in assumptions	(9,514,997)	-	(9,514,997)
Employer contributions	-	6,233,486	(6,233,486)
Employee contributions	-	2,431,700	(2,431,700)
Net investment income	-	46,307,985	(46,307,985)
Benefit payments and refunds	(12,761,262)	(12,761,262)	-
Other (net transfer)	-	(3,683,564)	3,683,564
BALANCES AT DECEMBER 31, 2017	$ 316,564,984	$ 309,776,038	$ 6,788,946

Assumptions related to salary increases were changed from 3.75% - 14.50% to 3.39% - 14.25%. Assumptions related to price inflation were changed from 2.75% to 2.50%. Additionally, Certain demographic assumptions were changed, which impacted mortality rates, and retirement rates.

	City	Library	Total
BEGINNING NET PENSION LIABILITY AT JANUARY 1, 2017	$ 29,847,919	$ 5,430,248	$ 35,278,167
EMPLOYER CONTRIBUTIONS - 2017	$ 5,302,389	$ 931,097	$ 6,233,486
ENDING NET PENSION LIABILITY AT DECEMBER 31, 2017	$ 5,774,880	$ 1,014,066	$ 6,788,946

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $5,251,129 and the Library recognized $922,312. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 3,203,728	$ (1,124,604)	$ 2,079,124
Changes in assumption	96,466	(7,483,737)	(7,387,271)
Net difference between projected and actual earnings on pension plan investments	8,004,269	(21,004,916)	(13,000,647)
TOTAL	$ 11,304,463	$ (29,613,257)	$ (18,308,794)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	City Net Deferred Inflows of Resources	Library Net Deferred Inflows of Resources	Total
2018	$ (2,793,433)	$ (490,523)	$ (3,283,956)
2019	(2,957,812)	(519,390)	(3,477,202)
2020	(5,355,910)	(940,495)	(6,296,405)
2021	(4,466,851)	(784,380)	(5,251,231)
2022	-	-	-
Thereafter	-	-	-
TOTAL	$ (15,574,006)	$ (2,734,788)	$ (18,308,794)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Plan Administration

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. 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 pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership

At December 31, 2017, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	89
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	165
TOTAL	260

Benefits Provided

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5% 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), 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 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 officer salary for the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a 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 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent 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 office 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% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. 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 plan and the administrative costs 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. However, the City is funding using the entry age normal actuarial cost method to fund 100% of the past service cost by the year 2033. For the fiscal year ended December 31, 2017, the City's contribution was 36.99% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00% to 11.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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 as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	$ 73,442,127	$ 41,533,464	$ 15,445,661

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 202,219,852	$ 152,154,660	$ 50,065,192
Changes for the period			
Service cost	4,277,831	-	4,277,831
Interest	14,216,220	-	14,216,220
Difference between expected and actual experience	1,578,661	-	1,578,661
Changes in assumptions	-	-	-
Employer contributions	-	6,677,807	(6,677,807)
Employee contributions	-	1,788,835	(1,788,835)
Net investment income	-	20,204,239	(20,204,239)
Benefit payments and refunds	(6,817,646)	(6,817,646)	-
Other (net transfer)	-	(66,441)	66,441
BALANCES AT DECEMBER 31, 2017	$ 215,474,918	$ 173,941,454	$ 41,533,464

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $4,535,438. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 1,315,550	$ (8,147,917)	$ (6,832,367)
Changes in assumption	2,010,892	-	2,010,892
Net difference between projected and actual earnings on pension plan investments	-	(4,281,982)	(4,281,982)
TOTAL	$ 3,326,442	$ (12,429,899)	$ (9,103,457)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2018	$ (1,530,008)
2019	(1,373,665)
2020	(3,409,402)
2021	(3,053,492)
2022	263,110
Thereafter	-
TOTAL	$ (9,103,457)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan

Plan Administration

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership

At December 31, 2017, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	101
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	187
TOTAL	294

Benefits Provided

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5% 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 firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), 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 the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a 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 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent 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 police office 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% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. 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 plan and the administrative costs 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. However, the City is funding using the entry age normal actuarial cost method to fund 100% of the past service cost by the year 2033. For the fiscal year ended December 31, 2017, the City's contribution was 38.10% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00% to 12.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	$ 81,285,305	$ 48,141,991	$ 21,105,079

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 209,971,032	$ 152,660,846	$ 57,310,186
Changes for the period			
Service cost	5,414,018	-	5,414,018
Interest	14,813,198	-	14,813,198
Difference between expected and actual experience	(96,584)	-	(96,584)
Changes in assumptions	-	-	-
Employer contributions	-	7,338,200	(7,338,200)
Employee contributions	-	1,821,286	(1,821,286)
Contributions buy-back	15,593	15,593	-
Net investment income	-	20,265,831	(20,265,831)
Benefit payments and refunds	(7,535,884)	(7,535,884)	-
Other (net transfer)	-	(126,490)	129,490
BALANCES AT DECEMBER 31, 2017	$ 222,581,373	$ 174,439,382	$ 48,141,991

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $8,579,159. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 2,349,820	$ (4,548,414)	$ (2,198,594)
Changes in assumption	3,479,496	-	3,479,496
Net difference between projected and actual earnings on pension plan investments	-	(4,263,208)	(4,263,208)
TOTAL	$ 5,829,316	$ (8,811,622)	$ (2,982,306)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2018	$ 792,733
2019	792,734
2020	(2,129,347)
2021	(2,082,120)
2022	(178,153)
Thereafter	(178,153)
TOTAL	$ (2,982,306)

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Descriptions

In addition to providing the pension benefits described, the City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The actuarial valuation for the OPEB plan is performed every two years. The December 31, 2016 actuarial valuation is used for the following sections.

b. Benefits Provided

The City provides post-employment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans or meet COBRA requirements.

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Eligibility in City sponsored health care plans is discontinued upon eligibility for federally sponsored health care benefits. Retirees who are eligible for health care program participation are also eligible for participation in the life insurance program in the amount of $5,000.

c. Membership

At December 31, 2016, most recent available, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	261
Active employees	1,200
TOTAL	1,461
Participating employers	1

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees via the self-insured plan (pay as you go) which results in an implicit subsidy to the City as defined by the GASB Statement No. 45. Since the City is self-insured, this amount fluctuates on an annual basis. For the fiscal year ending December 31, 2017, retirees contributed $2,392,516 for premiums and the City contributed $540,649 toward the implicit subsidy. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement. The general fund typically has been used to liquidate the governmental activities the net other postemployment benefit obligation.

e. Annual OPEB cost and Net OPEB Obligation

The City's annual OPEB cost (expense) was $841,229 while the ARC was $827,914 for the fiscal year ended December 31, 2017. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2017 were as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	$ 420,025	$ 295,349	70.32%	$ 2,312,088
2016	627,786	443,024	70.57%	2,496,850
2017	841,229	540,649	64.27%	2,797,430

The net OPEB obligation (NOPEBO) as of December 31, 2017, was calculated as follows:

Annual required contributions	$ 827,914
Interest on NOPEBO	99,873
Adjustment to ARC	(86,558)
Annual pension cost	841,229
Actual contribution	(540,649)
Change in NOPEBO	300,580
NOPEBO, beginning of year	2,496,850
NOPEBO, END OF YEAR	$ 2,797,430

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB cost and Net OPEB Obligation (Continued)

Governmental activities	$ 2,405,340
Business-type activities	229,858
Library discretely presented component unit	162,232
TOTAL	$ 2,797,430

f. Funded Status and Funding Progress

The funded status of the plan as of December 31, 2016, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	$ 10,649,256
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	10,649,256
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 82,729,832
UAAL as a percentage of covered payroll	12.87%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

g. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Actuarial Methods and Assumptions (Continued)

In the December 31, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.50% initially and 4.00% ultimately. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016, was 30 years.

11. DISCRETELY PRESENTED COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY

The following is summary fund financial information for the Naperville Public Library (the Library) for the fiscal year ended December 31, 2017:

Balance Sheet

	General Operating	Special Revenue: Building Reserve	Special Revenue: Gift and Memorial	Special Revenue: Endowment	Total	Adjustment	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
ASSETS							
Cash and cash equivalents	$ 404,055	$ 600,406	$ 26,178	$ 10,529	$ 1,041,168	$ -	$ 1,041,168
Property taxes receivable, net of allowance for uncollectible accounts	14,583,000	-	-	-	14,583,000	-	14,583,000
Interest receivable	1,030	1,454	63	25	2,572	-	2,572
Due from other governments	110,140	-	-	-	110,140	-	110,140
Capital assets (net)							
Capital assets not depreciated	-	-	-	-	-	-	-
Capital assets depreciated, net	-	-	-	-	-	11,688,528	11,688,528
Total assets	15,098,225	601,860	26,241	10,554	15,736,880	11,688,528	27,425,408
DEFERRED OUTFLOWS OF RESOURCES							
Deferred items - IMRF	-	-	-	-	-	1,688,549	1,688,549
Total deferred outflows of resources	-	-	-	-	-	1,688,549	1,688,549
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 15,098,225	$ 601,860	$ 26,241	$ 10,554	$ 15,736,880	$ 13,377,077	$ 29,113,957

11. DISCRETELY PRESENTED COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY (Continued)

Balance Sheet (Continued)

	General Operating	Special Revenue: Building Reserve	Special Revenue: Gift and Memorial	Special Revenue: Endowment	Total	Adjustment	Statement of Net Position
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES/ NET POSITION							
LIABILITIES							
Accounts payable	$ 81,441	$ 254,837	$ 23	$ -	$ 336,301	$ -	$ 336,301
Accrued wages and benefits	420,356	-	-	-	420,356	-	420,356
Compensated absences	-	-	-	-	-	422,195	422,195
Net pension liability	-	-	-	-	-	1,014,066	1,014,066
Other postemployment benefits obligation	-	-	-	-	-	162,232	162,232
Total liabilities	501,797	254,837	23	-	756,657	1,598,493	2,355,150
DEFERRED INFLOWS OF RESOURCES							
Deferred items - IMRF	-	-	-	-	-	4,423,337	4,423,337
Unavailable/earned property tax revenue	14,583,000	-	-	-	14,583,000	-	14,583,000
Total deferred inflows of resources	14,583,000	-	-	-	14,583,000	4,423,337	19,006,337
FUND BALANCES/ NET POSITION							
Fund balances							
Restricted for culture and recreation	-	-	-	10,554	10,554	-	10,554
Committed for culture and recreation	-	347,023	26,218	-	373,241	(373,241)	-
Unassigned	13,428	-	-	-	13,428	(13,428)	-
Net position							
Invested in capital assets	-	-	-	-	-	11,688,528	11,688,528
Unrestricted	-	-	-	-	-	(3,946,612)	(3,946,612)
Total fund balances/ net position	13,428	347,023	26,218	10,554	397,223	7,355,247	7,752,470
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES/ NET POSITION	$ 15,098,225	$ 601,860	$ 26,241	$ 10,554	$ 15,736,880	$ 13,377,077	$ 29,113,957

11. DISCRETELY PRESENTED COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY (Continued)

Statement of Net Position

	General Operating	Special Revenue: Building Reserve	Special Revenue: Gift and Memorial	Special Revenue: Endowment	Total	Adjustment	Statement of Activities
REVENUES							
Property taxes	$ 14,081,203	$ -	$ -	$ -	$ 14,081,203	$ -	$ 14,081,203
Other taxes - personal property replacement tax	135,171	-	-	-	135,171	-	135,171
Fines and forfeits	348,356	-	-	-	348,356	-	348,356
Net investment income	(37,891)	5,113	331	125	(32,322)	-	(32,322)
Intergovernmental	-	24,247	300	-	24,547	-	24,547
Charges for services	4,091	-	-	-	4,091	-	4,091
Fees	83,484	-	-	-	83,484	-	83,484
Contribution	110,140	-	5,629	-	115,769	-	115,769
Miscellaneous	112,437	2,745	-	-	115,182	-	115,182
Total revenues	14,836,991	32,105	6,260	125	14,875,481	-	14,875,481
EXPENDITURES/EXPENSES							
Current							
Culture and recreation	15,267,331	2,684,503	8,812	-	17,960,646	(1,847,845)	16,112,801
Total expenditures/ expenses	15,267,331	2,684,503	8,812	-	17,960,646	(1,847,845)	16,112,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(430,340)	(2,652,398)	(2,552)	125	(3,085,165)	1,847,845	(1,237,320)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	2,750,000	-	-	2,750,000	(2,750,000)	-
Transfers (out)	(2,750,000)	-	-	-	(2,750,000)	2,750,000	-
Total other financing sources (uses)	(2,750,000)	2,750,000	-	-	-	-	-
NET CHANGE IN FUND BALANCES/NET POSITION	(3,180,340)	97,602	(2,552)	125	(3,085,165)	1,847,845	(1,237,320)
FUND BALANCES/ NET POSITION AT JANUARY 1, 2017	3,193,768	249,421	28,770	10,429	3,482,388	5,364,867	8,847,255
Prior period adjustment	-	-	-	-	-	142,535	142,535
FUND BALANCES/ NET POSITION AT JANUARY 1, 2017, RESTATED	3,193,768	249,421	28,770	10,429	3,482,388	5,507,402	8,989,790
FUND BALANCES/ NET POSITION AT DECEMBER 31, 2017	$ 13,428	$ 347,023	$ 26,218	$ 10,554	$ 397,223	$ 7,355,247	$ 7,752,470

12. PRIOR PERIOD ADJUSTMENT

A net position of the Discretely Presented Component Unit - Naperville Public Library has been restated in the amount of $142,535 to adjust for corrections to capital assets and accumulated depreciation as a result of capital asset inventory performed at December 31, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amount			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 20,747,437	$ 20,747,437	$ 20,890,668	$ 143,231
Utility tax	16,576,700	16,576,700	15,398,673	(1,178,027)
Other taxes	6,726,000	6,726,000	7,468,764	742,764
Licenses and permits	2,456,500	2,456,500	2,943,444	486,944
Fines	1,962,500	1,962,500	1,419,028	(543,472)
Net investment income	182,500	182,500	134,196	(48,304)
Intergovernmental	52,446,215	52,446,215	50,461,179	(1,985,036)
Charges for services	17,336,921	17,336,921	18,650,839	1,313,918
Franchise fees	3,238,350	3,238,350	3,423,069	184,719
Miscellaneous	455,500	455,500	424,525	(30,975)
Total revenues	122,128,623	122,128,623	121,214,385	(914,238)
EXPENDITURES				
Current				
General government	10,981,191	10,981,191	12,475,389	(1,494,198)
Physical environment	8,165,390	8,165,390	7,849,786	315,604
Public safety	74,272,019	74,272,019	71,651,890	2,620,129
Transportation	24,673,314	24,673,314	23,842,074	831,240
Culture and recreation	87,108	87,108	65,097	22,011
Total expenditures	118,179,022	118,179,022	115,884,236	2,294,786
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,949,601	3,949,601	5,330,149	1,380,548
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(3,775,000)	(3,775,000)	(3,775,000)	-
Total other financing sources (uses)	(3,775,000)	(3,775,000)	(3,775,000)	-
NET CHANGE IN FUND BALANCE	$ 174,601	$ 174,601	1,555,149	$ 1,380,548
FUND BALANCE, JANUARY 1			26,857,931	
FUND BALANCE, DECEMBER 31			$ 28,413,080	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE

December 31, 2017

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted at the fund level for the Governmental and Proprietary Funds except for the Fair Share Assessment, Foreign Fire Insurance and Water Street TIF funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end. Several budget amendments were made during the current fiscal year.

The following funds had an excess of actual expenditures over budget for the fiscal year:

Fund	Excess
Food and Beverage Tax	$ 274,818
Downtown Parking	337,783

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017
Actuarially determined contributions	$ 6,026,372	$ 6,217,283	$ 6,233,486
Contributions in relation to the actuarially determined contribution	6,026,372	6,217,283	6,233,486
CONTRIBUTION DEFICIENCY (Excess)	$ -	$ -	$ -
Covered-employee payroll	$ 51,417,441	$ 51,486,313	$ 52,718,201
Contributions as a percentage of covered-employee payroll	11.72%	12.08%	11.82%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2014 (base year 2012)

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.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	2016	2017
Actuarially determined contributions	$ 5,156,419	$ 4,809,036	$ 5,829,394	$ 6,538,474
Contributions in relation to the actuarially determined contribution	5,641,180	5,345,433	6,329,588	6,677,807
CONTRIBUTION DEFICIENCY (Excess)	$ (484,761)	$ (536,397)	$ (500,194)	$ (139,333)
Covered-employee payroll	$ 16,365,735	$ 16,683,031	$ 17,893,623	$ 18,050,807
Contributions as a percentage of covered-employee payroll	34.47%	32.04%	35.37%	36.99%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	Market Value
Inflation	2.5%
Salary Increases	5.0%
Investment Rate of Return	7.0%
Retirement Age	100% by age 70
Mortality	RP 2000 Mortality Table (CHBCA)

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	2016	2017
Actuarially determined contributions	$ 5,183,001	$ 4,820,338	$ 5,871,947	$ 7,237,440
Contributions in relation to the actuarially determined contribution	5,670,039	5,355,723	6,415,496	7,338,200
CONTRIBUTION DEFICIENCY (Excess)	$ (487,038)	$ (535,385)	$ (543,549)	$ (100,760)
Covered-employee payroll	$ 17,165,868	$ 18,315,408	$ 18,576,954	$ 19,262,676
Contributions as a percentage of covered-employee payroll	33.03%	29.24%	34.53%	38.10%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.5%
Salary Increases	5.0%
Investment Rate of Return	7.0%
Retirement Age	100% by age 70
Mortality	RP 2000 Mortality Table (CHBCA)

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	$ 5,623,110	$ 5,569,481	$ 5,538,779
Interest	20,562,051	21,744,892	22,718,596
Changes in benefit terms	-	-	-
Differences between expected and actual experience	626,724	(2,265,178)	4,058,008
Change of assumptions	358,132	(740,500)	(9,514,997)
Benefit payments, including refunds of member contributions	(10,515,189)	(11,410,419)	(12,761,262)
Net change in total pension liability	16,654,828	12,898,276	10,039,124
Total pension liability - beginning	276,972,756	293,627,584	306,525,860
TOTAL PENSION LIABILITY - ENDING	$293,627,584	$306,525,860	$316,564,984
PLAN FIDUCIARY NET POSITION			
Contributions - employer	$ 6,026,372	$ 6,217,283	$ 6,233,486
Contributions - members	2,325,703	2,364,110	2,431,700
Net investment income	1,278,894	17,659,805	46,307,985
Benefit payments, including refunds of member contributions	(10,515,189)	(11,410,419)	(12,761,262)
Other	(715,829)	1,156,632	(3,683,564)
Net change in plan fiduciary net position	(1,600,049)	15,987,411	38,528,345
Plan fiduciary net position - beginning	256,860,331	255,260,282	271,247,693
PLAN FIDUCIARY NET POSITION - ENDING	$255,260,282	$271,247,693	$309,776,038
EMPLOYER'S NET PENSION LIABILITY	$ 38,367,302	$ 35,278,167	$ 6,788,946
Plan fiduciary net position as a percentage of the total pension liability	86.93%	88.49%	97.86%
Covered-employee payroll	$ 51,417,441	$ 51,486,313	$ 52,718,201
Employer's net pension liability as a percentage of covered-employee payroll	74.62%	68.52%	12.88%

Measurement Date December 31, 2015 - There was a change with respect to actuarial assumptions. Certain demographic assumptions were changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

Measurement Date December 31, 2016 - There was a change with respect to actuarial assumptions. Changes in assumptions related to mortality were made since the prior measurement date. Additionally, the discount rate was changed from 7.48% to 7.50%.

Measurement Date December 31, 2017 - Assumptions related to salary increases were changed from 3.75% - 14.50% to 3.39% - 14.25%. Assumptions related to price inflation were changed from 2.75% to 2.50%. Additionally, Certain demographic assumptions were changed, which impacted mortality rates and retirement rates.

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.)

CITY OF NAPERVILLE, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE	April 30, 2015	December 31, 2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	$ 3,442,284	$ 2,635,406	$ 4,113,967	$ 4,277,831
Interest	12,150,401	8,904,818	13,993,038	14,216,220
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(2,006,971)	(1,398,497)	(11,518,319)	1,578,661
Change of assumptions	8,387,367	-	3,016,340	-
Benefit payments, including refunds of member contributions	(5,506,966)	(3,958,442)	(6,365,209)	(6,817,646)
Net change in total pension liability	16,466,115	6,183,285	3,239,817	13,255,066
Total pension liability - beginning	176,330,635	192,796,750	198,980,035	202,219,852
TOTAL PENSION LIABILITY - ENDING	$ 192,796,750	$ 198,980,035	$ 202,219,852	$ 215,474,918
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ 5,641,180	$ 5,345,433	$ 6,329,588	$ 6,677,807
Contributions - members	1,599,368	1,117,257	1,773,258	1,788,835
Contributions - other	8,066	2,237	21,704	-
Net investment income	8,726,002	(4,333,440)	11,562,097	20,204,239
Benefit payments, including refunds of member contributions	(5,506,966)	(3,950,028)	(6,386,913)	(6,817,646)
Administrative expense	(130,073)	(67,226)	(53,912)	(66,441)
Net change in plan fiduciary net position	10,337,577	(1,885,767)	13,245,822	21,786,794
Plan fiduciary net position - beginning	130,457,028	140,794,605	138,908,838	152,154,660
PLAN FIDUCIARY NET POSITION - ENDING	$ 140,794,605	$ 138,908,838	$ 152,154,660	$ 173,941,454
EMPLOYER'S NET PENSION LIABILITY	$ 52,002,145	$ 60,071,197	$ 50,065,192	$ 41,533,464
Plan fiduciary net position as a percentage of the total pension liability	73.03%	69.81%	75.24%	80.72%
Covered-employee payroll	$ 16,683,031	$ 16,683,031	$ 17,893,623	$ 18,050,807
Employer's net pension liability as a percentage of covered-employee payroll	311.71%	360.07%	279.79%	230.09%

Measurement Date April 30, 2015 - Changes made to mortality rate.

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.

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.)

CITY OF NAPERVILLE, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
TOTAL PENSION LIABILITY				
Service cost	$ 3,852,140	$ 3,038,367	$ 5,196,429	$ 5,414,018
Interest	11,857,616	8,558,822	14,032,562	14,813,198
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(82,734)	5,414,803	(5,954,167)	(96,584)
Change of assumptions	2,920,299	-	4,639,327	-
Contributions buy-back	-	-	-	15,593
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)	(6,423,714)	(7,535,884)
Net change in total pension liability	13,339,753	13,142,547	11,490,437	12,610,341
Total pension liability - beginning	171,998,295	185,338,048	198,480,595	209,971,032
TOTAL PENSION LIABILITY - ENDING	$ 185,338,048	$ 198,480,595	$ 209,971,032	$ 222,581,373
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ 5,670,039	$ 5,355,723	$ 6,415,496	$ 7,338,200
Contributions - members	1,839,016	1,181,158	1,756,451	1,821,286
Contributions buy-back	-	-	-	15,593
Net investment income	7,705,014	(4,543,027)	11,586,944	20,265,831
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)	(6,423,714)	(7,535,884)
Administrative expense	(109,970)	(82,866)	(123,773)	(126,490)
Net change in plan fiduciary net position	9,896,531	(1,958,457)	13,211,404	21,778,536
Plan fiduciary net position - beginning	131,511,368	141,407,899	139,449,442	152,660,846
PLAN FIDUCIARY NET POSITION - ENDING	$ 141,407,899	$ 139,449,442	$ 152,660,846	$ 174,439,382
EMPLOYER'S NET PENSION LIABILITY	$ 43,930,149	$ 59,031,153	$ 57,310,186	$ 48,141,991
Plan fiduciary net position as a percentage of the total pension liability	76.30%	70.26%	72.71%	78.37%
Covered-employee payroll	$ 17,165,868	$ 18,315,408	$ 18,576,954	$ 19,262,676
Employer's net pension liability as a percentage of covered-employee payroll	255.92%	322.30%	308.50%	249.92%

Measurement Date April 30, 2015 - Changes made to mortality rate.

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.

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.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
Annual money-weighted rate of return, net of investment expense	6.60%	(3.10%)	8.41%	13.29%

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.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	2016	2017
Annual money-weighted rate of return, net of investment expense	6.00%	(3.20%)	8.32%	13.31%

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry-Age	(b)-(a) Unfunded AAL (UAAL)	(a) / (b) Funded Ratio	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/17	N/A	N/A	N/A	N/A	N/A	N/A
12/31/16	$ -	$ 10,649,256	$ 10,649,256	0.00%	$ 82,729,832	12.87%
12/31/2015*	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2015	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2014	-	9,043,563	9,043,563	0.00%	88,717,698	10.19%
4/30/2013	-	8,302,543	8,302,543	0.00%	84,561,057	9.82%

*For the eight months ended.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

Year Ended April 30	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
12/31/17	$ 540,649	$ 827,914	65.30%
12/31/16	443,024	615,455	71.98%
12/31/2015*	295,349	410,303	71.98%
4/30/2015	443,023	615,455	71.98%
4/30/2014	435,507	558,380	77.99%
4/30/2013	435,507	558,380	77.99%

*Eight months ended.

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

General Fund - This fund is the general operating fund of the City. The General Fund should be used to account for and report all financial resources not accounted for and reported in another fund.

DEBT SERVICE FUND

Debt Service Fund - This fund is funded by a property tax restricted for the payment of principal and interest on general obligation bonds in accordance with the bond ordinance authorizing the issuance of the bonds.

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
TAXES				
Property taxes				
General	$ 7,951,523	$ 7,951,523	$ 8,001,670	$ 50,147
Police Pension	6,048,474	6,048,474	6,092,659	44,185
Firefighters' Pension	6,747,440	6,747,440	6,796,339	48,899
Total property taxes	20,747,437	20,747,437	20,890,668	143,231
Utility tax	16,576,700	16,576,700	15,398,673	(1,178,027)
Other taxes				
Auto rental tax	106,000	106,000	111,786	5,786
Real estate transfer tax	5,000,000	5,000,000	5,505,837	505,837
Hotel/motel tax	1,320,000	1,320,000	1,549,292	229,292
Charitable games tax	-	-	990	990
Personal property replacement tax	300,000	300,000	300,859	859
Total other taxes	6,726,000	6,726,000	7,468,764	742,764
Total taxes	44,050,137	44,050,137	43,758,105	(292,032)
LICENSES AND PERMITS				
Licenses				
Liquor	513,550	513,550	686,941	173,391
Business license	130,000	130,000	132,042	2,042
Scavenger	2,250	2,250	1,850	(400)
Total licenses	645,800	645,800	820,833	175,033
Permits				
Small permits	220,000	220,000	273,166	53,166
Inspection - electrical	100	100	50	(50)
Sale of permit pouches	-	-	1,800	1,800
Plan review - inspection storage	600	600	135	(465)
Single family (duplex) fees	525,000	525,000	679,987	154,987
1&2 Fam room addition fees	250,000	250,000	266,817	16,817
Multi-family new - fees	115,000	115,000	141,930	26,930
Commercial new fees	245,000	245,000	267,564	22,564
Commercial - simple occup	10,000	10,000	8,950	(1,050)
Commercial alteration	335,000	335,000	349,806	14,806
Demolitions	60,000	60,000	56,364	(3,636)
Fire alarm/sprinkler	50,000	50,000	76,042	26,042
Total permits	1,810,700	1,810,700	2,122,611	311,911
Total licenses and permits	2,456,500	2,456,500	2,943,444	486,944

(This schedule is continued on the following pages.)

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
FINES				
Police fines	$ 1,500,000	$ 1,500,000	$ 934,405	$ (565,595)
Police - false alarms	83,000	83,000	88,968	5,968
Fire - false alarms	1,000	1,000	800	(200)
Fines - court - enforcement	100,000	100,000	108,050	8,050
Parking fines	190,000	190,000	196,841	6,841
Alcohol and tobacco fines	13,000	13,000	3,475	(9,525)
Animal fines	5,500	5,500	7,415	1,915
DUI fines	70,000	70,000	79,074	9,074
Total fines	1,962,500	1,962,500	1,419,028	(543,472)
NET INVESTMENT INCOME	182,500	182,500	134,196	(48,304)
INTERGOVERNMENTAL REVENUE				
Sales and use tax	37,374,415	37,374,415	36,949,324	(425,091)
State income tax	14,540,000	14,540,000	13,029,080	(1,510,920)
FEMA	-	-	-	-
Secret services	10,000	10,000	11,500	1,500
IEMA - Citizen corps	-	-	-	-
Federal grants	46,000	46,000	22,195	(23,805)
ILEAS	22,000	22,000	18,960	(3,040)
Click it or ticket	50,000	50,000	49,084	(916)
TED - ride DuPage grant	140,000	140,000	128,736	(11,264)
Tobacco grant	8,800	8,800	-	(8,800)
Police training grant	-	-	14,661	14,661
MABAS/ITTF Deploy drill	60,000	60,000	47,269	(12,731)
IDOT-TED - traffic signal energy	40,000	40,000	35,371	(4,629)
DuPage County HHW project	100,000	100,000	100,000	-
Kane County HHW service	10,000	10,000	10,000	-
Will County	25,000	25,000	24,999	(1)
Aurora HHW contribution	20,000	20,000	20,000	-
Total intergovernmental revenue	52,446,215	52,446,215	50,461,179	(1,985,036)
CHARGES FOR SERVICES				
P.U.D. filing fees	100,000	100,000	136,824	36,824
Annexation fees	4,000	4,000	5,986	1,986
Residential engineering fee	130,000	130,000	194,490	64,490
Commercial engineering fee	60,000	60,000	51,123	(8,877)
Plat review fees - easement	4,500	4,500	8,280	3,780
Plat review fees - right of ways	-	-	24,929	24,929
Sale of printed material	-	-	10	10
Accident reports	18,000	18,000	16,895	(1,105)
Photo lab	200	200	61	(139)
Police ranging services	-	-	5	5

(This schedule is continued on the following pages.)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
CHARGES FOR SERVICES (Continued)				
Meeting room fees	$ -	$ -	$ 14,740	$ 14,740
Ambulance report	2,500	2,500	4,716	2,216
Bail bond fees	72,000	72,000	40,405	(31,595)
Administrative tow fee	200,000	200,000	127,869	(72,131)
Clerk fees	10,400	10,400	11,072	672
Right of ways - other	20,000	20,000	23,280	3,280
Mowing services	28,000	28,000	36,910	8,910
Landscape services	220,000	220,000	210,032	(9,968)
Voluntary cart program	186,000	186,000	135,528	(50,472)
Cart delivery charge	7,000	7,000	8,090	1,090
DPW - services for DPU	70,000	70,000	57,031	(12,969)
N.F.P.D. - contract	1,090,000	1,090,000	1,098,206	8,206
Elevator inspections	85,000	85,000	79,039	(5,961)
Ambulance fees	3,800,000	3,800,000	5,232,628	1,432,628
Fire service fees	250,000	250,000	156,705	(93,295)
Police services	380,890	380,890	410,794	29,904
Billable police services	203,556	203,556	247,729	44,173
Billable fire services	182,767	182,767	119,225	(63,542)
Fire reimbursements	-	-	25,964	25,964
Billable TED service	1,533	1,533	13,202	11,669
Fire alarm monitoring	726,106	726,106	696,427	(29,679)
Billable DPW services	112,732	112,732	125,302	12,570
Garbage collection fee	6,338,613	6,338,613	6,292,031	(46,582)
Recycling Cart program	-	-	20	20
Charges for services	-	-	88,622	88,622
Other charges for services	3,033,124	3,033,124	2,956,669	(76,455)
Total charges for services	17,336,921	17,336,921	18,650,839	1,313,918
FRANCHISE FEES				
Rent income	62,050	62,050	62,057	7
WideOpenWest - cable franchise fee	650,000	650,000	594,877	(55,123)
WideOpenWest - 1% support fee	135,000	135,000	118,975	(16,025)
Comcast - cable franchise fee	1,450,000	1,450,000	1,618,523	168,523
Comcast - 1% support fee	295,000	295,000	323,705	28,705
Rents and royalties	131,500	131,500	293,795	162,295
Lease revenue	4,800	4,800	619	(4,181)
AT&T - cable franchise fee	425,000	425,000	342,098	(82,902)
AT&T - 1% support fee	85,000	85,000	68,420	(16,580)
Total franchise fees	3,238,350	3,238,350	3,423,069	184,719

(This schedule is continued on the following page.)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
MISCELLANEOUS				
Late payment charge	$ 35,000	$ 35,000	$ 43,698	$ 8,698
Sale of surplus property	-	-	43,616	43,616
DPW - disposal/scrap	5,000	5,000	6,706	1,706
Nonrefundable bid deposit	-	-	25	25
Bad debt recovery	40,000	40,000	(7,635)	(47,635)
Cashier over/short	-	-	(131)	(131)
Damage to city property	20,000	20,000	37,573	17,573
Miscellaneous non revenues	3,500	3,500	5,615	2,115
NSF check charge	20,000	20,000	24,727	4,727
Information technology	-	-	8,251	8,251
Miscellaneous revenues	332,000	332,000	262,080	(69,920)
Total miscellaneous	455,500	455,500	424,525	(30,975)
TOTAL REVENUES	$ 122,128,623	$ 122,128,623	$ 121,214,385	$ (914,238)

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
GENERAL GOVERNMENT				
Legislative				
Mayor and City Council				
Salaries	$ 229,562	$ 229,562	$ 227,557	$ 2,005
Employee benefits	65,841	65,841	64,128	1,713
Other purchased services	35,000	35,000	1,408	33,592
Supplies	2,450	2,450	1,208	1,242
Internal services	1,444	1,444	1,440	4
Total Mayor and City Council	334,297	334,297	295,741	38,556
Alcohol and Tobacco Commission				
Other professional services	2,000	2,000	2,879	(879)
Other purchased services	3,000	3,000	57	2,943
Supplies	18,250	18,250	11,372	6,878
Total Alcohol and Tobacco Commission	23,250	23,250	14,308	8,942
Legal				
Legal department				
Salaries	804,382	804,382	690,459	113,923
Employee benefits	246,785	246,785	224,657	22,128
Other professional services	30,000	30,000	8,782	21,218
Other purchased services	42,100	42,100	25,274	16,826
Purchase property service	2,500	2,500	-	2,500
Supplies	45,500	45,500	33,539	11,961
Internal services	2,152	2,152	2,148	4
Total legal	1,173,419	1,173,419	984,859	188,560
Executive				
City Manager's Office				
Salaries	408,704	408,704	433,138	(24,434)
Employee benefits	109,478	109,478	119,315	(9,837)
Other professional services	44,164	44,164	64,514	(20,350)
Other purchased services	50,959	50,959	67,704	(16,745)
Supplies	1,800	1,800	673	1,127
Internal services	3,130	3,130	3,132	(2)
Total City Manager's Office	618,235	618,235	688,476	(70,241)
Sister Cities Commission				
Other purchased services	3,350	3,350	3,331	19
Total Sister Cities Commission	3,350	3,350	3,331	19

(This schedule is continued on the following pages.)

CITY OF NAPERVILLE, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
GENERAL GOVERNMENT (Continued)				
Executive (Continued)				
Board of Fire and Police				
Salaries	$ 61,534	$ 61,534	$ 63,132	$ (1,598)
Employee benefits	25,697	25,697	25,718	(21)
Other professional services	82,641	82,641	66,991	15,650
Other purchased services	21,900	21,900	23,273	(1,373)
Supplies	1,700	1,700	2,245	(545)
Total Board of Fire and Police	193,472	193,472	181,359	12,113
Communications				
Salaries	260,954	260,954	242,703	18,251
Employee benefits	70,721	70,721	62,306	8,415
Technical services	99,740	99,740	56,228	43,512
Other professional services	55,500	55,500	59,652	(4,152)
Other purchased services	20,182	20,182	9,084	11,098
Purchased property	500	500	-	500
Supplies	6,700	6,700	475	6,225
Total communications	514,297	514,297	430,448	83,849
Human resources				
Salaries	574,014	574,014	542,720	31,294
Employee benefits	244,740	244,740	219,719	25,021
Technical services	11,441	11,441	1,523	9,918
Other professional services	122,022	122,022	63,778	58,244
Other purchased services	69,737	69,737	59,098	10,639
Supplies	23,613	23,613	21,493	2,120
Internal services	1,181	1,181	1,752	(571)
Total human resources	1,046,748	1,046,748	910,083	136,665
City clerk				
City Clerk's Office				
Salaries	493,312	493,312	450,971	42,341
Employee benefits	160,794	160,794	142,474	18,320
Other professional services	13,210	13,210	6,525	6,685
Purchased property	3,151	3,151	2,347	804
Other purchased services	87,750	87,750	16,899	70,851
Supplies	4,500	4,500	5,752	(1,252)
Property	-	-	7,767	(7,767)
Internal services	1,223	1,223	1,224	(1)
Other	7,000	7,000	8,511	(1,511)
Total City Clerk's Office	770,940	770,940	642,470	128,470

(This schedule is continued on the following pages.)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
GENERAL GOVERNMENT (Continued)				
City clerk (Continued)				
Reproduction micrographics service				
Salaries	$ -	$ -	$ 2,302	$ (2,302)
Employee benefits	-	-	230	(230)
Property	-	-	78	(78)
Total reproduction micrographics service	-	-	2,610	(2,610)
Information technology				
Salaries	1,396,830	1,396,830	1,330,680	66,150
Employee benefits	604,726	604,726	590,079	14,647
Technical services	1,602,179	1,602,179	1,827,579	(225,400)
Purchased property	11,800	11,800	654	11,146
Other professional services	314,000	314,000	408,497	(94,497)
Other purchased services	765,679	765,679	745,878	19,801
Supplies	645,807	645,807	578,469	67,338
Property	457,000	457,000	252,695	204,305
Internal services	(802,808)	(802,808)	(802,812)	4
Total information technology	4,995,213	4,995,213	4,931,719	63,494
Financial administration				
Administration				
Salaries	417,930	417,930	392,347	25,583
Employee benefits	143,983	143,983	130,474	13,509
Technical services	178,657	178,657	317,539	(138,882)
Other professional services	229,798	229,798	267,967	(38,169)
Purchased property	2,000	2,000	176	1,824
Other purchased services	21,998	21,998	16,757	5,241
Supplies	29,670	29,670	15,572	14,098
Property	-	-	19,012	(19,012)
Internal services	4,856	4,856	4,860	(4)
Total administration	1,028,892	1,028,892	1,164,704	(135,812)
Billing and collection				
Salaries	78,182	78,182	43,247	34,935
Employee benefits	23,063	23,063	15,346	7,717
Technical services	6,250	6,250	5,807	443
Other professional services	-	-	14,608	(14,608)
Purchased property	500	500	-	500
Property	-	-	1,612	(1,612)
Other purchased services	-	-	13,811	(13,811)
Total billing and collection	107,995	107,995	94,431	13,564

(This schedule is continued on the following pages.)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
GENERAL GOVERNMENT (Continued)				
Financial administration (Continued)				
Procurement services				
Salaries	$ 295,802	$ 295,802	$ 300,397	$ (4,595)
Employee benefits	123,172	123,172	123,691	(519)
Other purchased services	4,000	4,000	1,575	2,425
Supplies	-	-	37	(37)
Professional services	25,000	25,000	-	25,000
Total procurement services	447,974	447,974	425,700	22,274
Procurement services				
Salaries	125	125	1,189	(1,064)
Employee benefits	10	10	-	10
Total procurement services	135	135	1,189	(1,054)
General services	(277,026)	(277,026)	1,703,961	(1,980,987)
Total general government	10,981,191	10,981,191	12,475,389	(1,494,198)
PHYSICAL ENVIRONMENT				
Development review team				
Salaries	1,599,801	1,599,801	1,594,632	5,169
Employee benefits	551,248	551,248	544,672	6,576
Technical services	35,950	35,950	27,710	8,240
Total development review team	2,186,999	2,186,999	2,167,014	19,985
Special projects team				
Salaries	1,193,758	1,193,758	1,127,138	66,620
Employee benefits	474,477	474,477	400,340	74,137
Technical services	18,000	18,000	8,245	9,755
Other purchased services	66,815	66,815	60,494	6,321
Supplies	75,150	75,150	55,081	20,069
Property	2,000	2,000	1,993	7
Internal services	35,253	35,253	35,256	(3)
Total special projects team	1,865,453	1,865,453	1,688,547	176,906
Planning				
Salaries	327,602	327,602	338,038	(10,436)
Employee benefits	78,124	78,124	87,315	(9,191)
Other professional services	30,000	30,000	28,919	1,081
Total planning	435,726	435,726	454,272	(18,546)

(This schedule is continued on the following pages.)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
PHYSICAL ENVIRONMENT (Continued)				
Public buildings				
Salaries	$ 1,063,170	$ 1,063,170	$ 1,115,793	$ (52,623)
Employee benefits	391,065	391,065	403,565	(12,500)
Technical services	238,146	238,146	205,982	32,164
Other professional services	20,000	20,000	20,733	(733)
Purchased property	500,200	500,200	426,096	74,104
Other purchased services	5,546	5,546	4,676	870
Supplies	1,222,085	1,222,085	1,233,969	(11,884)
Property	237,000	237,000	129,139	107,861
Total public buildings	3,677,212	3,677,212	3,539,953	137,259
Total physical environment	8,165,390	8,165,390	7,849,786	315,604
PUBLIC SAFETY				
Police				
Office of Chief of Police				
Salaries	1,579,274	1,579,274	1,364,812	214,462
Employee benefits	802,232	802,232	730,539	71,693
Other professional services	168,960	168,960	143,701	25,259
Purchased property services	19,700	19,700	19,194	506
Other purchased services	82,840	82,840	76,575	6,265
Supplies	105,100	105,100	82,694	22,406
Property	8,100	8,100	11,202	(3,102)
Other services and charges	4,000	4,000	4,000	-
Total Office of Chief of Police	2,770,206	2,770,206	2,432,717	337,489
Administrative services				
Salaries	582,644	582,644	658,074	(75,430)
Employee benefits	66,494	66,494	74,528	(8,034)
Other professional services	10,000	10,000	12,848	(2,848)
Purchased property services	6,781	6,781	5,143	1,638
Other purchased services	187,320	187,320	198,801	(11,481)
Supplies	248,583	248,583	222,414	26,169
Internal services	6,153,465	6,153,465	6,277,615	(124,150)
Total administrative services	7,255,287	7,255,287	7,449,423	(194,136)
Patrol				
Salaries	14,431,878	14,431,878	13,665,146	766,732
Employee benefits	2,191,053	2,191,053	2,136,712	54,341
Other professional services	13,700	13,700	12,250	1,450
Purchased property	9,500	9,500	2,789	6,711
Supplies	92,952	92,952	101,535	(8,583)
Property	40,400	40,400	33,205	7,195
Total patrol	16,779,483	16,779,483	15,951,637	827,846

(This schedule is continued on the following pages.)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
PUBLIC SAFETY (Continued)				
Police (Continued)				
Investigations				
Salaries	$ 7,397,038	$ 7,397,038	$ 7,449,116	$ (52,078)
Employee benefits	1,298,865	1,298,865	1,266,932	31,933
Other professional services	117,889	117,889	130,503	(12,614)
Purchased property services	13,175	13,175	6,654	6,521
Other purchased services	2,500	2,500	2,015	485
Supplies	122,350	122,350	152,047	(29,697)
Total investigations	8,951,817	8,951,817	9,007,267	(55,450)
Communications				
Salaries	2,428,741	2,428,741	2,253,642	175,099
Employee benefits	804,652	804,652	737,519	67,133
Technical services	11,800	11,800	10,564	1,236
Other professional services	8,522	8,522	500	8,022
Purchased property services	532,928	532,928	510,374	22,554
Other purchased services	66,374	66,374	61,027	5,347
Supplies	37,902	37,902	27,659	10,243
Total communications	3,890,919	3,890,919	3,601,285	289,634
Fire				
Fire administration				
Salaries	1,736,535	1,736,535	1,633,136	103,399
Employee benefits	655,011	655,011	629,515	25,496
Technical services	40,316	40,316	29,373	10,943
Other professional services	431,300	431,300	440,902	(9,602)
Purchased property services	22,000	22,000	38,426	(16,426)
Other purchased services	86,340	86,340	64,667	21,673
Supplies	172,650	172,650	103,908	68,742
Internal services	6,791,646	6,791,646	6,760,579	31,067
Total fire administration	9,935,798	9,935,798	9,700,506	235,292
Operations division				
Salaries	20,425,627	20,425,627	19,564,477	861,150
Employee benefits	2,987,487	2,987,487	2,951,377	36,110
Technical services	105,795	105,795	108,864	(3,069)
Other professional services	146,000	146,000	95,645	50,355
Purchased property services	158,200	158,200	57,081	101,119
Other purchased services	80,750	80,750	70,112	10,638
Supplies	744,650	744,650	656,853	87,797
Property	40,000	40,000	4,646	35,354
Total operations division	24,688,509	24,688,509	23,509,055	1,179,454
Total public safety	74,272,019	74,272,019	71,651,890	2,620,129

(This schedule is continued on the following pages.)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
TRANSPORTATION				
Public works				
Administration				
Salaries	$ 613,600	$ 613,600	$ 621,555	$ (7,955)
Employee benefits	344,413	344,413	343,965	448
Technical services	6,717	6,717	6,954	(237)
Professional services	8,725	8,725	2,870	5,855
Other purchased services	50,455	50,455	44,123	6,332
Supplies	15,915	15,915	6,705	9,210
Internal services	59,388	59,388	59,388	-
Total administration	1,099,213	1,099,213	1,085,560	13,653
Strategic services				
Salaries	387,402	387,402	479,833	(92,431)
Employee benefits	108,144	108,144	122,311	(14,167)
Technical services	343,085	343,085	319,545	23,540
Other professional services	3,800	3,800	5,255	(1,455)
Purchased property services	6,758,494	6,758,494	7,068,064	(309,570)
Other purchased services	13,000	13,000	11,410	1,590
Supplies	201,265	201,265	155,310	45,955
Internal services	150,000	150,000	150,000	-
Total strategic services	7,965,190	7,965,190	8,311,728	(346,538)
Operations and maintenance				
Salaries	4,583,484	4,583,484	4,426,064	157,420
Employee benefits	1,625,122	1,625,122	1,585,019	40,103
Technical services	1,658,540	1,658,540	1,225,683	432,857
Other professional services	7,500	7,500	3,299	4,201
Purchased property services	265,175	265,175	215,630	49,545
Other purchased services	50,980	50,980	32,811	18,169
Supplies	1,429,675	1,429,675	1,233,450	196,225
Property	-	-	132	(132)
Total operations and maintenance	9,620,476	9,620,476	8,722,088	898,388
Fleet services				
Salaries	1,087,694	1,087,694	1,221,389	(133,695)
Employee benefits	385,074	385,074	421,593	(36,519)
Technical services	28,820	28,820	14,803	14,017
Purchased property services	417,000	417,000	450,471	(33,471)
Other purchased services	33,030	33,030	29,135	3,895
Supplies	2,121,475	2,121,475	1,709,035	412,440
Property	-	-	32,243	(32,243)
Other services and charges	5,500	5,500	9,300	(3,800)
Total fleet services	4,078,593	4,078,593	3,887,969	190,624

(This schedule is continued on the following page.)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
TRANSPORTATION (Continued)				
Transportation and engineering				
Administration				
Salaries	$ 774,624	$ 774,624	$ 853,299	$ (78,675)
Employee benefits	225,693	225,693	271,588	(45,895)
Technical services	5,000	5,000	-	5,000
Other professional services	64,000	64,000	25,832	38,168
Purchased property services	9,320	9,320	1,605	7,715
Other purchased services	335,025	335,025	262,542	72,483
Supplies	175,705	175,705	154,994	20,711
Other	320,475	320,475	264,869	55,606
Total administration	1,909,842	1,909,842	1,834,729	75,113
Total transportation	24,673,314	24,673,314	23,842,074	831,240
CULTURE AND RECREATION				
Carillon				
Supplies	-	-	198	(198)
Total Carillon	-	-	198	(198)
Riverwalk				
Salaries	27,456	27,456	27,590	(134)
Employee benefits	5,322	5,322	5,345	(23)
Technical services	52,000	52,000	31,498	20,502
Other purchased services	2,060	2,060	238	1,822
Supplies	270	270	228	42
Total Riverwalk	87,108	87,108	64,899	22,209
Total culture and recreation	87,108	87,108	65,097	22,011
TOTAL EXPENDITURES	$ 118,179,022	$ 118,179,022	$ 115,884,236	$ 2,294,786

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 8,759,076	$ 8,759,076	$ 8,620,843	$ (138,233)
Intergovernmental revenues				
Sales tax	4,055,000	4,055,000	4,083,516	28,516
Other	-	-	163,973	163,973
Net investment income	-	-	(132,755)	(132,755)
Total revenues	12,814,076	12,814,076	12,735,577	(78,499)
EXPENDITURES				
Debt service				
Principal	10,155,746	10,155,746	10,155,746	-
Interest and fees	3,199,330	3,199,330	3,199,330	-
Total expenditures	13,355,076	13,355,076	13,355,076	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(541,000)	(541,000)	(619,499)	(78,499)
OTHER FINANCING SOURCES (USES)				
Transfers in	541,000	541,000	783,664	242,664
Total other financing sources (uses)	541,000	541,000	783,664	242,664
NET CHANGE IN FUND BALANCE	$ -	$ -	164,165	$ 164,165
FUND BALANCE, JANUARY 1			2,986,710	
FUND BALANCE, DECEMBER 31			$ 3,150,875	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than special assessments or for major capital projects) that are legally restricted or committed to expenditures for specific purposes.

Motor Fuel Tax Fund - to account for the state allotments approved by the Illinois Department of Transportation and 75% of the local motor fuel tax and restricted to fund the street maintenance and various improvements projects.

Community Development Block Grant Fund - to account for the Community Development Block Grant approved by the Federal government and restricted to fund the Housing and Urban Development (HUD) projects.

Fair Share Assessment Fund - to account for street maintenance and improvement projects financed and restricted by the impact fees ordinance. All projects require the advance approval of the Transportation Management Advisory Committee and City Council. In 2009, the Council rescinded the impact fees ordinance. No impact fees revenue has been received since FY 2010.

Road and Bridge Fund - to account for the accumulation of 25% of the local motor fuel tax and the City's share of the four Townships' roadway funds, restricted for the street maintenance.

Naper Settlement Fund - to account for a property tax, one primary revenue source, levied and restricted for the operation and maintenance of the Naper Settlement Museum. In addition, there are donations, fees and interest earnings assigned to supplement the Settlement's program. The Settlement is administered by a Board of Directors, appointed by Council. The City Council approves the annual budget and property tax levy.

Foreign Fire Insurance Tax Fund - to account for state allotment of charges assessed to insurance companies who insure out of state organizations that do business in the State of Illinois and is restricted for fire department related purposes.

E-911 Surcharge Fund - to account for the receipt of E911 surcharges restricted to fund the operation of the E-911 system.

SPECIAL REVENUE FUNDS (Continued)

Food and Beverage Tax Fund - to account for the accumulation of 75% of the Food and Beverage tax, restricted to fund the social and artistic events and entities, providing cultural experiences for the Naperville community and its visitors.

Special Service Area #24 Fund - to account for the cost-sharing paid by property owners and the City, restricted to fund the maintenance and support services for enhancing downtown Naperville including improvements to the Chicago Avenue parking deck.

Test Track Fund - to account for the car dealership contributions restricted to fund the auto test rack maintenance.

Water Street TIF Fund - to account for the receipt and disbursement of Water Street TIF, a financing mechanism for the Water Street Redevelopment Project and to account for the 2014 G.O. bond proceeds of $6,220,000 to be restrictedly used for the Water Street Improvements. The eligible costs are restricted to the Water Street redevelopment project and may include, but not limited to, water storm, sanitary sewer, the service of public facilities and spaces pursuant to the Act, and road improvements.

Drug Forfeiture Fund - to account for the accumulation of funds seized by the City's authorities and restricted by the State and Federal governments for drug prevention expenditures.

American Recovery and Reinvestment Act Federal Grants Fund - to account for the receipt and disbursement of Energy Efficiency Conservation Block Program and Police Technology grants, restricted and approved by the Federal government under the American Recovery and Reinvestment Act.

Special Service Area #25 Fund - to account for the cost-sharing paid by property owners and the City, restricted to fund the traffic signal for enhancing south Naperville at Lacrosse St. and Rt. 59.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

DEBT SERVICE FUNDS

The following Debt Service Funds are established to account for the restricted resources required for the payment of principal and interest on the City's general obligation debts. The debt service funds are legal in nature. They are established in accordance with the City's ordinances.

Special Service Area #21 Fund - to establish a financing mechanism for repayment of a proportionate share of the cost to design and construct a parking deck on Van Buren Street.

Special Service Area #23 Fund - to establish a financing mechanism to collect a portion of the debt service for the Van Buren parking deck expansion. The City ceased to levy SSA #23 in December 2012 and will not levy it until December 2014.

Downtown Parking Fund - to account for the collection of the Downtown Food and Beverage Tax in repayment of one-third of the debt service for the acquisition of the Van Buren parking deck expansion.

CAPITAL PROJECTS FUNDS

Capital Projects Fund - to account for major capital improvement projects (CIP's) on an as needed basis. Yearly transfers from the other funds are done for funding of CIP projects.

Bond Project Fund - to account for the proceeds of $11,120,000 to be restricted for the capital improvements, including upgrades and repairs to capital equipment, municipal buildings/lots and Information Technology items; construction of traffic signals and streets including upgrading intersections; stormwater management programs; citywide LED street lighting conversion; Emerald Ash Borer tree removal and replacement; reconstruction/rehabilitation of bridges; and Riverwalk improvements.

CITY OF NAPERVILLE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Special Revenue Funds					
	Motor Fuel Tax Fund	Community Development Block Grant Fund	Fair Share Assessment Fund	Road and Bridge Fund	Naper Settlement Fund	Foreign Fire Insurance Tax Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS						
Cash and investments	$ 692,320	$ 62,461	$ 8,922	$ 426,405	$ 1,228,116	$ 538,290
Receivables						
Property taxes	-	-	-	-	2,898,272	-
Interest	1,669	-	22	1,074	2,983	-
Accounts receivable						
Less allowance for doubtful accounts	-	-	-	234,700	-	-
Loans and installments	-	-	-	-	-	-
Due from other governments	313,445	71,692	-	-	-	-
Total assets	1,007,434	134,153	8,944	662,179	4,129,371	538,290
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,007,434	$ 134,153	$ 8,944	$ 662,179	$ 4,129,371	$ 538,290
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 194,296	$ 71,692	$ -	$ 12,250	$ 31,316	$ -
Accrued wages and benefits	-	-	-	25,190	90,633	-
Due to other governments	-	97,394	-	-	-	-
Due to fiduciary funds	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Contract retainage payable	63,884	-	-	-	-	-
Unearned grant revenues and others	-	-	-	-	470	-
Total liabilities	258,180	169,086	-	37,440	122,419	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	-	-	-	-	2,898,272	-
Total deferred inflows of resources	-	-	-	-	2,898,272	-
Total liabilities and deferred inflows of resources	258,180	169,086	-	37,440	3,020,691	-
FUND BALANCES						
Restricted for						
Debt service	-	-	-	-	-	-
Highways, streets, and parking facilities	749,254	-	8,944	624,739	-	-
Public safety	-	-	-	-	-	538,290
Capital projects	-	-	-	-	-	-
Culture and recreation	-	-	-	-	1,108,680	-
Committed to						
Highways, streets, and parking facilities	-	-	-	-	-	-
Assigned to						
Capital projects	-	-	-	-	-	-
Unassigned	-	(34,933)	-	-	-	-
Total fund balances (deficit)	749,254	(34,933)	8,944	624,739	1,108,680	538,290
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,007,434	$ 134,153	$ 8,944	$ 662,179	$ 4,129,371	$ 538,290

	Special Revenue Funds								
	E-911 Surcharge Fund	Food and Beverage Tax Fund	Special Service Area #24 Fund	Test Track Fund	Water Street TIF Fund	Drug Forfeiture Fund	American Recovery and Reinvestment Act Federal Grants Fund	Special Service Area #25 Fund	Total Special Revenue Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
ASSETS									
Cash and investments	$ 255	$ 518,013	$ 881,806	$ 31,750	$ 5,167,321	$ 750,761	$ -	$ 72,959	$ 10,319,379
Receivables									
Property taxes	-	-	1,013,351	-	248,166	-	-	68,000	4,227,789
Interest	-	966	2,026	-	12,109	1,809	-	31	22,689
Accounts receivable									
Less allowance for doubtful accounts	64,000	405,783	-	35,407	-	-	-	-	739,890
Loans and installments	-	-	30,393	-	-	-	-	-	30,393
Due from other governments	771,693	-	-	-	-	-	-	-	1,156,830
Total assets	835,948	924,762	1,927,576	67,157	5,427,596	752,570	-	80,990	16,496,970
DEFERRED OUTFLOWS OF RESOURCES									
None	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 835,948	$ 924,762	$ 1,927,576	$ 67,157	$ 5,427,596	$ 752,570	$ -	$ 80,990	$ 16,496,970
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ -	$ 205,843	$ 22,820	$ 1,475	$ -	$ 3,352	$ -	$ -	$ 543,044
Accrued wages and benefits	-	5,528	33,284	-	-	-	-	-	154,635
Due to other governments	-	-	-	-	-	26,295	-	-	123,689
Due to fiduciary funds	-	128,420	-	-	-	-	-	-	128,420
Due to other funds	-	-	-	65,702	-	-	-	-	65,702
Advances from other funds	-	-	-	-	-	-	-	521,153	521,153
Contract retainage payable	-	-	-	-	-	-	-	-	63,884
Unearned grant revenues and others	-	-	-	-	-	-	-	-	470
Total liabilities	-	339,791	56,104	67,177	-	29,647	-	521,153	1,600,997
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue-property taxes	-	-	1,013,351	-	248,166	-	-	68,000	4,227,789
Total deferred inflows of resources	-	-	1,013,351	-	248,166	-	-	68,000	4,227,789
Total liabilities and deferred inflows of resources	-	339,791	1,069,455	67,177	248,166	29,647	-	589,153	5,828,786
FUND BALANCES									
Restricted for									
Debt service	-	-	-	-	-	-	-	-	-
Highways, streets, and parking facilities	-	-	-	-	-	-	-	-	1,382,937
Public safety	835,948	-	-	-	-	722,923	-	-	2,097,161
Capital projects	-	-	-	-	5,179,430	-	-	-	5,179,430
Culture and recreation	-	584,971	-	-	-	-	-	-	1,693,651
Committed to									
Highways, streets, and parking facilities	-	-	858,121	-	-	-	-	-	858,121
Assigned to									
Capital projects	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(20)	-	-	-	(508,163)	(543,116)
Total fund balances (deficit)	835,948	584,971	858,121	(20)	5,179,430	722,923	-	(508,163)	10,668,184
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 835,948	$ 924,762	$ 1,927,576	$ 67,157	$ 5,427,596	$ 752,570	$ -	$ 80,990	$ 16,496,970

(This statement is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Debt Service Funds			Capital Projects Funds		
	Special Service Areas Funds #21	Special Service Areas Funds #23	Downtown Parking Fund	Capital Projects Fund	Bond Project Fund	Total Nonmajor Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS						
Cash and investments	$ 822,561	$ 93,834	$ 2,740,902	$ 12,935,912	$ 6,301,341	$ 33,213,929
Receivables						
Property taxes	200,000	98,939	-	-	-	4,526,728
Interest	1,994	227	6,638	31,237	15,153	77,938
Accounts receivable						
Less allowance for doubtful accounts	-	-	201,547	11,167	-	952,604
Loans and installments	-	-	-	-	-	30,393
Due from other governments	-	-	-	136,910	-	1,293,746
Total assets	1,024,555	193,000	2,949,087	13,115,226	6,316,494	40,095,332
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,024,555	$ 193,000	$ 2,949,087	$ 13,115,226	$ 6,316,494	$ 40,095,332
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ 1,506	$ 642,319	$ 629,367	$ 1,816,236
Accrued wages and benefits	-	-	-	-	-	154,635
Due to other governments	-	-	-	-	-	123,689
Due to fiduciary funds	-	-	-	-	-	128,420
Due to other funds	-	-	-	-	-	65,702
Advances from other funds	-	-	-	-	-	521,153
Contract retainage payable	-	-	-	136,416	-	200,300
Unearned grant revenues and others	-	-	-	3,032,654	-	3,033,124
Total liabilities	-	-	1,506	3,811,389	629,367	6,043,259
DEFERRED INFLOWS OF BALANCES						
Unavailable revenue - property taxes	200,000	98,939	-	-	-	4,526,728
Total deferred inflows of resources	200,000	98,939	-	-	-	4,526,728
Total liabilities and deferred inflows of resources	200,000	98,939	1,506	3,811,389	629,367	10,569,987
FUND BALANCES						
Restricted for						
Debt service	824,555	94,061	2,947,581	-	-	3,866,197
Highways, streets, and parking facilities	-	-	-	-	-	1,382,937
Public safety	-	-	-	-	-	2,097,161
Capital projects	-	-	-	-	5,687,127	10,866,557
Culture and recreation	-	-	-	-	-	1,693,651
Committed to						
Highways, streets, and parking facilities	-	-	-	-	-	858,121
Assigned to						
Capital projects	-	-	-	9,303,837	-	9,303,837
Unassigned	-	-	-	-	-	(543,116)
Total fund balances (deficit)	824,555	94,061	2,947,581	9,303,837	5,687,127	29,525,345
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,024,555	$ 193,000	$ 2,949,087	$ 13,115,226	$ 6,316,494	$ 40,095,332

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	Special Revenue Funds					
	Motor Fuel Tax Fund	Community Development Block Grant Fund	Fair Share Assessment Fund	Road and Bridge Fund	Naper Settlement Fund	Foreign Fire Insurance Tax Fund
REVENUES						
Property taxes	$ -	$ -	$ -	$ 323,268	$ 2,948,397	$ -
Other taxes	-	-	-	2,734,625	-	-
Licenses and permits	-	-	-	62,412	-	-
Fines and forfeits	-	-	-	-	-	-
Net investment income (loss)	2,167	-	5,378	38,490	(3,547)	663
Contributions	-	-	-	-	-	-
Intergovernmental	3,679,434	350,433	-	-	-	250,941
Charges for services	-	-	-	-	537,985	-
Miscellaneous	58,255	-	-	1,122	-	-
Total revenues	3,739,856	350,433	5,378	3,159,917	3,482,835	251,604
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Physical environment	-	397,352	-	-	-	-
Public safety	-	-	-	-	-	269,758
Culture and recreation	-	-	-	-	3,514,521	-
Transportation	-	-	-	748,367	-	-
Capital outlay	3,333,534	-	523,750	4,919,136	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	3,333,534	397,352	523,750	5,667,503	3,514,521	269,758
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	406,322	(46,919)	(518,372)	(2,507,586)	(31,686)	(18,154)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	2,800,000	-	-
Transfers (out)	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
New bonds issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	2,800,000	-	-
NET CHANGE IN FUND BALANCES	406,322	(46,919)	(518,372)	292,414	(31,686)	(18,154)
FUND BALANCES (DEFICIT), JANUARY 1	342,932	11,986	527,316	332,325	1,140,366	556,444
FUND BALANCES (DEFICIT), DECEMBER 31	$ 749,254	$ (34,933)	$ 8,944	$ 624,739	$ 1,108,680	$ 538,290

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	Special Revenue Funds							
	E-911 Surcharge Fund	Food and Beverage Tax Fund	Special Service Area #24 Fund	Test Track Fund	Water Street TIF Fund	Drug Forfeiture Fund	American Recovery and Reinvestment Act Federal Grants Fund	Special Service Area #25 Fund
REVENUES								
Property taxes	$ -	$ -	$ 941,579	$ -	$ 57,809	$ -	$ -	$ 68,019
Other taxes	-	4,392,496	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	53,545	-	-	-	-	-
Net investment income (loss)	130	18,577	23,449	-	25,927	9,263	-	(12)
Contributions	-	-	-	29,225	167,835	-	-	-
Intergovernmental	-	-	-	-	-	165,239	-	-
Charges for services	2,088,585	-	12,707	-	-	-	-	-
Miscellaneous	-	8,508	14,790	-	-	1,173	-	-
Total revenues	2,088,715	4,419,581	1,046,070	29,225	251,571	175,675	-	68,007
EXPENDITURES								
Current								
General government	-	-	-	-	6,616	-	-	-
Physical environment	-	-	-	-	-	-	-	-
Public safety	1,766,620	-	-	-	-	157,044	-	-
Culture and recreation	-	3,722,163	-	-	-	-	-	-
Transportation	-	-	1,815,244	37,498	-	-	-	-
Capital outlay	-	-	-	-	227,313	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	1,766,620	3,722,163	1,815,244	37,498	233,929	157,044	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	322,095	697,418	(769,174)	(8,273)	17,642	18,631	-	68,007
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	975,000	-	-	-	-	-
Transfers out	-	(783,664)	-	-	-	-	(35,100)	-
Sale of property	-	-	-	-	-	-	-	-
New bonds issued	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(783,664)	975,000	-	-	-	(35,100)	-
NET CHANGE IN FUND BALANCES	322,095	(86,246)	205,826	(8,273)	17,642	18,631	(35,100)	68,007
FUND BALANCES (DEFICIT), JANUARY 1	513,853	671,217	652,295	8,253	5,161,788	704,292	35,100	(576,170)
FUND BALANCES (DEFICIT), DECEMBER 31	$ 835,948	$ 584,971	$ 858,121	$ (20)	$ 5,179,430	$ 722,923	$ -	$ (508,163)

	Debt Service Funds		Capital Projects Funds			
	Special Service Area Funds		Downtown Parking Fund	Capital Projects Fund	Bond Project Fund	Total Nonmajor Governmental Funds
	#21	#23				
REVENUES						
Property taxes	$ 201,759	$ 76,761	$ -	$ -	$ -	$ 4,617,592
Other taxes	-	-	865,816	-	-	7,992,937
Licenses and permits	-	-	-	-	-	62,412
Fines and forfeits	-	-	-	-	-	53,545
Net investment income (loss)	10,647	2,287	22,412	132,746	48,340	336,917
Contributions	-	-	-	359,428	-	556,488
Intergovernmental	-	-	460,076	4,847,343	-	9,753,466
Charges for services	-	-	-	-	-	2,639,277
Miscellaneous	-	-	-	247,972	-	331,820
Total revenues	212,406	79,048	1,348,304	5,587,489	48,340	26,344,454
EXPENDITURES						
Current						
General government	-	-	-	-	-	6,616
Physical environment	-	-	-	-	-	397,352
Public safety	-	-	-	-	-	2,193,422
Culture and recreation	-	-	-	-	-	7,236,684
Transportation	-	-	-	-	-	2,601,109
Capital outlay	-	-	337,783	5,629,785	4,088,311	19,059,612
Debt service						
Principal	179,263	-	319,075	-	-	498,338
Interest	45,382	-	61,263	-	-	106,645
Total expenditures	224,645	-	718,121	5,629,785	4,088,311	32,099,778
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,239)	79,048	630,183	(42,296)	(4,039,971)	(5,755,324)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	35,100	-	3,810,100
Transfers out	-	-	-	-	-	(818,764)
Sale of property	-	-	-	221,162	-	221,162
New bonds issued	-	-	-	-	6,980,000	6,980,000
Premium on bonds issued	-	-	-	-	179,109	179,109
Total other financing sources (uses)	-	-	-	256,262	7,159,109	10,371,607
NET CHANGE IN FUND BALANCES	(12,239)	79,048	630,183	213,966	3,119,138	4,616,283
FUND BALANCES (DEFICIT), JANUARY 1	836,794	15,013	2,317,398	9,089,871	2,567,989	24,909,062
FUND BALANCES (DEFICIT), DECEMBER 31	$ 824,555	$ 94,061	$ 2,947,581	$ 9,303,837	$ 5,687,127	$ 29,525,345

(This statement is continued on the following page.)

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Net investment income	$ 11,000	$ 11,000	$ 2,167	$ (8,833)
Intergovernmental revenue - allotments from state and grants	3,775,000	3,775,000	3,679,434	(95,566)
Miscellaneous	-	-	58,255	58,255
Total revenues	3,786,000	3,786,000	3,739,856	(46,144)
EXPENDITURES				
Capital outlay	3,775,000	3,775,000	3,333,534	441,466
Total expenditures	3,775,000	3,775,000	3,333,534	441,466
NET CHANGE IN FUND BALANCE	$ 11,000	$ 11,000	406,322	$ 395,322
FUND BALANCE, JANUARY 1			342,932	
FUND BALANCE, DECEMBER 31			$ 749,254	

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Intergovernmental - federal grant	$ 459,468	$ 459,468	$ 350,433	$ (109,035)
Total revenues	459,468	459,468	350,433	(109,035)
EXPENDITURES				
Physical environment				
Outside agencies	459,468	459,468	397,352	62,116
Total expenditures	459,468	459,468	397,352	62,116
NET CHANGE IN FUND BALANCE	$ -	$ -	(46,919)	$ (46,919)
FUND BALANCE, JANUARY 1			11,986	
FUND BALANCE (DEFICIT), DECEMBER 31			$ (34,933)	

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property tax	$ 315,000	$ 315,000	$ 323,268	$ 8,268
Other taxes				
Local gasoline	2,645,000	2,645,000	2,699,392	54,392
Personal property replacement tax	35,000	35,000	35,233	233
Licenses and permits	60,000	60,000	62,412	2,412
Net investment income	-	-	38,490	38,490
Miscellaneous	-	-	1,122	1,122
Total revenues	3,055,000	3,055,000	3,159,917	104,917
EXPENDITURES				
Transportation				
Salaries	508,526	508,526	552,387	(43,861)
Employee benefits	195,332	195,332	195,980	(648)
Capital outlay	5,147,500	5,147,500	4,919,136	228,364
Total expenditures	5,851,358	5,851,358	5,667,503	183,855
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,796,358)	(2,796,358)	(2,507,586)	288,772
OTHER FINANCING SOURCES (USES)				
Transfers in	2,800,000	2,800,000	2,800,000	-
Total other financing sources (uses)	2,800,000	2,800,000	2,800,000	-
NET CHANGE IN FUND BALANCES	$ 3,642	$ 3,642	292,414	$ 288,772
FUND BALANCE, JANUARY 1			332,325	
FUND BALANCE, DECEMBER 31			$ 624,739	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NAPER SETTLEMENT FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 2,927,272	$ 2,927,272	$ 2,948,397	$ 21,125
Net investment income	5,600	5,600	(3,547)	(9,147)
Charges for services				
School services and programs	185,000	185,000	189,715	4,715
Museum tours	10,000	10,000	11,150	1,150
Public program revenue	72,000	72,000	76,123	4,123
Gate admissions	52,000	52,000	49,605	(2,395)
Settlement - weddings	100,000	100,000	96,797	(3,203)
Settlement - other	70,470	70,470	73,473	3,003
Settlement - MCOM	-	-	41,122	41,122
Contributions	481,294	481,294	-	(481,294)
Total revenues	3,903,636	3,903,636	3,482,835	(420,801)
EXPENDITURES				
Culture and recreation				
Settlement administration				
Salaries	560,857	560,857	484,804	76,053
Employee benefits	218,699	218,699	169,825	48,874
Technical services	31,851	31,851	21,568	10,283
Other professional services	57,917	57,917	1,976	55,941
Other purchased services	30,379	30,379	25,088	5,291
Supplies	33,680	33,680	19,907	13,773
Internal services	77,635	77,635	108,288	(30,653)
Visitor services				
Salaries	577,429	577,429	643,946	(66,517)
Employee benefits	202,265	202,265	179,141	23,124
Technical services	12,500	12,500	17,170	(4,670)
Other professional services	6,050	6,050	3,445	2,605
Other purchased services	1,700	1,700	2,921	(1,221)
Supplies	21,800	21,800	22,411	(611)
Building and grounds				
Salaries	255,164	255,164	187,866	67,298
Employee benefits	124,910	124,910	79,284	45,626
Technical services	99,392	99,392	161,442	(62,050)
Purchase property services	167,380	167,380	159,567	7,813

(This schedule is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
NAPER SETTLEMENT FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
Culture and recreation (Continued)				
Building and grounds (Continued)				
Other purchased services	$ 495	$ 495	$ -	$ 495
Supplies	167,411	167,411	155,538	11,873
Property	110,000	110,000	157,799	(47,799)
Internal services	280	280	276	4
Development				
Salaries	450,617	450,617	253,520	197,097
Employee benefits	151,306	151,306	79,553	71,753
Other purchased services	-	-	70	(70)
Artifact and preservation				
Salaries	249,682	249,682	241,708	7,974
Employee benefits	97,288	97,288	78,929	18,359
Technical services	6,800	6,800	7,621	(821)
Other purchased services	-	-	200	(200)
Supplies	4,523	4,523	4,346	177
Public relations/marketing				
Salaries	162,326	162,326	89,770	72,556
Employee benefits	53,125	53,125	37,861	15,264
Technical services	12,475	12,475	15,761	(3,286)
Other purchased services	139,218	139,218	102,870	36,348
Supplies	3,095	3,095	50	3,045
Total expenditures	4,088,249	4,088,249	3,514,521	573,728
NET CHANGE IN FUND BALANCE	$ (184,613)	$ (184,613)	(31,686)	$ 152,927
FUND BALANCE, JANUARY 1			1,140,366	
FUND BALANCE, DECEMBER 31			$ 1,108,680	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
E-911 SURCHARGE FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Net investment income	$ -	$ -	$ 130	$ 130
Charges for services	1,825,464	1,825,464	2,088,585	263,121
Total revenues	1,825,464	1,825,464	2,088,715	263,251
EXPENDITURES				
Public safety				
Internal services	1,825,464	1,825,464	1,766,620	58,844
Total expenditures	1,825,464	1,825,464	1,766,620	58,844
NET CHANGE IN FUND BALANCE	$ -	$ -	322,095	$ 322,095
FUND BALANCE, JANUARY 1			513,853	
FUND BALANCE, DECEMBER 31			$ 835,948	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOOD AND BEVERAGE TAX FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Food and beverage tax	$ 3,988,500	$ 3,988,500	$ 4,392,496	$ 403,996
Net investment income	8,750	8,750	18,577	9,827
Miscellaneous	8,000	8,000	8,508	508
Total revenues	4,005,250	4,005,250	4,419,581	414,331
EXPENDITURES				
Culture and recreation				
Salaries	568,972	568,972	590,823	(21,851)
Employee benefits	1,014,369	1,014,369	1,046,666	(32,297)
Other purchased services	292,711	292,711	298,964	(6,253)
Supplies	4,815	4,815	35,079	(30,264)
Outside agencies	1,554,364	1,554,364	1,750,631	(196,267)
Internal services	12,114	12,114	-	12,114
Total expenditures	3,447,345	3,447,345	3,722,163	(274,818)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	557,905	557,905	697,418	139,513
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(541,000)	(541,000)	(783,664)	(242,664)
Total other financing sources (uses)	(541,000)	(541,000)	(783,664)	(242,664)
NET CHANGE IN FUND BALANCE	$ 16,905	$ 16,905	(86,246)	$ (103,151)
FUND BALANCE, JANUARY 1			671,217	
FUND BALANCE, DECEMBER 31			$ 584,971	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #24 FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 933,590	$ 933,590	$ 941,579	$ 7,989
Fines	70,000	70,000	53,545	(16,455)
Net investment income	-	-	23,449	23,449
Charges for services	11,500	11,500	12,707	1,207
Miscellaneous	100,000	100,000	14,790	(85,210)
Total revenues	1,115,090	1,115,090	1,046,070	(69,020)
EXPENDITURES				
Transportation				
Salaries	568,509	568,509	534,591	33,918
Employee benefits	166,142	166,142	147,270	18,872
Professional	907,553	907,553	755,938	151,615
Other purchased services	226,742	226,742	169,951	56,791
Supplies	262,100	262,100	203,077	59,023
Property	584,875	584,875	1	584,874
Internal services	6,626	6,626	4,416	2,210
Total expenditures	2,722,547	2,722,547	1,815,244	907,303
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,607,457)	(1,607,457)	(769,174)	838,283
OTHER FINANCING SOURCES (USES)				
Transfers in	951,279	951,279	975,000	23,721
Total other financing sources (uses)	951,279	951,279	975,000	23,721
NET CHANGE IN FUND BALANCE	$ (656,178)	$ (656,178)	205,826	$ 862,004
FUND BALANCE, JANUARY 1			652,295	
FUND BALANCE, DECEMBER 31			$ 858,121	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TEST TRACK FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Contributions	$ 55,015	$ 55,015	$ 29,225	$ (25,790)
Total revenues	55,015	55,015	29,225	(25,790)
EXPENDITURES				
Transportation				
Technical services	14,000	14,000	1,591	12,409
Purchase property services	16,395	16,395	15,118	1,277
Other purchased services	3,620	3,620	3,208	412
Supplies	21,000	21,000	17,581	3,419
Total expenditures	55,015	55,015	37,498	17,517
NET CHANGE IN FUND BALANCE	$ -	$ -	(8,273)	$ (8,273)
FUND BALANCE, JANUARY 1			8,253	
FUND BALANCE (DEFICIT), DECEMBER 31			$ (20)	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRUG FORFEITURE FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Net investment income	$ 7,050	$ 7,050	$ 9,263	$ 2,213
Intergovernmental	281,500	281,500	165,239	(116,261)
Miscellaneous	-	-	1,173	1,173
Total revenues	288,550	288,550	175,675	(112,875)
EXPENDITURES				
Public Safety				
Professional services	55,000	55,000	21,517	33,483
Other purchased services	73,000	73,000	17,935	55,065
Supplies	119,000	119,000	48,896	70,104
Property	-	-	60,650	(60,650)
Internal services	25,000	25,000	7,377	17,623
Outside agencies	9,500	9,500	669	8,831
Total expenditures	281,500	281,500	157,044	124,456
NET CHANGE IN FUND BALANCE	$ 7,050	$ 7,050	18,631	$ 11,581
FUND BALANCE, JANUARY 1			704,292	
FUND BALANCE, DECEMBER 31			$ 722,923	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AMERICAN RECOVERY AND REINVESTMENT ACT FEDERAL GRANTS FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
None	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
None	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(35,100)	(35,100)
Total other financing sources (uses)	-	-	(35,100)	(35,100)
NET CHANGE IN FUND BALANCE	$ -	$ -	(35,100)	$ (35,100)
FUND BALANCE, JANUARY 1			35,100	
FUND BALANCE, DECEMBER 31			$ -	

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #25 FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 68,000	$ 68,000	$ 68,019	$ 19
Net investment income (loss)	-	-	(12)	(12)
Total revenues	68,000	68,000	68,007	(7)
EXPENDITURES				
None	-	-	-	-
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	$ 68,000	$ 68,000	68,007	$ (7)
FUND BALANCE (DEFICIT), JANUARY 1			(576,170)	
FUND BALANCE (DEFICIT), DECEMBER 31			$ (508,163)	

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #21 FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 200,000	$ 200,000	$ 201,759	$ 1,759
Net investment income	-	-	10,647	10,647
Miscellaneous	15,000	15,000	-	(15,000)
Total revenues	215,000	215,000	212,406	(2,594)
EXPENDITURES				
Debt service				
Principal	179,263	179,263	179,263	-
Interest	45,382	45,382	45,382	-
Total expenditures	224,645	224,645	224,645	-
NET CHANGE IN FUND BALANCE	$ (9,645)	$ (9,645)	(12,239)	$ (2,594)
FUND BALANCE, JANUARY 1			836,794	
FUND BALANCE, DECEMBER 31			$ 824,555	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #23 FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 103,585	$ 103,585	$ 76,761	$ (26,824)
Net investment income	-	-	2,287	2,287
Total revenues	103,585	103,585	79,048	(24,537)
EXPENDITURES				
None	-	-	-	-
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	$ 103,585	$ 103,585	79,048	$ (24,537)
FUND BALANCE, JANUARY 1			15,013	
FUND BALANCE, DECEMBER 31			$ 94,061	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN PARKING FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Other taxes				
Food and beverage tax	$ 925,000	$ 925,000	$ 865,816	$ (59,184)
Net investment income	25,000	25,000	22,412	(2,588)
Intergovernmental				
Sales tax	384,000	384,000	460,076	76,076
Miscellaneous	25,000	25,000	-	(25,000)
Total revenues	1,359,000	1,359,000	1,348,304	(10,696)
EXPENDITURES				
Capital outlay	-	-	337,783	(337,783)
Debt service				
Principal	319,075	319,075	319,075	-
Interest	61,263	61,263	61,263	-
Total expenditures	380,338	380,338	718,121	(337,783)
NET CHANGE IN FUND BALANCE	$ 978,662	$ 978,662	630,183	$ (348,479)
FUND BALANCE, JANUARY 1			2,317,398	
FUND BALANCE, DECEMBER 31			$ 2,947,581	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Net investment income	$ -	$ -	$ 132,746	$ 132,746
Contributions	2,997,000	2,997,000	359,428	(2,637,572)
Intergovernmental				
Sales taxes	4,088,500	4,088,500	4,589,029	500,529
Grants	2,827,534	2,827,534	258,314	(2,569,220)
Miscellaneous	100,000	100,000	247,972	147,972
Total revenues	10,013,034	10,013,034	5,587,489	(4,425,545)
EXPENDITURES				
Capital outlay	13,364,251	13,364,251	5,629,785	7,734,466
Total expenditures	13,364,251	13,364,251	5,629,785	7,734,466
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,351,217)	(3,351,217)	(42,296)	3,308,921
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	35,100	35,100
Sale of property	-	-	221,162	221,162
Total other financing sources (uses)	-	-	256,262	256,262
NET CHANGE IN FUND BALANCE	$ (3,351,217)	$ (3,351,217)	213,966	$ 3,565,183
FUND BALANCE, JANUARY 1			9,089,871	
FUND BALANCE, DECEMBER 31			$ 9,303,837	

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BOND PROJECT FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Net investment income	$ -	$ -	$ 48,340	$ 48,340
Total revenues	-	-	48,340	48,340
EXPENDITURES				
Capital outlay	7,720,005	7,720,005	4,088,311	3,631,694
Total expenditures	7,720,005	7,720,005	4,088,311	3,631,694
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,720,005)	(7,720,005)	(4,039,971)	3,680,034
OTHER FINANCING SOURCES (USES)				
New bonds issued	7,720,005	7,720,005	6,980,000	(740,005)
Premium on bonds issued	-	-	179,109	179,109
Total other financing sources (uses)	7,720,005	7,720,005	7,159,109	(560,896)
NET CHANGE IN FUND BALANCE	$ -	$ -	3,119,138	$ 3,119,138
FUND BALANCE, JANUARY 1			2,567,989	
FUND BALANCE, DECEMBER 31			$ 5,687,127	

(See independent auditor's report.)

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Police and Firefighters' Pension Trust Funds - to account for the accumulation of retirement and disability benefits as required by state statute. Resources are contributed by employees at rates fixed by law and by the City determined by an actuarial study.

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2017

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and short-term investments	$ 3,136,523	$ 3,273,016	$ 6,409,539
Receivables			
Interest receivable	555,743	554,154	1,109,897
Investments at fair value			
U.S. Treasury obligations	21,338,544	21,626,473	42,965,017
U.S. Government agencies	10,984,513	10,680,885	21,665,398
Municipal bonds	274,808	274,808	549,616
Corporate bonds	24,440,888	16,238,917	40,679,805
Annuities	14,443,075	14,166,988	28,610,063
Common stock	17,209,391	23,526,002	40,735,393
Mutual funds	80,605,833	74,715,637	155,321,470
Asset-backed securities	-	8,720,752	8,720,752
Negotiable certificates of deposit	527,817	-	527,817
Total investments	169,824,869	169,950,462	339,775,331
Due from municipality	478,673	660,841	1,139,514
Prepaid items	11,920	1,045	12,965
Total assets	174,007,728	174,439,518	348,447,246
LIABILITIES			
Accounts payable	66,274	136	66,410
NET POSITION RESTRICTED FOR PENSIONS	$ 173,941,454	$ 174,439,382	$ 348,380,836

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2017

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	$ 6,677,807	$ 7,338,200	$ 14,016,007
Employee	1,788,835	1,836,879	3,625,714
Total contributions	8,466,642	9,175,079	17,641,721
Investment income			
Net appreciation in fair value of investments	16,365,432	15,598,857	31,964,289
Interest and dividends	4,111,282	5,016,733	9,128,015
Total investment income	20,476,714	20,615,590	41,092,304
Less investment expense	272,475	349,759	622,234
Net investment income	20,204,239	20,265,831	40,470,070
Total additions	28,670,881	29,440,910	58,111,791
DEDUCTIONS			
Benefits	6,807,712	7,504,537	14,312,249
Refunds of contributions	9,934	31,347	41,281
Administrative expense	66,441	126,490	192,931
Total deductions	6,884,087	7,662,374	14,546,461
NET INCREASE	21,786,794	21,778,536	43,565,330
NET POSITION RESTRICTED FOR PENSIONS			
January 1	152,154,660	152,660,846	304,815,506
December 1	$ 173,941,454	$ 174,439,382	$ 348,380,836

(See independent auditor's report.)

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (Unaudited)

This part of the City of Naperville, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page(s)
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	121-130
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	131-137
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	138-143
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	144-145
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	146-148

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF NAPERVILLE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2015*/**	2016	2017
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	$ 450,286	$ 446,437	$ 446,569	$ 427,459	$ 419,148	$ 412,387	$ 409,027	$ 420,617	$ 425,260	$ 411,982
Restricted	10,484	7,063	5,129	6,031	6,787	8,042	9,623	9,635	7,993	17,301
Unrestricted	21,009	18,818	31,009	40,417	41,836	38,904	30,529	(87,728)	(86,883)	(83,615)
TOTAL GOVERNMENTAL ACTIVITIES	$ 481,779	$ 472,318	$ 482,707	$ 473,907	$ 467,771	$ 459,333	$ 449,179	$ 342,524	$ 346,370	$ 345,668
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	$ 450,479	$ 447,279	$ 443,008	$ 439,216	$ 432,913	$ 437,827	$ 442,720	$ 426,461	$ 422,141	$ 416,692
Restricted	5,331	5,285	-	-	-	-	-	-	-	-
Unrestricted	7,293	4,157	13,890	19,899	27,522	11,846	6,674	8,693	18,661	34,704
TOTAL BUSINESS-TYPE ACTIVITIES	$ 463,103	$ 456,721	$ 456,898	$ 459,115	$ 460,435	$ 449,673	$ 449,394	$ 435,154	$ 440,802	$ 451,396
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	$ 900,765	$ 893,716	$ 889,577	$ 866,675	$ 852,061	$ 850,214	$ 851,747	$ 847,078	$ 847,401	$ 828,674
Restricted	15,815	12,348	5,129	6,031	6,787	8,042	9,623	9,635	7,993	17,301
Unrestricted	28,302	22,975	44,899	60,316	69,358	50,750	37,203	(79,035)	(68,222)	(48,911)
TOTAL PRIMARY GOVERNMENT	$ 944,882	$ 929,039	$ 939,605	$ 933,022	$ 928,206	$ 909,006	$ 898,573	$ 777,678	$ 787,172	$ 797,064

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.
**The City implemented GASB Statement No. 68 as of December 31, 2015.

Data Source

Audited Financial Statements

CITY OF NAPERVILLE, ILLINOIS

CHANGES IN NET POSITION

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2015*	2016	2017
EXPENSES										
Governmental activities										
General government	$ 9,654	$ 6,983	$ 5,129	$ 6,742	$ 7,986	$ 8,901	$ 8,925	$ 11,331	$ 14,918	$ 15,250
Physical environment	10,142	9,457	8,147	8,514	9,455	8,608	8,381	6,784	9,996	10,376
Public safety	64,461	64,190	65,495	66,165	65,017	67,578	70,241	63,792	78,039	74,934
Culture and recreation	8,075	8,677	10,370	8,531	8,426	9,779	8,687	4,846	7,516	8,366
Transportation	49,588	46,711	46,240	51,352	47,120	49,587	56,446	25,941	37,830	48,964
Interest on long-term debt	3,643	4,172	4,465	4,593	4,161	3,782	4,288	2,512	3,524	3,122
Total governmental activities expenses	145,563	140,190	139,846	145,897	142,165	148,235	156,968	115,206	151,823	161,012
Business-type activities										
Electric	128,724	125,021	133,761	136,090	145,585	152,352	144,954	103,759	151,588	150,148
Water and wastewater	37,047	37,372	40,692	40,724	46,037	50,981	51,287	41,990	56,926	60,591
Burlington commuter parking	1,759	1,568	1,764	1,309	2,033	1,559	2,061	905	1,770	1,423
Total business-type activities expenses	167,530	163,961	176,217	178,123	193,655	204,892	198,302	146,654	210,284	212,162
TOTAL PRIMARY GOVERNMENT EXPENSES	$ 313,093	$ 304,151	$ 316,063	$ 324,020	$ 335,820	$ 353,127	$ 355,270	$ 261,860	$ 362,107	$ 373,174
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General government	$ 1,332	$ 1,131	$ 3,027	$ 1,539	$ 1,609	$ 1,517	$ 1,245	$ 4,133	$ 13,151	$ 12,252
Physical environment	1,493	1,171	1,104	1,414	1,746	2,000	2,099	1,357	2,215	2,401
Public safety	8,498	8,518	9,801	8,416	7,700	7,788	7,875	5,021	8,081	10,448
Culture and recreation	551	520	494	910	855	832	883	301	467	538
Transportation	920	667	689	1,491	1,467	1,677	2,478	164	195	129
Operating grants and contributions										
General government										
Physical environment	145	545	1,544	572	1,422	610	540	1,003	1,737	968
Public safety	1,560	1,366	1,727	1,703	1,932	1,808	2,316	1,731	1,185	899
Culture and recreation	427	83	67	16	87	171	-	-	-	-
Transportation	3,861	3,877	4,763	4,746	4,405	4,489	5,013	-	38	361
Interest on long-term debt	-	-	309	285	209	192	297	-	-	-
Capital grants and contributions										
Transportation	8,328	8,046	9,366	2,869	1,086	3,012	12,118	2,541	3,736	3,679
Total governmental activities program revenues	27,115	25,924	32,891	23,961	22,518	24,096	34,864	16,251	30,805	31,675
Business-type activities										
Charges for services										
Electric	126,359	123,939	135,435	131,064	134,580	134,089	135,708	96,128	155,122	157,317
Water and wastewater	26,701	27,383	29,716	38,659	47,518	47,313	48,201	35,071	51,004	53,627
Burlington commuter parking	2,161	2,291	2,265	2,185	2,191	2,257	2,211	1,473	2,298	2,528
Operating grants and contributions										
Electric	31	37	5	-	82	17	-	-	(18)	-
Water and wastewater	-	25	210	176	336	230	234	235	224	307
Burlington commuter parking	-	100	21	65	-	-	-	-	-	-
Capital grants and contributions										
Electric	2,703	1,828	5,503	3,943	7,957	5,612	2,230	2,226	3,157	4,070
Water and wastewater	3,351	1,800	1,096	1,356	1,879	5,074	4,537	931	1,778	1,978
Total business-type activities program revenues	161,306	157,403	174,251	177,448	194,543	194,592	193,121	136,064	213,565	219,827
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	$ 188,421	$ 183,327	$ 207,142	$ 201,409	$ 217,061	$ 218,688	$ 227,985	$ 152,315	$ 244,370	$ 251,502

CITY OF NAPERVILLE, ILLINOIS

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2015*	2016	2017
NET (EXPENSE) REVENUE										
Governmental activities	$ (118,448)	$ (114,266)	$ (106,955)	$ (121,936)	$ (119,647)	$ (124,139)	$ (122,104)	$ (98,955)	$ (121,018)	$ (129,337)
Business-type activities	(6,224)	(6,558)	(1,966)	(675)	888	(10,300)	(5,181)	(10,590)	3,281	7,665
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	$ (124,672)	$ (120,824)	$ (108,921)	$ (122,611)	$ (118,759)	$ (134,439)	$ (127,285)	$ (109,545)	$ (117,737)	$ (121,672)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property	$ 34,360	$ 37,818	$ 39,464	$ 38,479	$ 36,227	$ 33,639	$ 33,169	$ 34,849	$ 33,355	$ 34,129
Utility	17,585	16,422	16,390	16,580	16,604	16,993	16,123	10,108	15,137	15,399
Sales and use	26,981	26,041	28,600	30,610	32,263	34,498	35,580	25,189	44,355	46,082
State income	12,532	11,482	11,271	11,581	12,784	13,823	13,892	9,925	13,809	13,029
Other	8,704	8,742	10,592	10,677	12,006	13,391	13,300	9,820	14,489	15,462
Franchise fees	1,714	1,790	2,026	2,141	2,437	2,455	2,538	2,162	3,230	3,423
Net investment income (loss)	4,634	2,572	2,766	3,130	1,190	(293)	1,925	198	(109)	355
Miscellaneous	-	-	-	-	-	-	-	609	597	756
Transfers	(41)	(62)	(61)	(62)	-	-	(4,577)	-	-	-
Total governmental activities	106,469	104,805	111,042	113,136	113,511	114,506	111,950	92,860	124,863	128,635
Business-type activities										
Net investment income (loss)	783	114	451	825	432	(462)	282	137	310	580
DWC refund	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	-	1,189	2,057	2,351
Transfers	41	62	61	62	-	-	4,577	-	-	-
Total business-type activities	824	176	512	887	432	(462)	4,859	1,326	2,367	2,931
TOTAL PRIMARY GOVERNMENT	$ 107,293	$ 104,981	$ 111,554	$ 114,023	$ 113,943	$ 114,044	$ 116,809	$ 94,186	$ 127,230	$ 131,566
CHANGE IN NET POSITION										
Governmental activities	$ (11,979)	$ (9,461)	$ 4,087	$ (8,800)	$ (6,136)	$ (9,633)	$ (10,154)	$ (6,095)	$ 3,845	$ (702)
Business-type activities	(5,400)	(6,382)	(1,454)	212	1,320	(10,762)	(322)	(9,264)	5,648	10,596
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	$ (17,379)	$ (15,843)	$ 2,633	$ (8,588)	$ (4,816)	$ (20,395)	$ (10,476)	$ (15,359)	$ 9,493	$ 9,894

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Source

Audited Financial Statements

CITY OF NAPERVILLE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2009	2010*	2011	2012	2013	2014	2015	2015**	2016	2017
GENERAL FUND										
Reserved	$ 201	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	20,249	-	-	-	-	-	-	-	-	-
Nonspendable	-	170	149	122	158	75	343	13	32	529
Assigned	-	-	-	-	6,000	-	-	-	-	-
Unassigned	-	22,768	22,782	27,037	25,573	25,513	28,961	28,358	26,826	27,884
TOTAL GENERAL FUND	$ 20,450	$ 22,938	$ 22,931	$ 27,159	$ 31,731	$ 25,588	$ 29,304	$ 28,370	$ 26,858	$ 28,413
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	$ 38,855	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in										
Special Revenue Funds	1,009	-	-	-	-	-	-	-	-	-
Capital Project Funds	(256)	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	86	54	75	62	39	38	35	-
Restricted	-	33,199	16,775	7,819	6,825	10,895	21,619	8,772	15,723	19,906
Committed	-	1,158	3,546	4,563	3,860	2,459	1,717	1,268	638	858
Assigned	-	1,465	1,596	5,002	3,278	5,033	5,115	5,780	12,076	12,455
Unassigned (deficit)	-	-	-	-	(55)	(190)	(543)	(763)	(576)	(543)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	$ 39,608	$ 35,822	$ 22,003	$ 17,438	$ 13,983	$ 18,259	$ 27,947	$ 15,095	$ 27,896	$ 32,676

*Statement No. 54 of the Governmental Accounting Standards Board was implemented at April 30, 2010.
**The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Source

Audited Financial Statements

CITY OF NAPERVILLE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2015*/**	2016	2017
REVENUES										
Taxes	$ 100,162	$ 100,505	$ 106,317	$ 107,927	$ 109,884	$ 112,344	$ 112,064	$ 54,777	$ 63,391	$ 64,990
Licenses and permits	2,097	1,733	1,652	1,926	2,319	2,480	2,548	1,421	2,685	3,006
Fines and forfeitures	2,890	3,258	3,137	2,554	1,718	1,709	1,770	1,162	1,659	1,473
Investment income	3,165	1,996	2,051	2,155	855	(98)	1,603	201	(125)	338
Intergovernmental	10,354	8,528	12,766	9,164	8,177	6,737	8,762	40,368	64,221	64,462
Charges for services	6,518	6,100	7,582	7,870	7,894	8,348	9,242	9,138	18,741	21,290
Fees	3,165	2,255	2,602	2,893	3,311	2,822	3,009	2,173	3,247	3,423
Contributions	48	46	53	58	106	1,890	1,875	280	413	556
Miscellaneous	789	563	2,165	1,012	1,209	908	628	609	597	756
Total revenues	129,188	124,984	138,325	135,559	135,473	137,140	141,501	110,129	154,829	160,294
EXPENDITURES										
General government	8,127	6,007	5,943	5,126	6,165	6,967	7,241	7,737	12,091	12,482
Physical environment	9,814	9,408	8,151	8,414	9,082	8,633	8,371	5,655	8,269	8,247
Public safety	61,054	61,668	64,006	64,069	63,090	71,862	70,040	50,462	72,028	73,845
Culture and recreation	7,299	7,815	7,660	7,571	7,275	8,165	7,142	4,422	6,652	7,302
Transportation	22,983	21,026	21,946	21,080	21,072	24,317	26,916	17,879	28,115	26,443
Capital outlay	48,805	29,978	32,956	14,624	16,067	16,997	22,250	24,743	21,896	19,060
Debt service										
Principal	5,580	5,614	5,444	6,087	12,010	5,648	6,841	9,448	6,920	10,654
Interest	3,005	3,833	4,329	4,527	3,880	3,766	4,031	4,027	3,811	3,306
Other charges	193	214	-	-	126	127	205	-	-	-
Total expenditures	166,860	145,563	150,435	131,498	138,767	146,482	153,037	124,373	159,782	161,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(37,672)	(20,579)	(12,110)	4,061	(3,294)	(9,342)	(11,536)	(14,244)	(4,953)	(1,045)
OTHER FINANCING SOURCES (USES)										
Transfers in	2,101	4,555	6,350	4,448	5,573	7,129	10,200	8,950	5,089	4,594
Transfers (out)	(1,573)	(7,852)	(6,066)	(9,665)	(5,224)	(6,779)	(3,504)	(8,950)	(5,089)	(4,594)
Sale of capital assets	-	-	-	819	200	-	515	-	769	221
Payment to refunded bond escrow agent	(6,233)	(8,588)	-	-	(16,550)	-	-	-	(35,679)	-
Bonds issued, at par	39,405	28,585	-	-	-	5,620	17,340	-	14,334	6,980
Refunding bonds issued	-	-	-	-	17,963	-	-	-	33,900	-
Premium on bonds issued	209	581	-	-	2,449	310	389	-	2,919	175
Total other financing sources (uses)	33,909	17,281	284	(4,398)	4,411	6,280	24,940	-	16,243	7,386
NET CHANGE IN FUND BALANCES	$ (3,763)	$ (3,298)	$ (11,826)	$ (337)	$ 1,117	$ (3,062)	$ 13,404	$ (14,244)	$ 11,290	$ 6,335
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	6.66%	7.48%	7.51%	8.16%	11.89%	6.68%	7.63%	13.67%	7.85%	10.09%

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.
**At December 31, 2015, sales and income taxes were moved from the "Taxes" category to the "Intergovernmental" category.

Data Source

Audited Financial Statements.

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CITY OF NAPERVILLE, ILLINOIS

GOVERNMENTAL FUNDS TAX REVENUE BY SOURCE

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Intergovernmental Taxes				Taxes				Total
	Sales and Use Tax	State Income Tax	Intergovernmental Taxes	Total	Property Tax	Utility Tax	Other Tax	Total Taxes	
2009	$ 26,981	$ 12,532	$ 39,513	$ 34,360	$ 17,585	$ 8,704	$ 60,649		$ 100,162
2010	26,041	11,482	37,523	37,818	16,422	8,742	62,982		100,505
2011	28,600	11,271	39,871	39,464	16,390	10,592	66,446		106,317
2012	30,610	11,581	42,191	38,479	16,580	10,677	65,736		107,927
2013	32,263	12,784	45,047	36,227	16,604	12,006	64,837		109,884
2014	34,498	13,823	48,321	33,639	16,993	13,391	64,023		112,344
2015	35,580	13,892	49,472	33,169	16,123	13,300	62,592		112,064
2015*	25,189	9,925	35,114	34,849	10,108	9,820	54,777		89,891
2016	44,355	13,809	58,164	33,355	15,137	14,489	62,981		121,145
2017	46,082	13,029	59,111	34,129	15,399	15,462	64,990		124,101

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Source

Audited Financial Statements

CITY OF NAPERVILLE, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Farm Property	Commercial and Industrial Property	Railroad Property	Total Taxable Assessed Value	Direct Tax Rate	Estimated Actual Taxable Value	Percent of Assessed Value
2007	$ 5,312,341,984	$ 100,648	$ 1,304,566,827	$ 1,225,143	$ 6,618,234,602	$ 0.7166	$ 19,854,703,806	33.333%
2008	5,611,215,473	508,876	1,398,092,647	1,465,280	7,011,282,276	0.7167	21,033,846,828	33.333%
2009	5,787,763,209	150,465	1,315,446,717	1,753,540	7,105,113,931	0.7166	21,315,341,793	33.333%
2010	5,486,898,369	228,129	1,229,589,941	2,023,287	6,718,739,726	0.7390	20,156,219,178	33.333%
2011	5,256,081,268	314,912	1,170,708,392	2,364,303	6,429,468,875	0.7515	19,288,406,625	33.333%
2012	4,964,302,585	334,456	1,105,830,624	2,509,329	6,072,976,994	0.7756	18,218,930,982	33.333%
2013	4,866,627,723	315,592	1,056,949,654	2,706,677	5,926,599,646	0.7828	17,779,798,938	33.333%
2014	4,917,955,140	215,985	1,071,651,247	2,731,565	5,992,553,937	0.8082	17,977,661,811	33.333%
2015	5,056,340,567	190,521	1,219,286,607	2,838,480	6,278,656,175	0.7392	18,835,968,525	33.333%
2016	5,384,396,867	130,047	1,279,947,209	3,194,886	6,667,669,009	0.7004	20,003,007,027	33.333%

Note: Property in the City is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Levy Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CITY DIRECT RATES										
General Corporate	0.1949	0.2139	0.1963	0.1882	0.1381	0.1457	0.1009	0.0803	0.1060	0.0789
Naperville Public Library	0.2231	0.1989	0.1828	0.1872	0.2076	0.2374	0.2465	0.2481	0.2288	0.2119
Police Pension	0.0488	0.0528	0.0667	0.0652	0.0679	0.0787	0.0879	0.0845	0.0938	0.0917
Firefighters' Pension	0.0489	0.0513	0.0647	0.0706	0.0737	0.0820	0.0884	0.0846	0.0945	0.1023
Bond and Interest - general obligation bond	0.1162	0.1192	0.1274	0.1472	0.1799	0.1403	0.1631	0.2153	0.1249	0.1297
Illinois Municipal Retirement	0.0383	0.0380	0.0395	0.0391	0.0409	0.0444	0.0461	0.0460	0.0441	0.0415
Naper Settlement	0.0464	0.0426	0.0392	0.0415	0.0434	0.0471	0.0499	0.0494	0.0471	0.0444
Total direct rates	0.7166	0.7167	0.7166	0.7390	0.7515	0.7756	0.7828	0.8082	0.7392	0.7004
OVERLAPPING RATES										
Naperville Park District	0.2481	0.2480	0.2574	0.2798	0.2969	0.3148	0.3358	0.3397	0.3317	0.3195
Unit School #203	3.9292	3.8593	3.9502	4.2265	4.5400	4.9909	5.3862	5.4756	5.3549	5.0547
Unit School #204	4.4930	4.3995	4.4987	4.8927	5.2200	5.7047	5.9494	6.0149	5.8505	5.6004
College of DuPage #502	0.1888	0.1845	0.2127	0.2349	0.2495	0.2681	0.2936	0.2975	0.2786	0.2626
DuPage Forest Preserve	0.1187	0.1206	0.1217	0.1321	0.1414	0.1542	0.1657	0.1691	0.1622	0.1514
DuPage Airport Authority	0.0170	0.0160	0.0148	0.0158	0.0169	0.0168	0.0178	0.0196	0.0188	0.0176
DuPage County	0.1651	0.1557	0.1554	0.1659	0.1773	0.1929	0.2040	0.2057	0.1971	0.1848
Will County	0.4826	0.4751	0.4833	0.5274	0.5351	0.5696	0.5994	0.6210	0.6408	0.6182
Lisle Township	0.0410	0.0406	0.0408	0.0445	0.0480	0.0261	0.0548	0.0561	0.0553	0.0528
Naperville Township	0.0423	0.0419	0.0419	0.0454	0.0483	0.0379	0.0515	0.0413	0.0452	0.0435
Wheatland Township	0.0303	0.0314	0.0319	0.0331	0.0328	0.0344	0.0378	0.0378	0.0336	0.0737

Data Source

Office of the County Clerk

CITY OF NAPERVILLE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2016 Tax Levy Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	2007 Tax Levy Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
NS-MPG Inc	$ 29,767,420	1	0.45%	$ 49,618,680	1	0.75%
ROC II IL Addison of Naperville	18,379,910	2	0.28%			
Allegan Warrenville LP	17,674,800	3	0.27%			
Tollabs Inc.	15,997,350	4	0.24%	25,453,540	3	0.38%
Amli Residential	15,251,810	5	0.23%	11,763,170	7	0.18%
BP-Amoco Oil Company	14,906,690	6	0.22%	29,319,740	2	0.44%
ING Clarion	14,870,380	7	0.22%			
Oneclo Nalco Center	14,484,210	8	0.22%			
PBH Cress Creek LLC	14,348,280	9	0.22%			
UBS Realty Investors LLC	13,605,390	10	0.20%			
Nalco Chemical Company				23,432,660	4	0.35%
AIMCO Country Lakes LLC				20,763,800	5	0.31%
The Gale Company				13,835,960	6	0.21%
NICOR Gass				11,619,110	8	0.18%
Lincoln Naperville LLC				11,600,000	9	0.18%
New Plan Excel Realty				10,998,900	10	0.17%
	$ 169,286,240		2.55%	$ 208,395,560		3.15%

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the tax payers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Data Source

Office of the County Clerk

CITY OF NAPERVILLE, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Extended	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$ 47,426,269	$ 47,203,394	99.53%	$ 13,060	$ 47,216,454	99.56%
2008	50,249,860	50,021,253	99.55%	12,094	50,033,347	99.57%
2009	50,915,246	50,579,647	99.34%	23,231	50,602,878	99.39%
2010	49,651,487	49,321,096	99.33%	19,667	49,340,763	99.37%
2011	48,317,459	47,929,719	99.20%	21,943	47,951,662	99.24%
2012	47,102,010	46,358,636	98.42%	11,716	46,370,352	98.45%
2013	46,393,422	46,183,534	99.55%	2,530	46,186,064	99.55%
2014	48,431,821	48,159,391	99.44%	29,969	48,189,360	99.50%
2015	46,260,521	45,964,584	99.36%	43,167	46,007,751	99.45%
2016	48,062,829	47,802,851	99.46%	-	47,802,851	99.46%

Note: Property in the City is reassessed each year. Property is assessed at 33% of actual value.
Amounts levied and collected include Library Fund and do not include Road and Bridge Fund.

Data Source

Office of the County Clerk

CITY OF NAPERVILLE, ILLINOIS

SALES TAXES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General merchandise	$ 2,179,149	$ 2,104,686	$ 2,103,314	$ 2,133,600	$ 2,175,020	$ 1,985,901	$ 2,055,475	$ 1,973,827	$ 1,734,850	$ 1,682,829
Food	3,224,528	3,130,912	3,210,537	3,268,563	3,440,483	3,586,963	3,457,404	3,537,170	4,030,651	4,277,657
Drinking and eating places	2,679,705	2,717,794	2,885,101	2,883,546	3,162,362	3,352,311	3,420,229	3,433,778	3,843,978	4,047,681
Apparel	690,165	742,079	767,404	933,475	1,004,555	1,067,110	1,088,821	1,152,420	1,210,325	1,203,706
Furniture & H.H. & radio	1,895,857	1,657,778	1,862,218	2,098,296	2,194,838	2,347,163	2,272,010	2,231,986	1,959,765	1,898,165
Lumber, building hardware	1,298,336	1,201,680	1,235,492	1,242,769	1,302,937	1,520,274	1,656,137	1,709,368	1,667,454	1,694,172
Automobile and filling stations	8,656,627	7,840,138	8,807,116	9,555,249	10,494,788	12,237,637	12,751,291	12,870,415	12,566,087	12,688,204
Drugs and miscellaneous retail	3,080,902	3,107,887	3,336,129	3,642,704	3,692,042	3,869,309	4,097,497	3,205,869	3,904,515	3,904,594
Agriculture and all others	1,815,359	1,484,390	1,560,231	1,483,822	1,501,727	1,509,790	1,620,270	2,576,081	1,866,766	1,997,162
Manufacturers	737,556	615,111	675,725	461,688	521,896	527,545	530,662	561,411	534,413	478,725
TOTAL	$ 26,258,184	$ 24,602,455	$ 26,443,267	$ 27,703,712	$ 29,490,648	$ 32,004,003	$ 32,949,816	$ 33,252,325	$ 33,318,804	$ 33,872,895
City's direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Data Source

Illinois Department of Revenue

CITY OF NAPERVILLE, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	City Direct Rate	City Home Rule Rate	State Rate	Regional Transportation Authority Rate	County Rate
2009	1.00%	0.00%	5.00%	0.75%	0.25%
2010	1.00%	0.00%	5.00%	0.75%	0.25%
2011	1.00%	0.00%	5.00%	0.75%	0.25%
2012	1.00%	0.00%	5.00%	0.75%	0.25%
2013	1.00%	0.00%	5.00%	0.75%	0.25%
2014	1.00%	0.00%	5.00%	0.75%	0.25%
2015	1.00%	0.00%	5.00%	0.75%	0.25%
2015*	1.00%	0.00%	5.00%	0.75%	0.25%
2016	1.00%	0.50%	5.00%	0.75%	0.25%
2017	1.00%	0.50%	5.00%	0.75%	0.25%

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Source

Illinois Department of Revenue

CITY OF NAPERVILLE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities: General Obligation Bonds	Business-Type Activities: General Obligation Bonds	Revenue Bonds	IEPA Loan	Total Primary Government	Percentage of Personal Income*	Per Capita*
2009	$ 111,889,364	$ 40,352,985	$ 5,308,769	$ 1,249,966	$ 158,801,084	2.50%	$ 1,121.51
2010	122,474,459	56,584,111	4,073,712	763,848	183,896,130	2.84%	1,272.11
2011	116,918,354	54,185,617	-	259,354	171,363,325	2.59%	1,179.90
2012	105,219,222	75,012,910	-	-	180,232,132	2.79%	1,270.56
2013	97,950,479	71,886,351	-	-	169,836,830	2.63%	1,197.27
2014	97,958,819	66,354,322	-	-	164,313,141	2.55%	1,146.73
2015	108,548,121	60,391,308	-	-	168,939,429	2.56%	1,179.01
2015**	98,808,280	55,863,868	-	-	154,672,148	2.27%	1,058.47
2016	109,264,633	52,899,322	-	-	162,163,955	2.38%	1,117.92
2017	105,347,527	48,126,452	-	-	153,473,979	2.19%	1,052.71

* See the Schedule of Demographic and Economic Statistics on page 144 for personal income and population data.

** The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

CITY OF NAPERVILLE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds: Governmental Activities	General Obligation Bonds: Business-Type Activities	Less: Amounts Available In Debt Service Funds**	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
2009	$ 111,889,364	$ 40,352,985	$ 2,388,640	$ 149,853,709	0.75%	$ 1,058.32
2010	122,474,459	56,584,111	2,706,329	176,352,241	0.84%	1,219.92
2011	116,918,354	54,185,617	4,028,824	167,075,147	0.78%	1,150.38
2012	105,219,222	75,012,910	5,156,557	175,075,575	0.87%	1,234.20
2013	97,950,479	71,886,351	4,717,628	165,119,202	0.86%	1,164.02
2014	97,958,819	66,354,322	5,272,118	159,041,023	0.87%	1,109.93
2015	108,548,121	60,391,308	6,355,932	162,583,497	0.91%	1,134.65
2015***	98,808,280	55,863,868	4,997,000	149,675,148	0.83%	1,024.27
2016	109,264,633	52,899,322	3,169,205	158,994,750	0.84%	1,096.08
2017	105,347,527	48,126,452	3,866,197	149,607,782	0.75%	1,023.81

* See the Schedule of Assessed Value and Actual Value of Taxable Property on page 132 for property value data.
** Including restricted and assigned fund balances of Debt Service Fund, SSA 21, 23 and Downtown Parking Funds, which were set up for paying G.O. debt.
*** The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

CITY OF NAPERVILLE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2017

Governmental Unit	Gross Debt	Percentage Debt Applicable to the City of Naperville (1)	City of Naperville's Share of Debt
City of Naperville	$ 105,347,527	100.00%	$ 105,347,527
School District #200	148,740,000	0.35%	520,590
School District #202	4,195,000	1.69%	70,896
School District #203	30,060,000	77.46%	23,284,476
School District #204	222,285,000	60.39%	134,237,912
School District #365	171,249,477	0.01%	17,125
Community College District #502	257,390,000	16.33%	42,031,787
Community College District #525	182,755,000	0.28%	511,714
Lisle Park District	10,915,000	0.43%	46,935
Naperville Park District	22,385,000	96.37%	21,572,425
Wheaton Park District	32,945,815	0.26%	85,659
Will County	289,885,000	11.34%	32,872,959
Will County Forest Preserve	116,293,575	11.34%	13,187,691
DuPage County	155,390,000	12.35%	19,190,665
DuPage County Forest Preserve	126,373,681	12.35%	15,607,150
	1,770,862,548		303,237,984
	$ 1,876,210,075		$ 408,585,511

(1) Determined by ratio of assessed valuation of property subject to taxation in the City of Naperville to valuation of property subject to taxation in overlapping unit.

Data Sources

DuPage County Clerk, Will County Clerk, or Local Government Entity

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2017

Under the 1970 Illinois Constitution, there is no legal limit for home rule municipalities except as set by the General Assembly.

CITY OF NAPERVILLE, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years
(Amounts expressed in thousands)

	Electric Revenue Bonds (5)						
Fiscal Year	Electric Charges and Other	Less: Operating Expenses (1)	Net Operating Revenue	Net Available Revenue per Ordinance (2)	Debt Service (3) Principal	Interest	Coverage (4)
2009	see note (5)						
2010							
2011							
2012							
2013							
2014							
2015							
2015*							
2016							
2017							

*The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.
Water Charges and Other includes investment earnings but not tap on fees.
(1) Operating expenses do not include interest or depreciation.
(2) Revenues based on existing revenue bond ordinances. Amount available for debt service is the net operating revenue plus interest income and installation connection and development charges (not including contributions of capital assets).
(3) The principal and interest does not include principal amounts refunded.
(4) Coverage=Net available revenue/(Principal+Interest)
(5) All Electric Revenue Bonds were defeased on 6/21/2006.
(6) All Water Revenue Bonds were defeased on 01/05/2011.

Data Source

City of Naperville Annual Financial Reports

Water Revenue Bonds						
Water Charges and Other	Less: Operating Expenses (1)	Net Operating Revenue	Net Available Revenue per Ordinance (2)	Debt Service (3) Principal	Debt Service (3) Interest	Coverage(4)
$ 26,701	$ 26,346	$ 355	$ 1,453	$ 1,145	$ 382	0.95
27,383	27,177	206	536	1,195	584	0.30
see note (6)						

CITY OF NAPERVILLE, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2009	141,596	$ 6,341,660,052	$ 44,787	35.9	15.13	47,274	3.6
2010	144,560	6,221,284,160	43,036	35.9	15.13	47,522	6.2
2011	145,235	6,606,449,680	45,488	34.8	15.13	47,274	8.0
2012	141,853	6,452,609,264	45,488	35.0	15.13	47,946	6.1
2013	141,853	6,452,609,264	45,488	37.9	15.41	47,572	6.7
2014	143,289	6,449,724,468	45,012	39.2	15.41	46,790	7.1
2015	143,289	6,606,769,212	46,108	38.7	14.97	46,790	5.7
2015*	146,128	6,809,272,544	46,598	38.2	17.81	45,020	4.6
2016	145,058	6,803,945,000	46,905	38.6	17.81	45,071	4.6
2017	145,789	7,018,136,671	48,139	38.5	17.81	44,524	4.4

* The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

Data Sources

Population:	U.S. Bureau of Census Estimate
Per Capita Income:	U.S Bureau of Census Estimate
Median Age:	U.S. Bureau of Census Estimate
Education Level:	U.S. Bureau of Census Estimate
School Enrollment:	Illinois Report Card
Unemployment Rate:	Illinois Department of Employment Security

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CITY OF NAPERVILLE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2017			2008		
Employer	**Employees**	**Rank**	**% of Total City Population**	**Employer**	**Employees**	**Rank**	**% of Total City Population**
Edward Hospital & Health Services	4,940	1	3.39%	Edward Hospital & Health Services	4,600	1	3.25%
Indian Prairie School District 204	3,022	2	2.07%	Nicor Gas	3,700	2	2.61%
Alcatel-Lucent	3,000	3	2.06%	Indian Prairie School District 204	3,100	3	2.19%
Naperville School District 203	2,367	4	1.62%	Naperville School District 203	2,425	4	1.71%
Nicor Gas	2,160	5	1.48%	BP America	1,800	5	1.27%
BP America	1,800	6	1.23%	Tellabs, Inc.	1,338	6	0.94%
Nalco	1,300	7	0.89%	City of Naperville	1,100	7	0.78%
BMO Harris	1,250	8	0.86%	Nalco	1,000	8	0.71%
City of Naperville	961	9	0.66%	Healthcare Services Corp	1,000	9	0.71%
Skilch	848	10	0.58%	Laidlaw	450	10	0.32%
TOTAL	21,648		14.84%		20,513		14.49%

Data Sources

Naperville Development Partnership and Naperville Convention & Visitors Bureau

CITY OF NAPERVILLE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015*	2016	2017
Mayor and Council	12.00	12.00	11.12	11.12	11.12	11.12	11.12	11.00	11.00	11.00
Board of Fire and Police	1.12	1.12	0.88	0.88	0.88	0.88	0.88	1.00	1.00	1.00
Legal	12.00	11.50	10.50	10.50	10.50	10.50	14.00	14.00	13.50	9.00
City Manager's Office	15.87	12.87	11.62	10.12	10.12	13.12	11.12	11.12	11.12	11.63
City Clerk	8.00	6.00	5.50	5.50	5.50	5.50	5.50	6.50	8.00	6.75
Special Events and Cultural	1.00	1.00	1.50	0.50	0.50	0.50	0.50	0.62	0.62	1.00
Community Development Block Grant	0.50	0.50	-	1.00	0.75	0.50	0.67	0.67	0.67	1.00
Information Technology	23.75	21.37	19.85	19.37	18.75	19.75	21.75	27.00	27.00	26.00
Finance	46.82	42.49	35.63	35.63	35.63	35.63	36.63	35.63	35.63	33.13
Human Resources	17.75	12.75	10.50	9.50	9.50	9.50	9.00	9.00	9.00	9.00
TED Business Group	95.61	82.66	71.97	67.03	65.87	66.60	66.18	66.66	68.66	63.00
Riverwalk Commission	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Public Works	121.04	117.35	110.35	108.96	108.55	108.30	108.76	108.88	109.39	103.63
Police	310.04	299.04	284.88	273.54	269.92	269.92	275.67	275.54	274.90	267.75
Fire	213.00	208.00	207.00	203.00	203.00	202.00	202.00	202.00	202.00	201.00
Electric Utility	126.04	122.04	120.00	120.00	118.50	117.00	114.00	112.00	112.00	106.00
Water Utility	96.52	97.02	92.27	92.07	83.50	82.94	82.94	83.56	83.79	82.50
Temps	-	-	-	-	-	-	-	-	-	14.66
TOTAL	1,101.56	1,048.21	994.07	969.22	953.09	954.26	961.22	965.68	968.78	948.55

* The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015

Data Source

City Budget

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CITY OF NAPERVILLE, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2015*	2016	2017
PUBLIC SAFETY										
Police (1)										
Physical arrests (DUI)	622	578	622	574	549	424	374	369	312	266
Parking violations	18,896	17,898	19,278	15,654	16,600	14,148	13,630	13,582	18,206	17,246
Traffic violations	27,780	25,611	21,546	18,521	17,769	13,924	12,319	12,532	15,831	15,743
Fire										
Emergency responses	9,435	10,957	11,575	11,264	11,760	12,210	12,792	12,979	13,677	14,631
Fires extinguished	83	89	90	86	83	78	93	87	106	158
PUBLIC WORKS										
Total curbside refuse collected (tons)	42,198	39,909	38,781	38,367	37,803	37,077	36,657	36,272	37,405	37,539
Total curbside recycling collected (tons)	18,675	17,095	17,251	17,069	16,469	15,605	15,692	15,872	15,655	15,650
Snow and ice control events	37	36	44	16	18	49	25	24	29	17
Tons of salt used	20,300	18,000	16,046	8,251	13,686	21,964	11,768	11,692	10,908	6,525
WATER/WASTEWATER (1)										
New connections	152	121	56	107	171	283	291	342	300	733
Water main breaks	75	73	84	37	64	92	75	68	80	81
Average daily consumption	16.29	15.26	15.29	15.16	16.64	15.11	13.90	14.10	14.46	41.90
Peak daily consumption	30.82	27.37	28.34	30.79	34.19	29.55	22.90	24.26	25.21	26.20
Average daily wastewater treated (million gal)	23.30	22.10	21.40	21.59	18.30	19.70	19.40	18.16	19.47	26.25
ELECTRIC (1)										
Peak monthly demand	348,000	358,000	369,000	390,853	402,273	365,033	322,831	328,597	352,640	330,946
Peak month energy use (million)	165.0	136.9	172.1	172.7	184.1	151.9	142.8	143.4	154.6	144.6

* The City changed its fiscal year end from April 30 to December 31 as of December 31, 2015.

(1) Records for Police, Water/Wastewater, and Electric are maintained on a calendar year basis. The statistics for April 30, 2015 are based on actual from January 1, 2015 to April 30, 2015 and extrapolated for the remainder of the year.

Data Source

Various city departments

CITY OF NAPERVILLE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	10	10	10	10	10	10	10	10	12	12
Patrol units	81	80	83	78	78	80	85	85	89	89
Fire										
Fire stations	9	9	10	10	10	10	10	10	10	10
Front Line Apparatus (engines and ambulance)	18	18	19	18	18	18	18	18	18	18
TRANSPORTATION										
Arterial streets (centerline miles)	127	127	127	127	127	127	127	138	140	140
Residential streets (centerline miles)	325	325	325	325	325	327	327	364	378	380
Traffic signals	162	163	163	163	163	163	164	164	165	165
PUBLIC WORKS										
Streetlights	10,612	10,994	11,040	11,312	11,462	11,480	11,542	11,705	12,080	12,154
Storm sewers (miles)	875	877	818	861	870	879	886	895	987	852
WATER										
Water mains (miles)	615.7	629.4	636.4	641.1	688.7	693.7	708.2	714.5	723.2	732.7
Fire hydrants	8,452	8,672	8,809	8,897	8,967	9,055	9,157	9,236	9,378	9,451
Storage capacity (million gallons)	43.90	43.90	43.90	43.90	43.90	43.90	43.90	43.90	43.90	43.90
Sanitary sewers (miles)	477.02	484.54	489.52	492.80	530.93	534.09	539.34	543.28	551.40	553.26
Treatment capacity (million gallons per day)	26.25	26.25	26.25	26.20	26.25	26.25	26.25	26.25	26.25	26.25
ELECTRIC										
Number of distribution stations	16	16	16	16	16	16	16	16	16	16
Transmission and distribution line mileage (excluding secondary distribution)	949.42	958.15	970.26	973.89	977.83	979.98	984.19	999.49	1,007.90	1,017.77

Data Source

Various city departments.

APPENDIX B
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C
PROPOSED FORM OF OPINION OF BOND COUNSEL
[TO BE DATED CLOSING DATE]

November 7, 2018

The City Council of the
City of Naperville, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of $4,640,000 principal amount of General Obligation Bonds, Series 2018 (the "Bonds"), of the City of Naperville, a municipal corporation and a home rule unit of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and the City of Naperville Municipal Code and by virtue of an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance").

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 or any integral multiple thereof. Bonds delivered on original issuance are dated November 7, 2018. The Bonds mature on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on June 1, 2019 and semiannually thereafter on each June 1 and December 1 at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2019	$200,000	5.000%
2020	135,000	5.000
2021	135,000	5.000
2022	190,000	5.000
2023	175,000	5.000
2024	180,000	5.000
2025	190,000	5.000
2026	300,000	5.000
2027	150,000	3.125
2028	220,000	3.125
2029	330,000	4.000
2030	160,000	4.000
2031	245,000	4.000
2032	255,000	4.000
2033	265,000	4.000
2034	280,000	4.000
2035	290,000	4.000
2036	300,000	4.000
2037	315,000	4.000
2038	325,000	4.000

The Bonds maturing on or after December 1, 2027, are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

In our opinion, the Bonds are valid and legally binding general obligations of the City of Naperville and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The City has covenanted in the Bond Ordinance to comply with these requirements.

Pursuant to the Bond Ordinance, the City has designated the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

APPENDIX D

EXCERPTS OF FISCAL YEAR 2017 AUDITED FINANCIAL STATEMENTS RELATING TO THE CITY'S PENSION PLANS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

Additionally, the City reports the following fund types:

Internal Service Fund - This fund account for self-insurance services that are provided to other departments of the City on a cost-reimbursement basis.

Pension Trust Funds - These funds account for the accumulation of retirement and disability benefits for police and firefighters' pension plans.

c. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City receives value without directly giving equal value in exchange, include property tax revenue, grants, and other contributions. On an accrual basis, revenues from property taxes are recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2016 levy is recognized as revenue for the fiscal year ended December 31, 2017. Revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property taxes and income tax, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year intended to finance. Revenues for the income tax are considered to be available if they are collected within 90 days at the end of the current fiscal year unless they are further delayed by the State. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Property Taxes (Continued)

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. Accordingly, the City recognized revenue during the fiscal year ended December 31, 2017 for collections from the calendar year 2016 levy if it was received by year end. Property taxes levied for calendar year 2017, which will be collected in fiscal year 2018 are recorded as receivables and unavailable revenue.

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

p. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed in the basic financial statements as "cash and investments."

a. Deposits

The City, Library, and pension funds' investment policies require all uninsured deposits with financial institutions, unless FDIC coverage is available, to be covered by collateral by up to 100%, with the collateral held by an independent third party acting as the City's agent and held in the name of the City, Library, and pension fund, respectively.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

The following table presents the investments and durations of the debt securities of the City and Naperville Public Library as of December 31, 2017.

City and Library

Investment Type	Fair Value	Modified Duration (Years)
U.S. Treasury and agency securities	$ 57,332,421	7.65

The City has the following recurring fair value measurements as of December 31, 2017:

- U.S. Treasury securities of $32,518,101 are valued using quoted market prices (Level 1 inputs)
- U.S. agency securities of $24,814,320 are valued using significant other observable inputs (Level 2 inputs)

The relationship between the City, or the Police or Fire Pension Funds and the investment agent is a direct contractual relationship.

Police Pension

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury obligations	$ 21,338,544	$ 2,597,971	$ 13,074,116	$ 5,666,457	$ -
U.S. agency obligations	10,984,513	13,427	2,259,073	2,790,323	5,921,690
Municipal bonds	274,808	-	72,146	202,662	-
Corporate bonds	24,440,888	1,411,778	7,229,915	12,631,623	3,167,572
Negotiable CD's	527,817	-	527,817	-	-
TOTAL	$ 57,566,570	$ 4,023,176	$ 23,163,067	$ 21,291,065	$ 9,089,262

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Police Pension (Continued)

The Fund has the following recurring fair value measurements as of December 31, 2017:

		Fair Value Measurements Using		
Investment by Fair Value Level	December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury obligations	$ 21,338,544	$ 21,338,544	$ -	$ -
U.S. agency obligations	10,984,513	-	10,984,513	-
Municipal bonds	274,808	-	274,808	-
Corporate bonds	24,440,888	-	24,440,888	-
Equity securities				
Annuity contract	14,443,075	-	-	14,443,075
Common stock	17,209,391	17,209,391	-	-
Equity mutual funds	80,605,833	80,605,833	-	-
Negotiable CD's	527,817	-	527,817	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	$ 169,824,869	$ 119,153,768	$ 36,228,026	$ 14,443,075

Fire Pension

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury obligations	$ 21,626,473	$ 3,244,479	$ 14,941,220	$ 3,440,774	$ -
U.S. agency obligations	10,680,885	18,794	2,634,994	2,138,905	5,888,192
Municipal bonds	274,808	-	147,883	126,925	-
Corporate bonds	16,238,917	1,288,611	8,503,632	5,794,215	652,459
TOTAL	$ 48,821,083	$ 4,551,884	$ 26,227,729	$ 11,500,819	$ 6,540,651

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Fire Pension (Continued)

The Fund has the following recurring fair value measurements as of December 31, 2017:

		Fair Value Measurements Using		
Investment by Fair Value Level	December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury obligations	$ 21,626,473	$ 21,626,473	$ -	$ -
U.S. agency obligations	10,680,885	-	10,680,885	-
Municipal bonds	274,808	-	274,808	-
Corporate bonds	16,238,917	-	16,238,917	-
Equity securities				
Annuity contract	14,166,988	-	-	14,166,988
Common stock	23,526,002	23,526,002	-	-
Equity mutual funds	74,715,637	74,715,637	-	-
Asset-backed securities	8,720,752	-	8,720,752	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	$ 169,950,462	$ 119,868,112	$ 35,915,362	$ 14,166,988

The investments in the securities of U.S. government agencies were all rated AAA by Standard & Poor's, and Aaa by Moody's Investors Services. The municipal bonds were rated AAA to AA by Standard & Poor's and Aaa to A3 by Moody's, while corporate bonds were either not rated or rated A to BBB- by Standard & Poor's and Aa1 to Baa3 by Moody's.

Interest Rate Risk - Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City invests in mortgage-backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated. The City invests in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Through its investment policy, the City manages its exposure to fair value losses arising from increasing interest rates by limiting the weighted average duration to no more than four years. Interest rate risk for investments held by the Police and Firefighters' Pension Funds is managed by establishing investment parameters for the investment managers.

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 City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City and the Police and Firefighters' Pension Funds investment policies require 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 City's or Police and Firefighters' Pension Fund's agent separate from where the investment was purchased.

Credit Risk - The City's investment and cash management policy, as well as the investment policies of the Police and Firefighters' Pension Funds, prescribe to the "prudent person" rule, which states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City and the Police and Firefighters' Pension Funds limits their 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 or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. The Police and Fire Pension investment policies also allow investment grade corporate bonds 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. However, the City's and the Police and Firefighters' Pension Funds' investment policies do not specifically limit the City and Police and Firefighters' Pension Funds to these types of investments.

Concentration of Credit Risk - The City's investment policy follows the requirements of the State of Illinois Public Funds Investment Act, which prescribes allowable investment vehicles. No single investment, except those guaranteed by the United States Government, may exceed 5% of the fund's total market value. The Police and Firefighters' Pension Funds each have separate investment policies, which establish criteria for allowable investments. Both funds follow the requirements of the Illinois Pension Code. There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of net position available for benefits except for the following investments:

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Police Pension Fund

Investment	Amount
Vanguard Institutional Index Fund	$ 17,293,798
Vanguard Small Cap Fund	13,002,382
Vanguard Mid Cap Fund	13,022,476
DFA Emerg Mkts Core Equity	9,027,206
American Europacific Growth Fund	8,716,781
Principal Annuity Contract	14,443,075

Firefighter's Pension Fund

Investment	Amount
Vanguard Instl Index Fund	$ 17,299,280
Vanguard Mid Cap Fund	13,037,877
DFA International Small Cap	9,300,805
Dodge & Cox International Stock	8,735,343
American Europacific Growth Fund	8,689,745
Principal Annuity Contract	14,166,988

The Police Pension Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Return
Fixed income	35%	2.10%
Domestic equities	35%	5.60%
International equities	15%	5.80%
Real estate	10%	5.20%
Global tactical	5%	3.90%

ILCS limit the Police Pension 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.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

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, 2017 are listed in the table above.

For the fiscal year ended December 31, 2017, the annual money-weighted rate of return on police pension plan investments, net of pension plan investment expense, was 13.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Asset Class	Target	Long-Term Expected Real Return
Fixed income	35%	2.1%
Domestic equities	35%	5.6%
International equities	15%	5.8%
Real estate	10%	5.2%
Global tactical	5%	3.9%
Cash and cash equivalents	0%	0.4%

ILCS limit the Firefighters' Pension 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.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

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, 2017 are listed in the table above.

For the fiscal year ended December 31, 2017, the annual money-weighted rate of return on the Firefighters' Pension Plan investments, net of pension plan investment expense, was 13.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

3. RECEIVABLES

a. Installment Loans

The outstanding loans that are not expected to be collected within one year of December 31, 2017 are as follows:

	Term	Due	Amount
DuPage Mayor and Manger Association	20 Years	02/01/2021	$ 6,510
CPAL - computer loan	Various	Various	219
Loan to the SSA 24 property owners	Various	Various	30,393
Electric loans	Various	Various	1,536,128

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the City at 400 South Eagle Street, Naperville, Illinois 60540. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

a. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

Plan Administration

All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that need or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Benefits Provided (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership

As of December 31, 2017, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	691
Inactive plan members entitled to but not yet receiving benefits	670
Active plan members	810
TOTAL	2,171

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2017 was 11.82% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Net Pension Liability

The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.50%
Salary increases	3.39% to 14.25%
Cost of living adjustments	3.00%
Inflation	2.50%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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, IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	$ 45,649,915	$ 6,788,946	$ (25,212,177)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 306,525,860	$ 271,247,693	$ 35,278,167
Changes for the period			
Service cost	5,538,779	-	5,538,779
Interest	22,718,596	-	22,718,596
Difference between expected and actual experience	4,058,008	-	4,058,008
Changes in assumptions	(9,514,997)	-	(9,514,997)
Employer contributions	-	6,233,486	(6,233,486)
Employee contributions	-	2,431,700	(2,431,700)
Net investment income	-	46,307,985	(46,307,985)
Benefit payments and refunds	(12,761,262)	(12,761,262)	-
Other (net transfer)	-	(3,683,564)	3,683,564
BALANCES AT DECEMBER 31, 2017	$ 316,564,984	$ 309,776,038	$ 6,788,946

Assumptions related to salary increases were changed from 3.75% - 14.50% to 3.39% - 14.25%. Assumptions related to price inflation were changed from 2.75% to 2.50%. Additionally, Certain demographic assumptions were changed, which impacted mortality rates, and retirement rates.

	City	Library	Total
BEGINNING NET PENSION LIABILITY AT JANUARY 1, 2017	$ 29,847,919	$ 5,430,248	$ 35,278,167
EMPLOYER CONTRIBUTIONS - 2017	$ 5,302,389	$ 931,097	$ 6,233,486
ENDING NET PENSION LIABILITY AT DECEMBER 31, 2017	$ 5,774,880	$ 1,014,066	$ 6,788,946

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $5,251,129 and the Library recognized $922,312. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 3,203,728	$ (1,124,604)	$ 2,079,124
Changes in assumption	96,466	(7,483,737)	(7,387,271)
Net difference between projected and actual earnings on pension plan investments	8,004,269	(21,004,916)	(13,000,647)
TOTAL	$ 11,304,463	$ (29,613,257)	$ (18,308,794)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	City Net Deferred Inflows of Resources	Library Net Deferred Inflows of Resources	Total
2018	$ (2,793,433)	$ (490,523)	$ (3,283,956)
2019	(2,957,812)	(519,390)	(3,477,202)
2020	(5,355,910)	(940,495)	(6,296,405)
2021	(4,466,851)	(784,380)	(5,251,231)
2022	-	-	-
Thereafter	-	-	-
TOTAL	$ (15,574,006)	$ (2,734,788)	$ (18,308,794)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Plan Administration

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. 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 pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership

At December 31, 2017, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	89
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	165
TOTAL	260

Benefits Provided

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5% 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), 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 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 officer salary for the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a 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 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent 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 office 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% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. 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 plan and the administrative costs 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. However, the City is funding using the entry age normal actuarial cost method to fund 100% of the past service cost by the year 2033. For the fiscal year ended December 31, 2017, the City's contribution was 36.99% of covered payroll.

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

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00% to 11.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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 as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	$ 73,442,127	$ 41,533,464	$ 15,445,661

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 202,219,852	$ 152,154,660	$ 50,065,192
Changes for the period			
Service cost	4,277,831	-	4,277,831
Interest	14,216,220	-	14,216,220
Difference between expected and actual experience	1,578,661	-	1,578,661
Changes in assumptions	-	-	-
Employer contributions	-	6,677,807	(6,677,807)
Employee contributions	-	1,788,835	(1,788,835)
Net investment income	-	20,204,239	(20,204,239)
Benefit payments and refunds	(6,817,646)	(6,817,646)	-
Other (net transfer)	-	(66,441)	66,441
BALANCES AT DECEMBER 31, 2017	$ 215,474,918	$ 173,941,454	$ 41,533,464

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $4,535,438. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 1,315,550	$ (8,147,917)	$ (6,832,367)
Changes in assumption	2,010,892	-	2,010,892
Net difference between projected and actual earnings on pension plan investments	-	(4,281,982)	(4,281,982)
TOTAL	$ 3,326,442	$ (12,429,899)	$ (9,103,457)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2018	$ (1,530,008)
2019	(1,373,665)
2020	(3,409,402)
2021	(3,053,492)
2022	263,110
Thereafter	-
TOTAL	$ (9,103,457)

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan

Plan Administration

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership

At December 31, 2017, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	101
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	187
TOTAL	294

Benefits Provided

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5% 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 firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), 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 the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a 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 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent 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 police office 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% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. 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 plan and the administrative costs 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. However, the City is funding using the entry age normal actuarial cost method to fund 100% of the past service cost by the year 2033. For the fiscal year ended December 31, 2017, the City's contribution was 38.10% of covered payroll.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial cost method	Entry-age normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00% to 12.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	$ 81,285,305	$ 48,141,991	$ 21,105,079

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 31, 2016	$ 209,971,032	$ 152,660,846	$ 57,310,186
Changes for the period			
Service cost	5,414,018	-	5,414,018
Interest	14,813,198	-	14,813,198
Difference between expected and actual experience	(96,584)	-	(96,584)
Changes in assumptions	-	-	-
Employer contributions	-	7,338,200	(7,338,200)
Employee contributions	-	1,821,286	(1,821,286)
Contributions buy-back	15,593	15,593	-
Net investment income	-	20,265,831	(20,265,831)
Benefit payments and refunds	(7,535,884)	(7,535,884)	-
Other (net transfer)	-	(126,490)	129,490
BALANCES AT DECEMBER 31, 2017	$ 222,581,373	$ 174,439,382	$ 48,141,991

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2017, the City recognized pension expense of $8,579,159. At December 31, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 2,349,820	$ (4,548,414)	$ (2,198,594)
Changes in assumption	3,479,496	-	3,479,496
Net difference between projected and actual earnings on pension plan investments	-	(4,263,208)	(4,263,208)
TOTAL	$ 5,829,316	$ (8,811,622)	$ (2,982,306)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2018	$ 792,733
2019	792,734
2020	(2,129,347)
2021	(2,082,120)
2022	(178,153)
Thereafter	(178,153)
TOTAL	$ (2,982,306)

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Descriptions

In addition to providing the pension benefits described, the City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The actuarial valuation for the OPEB plan is performed every two years. The December 31, 2016 actuarial valuation is used for the following sections.

b. Benefits Provided

The City provides post-employment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans or meet COBRA requirements.

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Eligibility in City sponsored health care plans is discontinued upon eligibility for federally sponsored health care benefits. Retirees who are eligible for health care program participation are also eligible for participation in the life insurance program in the amount of $5,000.

c. Membership

At December 31, 2016, most recent available, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	261
Active employees	1,200
TOTAL	1,461
Participating employers	1

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees via the self-insured plan (pay as you go) which results in an implicit subsidy to the City as defined by the GASB Statement No. 45. Since the City is self-insured, this amount fluctuates on an annual basis. For the fiscal year ending December 31, 2017, retirees contributed $2,392,516 for premiums and the City contributed $540,649 toward the implicit subsidy. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement. The general fund typically has been used to liquidate the governmental activities the net other postemployment benefit obligation.

e. Annual OPEB cost and Net OPEB Obligation

The City's annual OPEB cost (expense) was $841,229 while the ARC was $827,914 for the fiscal year ended December 31, 2017. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2017 were as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	$ 420,025	$ 295,349	70.32%	$ 2,312,088
2016	627,786	443,024	70.57%	2,496,850
2017	841,229	540,649	64.27%	2,797,430

The net OPEB obligation (NOPEBO) as of December 31, 2017, was calculated as follows:

Annual required contributions	$ 827,914
Interest on NOPEBO	99,873
Adjustment to ARC	(86,558)
Annual pension cost	841,229
Actual contribution	(540,649)
Change in NOPEBO	300,580
NOPEBO, beginning of year	2,496,850
NOPEBO, END OF YEAR	$ 2,797,430

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB cost and Net OPEB Obligation (Continued)

Governmental activities	$ 2,405,340
Business-type activities	229,858
Library discretely presented component unit	162,232
TOTAL	$ 2,797,430

f. Funded Status and Funding Progress

The funded status of the plan as of December 31, 2016, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	$ 10,649,256
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	10,649,256
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 82,729,832
UAAL as a percentage of covered payroll	12.87%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

g. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Actuarial Methods and Assumptions (Continued)

In the December 31, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.50% initially and 4.00% ultimately. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016, was 30 years.

11. DISCRETELY PRESENTED COMPONENT UNIT - NAPERVILLE PUBLIC LIBRARY

The following is summary fund financial information for the Naperville Public Library (the Library) for the fiscal year ended December 31, 2017:

Balance Sheet

	General Operating	Special Revenue: Building Reserve	Special Revenue: Gift and Memorial	Special Revenue: Endowment	Total	Adjustment	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
ASSETS							
Cash and cash equivalents	$ 404,055	$ 600,406	$ 26,178	$ 10,529	$ 1,041,168	$ -	$ 1,041,168
Property taxes receivable, net of allowance for uncollectible accounts	14,583,000	-	-	-	14,583,000	-	14,583,000
Interest receivable	1,030	1,454	63	25	2,572	-	2,572
Due from other governments	110,140	-	-	-	110,140	-	110,140
Capital assets (net)							
Capital assets not depreciated	-	-	-	-	-	-	-
Capital assets depreciated, net	-	-	-	-	-	11,688,528	11,688,528
Total assets	15,098,225	601,860	26,241	10,554	15,736,880	11,688,528	27,425,408
DEFERRED OUTFLOWS OF RESOURCES							
Deferred items - IMRF	-	-	-	-	-	1,688,549	1,688,549
Total deferred outflows of resources	-	-	-	-	-	1,688,549	1,688,549
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 15,098,225	$ 601,860	$ 26,241	$ 10,554	$ 15,736,880	$ 13,377,077	$ 29,113,957

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017
Actuarially determined contributions	$ 6,026,372	$ 6,217,283	$ 6,233,486
Contributions in relation to the actuarially determined contribution	6,026,372	6,217,283	6,233,486
CONTRIBUTION DEFICIENCY (Excess)	$ -	$ -	$ -
Covered-employee payroll	$ 51,417,441	$ 51,486,313	$ 52,718,201
Contributions as a percentage of covered-employee payroll	11.72%	12.08%	11.82%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2014 (base year 2012)

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.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	2016	2017
Actuarially determined contributions	$ 5,156,419	$ 4,809,036	$ 5,829,394	$ 6,538,474
Contributions in relation to the actuarially determined contribution	5,641,180	5,345,433	6,329,588	6,677,807
CONTRIBUTION DEFICIENCY (Excess)	$ (484,761)	$ (536,397)	$ (500,194)	$ (139,333)
Covered-employee payroll	$ 16,365,735	$ 16,683,031	$ 17,893,623	$ 18,050,807
Contributions as a percentage of covered-employee payroll	34.47%	32.04%	35.37%	36.99%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	Market Value
Inflation	2.5%
Salary Increases	5.0%
Investment Rate of Return	7.0%
Retirement Age	100% by age 70
Mortality	RP 2000 Mortality Table (CHBCA)

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.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	2016	2017
Actuarially determined contributions	$ 5,183,001	$ 4,820,338	$ 5,871,947	$ 7,237,440
Contributions in relation to the actuarially determined contribution	5,670,039	5,355,723	6,415,496	7,338,200
CONTRIBUTION DEFICIENCY (Excess)	$ (487,038)	$ (535,385)	$ (543,549)	$ (100,760)
Covered-employee payroll	$ 17,165,868	$ 18,315,408	$ 18,576,954	$ 19,262,676
Contributions as a percentage of covered-employee payroll	33.03%	29.24%	34.53%	38.10%

Notes to the Required Supplementary Information

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.5%
Salary Increases	5.0%
Investment Rate of Return	7.0%
Retirement Age	100% by age 70
Mortality	RP 2000 Mortality Table (CHBCA)

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.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	$ 5,623,110	$ 5,569,481	$ 5,538,779
Interest	20,562,051	21,744,892	22,718,596
Changes in benefit terms	-	-	-
Differences between expected and actual experience	626,724	(2,265,178)	4,058,008
Change of assumptions	358,132	(740,500)	(9,514,997)
Benefit payments, including refunds of member contributions	(10,515,189)	(11,410,419)	(12,761,262)
Net change in total pension liability	16,654,828	12,898,276	10,039,124
Total pension liability - beginning	276,972,756	293,627,584	306,525,860
TOTAL PENSION LIABILITY - ENDING	$ 293,627,584	$ 306,525,860	$ 316,564,984
PLAN FIDUCIARY NET POSITION			
Contributions - employer	$ 6,026,372	$ 6,217,283	$ 6,233,486
Contributions - members	2,325,703	2,364,110	2,431,700
Net investment income	1,278,894	17,659,805	46,307,985
Benefit payments, including refunds of member contributions	(10,515,189)	(11,410,419)	(12,761,262)
Other	(715,829)	1,156,632	(3,683,564)
Net change in plan fiduciary net position	(1,600,049)	15,987,411	38,528,345
Plan fiduciary net position - beginning	256,860,331	255,260,282	271,247,693
PLAN FIDUCIARY NET POSITION - ENDING	$ 255,260,282	$ 271,247,693	$ 309,776,038
EMPLOYER'S NET PENSION LIABILITY	$ 38,367,302	$ 35,278,167	$ 6,788,946
Plan fiduciary net position as a percentage of the total pension liability	86.93%	88.49%	97.86%
Covered-employee payroll	$ 51,417,441	$ 51,486,313	$ 52,718,201
Employer's net pension liability as a percentage of covered-employee payroll	74.62%	68.52%	12.88%

Measurement Date December 31, 2015 - There was a change with respect to actuarial assumptions. Certain demographic assumptions were changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

Measurement Date December 31, 2016 - There was a change with respect to actuarial assumptions. Changes in assumptions related to mortality were made since the prior measurement date. Additionally, the discount rate was changed from 7.48% to 7.50%.

Measurement Date December 31, 2017 - Assumptions related to salary increases were changed from 3.75% - 14.50% to 3.39% - 14.25%. Assumptions related to price inflation were changed from 2.75% to 2.50%. Additionally, Certain demographic assumptions were changed, which impacted mortality rates and retirement rates.

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.)

CITY OF NAPERVILLE, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE	April 30, 2015	December 31, 2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	$ 3,442,284	$ 2,635,406	$ 4,113,967	$ 4,277,831
Interest	12,150,401	8,904,818	13,993,038	14,216,220
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(2,006,971)	(1,398,497)	(11,518,319)	1,578,661
Change of assumptions	8,387,367	-	3,016,340	-
Benefit payments, including refunds of member contributions	(5,506,966)	(3,958,442)	(6,365,209)	(6,817,646)
Net change in total pension liability	16,466,115	6,183,285	3,239,817	13,255,066
Total pension liability - beginning	176,330,635	192,796,750	198,980,035	202,219,852
TOTAL PENSION LIABILITY - ENDING	$ 192,796,750	$ 198,980,035	$ 202,219,852	$ 215,474,918
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ 5,641,180	$ 5,345,433	$ 6,329,588	$ 6,677,807
Contributions - members	1,599,368	1,117,257	1,773,258	1,788,835
Contributions - other	8,066	2,237	21,704	-
Net investment income	8,726,002	(4,333,440)	11,562,097	20,204,239
Benefit payments, including refunds of member contributions	(5,506,966)	(3,950,028)	(6,386,913)	(6,817,646)
Administrative expense	(130,073)	(67,226)	(53,912)	(66,441)
Net change in plan fiduciary net position	10,337,577	(1,885,767)	13,245,822	21,786,794
Plan fiduciary net position - beginning	130,457,028	140,794,605	138,908,838	152,154,660
PLAN FIDUCIARY NET POSITION - ENDING	$ 140,794,605	$ 138,908,838	$ 152,154,660	$ 173,941,454
EMPLOYER'S NET PENSION LIABILITY	$ 52,002,145	$ 60,071,197	$ 50,065,192	$ 41,533,464
Plan fiduciary net position as a percentage of the total pension liability	73.03%	69.81%	75.24%	80.72%
Covered-employee payroll	$ 16,683,031	$ 16,683,031	$ 17,893,623	$ 18,050,807
Employer's net pension liability as a percentage of covered-employee payroll	311.71%	360.07%	279.79%	230.09%

Measurement Date April 30, 2015 - Changes made to mortality rate.

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.

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.)

CITY OF NAPERVILLE, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
TOTAL PENSION LIABILITY				
Service cost	$ 3,852,140	$ 3,038,367	$ 5,196,429	$ 5,414,018
Interest	11,857,616	8,558,822	14,032,562	14,813,198
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(82,734)	5,414,803	(5,954,167)	(96,584)
Change of assumptions	2,920,299	-	4,639,327	-
Contributions buy-back	-	-	-	15,593
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)	(6,423,714)	(7,535,884)
Net change in total pension liability	13,339,753	13,142,547	11,490,437	12,610,341
Total pension liability - beginning	171,998,295	185,338,048	198,480,595	209,971,032
TOTAL PENSION LIABILITY - ENDING	$ 185,338,048	$ 198,480,595	$ 209,971,032	$ 222,581,373
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ 5,670,039	$ 5,355,723	$ 6,415,496	$ 7,338,200
Contributions - members	1,839,016	1,181,158	1,756,451	1,821,286
Contributions buy-back	-	-	-	15,593
Net investment income	7,705,014	(4,543,027)	11,586,944	20,265,831
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)	(6,423,714)	(7,535,884)
Administrative expense	(109,970)	(82,866)	(123,773)	(126,490)
Net change in plan fiduciary net position	9,896,531	(1,958,457)	13,211,404	21,778,536
Plan fiduciary net position - beginning	131,511,368	141,407,899	139,449,442	152,660,846
PLAN FIDUCIARY NET POSITION - ENDING	$ 141,407,899	$ 139,449,442	$ 152,660,846	$ 174,439,382
EMPLOYER'S NET PENSION LIABILITY	$ 43,930,149	$ 59,031,153	$ 57,310,186	$ 48,141,991
Plan fiduciary net position as a percentage of the total pension liability	76.30%	70.26%	72.71%	78.37%
Covered-employee payroll	$ 17,165,868	$ 18,315,408	$ 18,576,954	$ 19,262,676
Employer's net pension liability as a percentage of covered-employee payroll	255.92%	322.30%	308.50%	249.92%

Measurement Date April 30, 2015 - Changes made to mortality rate.

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.

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	December 31, 2016	December 31, 2017
Annual money-weighted rate of return, net of investment expense	6.60%	(3.10%)	8.41%	13.29%

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED	April 30, 2015	December 31, 2015	2016	2017
Annual money-weighted rate of return, net of investment expense	6.00%	(3.20%)	8.32%	13.31%

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.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry-Age	(b)-(a) Unfunded AAL (UAAL)	(a) / (b) Funded Ratio	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/17	N/A	N/A	N/A	N/A	N/A	N/A
12/31/16	$ -	$ 10,649,256	$ 10,649,256	0.00%	$ 82,729,832	12.87%
12/31/2015*	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2015	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2014	-	9,043,563	9,043,563	0.00%	88,717,698	10.19%
4/30/2013	-	8,302,543	8,302,543	0.00%	84,561,057	9.82%

*For the eight months ended.

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

Year Ended April 30	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
12/31/17	$ 540,649	$ 827,914	65.30%
12/31/16	443,024	615,455	71.98%
12/31/2015*	295,349	410,303	71.98%
4/30/2015	443,023	615,455	71.98%
4/30/2014	435,507	558,380	77.99%
4/30/2013	435,507	558,380	77.99%

*Eight months ended.

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future.

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Police and Firefighters' Pension Trust Funds - to account for the accumulation of retirement and disability benefits as required by state statute. Resources are contributed by employees at rates fixed by law and by the City determined by an actuarial study.

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2017

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and short-term investments	$ 3,136,523	$ 3,273,016	$ 6,409,539
Receivables			
Interest receivable	555,743	554,154	1,109,897
Investments at fair value			
U.S. Treasury obligations	21,338,544	21,626,473	42,965,017
U.S. Government agencies	10,984,513	10,680,885	21,665,398
Municipal bonds	274,808	274,808	549,616
Corporate bonds	24,440,888	16,238,917	40,679,805
Annuities	14,443,075	14,166,988	28,610,063
Common stock	17,209,391	23,526,002	40,735,393
Mutual funds	80,605,833	74,715,637	155,321,470
Asset-backed securities	-	8,720,752	8,720,752
Negotiable certificates of deposit	527,817	-	527,817
Total investments	169,824,869	169,950,462	339,775,331
Due from municipality	478,673	660,841	1,139,514
Prepaid items	11,920	1,045	12,965
Total assets	174,007,728	174,439,518	348,447,246
LIABILITIES			
Accounts payable	66,274	136	66,410
NET POSITION RESTRICTED FOR PENSIONS	$ 173,941,454	$ 174,439,382	$ 348,380,836

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2017

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	$ 6,677,807	$ 7,338,200	$ 14,016,007
Employee	1,788,835	1,836,879	3,625,714
Total contributions	8,466,642	9,175,079	17,641,721
Investment income			
Net appreciation in fair value of investments	16,365,432	15,598,857	31,964,289
Interest and dividends	4,111,282	5,016,733	9,128,015
Total investment income	20,476,714	20,615,590	41,092,304
Less investment expense	272,475	349,759	622,234
Net investment income	20,204,239	20,265,831	40,470,070
Total additions	28,670,881	29,440,910	58,111,791
DEDUCTIONS			
Benefits	6,807,712	7,504,537	14,312,249
Refunds of contributions	9,934	31,347	41,281
Administrative expense	66,441	126,490	192,931
Total deductions	6,884,087	7,662,374	14,546,461
NET INCREASE	21,786,794	21,778,536	43,565,330
NET POSITION RESTRICTED FOR PENSIONS			
January 1	152,154,660	152,660,846	304,815,506
December 1	$ 173,941,454	$ 174,439,382	$ 348,380,836

(See independent auditor's report.)

State of Illinois
Executive Department

CERTIFICATE

To All To Whom These Presents Shall Come, Greeting:

I, JESSE WHITE, Secretary of State of the State of Illinois, do hereby certify that the records of this office indicate that the **City of Naperville,** DuPage County, Illinois, is a Home Rule Unit of Government.

I further certify that said Home Rule form of Government is in full force and effect **June 20, 2011.**

IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois. Done at the City of Springfield, Illinois on **June 20, 2011.**

Jesse White

SECRETARY OF STATE

GENERAL CERTIFICATE

I, Pam R. Gallahue, City Clerk of the City of Naperville, a municipal corporation of the State of Illinois situate in the Counties of DuPage and Will, hereby certify that:

1. The members of the City Council of the City, the dates of the beginning and ending of their terms of office during the period from July 1, 2018 to date, are as follows:

Name	Term Began	Term Ends
Becky Anderson	May 1, 2015	April 30, 2019
Rebella Boyd-Obarski	May 1, 2015	April 30, 2019
Kevin Coyne	May 1, 2015	April 30, 2019
Benjamin White	May 1, 2017	April 30, 2021
Paul J. Hinterlong	May 1, 2015	April 30, 2019
Patricia Gustin	May 1, 2015	April 30, 2019
Judith A. Brodhead	May 1, 2015	April 30, 2019
John J. Krummen	May 1, 2015	April 30, 2019

2. The officers of the City, and the beginning and ending of their terms of office are as follows:

Name and Office	Term Began	Term Ends
Mayor: Steve C. Chirico	May 1, 2015	April 30, 2019
Manager: Douglas A. Krieger	December 2, 2008	Indefinite
Treasurer and Director of Finance: Rachel Mayer	April 30, 2014	Indefinite
City Clerk: Pam R. Gallahue	March 4, 2008	Indefinite
City Attorney: Michael DiSanto	June 19, 2017	Indefinite

All of the foregoing officers required to give bond or undertaking have filed such bond or undertaking in time, form and amount as required by law and have otherwise duly qualified as such officers.

3. The corporate name of the City is the "City of Naperville". The City was incorporated in 1857.

4. Regular meetings of the City Council are held on the first and third Tuesdays of each month at 7:00 p.m. in the Council Chambers at the Municipal Center. All meetings of the City Council of the City, including committees and subcommittees, are open to the public, subject to the exceptions provided for in the Open Meetings Act, 5 Illinois Compiled Statutes 120; and public notice of all such meetings and of the agenda of all such meetings is given pursuant to the provisions of such Act.

5. As determined by the 2010 U.S. Census of Population, the City has a population in excess of 25,000 and is a home rule unit under Section 6 of Article VII of the Illinois Constitution of 1970.

6. No proceedings have been had or taken by the City or the voters thereof to alter the home rule status of the City; or to confer upon the voters or property owners of the City rights of petition or referendum not otherwise applicable to home rule units; to establish limits on the issuance of debt; or to establish procedures for the adoption of ordinances authorizing revenue debt of the City.

7. Attached hereto are true and complete copies of the provisions of the City of Naperville Municipal Code relating to the conduct of meetings of the City Council and the enactment of ordinances.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this 7th day of November, 2018.

(SEAL)

Pam R. Gallahue
City Clerk

ARTICLE C. - GENERAL OBLIGATION BOND PROCEDURES
SECTION:

1-9C-1: - AUTHORITY TO BORROW:
The City, acting by its City Council, may from time to time borrow money for proper public purposes and in evidence of such borrowing, issue its full faith and credit bonds or notes (general obligation) payable from ad valorem taxes to be levied without limitation as to rate or amount against all taxable property situated within the City. Such bonds or notes may be issued without the submission of the question of their issuance to the electors of the City for their approval; and the procedures for the issuance of such bonds or notes shall be substantially as herein provided.

1-9C-2: - BOND OR NOTE ORDINANCE:
The City shall adopt an ordinance describing the public purpose or purposes to be accomplished by such borrowing and in said ordinance shall make a finding and determination that such borrowing of money is necessary for the welfare of the government and affairs of the City, is for a proper public purpose or purposes and is in the public interest, which finding and determination shall be deemed conclusive. Said ordinance shall become effective after publication in pamphlet form or as otherwise provided in said ordinance.

1-9C-2-1: - FORM OF ORDINANCE:
The ordinance shall indicate the amount of money necessary to be borrowed, the amount of bonds or notes to be issued in evidence thereof, shall fix the details of such bonds or notes, including the date, number, denomination and maturity and place of payment, which shall not exceed forty (40) years from the date of said bonds or notes, and the maximum rate of interest. Such bonds or notes may be redeemable prior to the maturity either with or without a premium. The bonds or notes shall be sold in such manner and at such time as may be determined by the City Council. If the bonds or notes are sold to bear interest at the maximum rate fixed by the City Council, they must be sold at not less than par. If the bonds are sold at a price of less than par, the net interest cost to the City shall not exceed the maximum rate, such net interest cost to be determined by computing the aggregate amount of interest payable on the bonds or note from their date to their respective maturities and by adding to such amount the discount specified, if any.

A contract for the sale of such bonds or notes may be entered into prior to the adoption of the ordinance or the ordinance may provide for the subsequent sale of the bonds or notes therein authorized. In the event of such subsequent sale and if such bonds or notes are sold bearing interest at a rate of less than that authorized in the ordinance, prior to the delivery of such bonds or notes, the taxes levied in the ordinance shall be abated by that amount representing the savings resulting from the sale of said bonds or notes at a lower rate of interest than authorized in the ordinance.

(Ord. 75-26, 3-17-75)

1-9C-2-2: - REGISTRATION AND EXECUTION:
The ordinance shall direct the execution of the bonds or notes therein authorized on behalf of the City by the signature of the Mayor and the City Clerk, or the facsimile signatures thereof, shall require the Seal of the City or facsimile thereof to be impressed or imprinted on such bonds or notes, may determine that such bonds or notes to be issued shall be registered in the name of the owner as to either principal or principal and interest, shall indicate the place or places of payment of the principal and interest maturing on said bonds or notes and shall set forth the form of bond or notes.

The Mayor may designate a proxy to affix his signature to any full faith and credit bonds or notes of the City which are required to be signed by the Mayor. In such case, the Mayor shall deliver to the City Council a written notice of such designation, such notice stating the name of the person so selected and the specific bonds or notes which such person shall have authority to sign as proxy for the Mayor. Said notice shall have attached thereto a written signature of the Mayor executed by the person so designated to sign, together with the personal signature of the proxy authorized to sign on behalf of the Mayor. Each such notice shall be recorded in the official journal of the proceedings of the City Council and then filed with the City Clerk. When the signature of the Mayor is placed on a full faith and credit bond or note of the City at his direction in the specified manner, such signature in all respects shall have the same legal effect as if signed by the Mayor in person.

1-9C-3: - TAXES TO REPAY DEBT:
The ordinance shall make provision for the payment of such bonds or notes, both principal thereof and interest thereon until maturity, by the levy of a direct annual tax upon all the taxable property within the City sufficient for such purpose. A copy of such ordinance, as adopted, certified to by the City Clerk, shall be filed in the offices of the County Clerk of the counties within which any part of the City may be situated. Such ordinance, as so filed shall constitute the authority for the County Clerks in and for each of the years for which taxes are levied in said ordinance, to extend such taxes for collection against all the taxable property situated within the City. The taxes so levied for the payment of principal of and interest on the bonds or notes shall be extended annually by the County Clerk without limitation as to rate or amount and such taxes shall be in addition to and in excess of all other taxes levied or authorized to be levied by the City. Except as provided herein, such taxes so levied shall not be subject to repeal or abatement in any manner whatsoever until such time as all the bonds or notes authorized and issued under the terms of said ordinance shall have been paid in full, both principal thereof and interest thereon up to and including the date of maturity; provided, however, that if the City has other funds available, the City Council may appropriate such funds or a portion thereof and provide for their segregation or deposit for the purpose of the payment of any of the maturities of bonds or notes or interest thereon, or may redeem and pay any or all bonds or notes callable prior to maturity, in which event the respective taxes so levied to pay such principal or interest may be abated, such abatement to be directed by ordinance of the City, duly adopted and placed on file with the County Clerks at any time prior to the extension of such taxes for collection. The City Council shall have the power out of any funds available therefor to purchase its bonds or notes. The City may hold, pledge, cancel or reissue such bonds or notes subject to and in accordance with agreement with the bondholders or noteholders. (1984 Code)

1-9C-4: - BOND OR NOTE ORDINANCE CONSTITUTES AN APPROPRIATION:
The provisions of any bond or note ordinance shall constitute an appropriation of the amounts required as therein referred to and described, and upon the delivery of the bonds or notes therein authorized, the proceeds thereof shall be used solely and only for the purpose or purposes for which the bonds or notes were authorized.

(Ord. 75-26, 3-17-75)

1-9C-5: - REFUNDING OR PAYMENT OF BONDS AND NOTES:
Any bonds or notes authorized, issued and outstanding pursuant to the provisions hereof and any interest accrued or to accrue thereon, and also any bonds or notes heretofore issued and outstanding and any interest accrued or to accrue thereon, which by their terms are payable from taxes unlimited as to rate or amount and levied against all the taxable property within the City, may be refunded prior to or at their redemption, purchase or maturity, and including the refunding of matured interest coupons evidencing interest upon such unpaid bonds or notes and any premium payable upon the calling of such bonds or notes prior to the date of their maturity.

The bonds, notes, accrued interest, interest to accrue thereon and any redemption premium thereon may be refunded in accordance with any provision of the bond ordinance authorizing their issuance which provides that they are callable at par, premium or discount prior to their ultimate date of maturity.

The bonds, notes, accrued interest, interest to accrue thereon and any redemption premium thereon may also be refunded upon the issuance of refunding bonds or notes. Such refunding bonds or notes shall be authorized by a refunding ordinance, which shall be adopted in the manner and subject to the terms, conditions and provisions as herein required for the issuance of bonds or notes for public purpose. Such refunding bonds or notes may be sold to bear interest at a rate determined by the City Council. The refunding bonds or notes must be sold however, at a price which yields at least sufficient funds so that proceeds thereof shall be sufficient to pay matured or maturing principal and interest accrued or to accrue on the outstanding bonds or notes to be refunded and the expenses of refunding.

The proceeds of any such bonds or notes issued for the purpose of refunding outstanding bonds or notes may, in the discretion of the City Council, be applied to the purchase or retirement at maturity or redemption of any such outstanding bonds or notes either on the earliest or any subsequent redemption date or upon the purchase or at the maturity thereof and may, pending such application, be placed in escrow to be applied to such purchase or retirement at maturity or redemption on such date as may be determined by the City Council.

Any such escrowed proceeds, pending such use, may be invested and reinvested in direct obligations of the United States of America, maturing at such time or times as shall be appropriate to assure the prompt payment of the principal of and interest and redemption premium, if any, on the outstanding bonds or notes to be so refunded. The interest, income and profits, if any, earned and realized on any such investment may also be applied to the payment of the outstanding bonds or notes to be so refunded. Only after the terms of the escrow have been fully satisfied and carried out, any balance of such proceeds and interest, income and profits, if any, earned and realized on the investments thereof shall be returned to the City for use by it in any lawful manner. (1984 Code)

1-9C-6: - COMPLIANCE WITH STATE LAW:
Pursuant to the authority granted by Section 6 of Article VII of the Constitution of Illinois 1970, the procedures hereinabove set forth for the issuance of full faith and credit bonds or notes (general obligation) shall be controlling and shall be complied with by the City in the borrowing of money through the issuance of general obligation bonds or notes of the City, notwithstanding any provisions to the contrary contained in the Illinois Municipal Code and all acts amendatory thereof and supplementary thereto and in any other law or laws of the State of Illinois.

(Ord. 75-26, 3-17-75)

CHAPTER 9

MUNICIPAL FINANCES

CHAPTER 5 - MAYOR AND CITY COUNCIL
SECTION:

1-5-1: - COMPOSITION AND TERMS:
The City of Naperville operates under the council-manager form of government. The City Council shall consist of the Mayor and eight (8) Council Members elected for four-year terms as provided by State law. Effective in 2011, no person may serve in the office of Council Member in excess of three (3) consecutive full terms, and no person may serve in the office of Mayor in excess of three (3) consecutive full terms.

(Ord. No. 12-123, § 1, 9-18-2012; Ord. No. 13-061, § 1, 6-18-2013)

1-5-2: - INAUGURATION:
The date and time for the inauguration of municipal officers (Mayor and Councilmen) newly elected at any general municipal election held in accordance with 65 Illinois Compiled Statutes, Article 5 of the Municipal Code of the State, shall be the first Sunday, or another day designated by the City Council, which is prior to the first regular or special meeting of the Naperville City Council during the month of May next following the proclamation of the results of the general municipal election at which such officers were elected, and the terms of such officers shall commence from and after such inauguration.

(Ord. 07-076, 4-18-2007)

1-5-3: - SALARIES:
1. Mayor: The salary of the Mayor shall be established as follows:
    1.1. Through May 3, 2015, the base salary of the Mayor shall be twenty thousand dollars ($20,000.00) per year, payable every two (2) weeks.
    1.2. Through May 3, 2015, the Mayor shall be paid five thousand dollars ($5,000.00) per year, payable every two (2) weeks, for the performance of his or her duties as the Liquor Control Commissioner of the City of Naperville.
    1.3. After May 3, 2015, the base salary of the Mayor shall be twenty thousand dollars ($20,000.00) per year, payable every two (2) weeks.
    1.4. After May 3, 2015, the Mayor shall be paid five thousand dollars ($5,000.00) per year, payable every two (2) weeks, for the performance of his or duties as the Liquor Control Commissioner of the City of Naperville.
    1.5. The Mayor shall be entitled to health insurance benefit coverage on the same terms as full-time employees.
2. Council Members: The salary of each Council Member shall be established as follows:
    2.1. After May 3, 2015, the salary of each Council Member shall be twelve thousand five hundred dollars ($12,500.00) per year, payable monthly. This salary shall include compensation for phone and internet usage necessary for performing the duties as Council Member.
    2.2. Council Member health insurance benefit coverage shall continue for the remaining term of those offices ending in April 2017 and May 2019 respectively.
        2.2.1. Effective April 30, 2017, Council members elected at the April 2017 election or thereafter shall not be entitled to health or dental insurance benefits coverage.
        2.2.2. Effective May 5, 2019, Council members elected at the April 2019 election or thereafter shall not be entitled to health or dental insurance benefits coverage.
3.

Indexed Salary Increases: The salaries of the Mayor, the Liquor Control Commissioner, and the City Council Members shall be increased by the lesser of three percent (3%) or the percentage increase in the Consumer Price Index for the 12-month period preceding May 1st. the term "Consumer Price Index" shall mean the Chicago Area Consumer Price Index for all Urban Consumers for all items as published by the Bureau of Labor Statistics of the United States Department of Labor or any successor index created by the Department of Labor as a substitute index that measures the average change in prices of goods and services purchased by urban consumers. The most recent Consumer Price Index available on May 1st of each year shall be used in applying this Section to any salary increases. If the index is a negative number, then there shall be no decrease in the salaries, but the salaries shall remain the same as the previous fiscal year.

(Ord. No. 13-149, § 1, 12-3-2013; Ord. No. 14-016, § 1, 3-4-2014; Ord. No. 14-066, § 1, 6-3-2014; Ord. No. 15-174, § 1, 10-20-2015; Ord. No. 15-185, § 1, 11-17-2015)

1-5-4: - POWERS AND FUNCTIONS:

1. The City Council shall be the governing body of the City and shall have the powers and duties prescribed by statute and by ordinance of the City. The City Council shall:
   - 1.1. Select and appoint a City Manager as the Chief Administrative Officer of the City charged with the powers and duties set forth in Section 1-6A-5 of this Title.
   - 1.2. Adopt, amend, and repeal ordinances as allowed by law.
   - 1.3. Determine and review the City's property tax rate on an annual basis.
   - 1.4. Fulfill the City's vision by setting the strategic plan and developing annual goals.
   - 1.5. Approve the City's annual operating budget in pursuit of the City's mission statement.
   - 1.6. Promote the maintenance of the quality of life in Naperville by establishing and preserving intergovernmental relationships.
   - 1.7. Establish and update as appropriate a comprehensive plan for the City's zoning and land use.
   - 1.8. Approve the five (5) year capital improvement plan annually to efficiently maintain the City's infrastructure.
2. In addition to the powers and duties incumbent on the Mayor as a member of the City Council, the Mayor has additional executive responsibilities provided by law. The responsibilities include:
   - 2.1. Preside over City Council meetings.
   - 2.2. Function as the local Liquor and Tobacco Control Commissioner, as set forth in Section 3-3-2 of this Code.
   - 2.3. Declare emergencies as set forth in Subsection 1-8D-2.2 of this Title.
   - 2.4. Select members for City boards and commissions with City Council approval.

(Ord. 05-182, 9-20-2005; Ord. No. 11-091, § 1, 6-21-2011; Ord. No. 12-123, § 5, 9-18-2012; Ord. No. 13-061, § 5, 6-18-2013; Ord. No. 13-149, § 1, 12-3-2013; Ord. No. 15-148, § 1, 9-1-2015; Ord. No. 15-174, § 2, 10-20-2015)

Editor's note— Ord. No. 13-149, § 1, adopted December 3, 2013, redesignated the former Sections 1-5-3—1-5-5-11 as Sections 1-5-4—1-5-6-11. The historical notation has been preserved for reference purposes.

1-5-5: - ADMINISTRATIVE STAFF:

1. Executive Assistant To The Mayor: Notwithstanding the provisions of Subsection 1-6A-5.4 of this Title, the Mayor shall have the authority to employ an executive assistant to perform such duties and responsibilities as shall be established by the Mayor. The Mayor shall evaluate the executive assistant annually adhering to the evaluation schedule provided for all employees.
2.

Executive Assistant To The City Council: Notwithstanding the provisions of Subsection 1-6A-5.4 of this Title, the City Council shall have the authority to employ an executive assistant to perform such duties and responsibilities as shall be established by the City Council. The City Council shall evaluate the executive assistant annually adhering to the evaluation schedule provided for all employees.

3. Administrative Clerk To The Mayor And City Council: Notwithstanding the provisions of Subsection 1-6A-5.4 of this Title, the Mayor and City Council shall have the authority to employ an administrative clerk to perform such duties and responsibilities as shall be established by the Mayor and City Council. The Mayor and City Council shall evaluate the administrative clerk annually adhering to the evaluation schedule provided for all employees.

(Ord. 05-107, 6-28-2005; Ord. No. 12-123, § 6, 9-18-2012; Ord. No. 13-061, § 6, 6-18-2013; Ord. No. 13-149, § 1, 12-3-2013)

Editor's note— See note at Section 1-5-4.

1-5-6: - COUNCIL RULES:
(Ord. No. 15-148, § 2, 9-1-2015)

Editor's note— Ord. No. 15-148, § 2, adopted September 1, 2015, repealed and reenacted Section 1-5-6 in its entirety to read as herein set out. Formerly, Section 1-5-6 (§§ 1-5-6-1—1-5-6-11) pertained to similar subject matter, and derived from Ord. No. 04-173, adopted October 5, 2004; Ord. No. 04-197, adopted December 7, 2004; Ord. No. 05-136, adopted July 19, 2005; Ord. No. 06-224, adopted September 19, 2006; Ord. No. 06-273, adopted November 21, 2006; Ord. No. 07-204, adopted September 3, 2007; Ord. No. 12-123, § 7, adopted September 18, 2012; Ord. No. 13-061, § 7, adopted June 18, 2013, and Ord. No. 13-149, § 1, adopted December 3, 2013.

1-5-6-1: - GENERAL PROVISIONS:

1. Access To Records: The Mayor and Council members shall at all times have access to any and all records, documents and information relative to any and all functions of the City. The exception to this provision is that the Mayor and Council members shall not be provided any personnel files and personal information with respect to employees, appointees or elected officials of the City or applicants for such positions.
2. Legal Holiday: Shall include the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas Day.
3. Open Meetings: All meetings of the City Council shall be open to the public and the press with the exception of closed sessions as specified in Section 2 of the Illinois Open Meetings Act. Where "meeting" means any gathering, whether in person or by video or audio conference, telephone call, electronic means (such as, without limitation, electronic mail, electronic chat, and instant messaging), or other means of contemporaneous interactive communication, of a majority of a quorum of the members of a public body held for the purpose of discussing public business.
4. Mayor Pro Tem: Each Council member shall serve as Mayor Pro Tem on a rotating basis for a three (3) month period beginning with the first meeting in May of each odd numbered year. The rotation shall be done on an alphabetical basis. The rotation of Council members serving as Mayor Pro Tem shall occur without formal action of the City Council. In the absence of the Mayor and the Mayor Pro Tem, the next Council member in the rotation shall act as Mayor Pro Tem. In the absence of the Mayor, the Mayor Pro Tem shall perform all the duties and possess all the rights and powers of the Mayor, but shall be entitled to only one (1) vote.
5. Quorum: A quorum is met by a majority of the members of the City Council physically present at the meeting.
6.

Majority Vote: A majority vote shall be a majority of those Council members physically present. As provided for in this Chapter for electronic attendance, a Council member participating electronically shall be considered physically present.

7. Extraordinary Vote: An extraordinary vote shall be two-thirds (2/3) of the corporate authorities then holding office unless a greater vote is required by this Chapter.
8. Permanent Change Of The Rules: The permanent amendment or repeal of a City Council rule is to be treated as a regular text amendment.
9. Home Rule Authority: The provisions of this Code have been passed pursuant to an exercise of the City's home rule authority under the Constitution and laws of the State of Illinois; therefore the provisions contained herein supersede any State statute in conflict or inconsistent therewith which are now in effect or come into being.

(Ord. No. 15-148, § 2, 9-1-2015)

1-5-6-2: - CONDUCT OF MEMBERS:

1. No Council member shall use his/her office or any City employee to promote his/her private enterprises whether compensation is received or not.
2. Council members shall comply with the provisions and requirements of Section 1-13-1, et seq. (Conflict of Interest), including Section 1-13-9 (Compliance with the State Officials and Employees Ethics Act).
3. At all times during performance of their official duties, Council members shall comply with the City's workplace safety policies, harassment prevention, and respectful workplace polices as set forth in the employee policy manual.
4. Council members shall always demonstrate respect for the opinions of each other, members of staff and members of the audience.
5. All members of the City Council shall perform their duties for the benefit of the citizens with integrity and impartiality, without allowing prejudice, favoritism or the opportunity for personal gain to influence their decisions or actions or to interfere with serving the public interest or to interfere with the professional operation of the City.
6. During any City Council meeting, no Council member shall speak until recognized by the Mayor. Council members shall utilize the electronic notice system to secure recognition of the Mayor.
7. When two (2) or more Council members seek recognition at the same time, the Mayor shall name the Council member who shall speak first.
8. A Council member called to order by the Mayor shall stop speaking.
9. While business of the City Council is being transacted, no Council member shall leave the City Council meeting without first informing the Mayor.
10. A Council member who acts in a disorderly manner at a City Council meeting or workshop, violates any provision of this section, or does not obey the order of the Mayor may be officially censured by a majority vote of the City Council by adoption of a resolution imposing a censure or through a verbal motion at a meeting.
11. A Council member whose disorderly conduct is so extreme as to disrupt or interfere with the orderly process of a City Council meeting or workshop may be expelled from a City Council meeting or workshop upon an extraordinary vote of the City Council then holding office, but not a second time for the same incident.

(Ord. No. 15-148, § 2, 9-1-2015)

1-5-6-3: - MEETINGS:

1.

Meetings Of The City Council: Formal meetings of the City Council shall include regular, special and emergency meetings and workshops. The public may record any open meeting provided that such arrangements do not interfere with the orderly conduct of the meeting.

2. Electronic Attendance At City Council Meetings:
   2.1. A majority of the City Council must be physically present at the City Council meeting in order to achieve a quorum, except for emergency meetings.
   2.2. A Council member wishing to attend a regular or special meeting of the City Council by telephonic or video means must notify the Mayor, City Manager, or the City Clerk, not less than twenty-four (24) hours before the meeting. Such notice for an emergency meeting shall be given as early as possible. Attendance by telephonic or video means is only permitted in cases of: 1) personal illness or disability; 2) employment purposes or other public business; or 3) a family or other emergency. After a roll call establishing that a quorum is physically present, any member physically present may make a motion to permit another member to attend by telephonic or video means. Such motion shall include the reason for the absence. All members physically present are permitted to vote on whether such attendance will be allowed and the motion must be approved by a vote of a majority of those members physically present.
   2.3. The Mayor will announce the name of any Council member attending by telephonic or video means at the beginning of the meeting.
   2.4. No more than two (2) Council members may attend a regular or special meeting by telephonic or video means.
   2.5. Council members attending by telephonic or video means shall preface their comments and their votes by first stating their last name.
3. Regular Meetings:
   3.1. Schedule: The regular meetings of the City Council shall be held on the first and third Tuesdays of each month of the year and shall take place in City Council Chambers. No regular meeting of the City Council shall be held on the first Tuesday in the months of July and August. Regular meetings of the City Council shall commence at the hour of 6:00 p.m., unless otherwise determined by the City Manager, at which time closed session may be scheduled as provided for in this Chapter. Closed session shall conclude in time for the regular meeting to commence at 7:00 p.m. Any regularly scheduled meeting falling upon a legal holiday shall be held on an alternative day in the same week as designated by City Council.
   3.2. Time Limit/Extension: All regular meetings shall conclude at 11:00 p.m. unless extended for a time certain by a majority vote of City Council.
   3.3. Agenda: An agenda shall be prepared for each regular City Council meeting.
   3.4. Consent Agenda: The City Manager, in his discretion, shall designate which ordinances, resolutions, and other items, which do not appear to require discussion by the City Council, shall be included on the consent agenda.
   3.5. Removal Of Item From Consent Agenda: Any item may be removed from the consent agenda for separate discussion and approval upon the request of any Council member made prior to the approval of the consent agenda. All items remaining on the consent agenda shall be approved by a single motion, second and roll call vote of the City Council.
   3.6. Delivery Of Agenda: The agenda for each regular meeting of the City Council shall be distributed to the City Council at least ninety-six (96) hours prior to the meeting.
   3.7. Delivery Of Agenda Items. No agenda items shall be received less than forty-eight (48) hours prior to the meeting.

3.8. Items Not On Agenda: The failure to specifically list a matter on the agenda shall not preclude discussion of any matter that is germane to a general topic provided for on the agenda or meeting notice. Final action shall not be taken on an item not on the agenda unless extraordinary circumstances warrant such action, in which case said item shall be placed on the agenda for ratification at the next regularly scheduled meeting of the City Council.

3.9. Future Agenda Items: Items may be placed on a future agenda in either of the following ways:

3.9.1. Prior To A City Council Meeting: The Mayor or any three (3) Council members may direct the City Manager to place an item on the City Council agenda for consideration if the request is timely made; or

3.9.2. During A City Council Meeting: The Mayor or any member of the City Council may propose an item be placed for discussion on an agenda at a future City Council meeting if such proposal is supported by three (3) members of the City Council.

4. Special Meetings:

4.1. Call For Special Meeting: The Mayor or any three (3) Council members may, upon notice to every Council member, call a special meeting, or a special meeting may be announced at a regularly scheduled open meeting.

4.2. Procedures:

4.2.1. Unless announced at an open meeting as provided above, the call for a special meeting shall be in writing indicating the business to be covered at the meeting and the specific time and date of the meeting. This written call shall be delivered to the City Manager's office. When Council members call the meeting, the written notice must include the names of the Council members calling the special meeting.

4.2.2. The City Manager shall poll the Council members to determine whether a quorum will be achieved and inform all Council members of the outcome of that poll. If, as a result of the poll, the City Manager determines that a quorum will not be achieved, he shall not schedule or give public notice of a meeting.

4.2.3. If it is determined that a quorum will be present, the City Manager shall send formal written notice to the City Council within twenty-four (24) hours after receiving notification that the Mayor or three (3) Council members have called a special meeting.

4.2.4. The City Clerk shall cause notice to the public and the press not less than forty-eight (48) hours before the meeting in conformance with the Illinois Open Meetings Act.

4.2.5. The City Manager shall prepare a formal agenda limited to the items set forth in the notice, schedule meeting space, and carry out any other administrative duties necessary.

4.2.6. The failure to specifically list a matter on the agenda shall not preclude discussion of any matter that is germane to a general topic listed on an agenda or meeting notice. Final action shall not be taken on an item not on the agenda unless extraordinary circumstances warrant such action, in which case said item shall be placed on the agenda for ratification at the next regularly scheduled meeting of the City Council.

5. Emergency Meetings:

5.1. Call For Emergency Meeting: Emergency meetings may be called by the Mayor, Mayor Pro Tem, in the absence of the Mayor, or any three (3) Council members in the event of a bona fide emergency, upon notice as soon as practicable, but in any event prior to the holding of such meeting, in accordance with the Illinois Open Meetings Act. A bona fide emergency shall exist under any reasonably unforeseen circumstances requiring extraordinary action to protect the health, welfare, or safety of the City's residents.

5.2. Procedures:

5.2.1. The call for an emergency meeting shall be by the most reliable method available under the circumstances.

5.2.2. The call for the meeting shall be delivered to the City Manager for distribution of the appropriate public notice and notice to the City Council.

5.2.3. The City Manager shall poll the Council members to determine whether a quorum will be achieved. A quorum is necessary to hold an emergency meeting. Any number of Council members may participate by telephone and may be counted for the purpose of achieving a quorum.

5.2.4. The City Manager shall prepare an agenda, and carry out any other administrative duties necessary.

5.2.5. The failure to specifically list a matter on the agenda shall not preclude discussion of any matter that is germane to a general topic listed on an agenda or meeting notice. Final action shall not be taken on an item not on the agenda unless extraordinary circumstances warrant such action, in which case said item shall be placed on the agenda for ratification at the next regularly scheduled meeting of the City Council.

6. Closed Session:

6.1. All regular, special or emergency meetings or workshops of the City Council shall be open to the public, however, the City Council may hold sessions closed to the public as provided for in the Open Meetings Act, 5 ILCS 120/2.

6.2. During any properly convened open meeting of the City Council, a motion to go into closed session may be made. It shall specify one (1) or more exceptions contained in the Open Meetings Act. Only those specified exceptions stated in the motion may be considered during the closed session.

6.3. The motion to go into closed session must be seconded and pass by roll call vote of a majority of Council members present.

6.4. The votes of each Council member shall be recorded in the minutes of the open meeting.

6.5. No final action may be taken at a closed session.

6.6. Except as required under the Open Meetings Act, matters discussed in closed session are deemed confidential and are not to be disclosed.

7. Council Workshops:

7.1. Council Workshops: A Council workshop includes, but is not limited to, a meeting of the City Council for informational or educational purposes that provides Council members with an opportunity to analyze issues or exchange ideas on a given topic.

7.2. Schedule: Council workshops are generally held at 6:00 p.m. on the second and fourth Monday or the fifth Tuesday of each month at the Municipal Center or as otherwise scheduled by City Council.

7.3. Procedures:

7.3.1. Any Council member may propose a topic for discussion for a Council workshop. A Council workshop will be scheduled on that topic if a consensus of the City Council agrees.

7.3.2. The City Manager may propose a topic for discussion at a Council workshop by placing it on the City Council meeting schedule for consideration by the City Council at a regular City Council meeting.

7.3.3. The City Manager shall prepare a formal agenda and supporting materials as necessary and have them delivered to all Council members not less than seven (7) days prior to the workshop.

7.3.4.

Public participation at Council workshops shall comply with the Open Meetings Act and the rules set forth for public participation provided for in this Chapter. Members of the public shall limit their comments to the specific topic of the workshop.

8. Council Work Request: A Council Work Request is a request for research, analysis, or information that is pertinent to the entire City Council.
   8.1. Any member of the City Council may initiate a Council Work Request, if such request is supported by three (3) members of the City Council, by submitting the request to the City Manager.

(Ord. No. 15-148, § 2, 9-1-2015; Ord. No. 15-186, § 1, 11-17-2015)

1-5-6-4: - MINUTES AND RECORDINGS:

1. The City Clerk shall keep minutes of all open and closed sessions of the City Council. Closed session minutes shall remain confidential until the City Council determines otherwise, according to law. Minutes shall include, but need not be limited to:
   1.1. The date, time and place of meeting;
   1.2. The members of the City Council recorded as either present or absent;
   1.3. A summary of discussion on all matters proposed, deliberated, or decided;
   1.4. A record of any votes taken; and
   1.5. The name of any Council member making and seconding a motion except for a motion to adjourn a meeting. A motion made, but not seconded, and a withdrawn motion shall not be recorded in the minutes of the meeting.
2. A copy of the proposed minutes of the immediately preceding City Council meeting(s) shall be delivered to each Council member prior to the convening of the next regular City Council meeting.
3. The City Council shall approve the minutes of an open meeting within thirty (30) days after that meeting or at the second subsequent regular meeting of the City Council, whichever is later.
4. The minutes of City Council meetings open to the public shall be available for public inspection within ten (10) days after the approval of such minutes by the City Council.
5. Minutes shall be posted on the City's website within ten (10) days after their approval by City Council and shall remain on the City's website for at least sixty (60) days after their initial posting.
6. Except for workshops, each open meeting of the City Council shall be recorded and such recordings shall be kept for a minimum of five (5) years after the date of the recording.
7. In addition to written minutes, a verbatim record of all closed sessions shall be prepared and maintained by the City Clerk in the form of audio or video recording in conformance with the Illinois Open Meetings Act. The City Council may direct the destruction of any such recording in conformance with the Act not less than eighteen (18) months after completion of the meeting recorded.
8. The City Council shall semiannually meet to review minutes of all closed sessions. At such meetings a determination shall be made which shall be reported in open session that:
   8.1. The need for confidentiality still exists as to all or part of those minutes and related recordings; or
   8.2. The minutes or portions thereof, and related recordings, no longer require confidential treatment and are available for public inspection; or
   8.3. In the case of recordings more than eighteen (18) months old, that any particular recording be destroyed.

(Ord. No. 15-148, § 2, 9-1-2015)

1-5-6-5: - ORDER OF BUSINESS:

1. The order of the agenda for each regular City Council meeting shall generally be as follows:
   A. Call to order.

B. Roll call.
C. Closed session.
D. Roll call.
E. Pledge allegiance to the flag.
F. Awards and recognitions.
G. Public forum.
H. Consideration of motion to use omnibus method for remaining items.
I. Consent agenda.
J. Public hearings.
K. Old business.
L. Ordinances and resolutions.
M. Award of bids and other items of expenditure.
N. Petitions and communications.
O. Reports and recommendations.
P. New business.
Q. Adjournment.

(Ord. No. 15-148, § 2, 9-1-2015)

1-5-6-6: - CITIZEN PARTICIPATION:

1. Authority:
   1.1. The Illinois Open Meetings Act provides that members of the public must be given an opportunity to address public officials at open meetings and provides that public comment may be subject to the rules established and recorded by the public body.
   1.2. Members of the public may address the City Council pursuant to the rules established and recorded in this Section. Said rules shall be posted at the area where members of the public sign up to address the City Council at a City Council meeting.
   1.3. Any person may be expelled from City Council Chambers for the remainder of a City Council meeting by the Mayor or a majority vote of the City Council if that person:
      1.3.1. Addresses or attempts to address the City Council at a City Council meeting except in conformance and compliance with the rules provided in this Section; or
      1.3.2. Otherwise acts in a disorderly manner so as to disrupt the ability of the City Council to efficiently conduct its meeting.
2. Process:
   2.1. Members of the public who want to address the City Council at a City Council meeting shall sign up before the start of the meeting identifying themselves by name and indicating whether they want to address the City Council on a particular agenda item or during public forum.
      2.1.1. The purpose of the public forum is to allow members of the public an opportunity to address the City Council on issues of concern to them which are not part of the agenda.
   2.2. During public forum or after the introduction of each agenda item, members of the public shall be called in the order that they signed up.
   2.3. Speakers shall address the City Council from the podium and state their name for the record before beginning their remarks.
3. Limitations:
   3.1. Speakers shall limit their remarks to no more than three (3) minutes unless additional time is

granted by the Mayor or by a majority vote of the City Council.

3.2. A timer shall be used to notify speakers when the allotted time has expired. Speakers will be informed when their allotted time has expired. Upon the expiration of the allotted time, speakers shall stop speaking and leave the podium unless additional time is granted or unless there are questions directed to the speaker from Council members.

3.3. Public participation during public forum shall be limited to no more than thirty (30) minutes in total unless extended for a time certain by the Mayor or by a majority vote of the City Council. If there are more speakers signed up to address the City Council than time will allow, public forum shall be bifurcated and continued to the end of the agenda, prior to new business.

3.4. Groups of speakers should, whenever possible, consolidate their comments and avoid repetition through the use of representative speakers.

3.5. Except during public forum, speakers shall focus and limit their remarks directly to the matter then under discussion.

3.6. Speakers shall address their remarks to the City Council as a whole and not to any individual Council members.

3.7. Speakers shall not ask questions of individual Council members or a member of the City staff without first obtaining permission from the Mayor.

3.8. Speakers shall refrain from harassing or directing threats or personal attacks at Council members, staff, other speakers or members of the audience.

3.9. Council members may, but need not, ask questions of speakers at the conclusion of their comments.

3.10. Members of the audience shall maintain decorum and refrain from noisy outbursts or other distracting actions such as applauding, cheering, or booing during or at the conclusion of any remarks made by any speaker, staff member or Council members.

4. Petitioners:

4.1. Notwithstanding rules to the contrary in this Section, petitioners, defined as persons or entities who initiated and have a direct financial or ownership interest concerning a particular agenda item as determined by the City Manager shall be called at the beginning of said agenda item and may address the City Council concerning their petition for no more than ten (10) minutes.

4.2. After members of the public have had an opportunity to address the City Council pursuant to the rules provided in this Section, petitioners shall have no more than five (5) minutes to reply to any comments or questions from members of the public or Council members. There shall be no additional public participation on said agenda item after a petitioner's reply unless granted by the Mayor or by a majority vote of the City Council.

(Ord. No. 15-148, § 2, 9-1-2015)

1-5-6-7: - COUNCIL RULES OF ORDER:

1. "Council Rules of Order" shall govern the proceedings of the City Council. When Council Rules of Order do not provide governance, "Robert's Rules of Order" shall govern.
2. Mayor To Preside: The Mayor shall preside at all meetings and workshops of the City Council provided that in the absence of the Mayor, the Mayor Pro Tem shall preside. The Mayor shall preserve order and decorum, and shall decide on all questions of order and procedure subject to the right of appeal and decided by majority vote without debate. Any point of order not promptly made shall be waived.

2.1. The Mayor may verbally summarize the item to be voted upon after it has been moved and seconded and may restate the question immediately prior to calling the vote. Following the vote, the Mayor shall announce whether the question carried or was defeated.

3. Introduction of Specific Agenda Item—Debate:
   3.1. All agenda items shall be introduced at the meetings by the City Clerk or City Clerk designee.
   3.2. Debate may be had on an agenda item after the agenda item has been introduced and also after a proper motion and second is had. All debate on the question before City Council shall conclude once a vote on the question has commenced.
   3.3. No Council member shall speak more than two (2) times on an agenda item at a meeting, except by consent of the Mayor or by consent of a majority of Council members present. City Council consent shall be assumed in the absence of an objection. The first time a Council member speaks on an agenda item shall be limited to three (3) minutes. The second time a Council member speaks on an agenda item shall be limited to two (2) minutes.
   3.4. Council members shall confine themselves to questions under consideration, avoiding personalities and refraining from impugning the motives of any other Council member's argument or vote.
   3.5. There shall be no discussion among Council members while a Council member is speaking.
4. Motions: The City Council as set forth in this Section shall permit the following motions. City Council shall not act upon a motion unless it is seconded or as otherwise provided for in this Chapter. When a Council member seconds a motion, the member shall state their last name. The voting precedence of motions, the purpose and features of such motions shall be as follows:
   4.1. Motion To Adjourn:
      4.1.1. Purpose: To terminate a meeting.
      4.1.2. Debatable: No.
      4.1.3. Second Required: Yes.
   4.2. Motion To Recess:
      4.2.1. Purpose: To permit an interlude in the meeting and to set a definite time for continuing the meeting.
      4.2.2. Debatable: Yes. Restricted to time or duration of recess.
      4.2.3. Second Required: Yes.
   4.3. Motion To Invoke Council Rules:
      4.3.1. Purpose: At the request of any one Council member, an agenda item will be held over for consideration until the next regular City Council meeting. An agenda item held over by a motion to invoke council rules may not be held over a second time by this procedure.
      4.3.2. Debatable: No. May be contested by a motion to overrule the request. The motion to overrule will pass upon at least two-thirds (2/3) vote of the corporate authorities then holding office.
      4.3.3. Second Required: No (except for motion to overrule).
   4.4. Motion To Close Debate And Call The Question:
      4.4.1. Purpose: To stop discussion on the pending motion and bring such motion to an immediate vote unless a motion to invoke council rules or a motion to adjourn is made.
      4.4.2. Debatable: No. This motion may be contested by an objection. Upon objection, the Mayor shall call for a roll call vote on the motion to close debate and call the question; which shall pass by majority vote of City Council. In the event the roll call vote fails, debate may continue.
      4.4.3. Second Required: No.
   4.5. Motion In Substitution:
      4.5.1. Purpose: To take place of the pending main motion.
      4.5.2.

Debatable: Yes. Limited to the substitute motion. If the substitute motion is passed by vote required, no vote will be taken on the main motion. If the motion in substitution is defeated, a vote will be taken on the main motion.

4.5.3. Second Required: Yes.

4.6. Motion To Table To A Date Certain Or Indefinitely:

4.6.1. Purpose: To postpone consideration of an agenda item for City Council consideration to a date certain or indefinitely. An item that has been tabled indefinitely may be removed from the table by two-thirds (2/3) vote of City Council under New Business or as an agenda item provided for under this Chapter.

4.6.2. Debatable: Yes.

4.6.3. Second Required: Yes.

4.7. Main Motion:

4.7.1. Purpose: To place an item before the City Council for debate and vote.

4.7.2. Debatable: Yes.

4.7.3. Second Required: Yes.

4.8. Motion To Go Into Closed Session:

4.8.1. Purpose: To convene a closed session for purposes authorized by the Open Meetings Act.

4.8.2. Debatable: Yes.

4.8.3. Second Required: Yes.

4.9. Motion To Reconsider:

4.9.1. Purpose: To permit a subsequent vote on a motion which has previously been voted upon.

4.9.1.1. Motion To Reconsider At The Same Meeting: A motion to reconsider at the same meeting may only be made: 1) before another item has been discussed, or 2) under New Business. If the motion to reconsider is made before another item has been discussed, it may be reconsidered immediately at the same meeting. If another item has been discussed, it may only be brought under New Business. The item will then be placed on the agenda for consideration at the next City Council meeting. A motion to reconsider must be made by a member who voted on the prevailing side, seconded, and pass by a vote of two-thirds (2/3) of the City Council then holding office.

4.9.1.2. Motion to Reconsider at the Next Meeting: A motion to reconsider a decision made at the previous City Council meeting must be made under New Business, seconded and pass by a vote of two-thirds (2/3) of the City Council then holding office. If passed by the required vote, that item will be placed on the agenda for consideration at the next City Council meeting. A motion to reconsider must be made by a member who voted on the prevailing side.

4.9.1.3. Once a motion to reconsider is made and decided in the negative, a motion to reconsider shall not be considered again.

4.9.2. Debatable: Yes. Limited to its reconsideration.

4.9.3. Second Required: Yes.

4.10. Motion To Change Vote:

4.10.1. Purpose: To permit a Council member to change their vote prior to the Mayor announcing the vote results.

4.10.2. Debatable: No.

4.10.3. Second Required: No.

4.11. Motion To Suspend Rules:

4.11.1. Purpose: City Council procedural rules may be temporarily suspended for only the matter under consideration by two-thirds (2/3) vote of the corporate authorities. However, rules relating to issues governed by State statute shall not be so suspended.

4.11.2. Debatable: Yes.

4.11.3. Second Required: Yes.

4.12. Motion To Remove Item From The Agenda:

4.12.1. Purpose: To remove an agenda item when no action is required by City Council.

4.12.2. Debatable: Yes.

4.12.3. Second Required: Yes.

4.13. Motion To Take An Item Out Of Agenda Order:

4.13.1. Purpose: To place an agenda item in a different position upon the agenda for City Council consideration.

4.13.2. Debatable: Yes.

4.13.3. Second Required: Yes.

5. Roll Call Vote Required: All ordinances and any resolution or motion to expend or disburse monies or create liability shall be passed only by roll call vote and shall be recorded. A roll call vote may also be used to clarify a voice vote.

6. Final Determination: In the absence of a motion to reconsider brought at the same or next regularly scheduled meeting of the City Council as set forth in this Chapter, a determination made by the City Council may not be reconsidered or considered again except by way of new petition, new business, amendment, rescission, repeal or similar action, which action may not be considered within sixty-two (62) days of the City Council's decision.

(Ord. No. 15-148, § 2, 9-1-2015)

1-5-6-8: - VOTE REQUIRED, WAIVER OF FIRST READING, AND ABSTENTIONS:

1. Vote Required:

1.1. Majority Vote: Unless specifically provided herein, motions shall require a majority vote of Council members present for approval.

1.2. Majority Vote Of All Members Of The City Council: A majority vote of all Council members in office shall be required for the actions listed below. If there are no vacancies in the membership of the City Council, five (5) votes shall constitute a majority vote of all members of the City Council.

1.2.1. A motion to adopt a budget as provided in Subsection 1-9A-5:2 of this Code.

1.2.2. A motion to make a supplemental appropriation as provided in Subsection 1-9-4:3 of this Code.

1.2.3. A motion to expend money for contingency purposes as set forth in 65 ILCS 5/8-2-9.7 per Section 1-9A-1 of this Code.

1.2.4. A motion to appoint or remove a City Manager as provided in Sections 1-6A-1 and 1-6A-4 of this Code.

1.2.5. A motion to waive a raffle license fee as provided in Section 3-4A-5 of this Code.

1.3. Council Vote Not In Conformance With PZC Recommendation: The vote of five (5) members of the City Council shall be necessary in order to pass an ordinance granting a text amendment, rezoning or conditional use request if the Planning and Zoning Commission recommended denial of such request as provided in Subsection 6-3-3:2.1.1 of this Code.

1.4.

Two-Thirds (2/3) Vote: A two-thirds (2/3) or "extraordinary" vote of the members of the City Council then holding office is required for approval of the actions listed below. If there are no vacancies in the membership of the City Council, six (6) votes shall constitute an extraordinary vote.

1.4.1. A motion to approve an ordinance approving an annexation agreement or an amendment to an annexation agreement.

1.4.2. A motion to overrule a motion to invoke Council rules.

1.4.3. A motion to waive first reading.

1.4.4. A motion to reconsider a prior action taken by the City Council as provided in Subsection 1-5-6-7:4.9 of this Chapter.

1.4.5. A motion to temporarily suspend procedural rules of the City Council pursuant to Subsection 1-5-6-7:4.11.1 of this Chapter.

1.4.6. A motion to approve an intergovernmental transfer of property when the City is the transferor.

1.4.7. A motion to approve an intergovernmental lease of real property owned by the City for a term not to exceed fifty (50) years.

1.4.8. A motion to accept a contract proposal for sale of surplus real estate at a price not less than eighty percent (80%) of an approved MAI appraisal amount.

1.4.9. A motion to approve an ordinance amending setback regulations for setback lines along streets, drives, traffic way, parkway or storm or flood water runoff channel (not including setbacks approved by individual variance or deviation as provided in Title 6 or Title 7 of this Code).

1.4.10. A motion to contract without prior appropriation for professional services necessary for planning and financing a needed public work.

1.4.11. A motion to reject the terms of an arbitration panel's decision in a dispute involving a security employee, peace officer, or firefighter under the Illinois Labor Relations Act.

1.4.12. A motion to expel a Council member from a City Council meeting.

1.4.13. A motion to abandon the budget process as set forth in 65 ILCS 5/8-2-9.10 per Subsection 1-9A-1 of this Code.

1.4.14. A motion to revise the number of class C liquor licenses as provided in Section 3-3-13 of Title 3 of this Code.

1.4.15. A motion to delegate authority to delete, add to, change or create sub-classes within object classes previously budgeted for, or for the City Council itself to revise the annual budget as set forth in 65 ILCS 5/8-2-9.6 per Section 1-9A-1 of this Code.

1.4.16. A motion to waive bidding requirements under the City's Procurement Code when the expense thereof will exceed twenty-five thousand dollars ($25,000.00).

1.4.17. A motion to approve a statement of urgency regarding the effective date of an ordinance imposing any fine, penalty, imprisonment, or forfeiture, or making any appropriation pursuant to 65 ILCS 5/1-2-4.

1.5. Three-Quarter (¾) Vote: A three-quarter (¾) vote of the members of the City Council then holding office is required for approval of the actions listed below. If there are no vacancies in the membership of the City Council, seven (7) votes shall constitute a three quarter (¾) vote.

1.5.1. A motion to convey real estate when it is no longer necessary or in the best interest of the City to keep such property.

1.5.2. A motion to lease real property owned by the City for a term between two (2) years and ninety-nine (99) years.

1.5.3. A motion to accept the highest or best bid to sell real property.

1.5.4. A motion to approve an ordinance vacating a street or alley.

1.6. Unanimous Vote: A unanimous vote of the members of the City Council present at any meeting is required to vote on several questions as an omnibus vote.

1.7. Conflict: In the event of any conflict or inconsistency between the voting requirements set forth herein and any state law now or hereafter in effect, the provisions set forth herein shall control pursuant to the exercise of home rule authority articulated in the General Provisions of this Chapter 5 of Title 1. In the event of conflict between the provisions of this Chapter 5 and any other provision of this Code now or hereafter in effect, the provisions of this Chapter 5 shall control.

2. Waiver Of First Reading: No ordinance amending the text of this Code shall be adopted by the City Council at the same meeting at which it is introduced except after an extraordinary vote of the City Council (known as "waiving first reading"). During the period between the introduction and consideration, the public may inspect such proposed ordinance at the office of the City Clerk.

3. Abstentions:

3.1. Obligation To Vote: Council members are expected to vote on all matters coming before the City Council unless an abstention is appropriate as provided in Chapter 13 of this Title. A Council member who abstains from voting shall announce his or her reason for abstention.

3.2. Conflict Of Interest: A Council member shall not vote on any matter in which he or she has a prohibited interest as set forth in Chapter 13 of this Title, as amended. If a Council member does have a prohibited interest, he or she shall disclose such interest, leave City Council chambers and abstain from voting on the matter, all in accordance with Chapter 13 of this Title.

3.3. Abstention Not Counted: An abstention shall not be counted in the number of votes cast, and shall not be counted with the majority or minority vote of the City Council.

(Ord. No. 15-148, § 2, 9-1-2015)

ORDER TO AUTHENTICATE AND DELIVER BONDS

November 7, 2018

UMB Bank, N.A.
St. Louis, Missouri

Gentlemen:

The City of Naperville, Illinois (the "City") does hereby deliver to you, duly executed on behalf of the City, the $4,640,000 principal amount of General Obligation Bonds, Series 2018, of the City described in Schedule A attached hereto (the "Bonds") and authorized to be issued under the Bond Ordinance of the City referred to in said Schedule A.

In accordance with the provisions of the Bond Ordinance, you are authorized and requested to authenticate the Bonds as Bond Registrar under the Bond Ordinance, and pursuant to the provisions thereof to deliver the Bonds to or upon the order of Northland Securities, Inc., the purchaser thereof, on the date hereof, provided that there shall have been paid to the City prior to or concurrently with the issuance of the Bonds the agreed purchase price of the Bonds.

CITY OF NAPERVILLE

By _____
Mayor

SCHEDULE A

CITY OF NAPERVILLE, ILLINOIS
$4,640,000 General Obligation Bonds, Series 2018

Authorization: Section 6 of Article VII of the Illinois Constitution of 1970; the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance").

Form: Fully registered bonds in the denominations of $5,000 and any integral multiple thereof. Deposited into the book-entry only system of The Depository Trust Company.

Date: Dated as of November 7, 2018.

Record Dates: The 15th day of the calendar month next preceding the applicable interest payment date.

Interest Payment Dates: June 1, 2019 and semiannually thereafter on each June 1 and December 1.

Maturities and Interest Rates: The Bonds mature on December 1 in each of the following years in the respective principal amount and bear interest at the respective interest rate set opposite each such year in the following table:

Year	Principal Amount	Interest Rate
2019	$200,000	5.000%
2020	135,000	5.000
2021	135,000	5.000
2022	190,000	5.000
2023	175,000	5.000
2024	180,000	5.000
2025	190,000	5.000
2026	300,000	5.000
2027	150,000	3.125
2028	220,000	3.125
2029	330,000	4.000
2030	160,000	4.000
2031	245,000	4.000
2032	255,000	4.000
2033	265,000	4.000
2034	280,000	4.000
2035	290,000	4.000
2036	300,000	4.000
2037	315,000	4.000
2038	325,000	4.000

Optional Redemption: The Bonds maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City, from such maturities as the City shall select and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

CERTIFICATE OF BOND REGISTRAR

UMB Bank, N.A., a national banking association duly organized under the laws of the United States, having a corporate trust office in the City of St. Louis, Missouri and having trust powers, hereby accepts its appointment as Bond Registrar for the $4,640,000 principal amount of General Obligation Bonds, Series 2018, of the City of Naperville, Illinois (the "City") described in Schedule A attached hereto (the "Bonds"); hereby acknowledges the duties and obligations imposed upon it as Bond Registrar under the Bond Ordinance referred to in said Schedule and hereby certifies that:

1. There has been filed with or delivered to it the City's order to authenticate and deliver the Bonds.

2. It has on or prior to the date hereof authenticated the Bonds by manually executing the certificate of authentication on each of the Bonds.

3. Each of said certificates of authentication is signed by one of the following of its authorized employees, whose true and genuine signature appears opposite such employee's name.

Name	Signature
Sara Dupaix	SDupaix

4. It has on this date delivered the Bonds so authenticated to or upon the order of Northland Securities, Inc., as purchaser of the Bonds.

IN WITNESS WHEREOF, UMB Bank, N.A., as Bond Registrar as aforesaid, has caused this certificate to be executed on its behalf by a duly authorized officer, this 7th day of November, 2018.

UMB BANK, N.A.,
Bond Registrar

By _____
Its _____

SCHEDULE A

CITY OF NAPERVILLE, ILLINOIS
$4,640,000 General Obligation Bonds, Series 2018

Authorization: Section 6 of Article VII of the Illinois Constitution of 1970; the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance").

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Interest Payment Dates: June 1, 2019 and semiannually thereafter on each June 1 and December 1.

Maturities and Interest Rates: The Bonds mature on December 1 in each of the following years in the respective principal amount and bear interest at the respective interest rate set opposite each such year in the following table:

Year	Principal Amount	Interest Rate
2019	$200,000	5.000%
2020	135,000	5.000
2021	135,000	5.000
2022	190,000	5.000
2023	175,000	5.000
2024	180,000	5.000
2025	190,000	5.000
2026	300,000	5.000
2027	150,000	3.125
2028	220,000	3.125
2029	330,000	4.000
2030	160,000	4.000
2031	245,000	4.000
2032	255,000	4.000
2033	265,000	4.000
2034	280,000	4.000
2035	290,000	4.000
2036	300,000	4.000
2037	315,000	4.000
2038	325,000	4.000

Optional Redemption: The Bonds maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City, from such maturities as the City shall select and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

OFFICERS' CLOSING CERTIFICATE

We, the undersigned officers of the City of Naperville, a municipal corporation of the State of Illinois (the "City"), hereby certify as follows:

1. On or prior to the date hereof, the $4,640,000 principal amount of General Obligation Bonds, Series 2018, of the City, described in Schedule A attached hereto (the "Bonds") were executed in the name of the City by the manual signature of Steve C. Chirico, Mayor, and by the manual signature of Pam R. Gallahue, City Clerk, under the official seal of the City.

2. Both of the date of such execution and on the date hereof, the undersigned were and are the duly chosen, qualified and acting officers of the City authorized to execute the Bonds, holding the offices indicated by the official titles set opposite their signatures below and the seal which is impressed upon this certificate and upon the Bonds is the legally adopted, proper and only official seal of the City.

3. No litigation of any nature is now pending or (to our knowledge) threatened either in State or Federal courts restraining or enjoining the authorization, issuance or delivery of the Bonds or the levy or collection of the taxes pledged or to be pledged or made available to pay the principal of, interest on or redemption premium (if any) with respect to the Bonds, or in any manner questioning the authority or proceedings for the authorization or issuance of the Bonds, or affecting in any way the validity of the Bonds, or the levy or collection of said taxes or any pledge thereof, or questioning, contesting or in any way affecting the corporate existence, boundaries or powers of the City, or the title of any of the present officers thereof to their respective offices or the validity of the Bond Ordinance referred to in said Schedule A.

4. No authorization or proceedings for the issuance of the Bonds has or have been repealed, rescinded, revoked or modified and no obligations have been heretofore issued under or pursuant to such proceedings.

5. To the best of our knowledge and belief, the information contained in the Official Statement prepared in connection with the sale of the Bonds is true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

6. On the date hereof, we delivered the Bonds to Northland Securities, Inc., the purchaser thereof, and at or before the time of such delivery, the City received from said purchaser the full payment price of $4,843,601.90 for the Bonds in accordance with the contract of sale for the Bonds.

IN WITNESS WHEREOF, we have hereunto set our hands and caused the seal of the City to be hereunto affixed this 7th day of November, 2018.

(SEAL)

Signatures	Official Title
Steve Chirico	Mayor
Jennifer Gallahue	City Clerk

SCHEDULE A

CITY OF NAPERVILLE, ILLINOIS
$4,640,000 General Obligation Bonds, Series 2018

Authorization: Section 6 of Article VII of the Illinois Constitution of 1970; the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance").

Form: Fully registered bonds in the denominations of $5,000 and any integral multiple thereof. Deposited into the book-entry only system of The Depository Trust Company.

Date: Dated as of November 7, 2018.

Record Dates: The 15th day of the calendar month next preceding the applicable interest payment date.

Interest Payment Dates: June 1, 2019 and semiannually thereafter on each June 1 and December 1.

Maturities and Interest Rates: The Bonds mature on December 1 in each of the following years in the respective principal amount and bear interest at the respective interest rate set opposite each such year in the following table:

Year	Principal Amount	Interest Rate
2019	$200,000	5.000%
2020	135,000	5.000
2021	135,000	5.000
2022	190,000	5.000
2023	175,000	5.000
2024	180,000	5.000
2025	190,000	5.000
2026	300,000	5.000
2027	150,000	3.125
2028	220,000	3.125
2029	330,000	4.000
2030	160,000	4.000
2031	245,000	4.000
2032	255,000	4.000
2033	265,000	4.000
2034	280,000	4.000
2035	290,000	4.000
2036	300,000	4.000
2037	315,000	4.000
2038	325,000	4.000

Optional Redemption: The Bonds maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City, from such maturities as the City shall select and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

CERTIFICATE OF CITY ATTORNEY

I, Michael DiSanto, hereby certify that I am a duly licensed and practicing attorney-at-law of the State of Illinois; that I am the duly appointed and acting Municipal Attorney for the City of Naperville (the "City"), a municipal corporation and a home rule unit of the State of Illinois; that to my knowledge no litigation of any nature is now pending or threatened in any court (either State or Federal) restraining or enjoining the authorization, issuance or delivery of the $4,640,000 principal amount of General Obligation Bonds, Series 2018, of the City, described in Schedule A attached hereto; or the levy or collection of taxes pledged or to be pledged or made available to pay the principal of, interest on or redemption premium (if any) with respect to said bonds or in any manner questioning the authority or proceedings for the authorization or issuance of said bonds, or affecting in any way the validity of said bonds, or the levy, charging or collection of said taxes or any pledge thereof, or questioning, contesting or in any way affecting the corporate existence, boundaries, organization, or powers of the City, or the title of any of the present officers thereof to their respective offices.

I further certify that no authorization or proceedings for the issuance of said bonds have been repealed, rescinded, revoked, modified or amended.

I further certify that no proceedings have been had or taken by the City or the voters thereof to alter the home rule status of the City and that no such proceedings are now pending.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of November, 2018.

Municipal Attorney

SCHEDULE A

CITY OF NAPERVILLE, ILLINOIS
$4,640,000 General Obligation Bonds, Series 2018

Authorization: Section 6 of Article VII of the Illinois Constitution of 1970; the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance").

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2028	220,000	3.125
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2030	160,000	4.000
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Optional Redemption: The Bonds maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City, from such maturities as the City shall select and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

TAX COMPLIANCE CERTIFICATE

I, Rachel Mayer, hereby certify that I am the duly qualified Finance Director of the City of Naperville, a political subdivision of the State of Illinois (the "Issuer"), and that I, together with other officials of the Issuer, am charged with the responsibility of issuing $4,640,000 principal amount of General Obligation Bonds, Series 2018 (the "Bonds") of the Issuer. The following certifications are made pursuant to Sections 141, 148 and 149 of the Code and the applicable Regulations, including, in particular, Regulations Section 1.148-2(b), in order to establish the reasonable expectations of the Issuer on the date hereof with respect to the amount and use of the proceeds of the Bonds. I hereby confirm that all of the certifications made herein are made on behalf of the Issuer and acknowledge that they are relied on by Bond Counsel in rendering its opinion that, as of the date hereof, interest on the Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes and that, as of the date hereof, the Bonds are not private activity bonds within the meaning of Section 141(a) of the Code. I also acknowledge that the continuing compliance of the Issuer with the certifications set forth below is a necessary condition for the continuing exclusion of interest on the Bonds from the gross income of the owners thereof for Federal income tax purposes.

This certification is based on facts, estimates and circumstances in existence on the date hereof. To the best of my knowledge, information and belief, the conclusions, representations and expectations set out in this certification are reasonable, and there are no facts, estimates or circumstances that would materially change such conclusions, representations and expectations.

ARTICLE I

Definitions

Capitalized terms used herein have the meanings set forth in the recitals preceding this Article I or in the Exhibit hereto entitled "Definitions." Other words and phrases used herein have the same meanings as in the Code and Regulations, unless another meaning is apparent from the context.

ARTICLE II

The Bonds; General Matters

201. Terms. The Bonds are dated, mature on the dates and in the principal amounts, and bear interest at the respective rates set forth in Schedule X attached as the Exhibit hereto entitled "Description of Bonds."

202. Purchase Price; Sources and Uses. (a) The Bonds were sold by the Issuer to the Bond Purchaser for a purchase price of $4,843,601.90, consisting of the principal amount of the Bonds plus the net original issue premium and less the Underwriter's Discount.

(b) The following table sets forth the application of the Sale Proceeds of the Bonds, plus the Underwriter's Discount:

Purpose	Amount
For deposit in the 2018 Bond Proceeds Fund to pay a portion of the New Money Project (the "New Money Deposit").....	$4,790,000.00
The sum representing underwriters' discount on the Bonds (the "Underwriter's Discount").....	57,304.00
To pay a portion of the Costs of Issuance of the Bonds, other than the Underwriters' Discount (the "Issuance Costs").....	53,601.90

203. No Federal Guaranty. The Bonds are and will be in no part guaranteed, directly or indirectly, by the United States or any of its agencies or instrumentalities, other than the Federal Housing Administration, the Veterans' Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, including any successors to such entities.

204. Registration. The Bonds are issued only as fully registered bonds, without coupons, and are transferable only upon the registration books maintained by the bond registrar.

205. Not Hedge Bonds. The Bonds are not "hedge bonds" within the meaning of Section 149(g) of the Code and Section 1.149(g)-1 of the Regulations because:

(a) the Issuer reasonably expects that 85% of the spendable Proceeds of the Bonds will be used to carry out the governmental purposes of such Bonds within the three-year period beginning on the Date of Issuance; and

(b) not more than 50% of the Proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more.

206. Form 8038-G. The Issuer will file or cause to be filed with the Internal Revenue Service a signed and completed original of IRS Form 8038-G with respect to the Bonds in the form attached hereto as the Exhibit entitled "Form 8038-G," prior to February 15, 2019.

207. Qualified Tax-Exempt Obligations. (a) In the Bond Ordinance, the Issuer has designated the Bonds as Qualified Tax-Exempt Obligations. The total amount of "tax-exempt obligations" required to be taken into account for purposes of Section 265(b)(3)(C) and issued or reasonably anticipated to be issued during the current calendar year by or on behalf of the Issuer or any of its Subordinate Entities (or by or on behalf of any entity formed or availed of to avoid imposition of the $10,000,000 limitation of Section 265(b)(3) of the Code on the Issuer) does not exceed $10,000,000. For this purpose, "qualified 501(c)(3) bonds," as defined in Section 145(a) of the Code, are taken into account as "tax-exempt obligations" but all other private activity bonds, as defined in Section 141(a) of the Code, are not taken into account.

(b) There is no Subordinate Entity of the Issuer.

ARTICLE III

Plan of Finance

301. Description of the Project. The public improvements described in the Exhibit hereto entitled "Description of Project" are being financed with the Bonds and are hereinafter referred to as the "Project" or the "New Money Project."

302. Tax Owner. At all times on and after the Date of Issuance, the Issuer is expected to be the sole user of the Project and the owner of the Project for Federal income tax purposes.

303. Sale or Transfer. The Issuer has no present plan or intention to sell, lease or transfer all or any portion of the Project.

304. Completion of New Money Project. The Issuer will have incurred, prior to the date that is six months from the date hereof, substantial binding obligations with respect to the New Money Project equal to at least 5% of the Net Sale Proceeds of the Bonds. As shown in the Projected Draw Down Schedules attached hereto as an exhibit, (a) acquisition, construction, rehabilitation and equipping of the New Money Project and the expenditure of Bond proceeds will proceed with due diligence to completion, and (b) it is expected that at least 85% of the Net Sale Proceeds of the Bonds will be expended prior to the date that is three years from the date hereof.

ARTICLE IV

Sources and Uses of Proceeds

401. Allocation of Proceeds to Uses; Recordkeeping. All of the Sale Proceeds described in Section 202(a) hereof will be allocated to the purposes set forth in Section 202(b) hereof using a reasonable method of accounting (such as specific tracing; Gross Proceeds spent first; first-in, first-out or ratable allocation). The Issuer will maintain books and records for the Bonds with sufficient detail to reflect the allocation of the Proceeds to specific expenditures, which records shall be maintained until at least the fifth anniversary of the retirement of all of the Bonds (or any bonds refunding the Bonds), unless otherwise provided by the Internal Revenue Service. All such allocations will be consistent for purposes of Section 141 of the Code (relating to private activity bond tests) and Section 148 of the Code (relating to arbitrage and rebate) and made no later than the earlier of:

I. the date that is no later than 18 months after the later of (a) the date the expenditure is paid and (b) the date the Project is in operation substantially at its design level, and

II. the date that is 60 days after the earlier of (a) the fifth anniversary of the Date of Issuance and (b) the date that all of the Bonds have been retired.

402. Limitations on Private Business Uses, Payments and Security Interests.

(a) Not more than the lesser of 5% or $15,000,000 of the proceeds of the Bonds will be -- during the entire term of such Bonds -- used, directly or indirectly, by one or more Nongovernmental Persons in a trade or business.

(b) Not more than 5% of the debt service on the Bonds will be -- during the entire term of such Bonds -- derived, directly or indirectly, from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used by any Nongovernmental Person in its trade or business.

(c) Not more than 5% of the debt service on the Bonds will be -- during the entire term of such Bonds -- secured, directly or indirectly, by any interest in property used or to be used by a Nongovernmental Person in its trade or business or by any interest in payments in respect of such property.

(d) Not more than the lesser of 5% or $5,000,000 of the proceeds of the Bonds will be -- during the entire term of such Bonds -- used (directly or indirectly) to make or finance loans (or any arrangement treated as the economic equivalent of a loan under Federal income tax principles) to Nongovernmental Persons.

(e) Not more than the lesser of 5% or $15,000,000 of the proceeds of the Bonds will be -- during the entire term of such Bonds -- used (directly or indirectly) to finance the acquisition of any nongovernmental output property.

(f) If 5% or more of the proceeds of the Bonds are used with respect to an output facility (other than a facility for the furnishing of water), none of such proceeds will be applied to finance any portion of the facility that is used in a trade or business of a Nongovernmental Person if the amount of such Bonds, when added to the amount of other bonds 5% or more of the proceeds of which were used for the same facility, exceeds $15,000,000.

(g) Except as otherwise advised by Bond Counsel or as permitted under paragraph (a) above, during the period beginning on the Date of Issuance and ending on the date that no Bond is outstanding, the Issuer has not entered and shall not enter into any research, management or service contract with any entity other than a governmental entity for the operation of any portion of the Project unless such contract complies with the requirements of IRS Revenue Procedure 2017-13 or 2007-47, as appropriate, or such other authority as may control at the time.

(h) The Exhibit hereto entitled "Private Activity Bond Tests" contains interpretive rules, including a definition of "proceeds," that govern for purposes of this Section.

403. Working Capital Expenditures.

Except as otherwise permitted in the next sentence, all of the costs financed or refinanced with the Proceeds are grants, or costs of a type, as of the date of their payment, that is properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles. The following costs, if applicable, are not included in the covenant contained in the immediately preceding sentence:

(i) any issuance costs of the Bonds or "qualified administrative costs" (within the meaning of Section 1.148-5(e)(2)(i), (2)(ii) or (3)(ii)(A) of the Regulations);

(ii) fees for "qualified guarantees" of the Bonds or payments for a "qualified hedge" of the Bonds (as defined in the Regulations);

(iii) interest on the Bonds for a period commencing on the Date of Issuance and ending no later than the date that is the later of three years from the Date of Issuance or one year after the Project is placed in service;

(iv) amounts paid to the United States for arbitrage rebate payments, yield reduction payments or penalty in lieu of rebate payments;

(v) costs (other than those described in (i) through (iv) above) that do not exceed 5% of Sale Proceeds and are directly related to capital expenditures financed by the Bonds;

(vi) payments of principal of or interest on the Bonds paid from unexpected excess Sale Proceeds or Investment Proceeds;

(vii) payments of principal of or interest on the Bonds paid from investment earnings on a reserve or replacement fund that are deposited in a *bona fide* debt service fund; and

(viii) expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments, in amounts in excess of reasonable insurance coverage (but only after reserves maintained for such purpose have been expended).

404. Allocation of Proceeds to Prior Expenditures. Proceeds in the amounts shown below are being allocated on the date hereof to the reimbursement of the Issuer for Expenditures made prior to the date hereof in connection with the New Money Project. Each allocation complies with the applicable requirements set forth in the Exhibit hereto entitled "Reimbursement Proceeds," as follows:

Current Law Expenditures:	$3,083,826
Preliminary Expenditures:	
De Minimis Expenditures:	
TOTAL	$3,083,826

ARTICLE V

Funds

501. Bond Ordinance Funds. The Bond Ordinance for the Bonds (the "Bond Ordinance") establishes the following Funds for the purposes indicated:

Fund	Purpose
Debt Service	Pay Principal of and Interest on the Bonds
Bond Proceeds	Pay Project Costs and Issuance Costs

ARTICLE VI

Bond Yield

601. Aggregate Issue Price. The Bond Purchaser has prepared a report, attached hereto as the Exhibit entitled "Series 2018 Issue Price Certificate," calculating the aggregate Issue Prices at which the Bonds were sold to be $4,900,905.90 (reflecting the net original issue premium). The Bonds were sold without accrued interest.

602. Bond Yield. Speer Financial, Inc. has calculated the Bond Yield to be 3.2442879%.

603. Adjustments to Bond Yield. The provisions of Section 1.148-4 of the Regulations have been applied for purposes of determining the Bond Yield, as follows:

(A) The special yield calculation rule described in Section 1.148-4(b)(3) of the Regulations has been applied to the Bonds as follows:

(a) (i) the Bonds are not subject to optional redemption within five years of the Date of Issuance or (ii) the Bond Yield computed by assuming that all Bonds subject to redemption within five years of the Date of Issuance are paid at maturity is not more than 0.125% higher than the Bond Yield computed by assuming that all Bonds subject to redemption within five years of the Date of Issuance are redeemed at the earliest date for their redemption;

(b) other than the Bonds maturing in the years 2029 to 2038, both inclusive (the "Yield to Call Bonds"), the Bonds are not issued at a premium of more than 0.25% multiplied by the product of the maturity amount and the number of complete years to the first optional redemption date for the Bonds;

(c) no Bond bears interest at increasing interest rates; and

(d) the Yield to Call Bonds have been treated as being redeemed on December 1, 2026, at a price of 100%, which is the retirement alternative that results in the lowest Bond Yield.

(B) The special yield calculation rule described in Section 1.148-4(b)(2)(ii) of the Regulations does not apply to the Bonds because no Bond subject to mandatory sinking fund redemption (if any) is being issued with original issue discount exceeding 0.25% multiplied by the product of the maturity amount of such Bond and the weighted average maturity of such Bond and all term Bonds of the same maturity (computed by taking into account mandatory sinking fund payments).

604. Interest Rate Hedge. The Issuer has not entered, and does not expect to enter, into any hedge agreements relating to the interest payable on the Bonds. On the basis of the foregoing, the Issuer is treating the Bonds as an issue of fixed yield bonds within the meaning of the Regulations.

ARTICLE VII

Non-Arbitrage Certifications

701. No Overissuance. (a) The Bonds are being issued in an amount that, including anticipated investment earnings thereon, is expected not to exceed the amount necessary to pay the costs of the New Money Project.

(b) The debt service schedule provided for the Bonds reflects as rapid an amortization of principal as is reasonable, within prudent business standards, in light of the Issuer's outstanding indebtedness and its foreseeable revenues and expenses over the term of the Bonds.

702. Single Issue. There are no other obligations (a) sold within 15 days before or after the sale date of the Bonds, (b) sold pursuant to the same plan of financing as the Bonds based on the purposes and structure of the financing and (c) that will be paid out of substantially the same source of funds as will be used to pay the Bonds (determined without regard to guaranties from parties unrelated to the Issuer). The Issuer elects to treat the Bonds as a single issue. In this regard, the Issuer certifies that all of the Bonds (a) are secured by a pledge of the Issuer's full faith and credit (or a substantially similar pledge); (b) were sold on the same date pursuant to a single offering document; and (c) are being issued on the same date.

703. Debt Service Fund. The Debt Service Fund for the Bonds (a) will be used primarily to achieve a proper matching of revenues and debt service within each Bond Year, and (b) will be depleted at least once each Bond Year to an amount not to exceed the greater of (i) the prior Bond Year's earnings on the Debt Service Fund and (ii) 1/12th of the prior Bond Year's debt service on the Bonds.

704. No Other Sinking Funds. The Issuer certifies that it does not expect that it will accumulate amounts of money in a fund or series of funds that is pledged, maintained or otherwise reasonably expected to be available to pay any debt service on the Bonds (or to replace

funds used to pay principal of or interest on the Bonds), other than amounts (together with any investment earnings thereon) deposited in the Debt Service Fund.

705. Minor Portion. The Minor Portion (the "Minor Portion") for investment at an unrestricted yield determined in connection with the Bonds is equal to $100,000, which is an amount equal to the lesser of (a) 5% of the Sale Proceeds of the Bonds, and (b) $100,000.

706. No Replacement. No portion of the Proceeds of the Bonds will be used to replace any amounts invested in Nonpurpose Investments having a Yield in excess of the Bond Yield. No replacement proceeds (within the meaning of Section 1.148-1(c) of the Regulations) are expected to exist in connection with the Bonds because, in general, there are no amounts that would have been used for the governmental purposes of the Bonds if the Bonds had not been issued and the Bonds will not be outstanding longer than is reasonably necessary to accomplish the governmental purposes of the Bonds. As shown in the Exhibit hereto entitled "Average Maturity Test," the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project.

707. No Abusive Arbitrage Device. The Issuer certifies that the Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations thereunder, (a) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (b) increasing the burden on the market for tax-exempt obligations. Specifically, the Proceeds do not exceed the amount necessary to accomplish the governmental purposes of the Bonds or constitute "excess gross proceeds," as set forth in this Article; the Bonds are not issued earlier than necessary, as evidenced by the qualification of the Bonds for the initial temporary period described below; and the Bonds will not be outstanding longer than necessary, as evidenced by the compliance of the Bonds with the "Overissuance" and "No Replacement" tests above.

708. No Intent to Redeem Prior to Maturity. The Issuer has no present expectation that it will receive or provide amounts to be used for the redemption of Bonds prior to maturity, other than pursuant to mandatory sinking fund installments, if any.

ARTICLE VIII

Investment of Gross Proceeds

801. General Yield Restriction. The Issuer will not invest any amounts constituting Gross Proceeds of the Bonds in investments having a Yield in excess of the Bond Yield, except as otherwise expressly permitted below. Notwithstanding the preceding sentence, the restrictions on investment yield contained in the following paragraphs of this Article may be disregarded with respect to any amounts if, in the opinion of Bond Counsel, the provisions of Section 1.148-5(c) of the Regulations, relating to yield reduction payments to the United States, apply to such amounts and such payments are actually made in the amounts and at the times required by the Regulations.

802. Accrued Interest. The Bonds were sold without accrued interest.

803. Costs of Issuance. Proceeds of the Bonds applied to pay costs of issuance of the Bonds will be invested for a temporary period without restriction as to Yield pursuant to Section 148(c) of the Code and Section 1.148-2(e)(2) of the Regulations, since such amounts will be spent for their intended purpose not more than 13 months after their date of receipt.

804. Debt Service Fund. Amounts deposited in the Debt Service Fund will be invested for a temporary period without restriction as to Yield pursuant to Section 148(c) of the Code and Section 1.148-2(e)(5)(ii) of the Regulations.

805. Bond Proceeds Fund. Prior to the date that is three years from the date hereof, Proceeds on deposit in the Bond Proceeds Fund will be invested for a temporary period without restriction as to Yield pursuant to Section 148(c) of the Code and Section 1.148-2(e)(2) of the Regulations. Unless otherwise advised by Bond Counsel, on and after the date that is three years from the date hereof, the Issuer will invest any amounts remaining on deposit in the Bond Proceeds Fund in Tax-Exempt Bonds or, in the alternative, in Nonpurpose Investments having a Yield not in excess of 1/8 of 1% above the Bond Yield.

806. Investment Proceeds. Investment Proceeds of the Bonds will be invested without restriction as to Yield for a temporary period commencing upon the date of receipt thereof and ending one year thereafter pursuant to Section 148(c) of the Code and Section 1.148-2(e)(6) of the Regulations.

807. Universal Cap on Value of Nonpurpose Investments Allocated to the Bonds. The Issuer reasonably expects as of the date hereof that the universal cap under Section 1.148-6(b)(2) of the Regulations will not reduce the amount of Gross Proceeds allocable to the Bonds; therefore, the universal cap need not be applied on any date on which the Bonds have all of the following characteristics:

(a) no replacement proceeds are allocable to the Bonds, other than replacement proceeds in a *bona fide* debt service fund or a reasonably required reserve or replacement fund;

(b) the Net Sale Proceeds of the Bonds (i) qualify for one of the temporary periods available for capital projects, restricted working capital expenditures or pooled financings, and those Net Sale Proceeds are in fact allocated to expenditures prior to the expiration of the longest applicable temporary period, or (ii) are deposited in a refunding escrow and expended as originally expected;

(c) the Bonds do not refund a prior issue that, on any transfer date, has unspent proceeds allocable to it;

(d) none of the Bonds is retired prior to the date on which those Bonds are treated as retired in computing the Bond Yield; and

(e) no Proceeds are invested in qualified student loans or qualified mortgage loans.

808. Investments in Certain Federally Insured Accounts. Less than 5% of the proceeds of the Bonds will be invested in deposits or accounts that are insured by any federally chartered corporation such as the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any successor to any of the foregoing, disregarding for this purpose investments in a *bona fide* debt service fund; investments in a reasonably required reserve fund; investments in United States Treasury bonds; investments for an initial temporary period until needed for the purpose for which the Bonds were issued; investments in a refunding escrow; and other investments permitted under the Code or the Regulations.

809. Value of Nonpurpose Investments and Bonds. The value of all Nonpurpose Investments hereunder (*e.g.*, for purposes of computing transferred proceeds, the universal cap, the allocation of Commingled Funds, and the amount permitted to be invested as part of the Minor Portion or a reasonably required reserve or replacement fund) shall be determined in accordance with Section 1.148-5(d) of the Regulations. The value of the Bonds hereunder (*e.g.*, for purposes of the universal cap) shall be determined in accordance with Section 1.148-4(e) of the Regulations.

810. Fair Market Value.

(a) *In General.* Whenever the Issuer shall purchase or sell, or cause any party to purchase or sell, any Nonpurpose Investment, such purchase or sale shall be made only at the fair market value of such Nonpurpose Investment. Except as described below, the fair market value of a Nonpurpose Investment is the price determined by reference to an established securities market for the investment, as of the date on which a contract to purchase or sell the investment becomes binding, at which a willing buyer would purchase the investment from a willing seller in a *bona fide*, arm's length transaction. The price shall not be adjusted to take into account "administrative costs" of the investment (within the meaning of Section 1.148-5(e)(1) of the Regulations) except as permitted by Section 1.148-5(e)(2) of the Regulations. The fair market value of a United States Treasury obligation purchased directly from the United States Treasury is its purchase price.

(b) *Guaranteed Investment Contracts and Investments Purchased for a Yield Restricted Defeasance Escrow.* In the case of a Nonpurpose Investment (I) that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including an agreement to supply investments on two or more future dates, or (II) that will be deposited into a defeasance escrow that may not be invested at an unrestricted Yield, the fair market value is its purchase price if an employee or agent of the Issuer with responsibility for obtaining such investments delivers a certificate to the Issuer in substantially the form of the Exhibit hereto entitled "Form of Investment Certificate: Issuer Employee or Agent" and the provider of such investments delivers a certificate to the Issuer in substantially the form of the Exhibit hereto entitled "Form of Investment Certificate: Provider" and the Issuer shall have no reason to doubt the accuracy or completeness of such certificates. A broker's fee paid by the provider of such a Nonpurpose Investment is treated as additional investment Yield to the Issuer unless the per-investment and per-issue caps set forth in the Regulations are satisfied.

(c) *Certificates of Deposit.* In the case of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal, the fair market value of the certificate is its purchase price if the Yield on the certificate is not less than (i) the Yield on reasonably comparable direct obligations of the United States, and (ii) the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(d) *Commingled Funds.* Gross Proceeds of the Bonds may be invested in a Commingled Fund only if the Commingled Fund complies with the special accounting rules set forth at Section 1.148-6(e) of the Regulations. Generally, this requires that, not less frequently than as of the close of each fiscal period, all payments and receipts (including deemed payments and receipts) on investments held by a Commingled Fund must be allocated (but not necessarily distributed) among the different investors in the fund in accordance with a consistently applied, reasonable ratable allocation method. For this purpose, the term "investor" means each different source of funds invested in a Commingled Fund, and the term "fiscal period" means any consistent fiscal period adopted by the fund that does not exceed three months (such as a calendar year). Examples of reasonable ratable allocation methods include methods that allocate payments and receipts in proportion to either (A) the average daily balances of the amounts in the Commingled Fund from different investors during a fiscal period or (B) the average of the beginning and ending balances of the amounts in the Commingled Fund from different investors for a fiscal period that does not exceed one month.

In the case of a Commingled Fund in which the Issuer and any related party own more than 25% of the beneficial interests in the fund, unless the weighted average maturity of all investments held by the fund during a particular fiscal year does not exceed 18 months (and the only investments held by the Commingled Fund during that time are obligations), the Commingled Fund must mark-to-market all its investments either on the last day of each fiscal year or on the last day of each fiscal period and distribute the gains and losses so determined among the investors.

The mark-to-market requirement does not apply to a Commingled Fund that operates exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the Issuer. In such a case, investments held by the Commingled Fund must be allocated ratably among the issues served by the Commingled Fund in accordance with one of the following methods: (A) the relative values of the bonds of those issues; (B) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (C) the relative original stated principal amounts of the outstanding issues. An issuer must make any such required allocations at least every three years and as of each date that an issue first becomes secured by the commingled reserve. If relative original principal amounts are used to allocate, allocations must also be made on the retirement of any issue secured by the commingled reserve.

ARTICLE IX

Rebate of Excess Investment Earnings

901. Complete Records. The Issuer shall maintain complete records pertaining to all Funds and all transfers thereto, deposits therein, disbursements and transfers therefrom and earnings thereon, including the date, amount and source of each payment to, and the date, amount, purpose and payee of each payment from, each such Fund. With respect to each Nonpurpose Investment, the Issuer shall maintain a record of the Purchase Price, purchase date, type of security, accrued interest paid, interest rate, principal amount, date of maturity, interest payment date, date of liquidation and amount received upon liquidation. Such records and all Excess Earnings Reports filed with the Issuer shall be retained by the Issuer for at least five years following the payment and retirement of the Bonds.

902. Preparation of Excess Earnings Report. The Issuer, except as otherwise provided herein, shall cause a Rebate Expert to prepare, within 60 days following each Rebate Determination Date, an Excess Earnings Report containing substantially all of the information set forth in the Exhibit hereto entitled "Excess Earnings Report" with respect to the Bonds. Each Report shall be dated as of such Rebate Determination Date, and shall be numbered consecutively from "1" upward in chronological order.

903. Payments to United States.

(a) Except as otherwise provided herein, to the extent and at the time set forth on Line 3 and note 7 of any Excess Earnings Report, the Issuer shall make payment to the United States of any and all amounts due and owing to the United States. Each such payment to the United States shall be mailed by certified mail (return-receipt requested), postage prepaid, to the Internal Revenue Service, Ogden Submission Processing Center, Ogden, Utah 84201, and shall be accompanied by a completed and executed copy of Internal Revenue Service Form 8038-T.

(b) In addition, upon a Determination of Rebate Deficiency, the Issuer shall promptly pay to the United States an amount equal to the correct rebate amount plus interest and, if so required by the Internal Revenue Service, the applicable penalty.

904. Six-Month Exception. The reporting and payment provisions of this Article shall not be applicable to the Bonds, if all of the Adjusted Gross Proceeds of such Bonds are expended for the purposes for which such Bonds were issued, not including the redemption of such Bonds, no later than the date that is six months after the date hereof; provided, however, that (i) an amount equal to 5% of the Adjusted Gross Proceeds must be expended no later than the date that is one year after the date hereof; (ii) the reporting and payment provisions of this Article must be met for Gross Proceeds other than Adjusted Gross Proceeds and other than amounts on deposit in a *bona fide* debt service fund; and (iii) if any such Adjusted Gross Proceeds become available thereafter, the Issuer shall fully comply with the reporting and payment provisions of this Article with respect to such Adjusted Gross Proceeds.

905. Eighteen-Month Exception. The reporting and payment provisions of this Article shall not be applicable to the Bonds if all of the Adjusted Gross Proceeds of the

Bonds (including all anticipated earnings thereon) are allocated to expenditures for a governmental purpose of the Bonds (not including the redemption of Bonds) in accordance with the following schedule:

Number of Months After Date of Issuance	Percentage of Adjusted Gross Proceeds Expended
6	15% or more
12	60% or more
18	100%

In addition, the rebate requirement must be met for amounts not required to be spent in accordance with the 18-month schedule (other than earnings on a *bona fide* debt service fund).

The final spending requirement in the foregoing schedule shall be treated as having been met notwithstanding the fact that (a) an amount not exceeding 5% of the Net Sale Proceeds is withheld as a reasonable retainage if the reasonable retainage is allocated to expenditures within 30 months of the Date of Issuance and/or (b) an amount not exceeding the lesser of 3% of the Issue Price of the Bonds or $250,000 is not spent by the final deadline.

906. Twenty-Four Month Exception.

The reporting and payment provisions of this Article shall not be applicable to the Bonds if all of the Available Construction Proceeds are spent in the percentages set forth below for the purposes of the Bonds within the periods shown:

Number of Months After Date of Issuance	Percentage of Available Construction Proceeds Expended
6	10% or more
12	45% or more
18	75% or more
24	100%

The final spending requirement in the foregoing schedule shall be treated as having been met notwithstanding the fact that (a) an amount not exceeding 5% of the Available Construction Proceeds is withheld as a reasonable retainage (as defined in the Regulations) until no later than the date that is 36 months from the Date of Issuance and/or (b) an amount not exceeding the lesser of 3% of the Issue Price of the Bonds or $250,000 is not spent by the final deadline. Unless the Issuer has elected in the Exhibit hereto entitled "Rebate Elections" to satisfy the twenty-four month exception requirements on the basis of actual facts as they occur in the future, Available Construction Proceeds as of each six-month period will be computed using anticipated future earnings as of the date hereof. Regardless of the Issuer's election, Available Construction Proceeds as of the fourth six-month period will be computed using actual earnings. Notwithstanding the foregoing, the reporting and payment provisions of this Article must be met with respect to (i) Gross Proceeds other than Available Construction Proceeds and other than

amounts on deposit in a *bona fide* debt service fund and (ii) Available Construction Proceeds becoming available after the two-year period set forth above.

The Elections contained in the Exhibit hereto entitled "Rebate Elections" control for purposes of this Section.

907. Small Issuer Exception. The reporting and payment provisions of this Article are not expected to be applicable to the Bonds because:

(a) the Issuer is a governmental unit with general taxing powers (as defined in Section 1.148-8(b) of the Regulations);

(b) the Bonds do not include any private activity bonds;

(c) 95% or more of the Net Sale Proceeds are to be used for local governmental activities of the Issuer (or of a governmental unit contained within the Issuer); and

(d) the aggregate face amount (as defined in Section 1.148-8(c) of the Regulations) of all tax-exempt bonds (including the Bonds but excluding any private activity bonds and any current refunding bonds in an amount not exceeding the amount of the refunded bonds) issued and to be issued by the Issuer during the current calendar year is not reasonably expected to exceed $5,000,000.

For the purposes of this Section, references to the Issuer include entities that issue bonds on behalf of the Issuer as described in Section 148(f)(4)(D) of the Code and Section 1.148-8 of the Regulations, and Subordinate Entities.

IN WITNESS WHEREOF, the undersigned has signed this Certificate, this 7th day of November, 2018.

CITY OF NAPERVILLE

By: _____
Finance Director

SCHEDULE OF EXHIBITS

Average Maturity Test
Definitions
Description of Bonds
Description of Project
Excess Earnings Report
Form 8038-G
Form of Investment Certificate: Issuer Employee or Agent
Form of Investment Certificate: Provider
Private Activity Bond Tests
Projected Draw Down Schedules
Rebate Elections
Reimbursement Proceeds
Series 2018 Issue Price Certificate

AVERAGE MATURITY TEST

The weighted average maturity of the Bonds does not exceed 120% of the weighted average reasonably expected useful life of the Project because the weighted average maturity of the Bonds is 11.699 years and the weighted average reasonably expected useful life of the New Money Project is at least 15 years.

DEFINITIONS

"Adjusted Gross Proceeds" means Gross Proceeds less amounts (i) in a *bona fide* debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the Date of Issuance, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the six-month spending period described in Article IX of the Tax Compliance Certificate, or the 18-month spending period described in Article IX of the Tax Compliance Certificate, as appropriate, (iv) representing Sale or Investment Proceeds derived from payments under any "purpose investment" (as defined in the Regulations) allocated to the Bonds, and (v) representing payments of "grants" (as defined in the Regulations) financed by the Bonds.

"Agreement" and "Counterparty" have the meanings specified in Article VI of the Tax Compliance Certificate.

"AMT Bond" means a specified private activity bond described in Section 57(a)(5)(c) of the Code.

"Available Construction Proceeds" means Proceeds in the amount set forth in Election 1 of the Exhibit to the Tax Compliance Certificate entitled "Rebate Elections."

"Bond Counsel" means Katten Muchin Rosenman LLP or, for determinations after the Date of Issuance, any counsel of nationally recognized standing in matters pertaining to tax-exempt bonds.

"Bond Ordinance" has the meaning specified in the Exhibit to the Tax Compliance Certificate entitled "Description of Bonds."

"Bond Purchaser" means Northland Securities, Inc., as purchaser of the Bonds.

"Bond Year" means (unless the Issuer elects otherwise under the Regulations) the initial period beginning on the Date of Issuance and ending on December 1, 2018, and thereafter each one year period ending on December 1 or, if earlier, the day on which all outstanding Bonds are retired.

"Bond Yield" means the composite yield on the Bonds calculated in accordance with Regulations Section 1.148-4.

"Bonds" has the meaning specified in the preamble to the Tax Compliance Certificate.

"Code" means the Internal Revenue Code of 1986 as in effect on the Date of Issuance.

"Commingled Fund" means any fund or account if (i) the fund or account contains both Gross Proceeds of the Bonds and amounts in excess of $25,000 that are not Gross Proceeds of the Bonds, and (ii) amounts in the fund or account are invested collectively without

regard to the source of funds deposited in the fund or account. For this purpose, an open-end regulated investment company (as defined in Section 851 of the Code) is not a Commingled Fund.

"Controlled Group" means a group of entities controlled directly or indirectly by the same entity or group of entities if the controlling entity possesses:

(i) the right or power both to approve and to remove without cause a controlling portion of the governing body of the controlled group; or

(ii) the right or power to require the use of funds or assets of the controlled entity for any purpose of the controlling entity.

An entity is not a controlled entity if it possesses substantial taxing, eminent domain and police powers.

"Current Law Expenditures" has the meaning set forth in the Exhibit to the Tax Compliance Certificate entitled "Reimbursement Proceeds."

"Date of Issuance" means November 7, 2018.

"*De Minimis* Expenditures" has the meaning set forth in the Exhibit to the Tax Compliance Certificate entitled "Reimbursement Proceeds."

"Determination of Rebate Deficiency" means a judgment or order of a court of competent jurisdiction, or a final ruling, technical advice or decision of the Internal Revenue Service, or a written opinion of Bond Counsel to the effect that insufficient amounts have been paid to the United States under Section 148(f) of the Code and stating the amount of the deficiency (including interest and penalties) then due. For purposes of this definition, a ruling or decision of the Internal Revenue Service shall be considered final if no appeal or action for a judicial review has been filed and the time for filing of such appeal has expired.

"Expenditures" has the meaning set forth in the Exhibit to the Tax Compliance Certificate entitled "Reimbursement Proceeds."

"Forward Sale Agreement" has the meaning specified in Article VIII of the Tax Compliance Certificate.

"Funds" means the funds and accounts identified in Article V of the Tax Compliance Certificate to the extent allocable to the Bonds.

"Gross Proceeds" means: (a) Proceeds; (b) amounts held from time to time in any of the Funds, including Investment Proceeds derived therefrom; and (c) "replacement proceeds" within the meaning of Section 1.148-1(c) of the Regulations.

"Investment Proceeds" generally means amounts actually or constructively received from investing the Proceeds of the Bonds and from reinvesting any such earnings.

"Investment Property" means any security, obligation, annuity contract, or investment-type property, including certain prepayments and hedges containing a significant investment element (as provided in Section 1.148-1(e) of the Regulations), that is held principally as a passive vehicle for the production of income, other than any Tax-Exempt Bond.

"Issuance Costs" has the meaning specified in Article II of the Tax Compliance Certificate.

"Issue Price" means the offering price computed as described in Regulations Section 1.148-1(f).

"Minor Portion" has the meaning specified in Article VII of the Tax Compliance Certificate.

"Net Sale Proceeds" means Sale Proceeds, less the amount of Sale Proceeds invested in a reasonably required reserve or replacement fund or as part of a Minor Portion.

"New Money Deposit" has the meaning specified in Article II of the Tax Compliance Certificate.

"New Money Project" has the meaning set forth in the Exhibit to the Tax Compliance Certificate entitled "Description of Project."

"Nongovernmental Person" means any individual or entity other than a state or local governmental unit.

"Nonpurpose Investment" means any Investment Property other than a "purpose investment" (as defined in the Regulations) acquired with Gross Proceeds of the Bonds.

"Preliminary Expenditures" has the meaning set forth in the Exhibit entitled "Reimbursement Proceeds."

"Proceeds" means, generally, Sale Proceeds, Investment Proceeds and transferred proceeds (as defined in Regulations Section 1.148-9); as used in Article IV of the Tax Compliance Certificate, "proceeds" has the meaning set forth in the Exhibit referred to in Article IV.

"Project" has the meaning set forth in the Exhibit to the Tax Compliance Certificate entitled "Description of Project."

"Purchase Price" means the fair market value of a Nonpurpose Investment on the date it is purchased, or, if later, the date on which the Nonpurpose Investment is allocated to the Bonds, regardless of the amount actually paid for such Nonpurpose Investment, without taking into account fees and commissions paid in connection with the acquisition of such Nonpurpose Investment except as permitted under Section 1.148-5(d) of the Regulations.

"Rebate Determination Date" means each of the following dates: (a) every fifth anniversary of the Date of Issuance (or such earlier date as the Issuer may elect in accordance

with the Regulations); and (b) the earlier of the scheduled final maturity date of the Bonds or any date prior thereto on which all outstanding Bonds are paid and retired.

"Rebate Expert" means any person or firm expert in making the computations required under Section 148(f) of the Code selected by the Issuer.

"Regulations" means the final, temporary and proposed regulations promulgated by the United States Treasury Department and in effect on the Date of Issuance with respect to the provisions of the Code.

"Sale Proceeds" means (i) any amounts actually or constructively received from the sale of the Bonds, including amounts used to pay underwriters' discount or compensation but excluding accrued interest that is to be paid within one year of the Date of Issuance, (ii) amounts derived (on or after the date hereof) from the sale of a right that is associated with the Bonds (such as the Issuer's right to prepay the Bonds) and (iii) in the case of a hedge allocated to the Bonds that is intended to be terminated on the Date of Issuance, the amount paid (or deemed to be paid) by the Issuer in connection with such termination is a reduction in the amount of Sale Proceeds and the amount received (or deemed to be received) by the Issuer in connection with such termination is an addition to the amount of Sale Proceeds, as determined under Section 1.148-4(h)(5)(ii) of the Regulations.

"Subordinate Entity" means an entity that is directly or indirectly controlled by the Issuer in the manner described under the definition of "Controlled Group" above.

"Tax-Exempt Bonds" means (i) any obligation, the interest on which is excludable from the gross income of the owner thereof for Federal income tax purposes, other than an AMT Bond, (ii) a certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR Part 344, and (iii) an interest in a regulated investment company to the extent that at least 95% of the income to the holder of the interest is interest on one or more obligations described in clause (i).

"Underwriter's Discount" has the meaning specified in Article II of the Tax Compliance Certificate.

"Value" has the meaning specified in Section 809 of the Tax Compliance Certificate.

"Yield" means, with respect to the Bonds, the Bond Yield and, with respect to any other obligation or Investment Property, the yield calculated in accordance with Regulations Section 1.148-5(b).

DESCRIPTION OF BONDS

SCHEDULE A

CITY OF NAPERVILLE, ILLINOIS
$4,640,000 General Obligation Bonds, Series 2018

Authorization: Section 6 of Article VII of the Illinois Constitution of 1970; the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance").

Form: Fully registered bonds in the denominations of $5,000 and any integral multiple thereof. Deposited into the book-entry only system of The Depository Trust Company.

Date: Dated as of November 7, 2018.

Record Dates: The 15th day of the calendar month next preceding the applicable interest payment date.

Interest Payment Dates: June 1, 2019 and semiannually thereafter on each June 1 and December 1.

Maturities and Interest Rates: The Bonds mature on December 1 in each of the following years in the respective principal amount and bear interest at the respective interest rate set opposite each such year in the following table:

Year	Principal Amount	Interest Rate
2019	$200,000	5.000%
2020	135,000	5.000
2021	135,000	5.000
2022	190,000	5.000
2023	175,000	5.000
2024	180,000	5.000
2025	190,000	5.000
2026	300,000	5.000
2027	150,000	3.125
2028	220,000	3.125
2029	330,000	4.000
2030	160,000	4.000
2031	245,000	4.000
2032	255,000	4.000
2033	265,000	4.000
2034	280,000	4.000
2035	290,000	4.000
2036	300,000	4.000
2037	315,000	4.000
2038	325,000	4.000

Optional Redemption: The Bonds maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City, from such maturities as the City shall select and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

DESCRIPTION OF PROJECT

"Project" or "New Money Project" means the following capital improvements:

Project	Estimated Cost
E-Government Initiatives Upgrade and replace the current technology infrastructure and expand the City' technology resources. Software projects include the implementation of a new Enterprise Resource Planning (ERP) system; upgrades to the current work order, document management, and internal communication systems. Hardware projects include citywide phone replacements, wireless network upgrades, server upgrades, conference room updates, and network switch replacements.	**$1,856,260**
Building Improvements and Upgrades Replace, upgrade, and modify buildings and building components throughout the City. Projects include renovations and upgrades of the police departments lab, training facilities, front lobby, and building automation; replacement of the fire department station alerting system, overhead doors, and exhaust systems; and the proactive preservation of municipal roofs, building security, parking areas, and other building components.	**$1,519,000**
Stormwater Infrastructure Improvements Manage localized stormwater projects throughout the community and include the installation of new storm sewer sections; dam reconstructions; the replacement of deteriorated storm sewer sections; culvert replacements; and citywide drainage improvement projects.	**$771,000**
Traffic Infrastructure Improvements Projects include engineering and construction work for bridge expansion and rehabilitation; street reconstruction and expansion; street lighting upgrades and improvements; pedestrian improvements; intersection alignments; and the installation of new traffic signals.	**$2,426,000**
Annual Tree Planting Program	**$37,500**
City-wide LED Street Lighting Conversion	**$500,000**

EXCESS EARNINGS REPORT

Report No. _____ Rebate Determination Date (1): _____, ____

1. Bond Yield (2): _____%

2. Net Excess Earnings by Fund:

Fund	Future Value of Nonpurpose Receipts (3)	Future Value of Nonpurpose Payments (4)	Net Excess Earnings (5)
Debt Service (6)	$	$	$
Bond Proceeds			
TOTAL	$	$	$

3. Rebate Amount (7) $_____

Notes and Instructions

1. "Rebate Determination Date" means each of the following dates: (a) every fifth anniversary of the Date of Issuance (or such earlier date as the Issuer may elect in accordance with the Regulations); and (b) the earlier of the scheduled final maturity date of the Bonds or any date prior thereto on which all outstanding Bonds are paid and retired.

2. The Bond Yield shall be computed (and modified after the Date of Issuance, if necessary) in accordance with Regulations Section 1.148-4.

3. "Future Value of Nonpurpose Receipts" means, in general terms, the future value, as of the Rebate Determination Date, of all amounts received on or before the Rebate Determination Date with respect to Nonpurpose Investments allocated to the Bonds. All calculations necessary to determine the Future Value of Nonpurpose Receipts shall be made in compliance with the rules set forth in Regulations Section 1.148-3 and the Regulations cited therein.

4. "Future Value of Nonpurpose Payments" means, in general terms, the future value, as of the Rebate Determination Date, of all amounts paid on or before the Rebate Determination Date with respect to Nonpurpose Investments allocated to the Bonds, including computation credits, if any. All calculations necessary to determine the Future Value of Nonpurpose Payments shall be made in compliance with the rules set forth in Regulations Section 1.148-3 and the Regulations cited therein.

5. Calculate the difference between Future Value of Nonpurpose Receipts and Future Value of Nonpurpose Payments for each Fund. Net Excess Earnings for any Fund may be a negative number.

6. Future Values of Nonpurpose Receipts and Payments allocable to any *bona fide* debt service fund are not to be taken into account in computing the amount due to the United States.

7. On or before the 60th day following each Rebate Determination Date other than the final Rebate Determination Date, an amount not less than 90% of the amount set forth in Line 3 must be remitted to the Internal Revenue Service. In addition, on or before the 60th day following the final Rebate Determination Date, 100% of such amount must be remitted to the Internal Revenue Service. For mailing instructions, *see* the Tax Compliance Certificate relating to the Bonds.

FORM 8038-G

Form **8038-G** (Rev. September 2018)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bonds

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*
▶ Go to *www.irs.gov/F8038G* for instructions and the latest information.

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name
City of Naperville

2 Issuer's employer identification number (EIN)
36-6006013

3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)

3b Telephone number of other person shown on 3a

4 Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
40 South Eagle Street

5 Report number *(For IRS Use Only)*
3

6 City, town, or post office, state, and ZIP code
Naperville, Illinois 60540

7 Date of issue
November 7, 2018

8 Name of issue
General Obligation Bonds, Series 2018

9 CUSIP number
630412 YW8

10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)
Rachel Mayer, Finance Director

10b Telephone number of officer or other employee shown on 10a
630-420-6052

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	
14	Public safety	14	
15	Environment (including sewage bonds)	15	
16	Housing	16	
17	Utilities	17	
18	Other. Describe ▶ Public Buildings, Equipment, Infrastructure	18	4,900,906
19a	If bonds are TANs or RANs, check only box 19a ▶ ☐		
b	If bonds are BANs, check only box 19b ▶ ☐		
20	If bonds are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12/01/2038	$ 4,900,906	$ 4,640,000	11.699 years	3.2442 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	4,900,906
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	110,906		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	-0-		
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	-0-		
28	Proceeds used to refund prior taxable bonds. Complete Part V	28	-0-		
29	Total (add lines 24 through 28)			29	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	4,790,000

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded ▶	years
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded ▶	years
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY) ▶	
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 63773S Form **8038-G** (Rev. 9-2018)

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a		
b	Enter the final maturity date of the GIC ▶ (MM/DD/YYYY)			
c	Enter the name of the GIC provider ▶			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool bond ▶ (MM/DD/YYYY)

c Enter the EIN of the issuer of the master pool bond ▶

d Enter the name of the issuer of the master pool bond ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☑ and enter the amount of reimbursement ▶ 3,083,826

b Enter the date the official intent was adopted ▶ (MM/DD/YYYY) 01/17/2018

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative — Date

Rachel Mayer, Finance Director
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Lewis Greenbaum				P01065342

Firm's name ▶ Katten Muchin Rosenman LLP — Firm's EIN ▶ 36 2796532

Firm's address ▶ 525 West Monroe Street, Chicago, IL 60661-3693 — Phone no. (312) 902-5200

FORM OF INVESTMENT CERTIFICATE: ISSUER EMPLOYEE OR AGENT

For purposes of this Certificate, the following terms have the meanings specified:

Bonds: _____

_____

Investment: _____

_____

Issuer: _____

_____

The undersigned hereby certifies as follows:

(A) On behalf of the Issuer, the undersigned made a *bona fide* solicitation for the purchase of the Investment that satisfies all of the following requirements:

(1) The bid specifications were in writing and were timely forwarded to potential providers.

(2) The bid specifications included all material terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Investment.

(3) The bid specifications included a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements of paragraph (B) below.

(4) The terms of the bid specifications are commercially reasonable. A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the Investment. [Add for solicitations of investments for a yield restricted defeasance escrow]: For example, the hold firm period is no longer than the Issuer reasonably requires.

(5) [For purchases of guaranteed investment contracts only]: The terms of the solicitation take into account the Issuer's reasonably expected deposit and drawdown schedule for the amounts to be invested.

(6) All potential providers had an equal opportunity to bid. For example, no potential provider was given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.

(7) At least three reasonably competitive providers were solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(B) The bids received by us meet all of the following requirements:

(1) We received at least three bids from providers that we solicited under a *bona fide* solicitation meeting the requirements of paragraph (A) above and that do not have a material financial interest in the Bonds. A lead underwriter (if the Bonds are sold in a negotiated underwriting transaction) is deemed to have a material financial interest in the Bonds until 15 days after the date of issuance thereof. In addition, any entity acting as a financial advisor with respect to the purchase of the Investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the Bonds. A provider that is a related party to a provider that has a material financial interest in the Bonds is deemed to have a material financial interest in the Bonds.

(2) At least one of the three bids described in the preceding paragraph is from a reasonably competitive provider, within the meaning of paragraph (A)(7) above.

(3) We did not bid to provide the Investment.

(C) The winning bid meets the following requirements:

[Alternative (a) -- Guaranteed investment contracts:] it is the highest yielding *bona fide* bid (determined net of any broker's fees).

[Alternative (b) -- Other investments:]

(1) The winning bid is the lowest cost *bona fide* bid (including any broker's fees). The lowest cost bid is either the lowest cost bid for the portfolio or the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the Issuer from a provider at the time a guaranteed investment contract is purchased (*e.g.*, an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting the requirements of the Arbitrage Regulations is taken into account in determining the lowest cost bid.

(2) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities was determined at the time that bids were required to be submitted pursuant to the terms of the bid specifications. Note: [This paragraph may be omitted if SLGS are not available on the date of the bid deadline; see Regs. §1.148-5/d/6/iii/C/2/iii.]

(D) Attached to this Certificate are copies of the following:

(1) [For guaranteed investment contracts:] The contract. [For other Investments:] The purchase agreement or confirmation.

(2) The receipt for the amount actually paid by the Issuer, including a record of any administrative costs (such as our fees) paid by the Issuer.

(3) A chart showing for each bid received: the name of the person and entity submitting the bid, the time and date of the bid and the bid results.

(4) The bid solicitation form, including a statement explaining any deviation by the Investment from the form. [See Regs. §1.148-5/d/6/iii/E/4 if there is any deviation from the form.]

(5) [For an escrow portfolio:] An analysis showing the cost of the most efficient SLGS portfolio as of the deadline for submitting bids under the bid solicitation.

Dated: _____

[ISSUER/AGENT]

By _____
Its_____

FORM OF INVESTMENT CERTIFICATE: PROVIDER

For purposes of this Certificate, the following terms have the meanings specified:

Bonds: _____
_____

Investment: _____
_____

Issuer: _____
_____

The undersigned is providing the Investment to the Issuer with respect to the Bonds following submission of our bid in response to a written solicitation received by us relating to the Investment.

In connection with our bid to provide the Investment, we certify that we did not consult with any other potential provider about its bid, our bid was determined without regard to any other formal or informal agreement that we may have with the Issuer or any other person (whether or not in connection with the Bonds), and the bid was not submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements of the arbitrage regulations.

We further certify that the administrative costs paid or expected to be paid by us to third parties in connection with supplying the Investment are as follows:

Amount	Payee

[We further certify that we do not have a material financial interest in the Bonds and we are not a related party to any entity with such an interest (*e.g.*, the lead underwriter for the Bonds until 15 days after the date of issuance thereof or a financial advisor with respect to the purchase of the Investment).]

Include the preceding paragraph unless the high bidder is the lead underwriter for the issue and there are three qualifying bids for the investment from non-related entities.

Finally, we acknowledge receipt on this date of $_____ as the purchase price for the Investment.

Dated: _____

[PROVIDER]

By _____
Its_____

PRIVATE ACTIVITY BOND TESTS

The following rules govern for purposes of applying the Private Activity Bond Tests in Article IV of the Tax Compliance Certificate; a more complete statement of the rules is contained in Treasury Regulations Sections 1.141-0 through 1.141-15 and IRS Revenue Procedures 2017-13 and 2007-47, as appropriate:

A. General Rules

1. The Bonds may become a taxable issue of "private activity bonds" if more than 10% (5% under the circumstances described below) of the Proceeds (as defined in the next paragraph) are used directly or indirectly in the trade or business of any Nongovernmental Person (see "Private Business Use Test" below) *and* more than 10% (5% under the circumstances described below) of the principal or interest on the Bonds is (a) secured directly or indirectly by any interest in or payment in respect of the property or borrowed money used, or to be used, in such nongovernmental trade or business, *or* (b) to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use (see "Private Security or Payment Test" below). In addition, the Bonds may become a taxable issue of private activity bonds if more than 5% (or, if lower, $5,000,000) of the Proceeds are used (a) to make loans to Nongovernmental Persons (see "Private Loan Financing Test" below) *or* (b) to acquire nongovernmental output property (see "Nongovernmental Output Property" below). Finally, in most cases no more than $15,000,000 of the Proceeds (including the Proceeds of outstanding bonds used for the same facility, in the case of output facilities), may be allocated to costs that satisfy the Private Business Use Test and the Private Security or Payment Test, regardless of whether such amount exceeds the other limits described in this paragraph.

2. "Proceeds" refers to the sum of: (a) Sale Proceeds, other than those Sale Proceeds used to retire Bonds and that are not deposited in a reasonably required reserve or replacement fund, and (b) Investment Proceeds that accrue during the period beginning on the Date of Issuance and ending (generally) on the date that the Project has been placed in service, and (c) amounts (including property, such as an agreement to provide services) derived from the sale, exchange or other disposition of all or part of the Project ("Disposition Proceeds") and (d) unless otherwise advised by Bond Counsel, amounts of the Issuer (other than sinking funds or pledged funds) that have a sufficiently direct nexus to the Bonds or to the Project to conclude that the amounts would have been used for the Project if the Proceeds were not, or were not to be, so used, within the meaning of Regs. §1.148-1(c) ("Replacement Proceeds").

3. Whenever the Issuer states that it "reasonably expects" or "expects" something to occur or not to occur, the statement refers to the Issuer's reasonable expectations concerning events and actions over the entire stated term of the Bonds; provided, however, that an event or action is disregarded if: (a) the Bonds are subject to

mandatory redemption within six months of the date of such event or action and the other conditions set forth in Regs. §1.141-2(d)(2)(ii) are satisfied, or (b) the Project consists, in whole or in part, of personal property (such as police cars), which is disposed of in the ordinary course of an established governmental program, and the other conditions set forth in Regs. §1.141-2(d)(4) are satisfied, or (c) the Bonds constitute an issue of general obligation bonds of a general purpose governmental unit that finances at least 25 separate purposes and does not predominantly finance fewer than four separate purposes, and the other conditions set forth in Regs. §1.141-2(d)(5) are satisfied. If an unexpected event or action that would cause the Bonds to become private activity bonds occurs during the term of the Bonds, interest on the Bonds may become taxable unless an appropriate remedial action under Regs. §1.141-12 is taken.

4. All governmental units and 501(c)(3) Organizations that are members of the same Controlled Group are treated as one person and all persons and entities other than governmental units and 501(c)(3) Organizations that are related within the meaning of Section 144(a)(3) of the Code are treated as one person.

B. Private Business Use Test

1. Any activity carried on by a Nongovernmental Person that is not a natural person, and any trade or business activity carried on by any person, is treated as private business use.

2. Any use of the Project pursuant to a special legal entitlement conferred on a Nongovernmental Person, such as an ownership interest, a lease, a management or incentive payment contract (except as provided in paragraph 8 below), certain research agreements or a take or pay or other output-type contract, is a private business use.

3. If the Project is not available for use by the general public, private business use may be established solely on the basis of a special economic benefit conferred on one or more Nongovernmental Persons, even if those Nongovernmental Persons have no special legal entitlements to use of the Project.

4. Use by an agent of the Issuer, use incidental to certain financing arrangements, use pursuant to a contract encompassing fewer than 200 days, temporary use by a developer, certain incidental uses (such as telephone booths) and certain qualified improvements are not treated as private business use if the conditions set forth in Regs. §1.141-3(d) are satisfied.

5. The amount of private business use (other than ownership) of the New Money Project is equal to the average annual private business use of the New Money Project during the period beginning on the later of the Date of Issuance or the date the New Money Project is placed in service, and ending on the earlier of the last date of the reasonably expected economic life of the New Money Project or the latest maturity date (or mandatory redemption date) of the Bonds; the amount of

private business use resulting from ownership of a portion of the New Money Project by a Nongovernmental Person is the greatest percentage of such ownership in any one-year period.

6. Proceeds that are used to pay costs of issuance, invested in a reserve or replacement fund or paid as fees for a qualified guarantee or a qualified hedge must be allocated ratably among the other purposes for which the Proceeds are used.

7. The 10% allowance for private business use and private security or payment (see Section C) is reduced to 5% if the private business use is not related and proportionate to the governmental use. In order to be related, a facility that is used for a private business use must generally be related functionally to, and located within or adjacent to, the governmentally used facility. In order to be proportionate, the amount of Proceeds used for the private business use may not exceed the amount of Proceeds used for the related governmental use.

8. The participation of the Issuer in the Shared Savings Program under the Patient Protection and Affordable Care Act through an accountable care organization ("ACO") in itself will not result in private business use if all of the following conditions are met:

- The terms of the Issuer's participation (including its share of Shared Savings Program payments or losses and expenses) are set forth in advance in a written agreement negotiated at arm's length.

- The Centers for Medicare and Medicaid Services ("CMS") has accepted the ACO into, and has not terminated the ACO from, the Shared Savings Program.

- The Issuer's share of economic benefits derived from the ACO (including its share of Shared Savings Program payments) is proportional to the benefits or contributions the Issuer provides to the ACO. If the Issuer receives an ownership interest in the ACO, the ownership interest received is proportional and equal in value to its capital contributions to the ACO and all ACO returns of capital, allocations, and distributions are made in proportion to ownership interests.

- The Issuer's share of the ACO's losses (including its share of Shared Savings Program losses) does not exceed the share of ACO economic benefits to which the Issuer is entitled.

- All contracts and transactions entered into by the Issuer with the ACO and the ACO's participants, and by the ACO with the ACO's participants and any other parties, are at fair market value.

- The Issuer does not contribute or otherwise transfer the property financed with tax-exempt bonds to the ACO unless the ACO is an entity that is a governmental person.

9. A management, service or incentive payment contract with a Nongovernmental Person with respect to a bond-financed facility gives rise to private business use unless, generally, the following requirements are followed, each as defined and interpreted more fully in IRS Revenue Procedure 2017-13:

(a) The payments to the service provider under the contract represents reasonable compensation for services rendered during the term of the contract which may include reimbursement of actual and direct expenses paid by the service provider and related administrative overhead expenses of the service provider;

(b) The contract does not provide a share of net profits (or a compensation methodology which is based upon both revenues and expenses (other than reimbursements)) from the operation of the managed property; provided, however, that permitted arrangements include reimbursements and any combination of capitation fees, periodic fixed fees and per-unit fees and incentive compensation which satisfies the requirements of IRS Revenue Procedure 2017-13;

(c) The contract does not, in substance, impose upon the service provider the burden of bearing any share of net losses from the operation of the managed property; however, such an arrangement is permitted if the compensation is payable at least annually; the Issuer is subject to reasonable consequences for late payment, such as reasonable interest charges or late payment fees; and the Issuer will pay such deferred compensation (with interest or late payment fees) no later than the end of five years after the original due date of the payment;

(d) The term of the contract, including all renewal options that are not cancelable by the Issuer is not greater than the lesser of 30 years or 80 percent of the weighted average reasonably expected economic life of the managed property;

(e) The Issuer exercises a significant degree of control over the use of the managed property, for example, by having to approve the annual budget, rates and charges and capital expenditures for, and the disposition, nature and type of use of, the managed property;

(f) The Issuer bears risk of loss upon damage or destruction of the managed property (subject to insurance or penalties for the service provider's failure to operate the managed property in accordance with the standards set forth in the contract);

(g) The service provider has agreed that it is not entitled to and will not take any tax position that is inconsistent with being a service provider to the Issuer with respect to the managed property, including, for example, an agreement not to claim any depreciation or amortization deduction, investment tax credit, or deduction for any payment as rent with respect to the managed property; and

(h) (i) no more than 20 percent of the voting power of the governing body of the Issuer is vested in the directors, officers, shareholders, partners, members, and employees of the service provider, in the aggregate; (ii) the governing body of the

Issuer does not include the chief executive officer of the service provider or the chairperson (or equivalent executive) of the service provider's governing body; and (iii) the chief executive officer of the service provider is not the chief executive officer of the Issuer or any of the Issuer's related parties (as defined in §1.150–1(b)).

C. Private Security or Payment Test

1. The security for, and payment of debt service on, the Bonds is determined from both the terms of the Bond documents and on the basis of any underlying arrangement between the Issuer and a Nongovernmental Person.

2. In determining whether the Bonds meet the Private Security or Payment Test, the present value (at the Bond Yield or, in the case of variable rate Bonds, at the initial rate on the Bonds) of the payments or property taken into account under Regs. §1.141-4(c) is compared to the present value of the debt service to be paid over the term of the Bonds, with the adjustments set forth in Regs. §1.141-4(b).

3. Generally applicable taxes are not treated as private business payments as long as such taxes are not in the nature of fees for goods or services, have a uniform tax rate that is applied to all persons of the same classification in the appropriate jurisdiction and have a generally applicable manner of determination and collection.

4. Private business payments and security are allocated among different sources of funding for the same project in accordance with the provisions of Regs. §1.141-4(c)(3).

D. Private Loan Financing Test

1. Any transaction that is generally characterized as a loan for federal income tax purposes is a loan for purposes of the Private Loan Financing Test. In addition, a loan may arise from the direct lending of Proceeds or may arise from transactions in which indirect benefits that are the economic equivalent of a loan are conveyed.

2. In determining whether the Proceeds are used to make or finance loans, indirect, as well as direct, use of the Proceeds is taken into account, without discounting the amount loaned to reflect the present value of the loan repayments.

3. Prepayments, grants and tax assessment loans are not treated as loans for purposes of the Private Loan Financing Test if the conditions in Regs. §1.141-5(c) and (d) are satisfied.

E. Nongovernmental Output Property

1. The limitation on using Proceeds for Nongovernmental Output Property applies generally to the acquisition of existing energy facilities from a Nongovernmental Person.

2. Certain limited exceptions to this rule apply where the Issuer has historically supplied energy in the same service area (including certain annexed areas) as that served by the facilities to be purchased.

PROJECTED DRAW DOWN SCHEDULES

PROJECT NAME	BORROWED	SPENT TO DATE	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	TOTAL SPEND
CE148 - Cityworks Service Request and Work Order Management System Enhancements	175,000	-	50,000	75,000	50,000	-	-	175,000
MB199 - Emergency Vehicle Exhaust System Replacement	185,000	185,886	-	-	-	-	-	185,886
LR076 - Security Cameras	190,000	99,148	90,852	-	-	-	-	190,000
TC217 - Centralized Traffic Management System	170,000	16,036	50,000	101,751	-	-	-	167,787
SW034 - Hobson Mill Drive Culvert Replacement	50,000	39,471	8,724	-	-	-	-	48,195
SC252 - Frontenac Road Extension	205,000	111,119	95,301	-	-	-	-	206,420
LR078 - Fire Station Alerting Systems(FSAS)	367,500	367,500	-	-	-	-	-	367,500
MB176 - Municipal Facilities Roof Replacement	325,000	321,429	3,900	-	-	-	-	325,329
TC218 - 95th Street and Knoch Knolls Road Traffic Signal	305,000	-	100,000	206,538	-	-	-	306,538
CE143 - OnBase and SharePoint Software Upgrade	62,500	-	31,250	31,250	-	-	-	62,500
MB209 - Roof Top Unit Replacement	25,000	25,000	-	-	-	-	-	25,000
PA020 - Annual Tree Planting Program	37,500	30,688	6,812	-	-	-	-	37,500
SW017 - Storm Sewer Lining Program	600,000	523,980	76,020	-	-	-	-	600,000
TC221 - Traffic Signal Equipment Replacement Program	40,000	31,831	8,169	-	-	-	-	40,000
MB145 - Flooring at Municipal Facilities	45,000	41,815	-	-	-	-	-	41,815
SW026 - Stormwater System Upgrade and Improvement Program	50,000	50,000	-	-	-	-	-	50,000
MB204 - ADA Transition Plan Improvements	22,500	21,568	-	-	-	-	-	21,568
SC253 - Ogden Avenue and Columbia Street Intersection Improvement	85,000	-	82,886	-	-	-	-	82,886
SL137 - Citywide LED Street Lighting Conversion	435,000	433,355	2,745	-	-	-	-	436,100
MB136 - Municipal Center Front Plaza and Parking Deck Repairs and Upgrades	295,000	-	293,758	-	-	-	-	293,758
CE159 - Fiber Cabling for the Police Department and Naper Settlement	70,000	70,000	-	-	-	-	-	70,000
CE125 - Enterprise Resource Planning (ERP) Software Migration	950,000	715,000	117,500	117,500	-	-	-	950,000
GRAND TOTAL	**$ 4,690,000**	**$ 3,083,826**	**$ 1,017,917**	**$ 532,039**	**$ 50,000**	**$ -**	**$ -**	**$ 4,683,782**

REBATE ELECTIONS

The following elections are made by the City of Naperville, Illinois (the "Issuer"), in connection with the issuance of its General Obligation Bonds, Series 2018 (the "Bonds"), pursuant to the provisions of Section 148(f)(4)(C) of the Internal Revenue Code of 1986 (the "Code") and the Regulations promulgated thereunder. This schedule of Rebate Elections comprises a portion of the books and records maintained by the Issuer with respect to the Bonds. Each election made herein is irrevocable, has the force and effect contemplated by the provision of the Code and Regulations cited, and is made as of the Date of Issuance. Capitalized terms used herein and not otherwise defined have the meanings specified in the Tax Compliance Certificate of the Issuer relating to the Bonds.

1. **Satisfaction of Construction Issue Tests on the Basis of Actual Facts.** To satisfy, on the basis of actual facts (as opposed to the Issuer's reasonable expectations as of the Date of Issuance), the requirement that at least 75% of the Available Construction Proceeds of the Bonds are spent for "construction expenditures" (as defined in the Regulations) with respect to property owned by a governmental unit, including all related provisions of the Regulations that would otherwise apply based on the Issuer's reasonable expectations, in accordance with Section 1.148-7(f)(2) of the Regulations.

Election 1: Yes ✓ No ____

2. **Earnings on a Reasonably Required Reserve or Replacement Fund.** To exclude from Available Construction Proceeds the earnings on any reasonably required reserve or replacement fund during the period beginning on the Date of Issuance and ending on the earlier of the date construction is "substantially completed" (within the meaning of the Regulations) or the date that is two years after the Date of Issuance, in accordance with Section 148(f)(4)(C)(vi)(IV) of the Code and Section 1.148-7(i)(2) of the Regulations.

Election 2: Yes ____ No ____ N/A ✓

3. **Separation of Construction Subissue.** To treat the Bonds (other than the refunding portion thereof, if any) as two separate subissues, in accordance with Section 148(f)(4)(C)(v) of the Code and Section 1.148-7(j) of the Regulations.

Election 3: Yes ____ No ✓

4. **Penalty in Lieu of Rebate.** The Issuer does not elect to pay a penalty to the United States in lieu of the obligation to pay arbitrage rebate on Available Construction Proceeds, in the event that the Issuer fails to satisfy the periodic spending requirements to qualify the Bonds for the 24-month exception, in accordance with Section 148(f)(4)(C)(vii) of the Code and Section 1.148-7(k) of the Regulations.

5. **Pooled Financing Bonds.** To determine the periods for the spending requirements applicable to each loan in the case of pooled financing bonds separately, beginning on the earlier of the date the loan is made or the date that is one year following the Date of

Issuance, in accordance with Section 148(f)(4)(C)(xi) of the Code and Section 1.148-7(b)(6)(ii) of the Regulations.

Election 5: Yes _____ No _____ N/A ✓

REIMBURSEMENT PROCEEDS

A. Expenditures

"Expenditures" are Current Law Expenditures, *De Minimis* Expenditures or Preliminary Expenditures (as defined below) that were paid prior to the Date of Issuance and will be financed with the proceeds of the Bonds. All Expenditures must satisfy the following requirements:

(a) the Expenditures are capital expenditures, costs of issuance, extraordinary, nonrecurring working capital costs that are not customarily payable from current revenues, grants, qualified student loans, qualified mortgage loans or qualified veterans' mortgage loans;

(b) the allocation of Proceeds to the Expenditures is not an abusive arbitrage device under Section 1.148-10 of the Regulations to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147 of the Code; and

(c) during the one-year period following an allocation of Proceeds to the Expenditures, the Issuer will not use funds corresponding to the proceeds of the reimbursement bond for which a reimbursement allocation was made in a manner that results in the creation of replacement proceeds (as defined in Section 1.148-1 of the Regulations) of any issue (*e.g.*, by creating a sinking fund for an issue).

B. Current Law Expenditures

"Current Law Expenditures" are Expenditures that satisfy the following requirements in addition to those in Paragraph A above:

(a) not later than 60 days after payment of any Current Law Expenditures, the Issuer adopted an official intent resolution for the Current Law Expenditures in a reasonable form generally describing the project for which the Current Law Expenditures were paid (or, by name and functional purpose, identifying the fund or account from which the Current Law Expenditures were originally paid) and stating the maximum principal amount of obligations expected to be issued for the New Money Project (copy attached);

(b) on the date of the Issuer's declaration of official intent, the Issuer had a reasonable expectation that it would reimburse the Current Law Expenditures with the Proceeds of the Capital Improvement Bonds; the official intent was not declared as a matter of course or in an amount substantially in excess of the amounts expected to be necessary for the New Money Project; and the Issuer has not established a pattern of failure to reimburse actual original expenditures covered by official intents (other than in extraordinary circumstances); and

(c) the date that Proceeds are allocated to the Expenditure is no later than 18 months after the later of (i) the date the Current Law Expenditures were originally paid,

or (ii) the date the portion of the New Money Project for which the Issuer is being reimbursed was placed in service or abandoned (but in no event more than three years after the Current Law Expenditures were originally paid).

C. *De Minimis* Expenditures

"*De Minimis* Expenditures" are Expenditures that constitute costs of issuance plus an amount not in excess of the lesser of $100,000 or 5% of the Proceeds of the Capital Improvement Bonds and that satisfy the requirements in Paragraph A above.

D. Preliminary Expenditures

"Preliminary Expenditures" are Expenditures that constitute costs for architectural, engineering, surveying or soil testing services, costs of issuing the reimbursement portion of the Bonds, or similar costs that were paid prior to commencement of construction, rehabilitation, or acquisition of the New Money Project (other than land acquisition, site preparation, and similar costs incident to commencement of construction), up to an amount equal to 20% of the Issue Price of the Bonds allocable to the related facility, and that satisfy the requirements in Paragraph A above.

RESOLUTION NO. 18 - 001

RESOLUTION OF THE CITY OF NAPERVILLE, ILLINOIS DECLARING ITS OFFICIAL INTENT TO REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM THE PROCEEDS OF FUTURE DEBT ISSUES

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF NAPERVILLE, DUPAGE AND WILL COUNTIES, ILLINOIS, in exercise of its home rule powers, as follows:

SECTION 1. The purpose of this resolution, is to satisfy the "Official Intent Requirement" of Treasury Regulations Section 1.150-2.

SECTION 2. The City of Naperville, Illinois (the "City") has determined to undertake the following capital improvement projects, at an estimated aggregate cost of $7,135,000 and to expend funds to pay costs of such capital improvement projects.

Project	Estimated Costs
E-Government Initiatives Upgrade and replace the current technology infrastructure and expand the City's technology resources. Software projects include implementation of a new Enterprise Resource Planning system; upgrades to the current work order system, and upgrade of the document management. Hardware projects include security cameras and the installation of fiber cabling between City facilities.	**$1,856,260**
Building Maintenance and Upgrade Programs Replace, upgrade and modify buildings and building components throughout the City. Projects include updating flooring at municipal facilities; upgrades to vehicle exhaust systems; upgrades to the Municipal Center front plaza; improvements related to the City's ADA plan; and preservation of municipal roofs, overhead doors parking areas, and other building components.	**$1,169,000**
Stormwater Management Programs Manage localized stormwater projects throughout the City including installation of new storm sewer sections; replacement of deteriorated storm sewer sections; culvert replacements; and citywide drainage improvement projects.	**$771,000**
Traffic Improvement Programs Projects include road construction and re-construction; bridge construction and rehabilitation; sidewalk and other pedestrian updates; and traffic signal replacement and construction.	**$2,426,000**

Project	Estimated Costs

Other Capital Investment Projects include urban forestry investment, conversion of Citywide streetlights to LED, and upgrades to the alerting systems and the City's fire stations.	**$912,740**

SECTION 3. The City reasonably expects to be reimbursed for such expenditures with proceeds of its debt. The maximum principal amount of debt expected to be issued for the reimbursement of such expenditures is $7,135,000.

SECTION 4. This declaration of official intent is consistent with the budgetary and financial circumstances of the City.

SECTION 5. A copy of this resolution shall be filed immediately in the office of the City Clerk and shall be made available for public inspection in the manner required by law.

SECTION 6. This resolution shall be operative and effective upon its passage.

PASSED this 16TH Day of January, 2018.

AYES: CHIRICO, ANDERSON, BRODHEAD, COYNE, GUSTIN, HINTERLONG, OBARSKI, WHITE

NAYS:

ABSENT: KRUMMEN

APPROVED this 17th day of January, 2018.

ATTEST:

Steve Chirico

Steve Chirico
Mayor

Pam Gallahue, Ph.D.
City Clerk

CITY OF NAPERVILLE ILLINOIS SEAL

SERIES 2018 ISSUE PRICE CERTIFICATE

$4,640,000
GENERAL OBLIGATION BONDS, SERIES 2018
OF THE CITY OF NAPERVILLE, ILLINOIS

SERIES 2018 ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Northland Securities, Inc. ("Winning Underwriter"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the City of Naperville, Illinois (the "Issuer").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Winning Underwriter are the prices listed in Schedule A attached hereto (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Winning Underwriter in formulating its bid to purchase the Bonds.

(b) Winning Underwriter was not given the opportunity to see other bids prior to submitting its bid but was able to see the ranking of its bid relative to other bids (*i.e.*, "Leader", "Cover", "3rd" *etc.*).

(c) The bid submitted by Winning Underwriter constituted firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates or credit terms, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means, in, the case of corporations, any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 22, 2018.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Winning Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate pertaining to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Katten Muchin Rosenman, LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

NORTHLAND SECURITIES, INC.

By: _____

Name: John Schumacher

Dated: November 7, 2018

SCHEDULE A

EXPECTED OFFERING PRICES

(Attached)

City of Naperville, DuPage and Will Counties, Illinois

General Obligation Bonds, Series 2018

Dated: November 7, 2018

FINAL

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		YTM	Call Date	Call Price	Dollar Price
12/01/2019	Serial Coupon	5.000%	2.380%	200,000.00	102.741%		-	-	-	205,482.00
12/01/2020	Serial Coupon	5.000%	2.540%	135,000.00	104.920%		-	-	-	141,642.00
12/01/2021	Serial Coupon	5.000%	2.600%	135,000.00	107.028%		-	-	-	144,487.80
12/01/2022	Serial Coupon	5.000%	2.690%	190,000.00	108.840%		-	-	-	206,796.00
12/01/2023	Serial Coupon	5.000%	2.770%	175,000.00	110.472%		-	-	-	193,326.00
12/01/2024	Serial Coupon	5.000%	2.860%	180,000.00	111.839%		-	-	-	201,310.20
12/01/2025	Serial Coupon	5.000%	2.950%	190,000.00	112.988%		-	-	-	214,677.20
12/01/2026	Serial Coupon	5.000%	3.040%	300,000.00	113.925%		-	-	-	341,775.00
12/01/2027	Serial Coupon	3.125%	3.130%	150,000.00	99.959%		-	-	-	149,938.50
12/01/2028	Serial Coupon	3.125%	3.210%	220,000.00	99.272%		-	-	-	218,398.40
12/01/2029	Serial Coupon	4.000%	3.000%	330,000.00	107.116%	c	3.230%	12/01/2026	100.000%	353,482.80
12/01/2030	Serial Coupon	4.000%	3.100%	160,000.00	106.378%	c	3.353%	12/01/2026	100.000%	170,204.80
12/01/2031	Serial Coupon	4.000%	3.200%	245,000.00	105.646%	c	3.459%	12/01/2026	100.000%	258,832.70
12/01/2032	Serial Coupon	4.000%	3.300%	255,000.00	104.920%	c	3.552%	12/01/2026	100.000%	267,546.00
12/01/2033	Serial Coupon	4.000%	3.400%	265,000.00	104.200%	c	3.635%	12/01/2026	100.000%	276,130.00
12/01/2034	Serial Coupon	4.000%	3.450%	280,000.00	103.842%	c	3.681%	12/01/2026	100.000%	290,757.60
12/01/2035	Serial Coupon	4.000%	3.500%	290,000.00	103.485%	c	3.722%	12/01/2026	100.000%	300,106.50
12/01/2036	Serial Coupon	4.000%	3.550%	300,000.00	103.130%	c	3.760%	12/01/2026	100.000%	309,390.00
12/01/2037	Serial Coupon	4.000%	3.600%	315,000.00	102.776%	c	3.794%	12/01/2026	100.000%	323,744.40
12/01/2038	Serial Coupon	4.000%	3.650%	325,000.00	102.424%	c	3.826%	12/01/2026	100.000%	332,878.00
Total		-	-	**$4,640,000.00**	-	-	-	-	-	**$4,900,905.90**

Bid Information

Par Amount of Bonds	$4,640,000.00
Reoffering Premium or (Discount)	260,905.90
Gross Production	$4,900,905.90
Total Underwriter's Discount (1.235%)	$(57,304.00)
Bid (104.388%)	4,843,601.90
Total Purchase Price	$4,843,601.90
Bond Year Dollars	$54,754.33
Average Life	11.801 Years
Average Coupon	4.07839569%
Net Interest Cost (NIC)	3.7065494%
True Interest Cost (TIC)	3.6142308%

$4,640,000
GENERAL OBLIGATION BONDS, SERIES 2018
OF THE CITY OF NAPERVILLE, ILLINOIS

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned, on behalf of Speer Financial, Inc. (the "Municipal Advisor"), as the municipal advisor to the City of Naperville, Illinois (the "Issuer") in connection with the issuance of the above-captioned obligations (the "Bonds"), has assisted the Issuer in soliciting and receiving bids from potential underwriters in connection with the sale of the Bonds in a competitive bidding process in which bids were requested for the purchase of the Bonds at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Bonds.

1. The Bonds were offered for sale at specified written terms more particularly described in the Notice of Sale, which was distributed to potential bidders, a copy of which is attached to this certificate as Attachment 1.

2. The Notice of Sale was disseminated electronically through SpeerAuction at www.speerauction.com. This method of distribution of the Notice of Sale is regularly used for purposes of disseminating notices of sale of new issuances of municipal bonds, and notices disseminated in such manner are widely available to potential bidders. In addition, the pending sale of the Bonds was listed in the "New Issues, Competitive Bond Offerings" section of The Bond Buyer published on October 15, 2018 and subsequent publication dates.

3. All bidders were offered an equal opportunity to bid to purchase the Bonds so that, for example, the bidding process afforded an opportunity for all bidders to see the ranking of their bid relative to other bids before providing a bid, and no bidder was given an opportunity to review other bids that was not equally given to all other bidders (that is, no exclusive "last-look").

4. The Issuer received bids from at least three bidders who represented that they have established industry reputations for underwriting new issuances of municipal bonds. Based upon the Municipal Advisor's knowledge and experience in acting as the municipal advisor for other municipal issues, the Municipal Advisor believes those representations to be accurate. Copies of the bids received are attached to this certificate as Attachment 2.

5. The winning bidder was Northland Securities, Inc. (the "Winning Underwriter"), whose firm offer was determined to be the best conforming bid (i.e., the highest price or lowest interest cost) in accordance with the terms set forth in the Notice of Sale, as shown in the bid comparison attached as Attachment 3 to this certificate. The Issuer awarded the Bonds to the Winning Underwriter.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Municipal Advisor's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information

will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate pertaining to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Katten Muchin Rosenman LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. No other persons may rely on the representations set forth in this certificate without the prior written consent of the Municipal Advisor.

SPEER FINANCIAL, INC.

By: _____

Name: Anthony Miceli

Dated: November 7, 2018

ATTACHMENT 1

NOTICE OF SALE

(Attached)

OFFICIAL NOTICE OF SALE

$4,690,000*
CITY OF NAPERVILLE
DuPage and Will Counties, Illinois
General Obligation Bonds, Series 2018
(OPEN SPEER AUCTION)

The City of Naperville, Illinois (the "City"), will receive electronic bids on the SpeerAuction *("SpeerAuction")* website address "www.SpeerAuction.com" for its $4,690,000* General Obligation Bonds, Series 2018 (the "Bonds"), on an all or none basis between 10:45 A.M. and 11:00 A.M., C.D.T., October 22, 2018. To bid, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City's sale (as described below). Award will be made or all bids rejected at a meeting of the City on that date. The City reserves the right to change the date or time for receipt of bids. Any such change shall be made not less than twenty-four (24) hours prior to the revised date and time for receipt of the bids for the Bonds and shall be communicated by publishing the changes in the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds are valid and legally binding general obligations of the City and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

Bidding Details

Bidders should be aware of the following bidding details associated with the sale of the Bonds.

(1) All bids must be submitted on the SpeerAuction website at www.SpeerAuction.com. **No telephone, telefax or personal delivery bids will be accepted.** The use of SpeerAuction shall be at the bidder's risk and expense and the City shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bid. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.

(2) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid the prior bid will remain valid.

(3) If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by SpeerAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.

(4) The last valid bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.

(5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd" etc.)

(6) On the Auction Page, bidders will be able to see whether a bid has been submitted.

Rules of SpeerAuction

Bidders must comply with the Rules of SpeerAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of SpeerAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

Establishment of Issue Price (10% Test May Apply if Competitive Sale Requirements are Not Satisfied)

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Katten Muchin Rosenman LLP ("Bond Counsel"). All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor and any notice or report to be provided to the City may be provided to Speer Financial, Inc., Chicago, Illinois (*"Speer"*).

**Subject to change.*

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

(1) the City shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
(2) all bidders shall have an equal opportunity to bid;
(3) the City may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
(4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. **The City will not require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, though the winning bidder may elect to apply the "hold the offering price rule" (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the "hold-the-offering-price rule" as described below, bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Bonds unless the winning bidder shall request that the "hold-the-offering-price rule" (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the "hold-the-offering-price rule" at or prior to the time the Bonds are awarded.

(i) If the winning bidder does not request that the "hold-the-offering-price rule" apply to determine the issue price of the Bonds, the following two paragraphs shall apply:

The City shall treat the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.

Until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the purchaser shall provide the City with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Bonds of such maturity.

(ii) If the winning bidder does request that the "hold-the-offering-price rule" apply to determine the issue price of the Bonds, the following three paragraphs shall apply:

The City may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the *"initial offering price"*), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth business day after the Sale Date; or

(2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price applicable to the Bonds.

(d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award.

(e) Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "Public" means any person other than an Underwriter or a Related Party,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

(iii) a purchaser of any of the Bonds is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "Sale Date" means the date that the Bonds are awarded by the City to the winning bidder.

Rules

(1) A bidder ("Bidder") submitting a winning bid ("Winning Bid") is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the City, as set forth in the related Official Notice of Sale. Winning Bids are not officially awarded to Winning Bidders until formally accepted by the City.

(2) Neither the City, Speer Financial, Inc., nor Grant Street Group (the "Auction Administrator") is responsible for technical difficulties that result in loss of Bidder's internet connection with SpeerAuction, slowness in transmission of bids, or other technical problems.

(3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the City exercises its right to reject bids, as set forth herein.

(4) Bids which generate error messages are not accepted until the error is corrected and bid is received prior to the deadline.

(5) Bidders accept and agree to abide by all terms and conditions specified in the Official Notice of Sale (including amendments, if any) related to the auction.

(6) Neither the City, Speer Financial, Inc., nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Official Notice of Sale, amendments, or Preliminary Official Statement as they appear on SpeerAuction.

(7) Only Bidders who request and receive admission to an auction may submit bids. SpeerAuction and the Auction Administrator reserve the right to deny access to SpeerAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.

(8) Neither the City, Speer Financial, Inc., nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder's SpeerAuction password.

(9) If two bids submitted in the same auction by the same or two or more different Bidders result in same True Interest Cost, the first confirmed bid received by SpeerAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.

(10) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to SpeerAuction within 15 minutes after the bidding time period ends. Regardless of the final results reported by SpeerAuction, Bonds are definitively awarded to the winning bidder only upon official award by the City. If, for any reason, the City fails to: (i) award Bonds to the winner reported by SpeerAuction, or (ii) deliver Bonds to winning bidder at settlement, neither the City, Speer Financial, Inc., nor the Auction Administrator will be liable for damages.

The City reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Notice of Sale, and to waive any irregularity or informality with respect to any proposal. Additionally, the City reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds will be in fully registered form in the denominations of $5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry only form. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. Interest is due semiannually on June 1 and December 1 of each year commencing June 1, 2019, and is payable by UMB Bank, St. Louis, Missouri (the "Bond Registrar"). The Bonds are dated the date of delivery, expected to be on or about November 7, 2018.

If the winning bidder is not a direct participant of DTC and does not have clearing privileges with DTC, the Bonds will be issued as Registered Bonds in the name of the purchaser. At the request of such winning bidder, the City will assist in the timely conversion of the Registered Bonds into book-entry bonds with DTC as described herein.

MATURITIES* - DECEMBER 1

$200,000	2019	$300,000	2026	$270,000	2033
115,000	2020	150,000	2027	280,000	2034
165,000	2021	220,000	2028	290,000	2035
190,000	2022	300,000	2029	305,000	2036
180,000	2023	190,000	2030	315,000	2037
185,000	2024	250,000	2031	330,000	2038
195,000	2025	260,000	2032		

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds due December 1, 2019-2026, inclusive, are non-callable. The Bonds due December 1, 2027-2038, are callable in whole or in part on any date on or after December 1, 2026, at a price of par plus accrued interest to the redemption date. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid for maturities 2028 through 2038 shall be in non-descending order in relation to the rate bid on the 2027 maturity. The differential between the highest rate bid and the lowest rate bid shall not exceed three percent (3%). All bids must be for all of the Bonds, must be for not less than $4,643,100.

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage.

The Bonds will be awarded to the bidder complying with the terms of this Official Notice of Sale whose bid produces the lowest true interest cost rate to the City as determined by the City's Municipal Advisor, which determination shall be conclusive and binding on all bidders; *provided*, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The discount or premium, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, allowing the same dollar amount of profit per $1,000 bond as submitted on the Official Bid Form.

The true interest cost of each bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the City's Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or its Municipal Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-32. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per bond.

The winning bidder is required to wire transfer from a solvent bank or trust company to the City's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the City. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

The Deposit of the successful bidder will be retained by the City pending delivery of the Bonds and all others will be promptly returned. Should the successful bidder fail to take up and pay for the Bonds when tendered in accordance with this Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the City caused by failure of the bidder to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Bonds. No interest on the Deposit will accrue to the purchaser.

**Subject to change.*

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
30 North LaSalle Street, 38th Floor
Chicago, IL 60602
ABA # 071003405
Credit To: 3281 Speer Bidding Escrow
RE: City of Naperville, DuPage and Will Counties, Illinois
bid for $4,690,000* General Obligation Bonds, Series 2018

Contemporaneously with such wire transfer, the bidder shall send an email to biddingescrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such bidder is not awarded the Bonds. The City and any bidder who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful bidder; (ii) if the bid is accepted, the Deposit shall be forwarded to the City; (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the bidder; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the City in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the City in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about November 7, 2018. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in the Rule. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled "Final Official Statement" rather than through supplementing the Official Statement by an addendum or addenda. By awarding the Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 100 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Bonds to the purchaser in New York, New York, through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the unqualified opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, that the Bonds are lawful and enforceable obligations of the City in accordance with their terms and are payable from ad valorem taxes levied against all taxable property of the City, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate by the City.

**Subject to change.*

The City intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Bonds. Copies of such Official Statement or additional information may be obtained from , Ms. Rachel Mayer, Finance Director/City Treasurer, City of Naperville, 400 South Eagle Street, Naperville, Illinois 60540 or an electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Sales Calendar" from the Independent Public Finance Consultants to the City, Speer Financial, Inc., One North LaSalle Street, Suite 4100, Chicago, Illinois 60602, telephone (312) 346-3700.

/s/ ***STEVE CHIRICO***
Mayor
CITY OF NAPERVILLE

/s/ ***DOUGLAS KRIEGER***
City Manager
CITY OF NAPERVILLE

ATTACHMENT 2

BIDS RECEIVED

(Attached)

$4,690,000 *
City of Naperville, DuPage and Will Counties, Illinois
General Obligation Bonds, Series 2018

Bidder: Northland Securities **Bidder TIC: 3.614136 %**
Best AON TIC: 3.614136 % **Status: Winner****

Due	Principal Amount *	Serial/ Sinker/ Term	Coupon
Dec 1, 2019	$200,000	Serial	5.000%
Dec 1, 2020	$115,000	Serial	5.000%
Dec 1, 2021	$165,000	Serial	5.000%
Dec 1, 2022	$190,000	Serial	5.000%
Dec 1, 2023	$180,000	Serial	5.000%
Dec 1, 2024	$185,000	Serial	5.000%
Dec 1, 2025	$195,000	Serial	5.000%
Dec 1, 2026	$300,000	Serial	5.000%
Dec 1, 2027	$150,000	Serial	3.125%
Dec 1, 2028	$220,000	Serial	3.125%
Dec 1, 2029	$300,000	Serial	4.000%
Dec 1, 2030	$190,000	Serial	4.000%
Dec 1, 2031	$250,000	Serial	4.000%
Dec 1, 2032	$260,000	Serial	4.000%
Dec 1, 2033	$270,000	Serial	4.000%
Dec 1, 2034	$280,000	Serial	4.000%
Dec 1, 2035	$290,000	Serial	4.000%
Dec 1, 2036	$305,000	Serial	4.000%
Dec 1, 2037	$315,000	Serial	4.000%
Dec 1, 2038	$330,000	Serial	4.000%

Purchase Price: $4,896,649.85
Spread: None Entered
Time Submitted: October 22, 2018 at 11:57:50 AM EDT

SpeerAuction Interest Cost Calculations (for informational purposes only)	
Issue Size	$4,690,000
Gross Interest	$2,257,448.33
Plus Discount/(Less Premium)	(206,649.85)
Total Interest Cost	$2,050,798.48
True Interest Rate	3.614136%
Total Bond Years	55,327.67
Average Life	11.797 Years

Firm: Northland Securities

*Preliminary, subject to change
**Winner - Unofficial, subject to verification and award.

$4,690,000 *
City of Naperville, DuPage and Will Counties, Illinois
General Obligation Bonds, Series 2018

Bidder: DA DavidsonBidder TIC: 3.628214 % **Best AON TIC: 3.614136 %** **Status: Not Winner**

Due	Principal Amount *	Serial/ Sinker/ Term	Coupon
Dec 1, 2019	$200,000	Serial	4.000%
Dec 1, 2020	$115,000	Serial	4.000%
Dec 1, 2021	$165,000	Serial	4.000%
Dec 1, 2022	$190,000	Serial	4.000%
Dec 1, 2023	$180,000	Serial	4.000%
Dec 1, 2024	$185,000	Serial	4.000%
Dec 1, 2025	$195,000	Serial	4.000%
Dec 1, 2026	$300,000	Serial	4.000%
Dec 1, 2027	$150,000	Serial	3.250%
Dec 1, 2028	$220,000	Serial	3.500%
Dec 1, 2029	$300,000	Serial	3.500%
Dec 1, 2030	$190,000	Sinker	4.000%
Dec 1, 2031	$250,000	Term	4.000%
Dec 1, 2032	$260,000	Sinker	4.000%
Dec 1, 2033	$270,000	Term	4.000%
Dec 1, 2034	$280,000	Sinker	4.000%
Dec 1, 2035	$290,000	Term	4.000%
Dec 1, 2036	$305,000	Sinker	4.000%
Dec 1, 2037	$315,000	Sinker	4.000%
Dec 1, 2038	$330,000	Term	4.000%

Purchase Price: $4,817,880.20
Spread: None Entered
Time Submitted: October 22, 2018 at 11:59:31 AM EDT

SpeerAuction Interest Cost Calculations (for informational purposes only)	
Issue Size	$4,690,000
Gross Interest	$2,175,233.33
Plus Discount/(Less Premium)	(127,880.20)
Total Interest Cost	$2,047,353.13
True Interest Rate	3.628214%
Total Bond Years	55,327.67
Average Life	11.797 Years

Firm: DA Davidson

*Preliminary, subject to change
**Winner - Unofficial, subject to verification and award.

$4,690,000 *
City of Naperville, DuPage and Will Counties, Illinois
General Obligation Bonds, Series 2018

Bidder: FTN FinancialBidder TIC: 3.628612 % **Best AON TIC: 3.614136 %** **Status: Not Winner**

Due	Principal Amount *	Serial/ Sinker/ Term	Coupon
Dec 1, 2019	$200,000	Serial	4.000%
Dec 1, 2020	$115,000	Serial	4.000%
Dec 1, 2021	$165,000	Serial	4.000%
Dec 1, 2022	$190,000	Serial	4.000%
Dec 1, 2023	$180,000	Serial	4.000%
Dec 1, 2024	$185,000	Serial	4.000%
Dec 1, 2025	$195,000	Serial	4.000%
Dec 1, 2026	$300,000	Serial	4.000%
Dec 1, 2027	$150,000	Sinker	3.500%
Dec 1, 2028	$220,000	Term	3.500%
Dec 1, 2029	$300,000	Serial	3.500%
Dec 1, 2030	$190,000	Sinker	3.750%
Dec 1, 2031	$250,000	Term	3.750%
Dec 1, 2032	$260,000	Serial	3.750%
Dec 1, 2033	$270,000	Serial	3.750%
Dec 1, 2034	$280,000	Serial	3.850%
Dec 1, 2035	$290,000	Serial	3.900%
Dec 1, 2036	$305,000	Serial	3.950%
Dec 1, 2037	$315,000	Serial	4.000%
Dec 1, 2038	$330,000	Serial	4.000%

Purchase Price: $4,783,870.74
Spread: None Entered
Time Submitted: October 22, 2018 at 11:59:30 AM EDT

SpeerAuction Interest Cost Calculations (for informational purposes only)	
Issue Size	$4,690,000
Gross Interest	$2,130,969.17
Plus Discount/(Less Premium)	(93,870.74)
Total Interest Cost	$2,037,098.43
True Interest Rate	3.628612%
Total Bond Years	55,327.67
Average Life	11.797 Years

Firm: FTN Financial

*Preliminary, subject to change
**Winner - Unofficial, subject to verification and award.

$4,690,000 *
City of Naperville, DuPage and Will Counties, Illinois
General Obligation Bonds, Series 2018

Bidder: Raymond JamesBidder TIC: 3.654619 % **Best AON TIC: 3.614136 %** **Status: Not Winner**

Due	Principal Amount *	Serial/ Sinker/ Term	Coupon
Dec 1, 2019	$200,000	Serial	5.000%
Dec 1, 2020	$115,000	Serial	5.000%
Dec 1, 2021	$165,000	Serial	5.000%
Dec 1, 2022	$190,000	Serial	5.000%
Dec 1, 2023	$180,000	Serial	5.000%
Dec 1, 2024	$185,000	Serial	5.000%
Dec 1, 2025	$195,000	Serial	5.000%
Dec 1, 2026	$300,000	Serial	5.000%
Dec 1, 2027	$150,000	Serial	3.000%
Dec 1, 2028	$220,000	Serial	3.250%
Dec 1, 2029	$300,000	Serial	3.250%
Dec 1, 2030	$190,000	Serial	4.000%
Dec 1, 2031	$250,000	Serial	4.000%
Dec 1, 2032	$260,000	Serial	4.000%
Dec 1, 2033	$270,000	Serial	4.000%
Dec 1, 2034	$280,000	Serial	4.000%
Dec 1, 2035	$290,000	Serial	4.000%
Dec 1, 2036	$305,000	Serial	4.000%
Dec 1, 2037	$315,000	Serial	4.000%
Dec 1, 2038	$330,000	Serial	4.000%

Purchase Price: $4,859,382.20
Spread: None Entered
Time Submitted: October 22, 2018 at 11:58:35 AM EDT

SpeerAuction Interest Cost Calculations (for informational purposes only)	
Issue Size	$4,690,000
Gross Interest	$2,233,616.67
Plus Discount/(Less Premium)	(169,382.20)
Total Interest Cost	$2,064,234.47
True Interest Rate	3.654619%
Total Bond Years	55,327.67
Average Life	11.797 Years

Firm: Raymond James

*Preliminary, subject to change
**Winner - Unofficial, subject to verification and award.

$4,690,000 *
City of Naperville, DuPage and Will Counties, Illinois
General Obligation Bonds, Series 2018

Bidder: Bernardi SecuritiesBidder TIC: 3.669842 % **Best AON TIC: 3.614136 %** **Status: Not Winner**

Due	Principal Amount *	Serial/ Sinker/ Term	Coupon
Dec 1, 2019	$200,000	Serial	4.000%
Dec 1, 2020	$115,000	Serial	4.000%
Dec 1, 2021	$165,000	Serial	4.000%
Dec 1, 2022	$190,000	Serial	4.000%
Dec 1, 2023	$180,000	Serial	4.000%
Dec 1, 2024	$185,000	Serial	4.000%
Dec 1, 2025	$195,000	Serial	4.000%
Dec 1, 2026	$300,000	Serial	4.000%
Dec 1, 2027	$150,000	Serial	3.500%
Dec 1, 2028	$220,000	Serial	3.500%
Dec 1, 2029	$300,000	Serial	3.500%
Dec 1, 2030	$190,000	Serial	3.500%
Dec 1, 2031	$250,000	Serial	3.500%
Dec 1, 2032	$260,000	Serial	3.600%
Dec 1, 2033	$270,000	Sinker	3.700%
Dec 1, 2034	$280,000	Term	3.700%
Dec 1, 2035	$290,000	Sinker	3.800%
Dec 1, 2036	$305,000	Term	3.800%
Dec 1, 2037	$315,000	Sinker	4.000%
Dec 1, 2038	$330,000	Term	4.000%

Purchase Price: $4,734,405.10
Spread: None Entered
Time Submitted: October 22, 2018 at 11:59:54 AM EDT

SpeerAuction Interest Cost Calculations (for informational purposes only)	
Issue Size	$4,690,000
Gross Interest	$2,089,588.00
Plus Discount/(Less Premium)	(44,405.10)
Total Interest Cost	$2,045,182.90
True Interest Rate	3.669842%
Total Bond Years	55,327.67
Average Life	11.797 Years

Firm: Bernardi Securities

*Preliminary, subject to change
**Winner - Unofficial, subject to verification and award.

$4,690,000 *
City of Naperville, DuPage and Will Counties, Illinois
General Obligation Bonds, Series 2018

Bidder: Robert BairdBidder TIC: 3.741525 % **Best AON TIC: 3.614136 %** **Status: Not Winner**

Due	Principal Amount *	Serial/ Sinker/ Term	Coupon
Dec 1, 2019	$200,000	Serial	3.000%
Dec 1, 2020	$115,000	Serial	3.000%
Dec 1, 2021	$165,000	Serial	3.000%
Dec 1, 2022	$190,000	Serial	3.000%
Dec 1, 2023	$180,000	Serial	3.000%
Dec 1, 2024	$185,000	Serial	3.000%
Dec 1, 2025	$195,000	Serial	3.000%
Dec 1, 2026	$300,000	Serial	3.000%
Dec 1, 2027	$150,000	Serial	3.000%
Dec 1, 2028	$220,000	Serial	3.250%
Dec 1, 2029	$300,000	Serial	4.000%
Dec 1, 2030	$190,000	Serial	4.000%
Dec 1, 2031	$250,000	Serial	4.000%
Dec 1, 2032	$260,000	Serial	4.000%
Dec 1, 2033	$270,000	Serial	4.000%
Dec 1, 2034	$280,000	Serial	4.000%
Dec 1, 2035	$290,000	Sinker	4.000%
Dec 1, 2036	$305,000	Term	4.000%
Dec 1, 2037	$315,000	Sinker	4.000%
Dec 1, 2038	$330,000	Term	4.000%

Purchase Price: $4,707,596.55
Spread: None Entered
Time Submitted: October 22, 2018 at 11:58:19 AM EDT

SpeerAuction Interest Cost Calculations (for informational purposes only)	
Issue Size	$4,690,000
Gross Interest	$2,107,276.67
Plus Discount/(Less Premium)	(17,596.55)
Total Interest Cost	$2,089,680.12
True Interest Rate	3.741525%
Total Bond Years	55,327.67
Average Life	11.797 Years

Firm: Robert Baird

*Preliminary, subject to change
**Winner - Unofficial, subject to verification and award.

ATTACHMENT 3

BID COMPARISON

(Attached)

SPEERAUCTION.COM

Observation

Auction Date	Type	Start	End	Last Update	Status
Mon., Oct 22, 2018	AON	11:45:00 am	12:00:00 pm	1:25:01 pm EDT	Over

$4,690,000*
City of Naperville, DuPage and Will Counties, Illinois
General Obligation Bonds, Series 2018

	Bidder	Firm	TIC	Time	Gross Interest	+ Discount/ (Premium)	Total Interest	Bid No.	Cumulative Improvement	Open Auction Savings
1st	NORT-DS	Northland Securities	3.614136%	11:57:50 am	$2,257,448.33	(206,649.85)	$2,050,798.48	6	0.276053%	$ 37,065.44
2nd	DADA-JS	DA Davidson	3.628214%	11:59:31 am	$2,175,233.33	(127,880.20)	$2,047,353.13	5	0.070452%	-
3rd	FTNF-HT	FTN Financial	3.628612%	11:59:30 am	$2,130,969.17	(93,870.74)	$2,037,098.43	10	0.268801%	-
4th	RAYM-EB	Raymond James	3.654619%	11:58:35 am	$2,233,616.67	(169,382.20)	$2,064,234.47	1	-	-
5th	BERN-GD	Bernardi Securities	3.669842%	11:59:54 am	$2,089,588.00	(44,405.10)	$2,045,182.90	5	0.088214%	-
6th	RWBA-DK	Robert Baird	3.741525%	11:58:19 am	$2,107,276.67	(17,596.55)	$2,089,680.12	2	0.087847%	-
							Total Bids:	29		

*Preliminary, subject to change

Click below to see other bidder results

AON bids:

BERN-GD, DADA-JS, FTNF-HT, NORT-DS, RAYM-EB, RWBA-DK, Best Bid, Cover Bid

Go to: Terms, Notice of Sale, POS, Rules, Selections, Results
Exit to: SpeerAuction Home Page

For information about this bond sale, call Speer Financial, Inc. at (312) 346-3700. Please direct questions and comments regarding bidding procedures to the Auction Administrator or call (412) 391-5555.

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POST-BOND ISSUANCE COMPLIANCE CHECKLIST

City of Naperville, Illinois
General Obligation Bonds, Series 2018

Date of Issuance: November 7, 2018

Procedures Dated: November 7, 2018

(Defined terms as set forth in "Procedures for Post-Issuance Bond Compliance" relating to the Bonds)

Deadline	Requirement	
While Sale Proceeds of Bonds Unspent	Sale Proceeds of Bonds must be spent on the related Project – monitor.	
While Sale Proceeds of Bonds Unspent	Reasonable method of allocating expenditures of Sale Proceeds of Bonds implemented; detailed records kept until at least the fifth anniversary of the retirement of the Bonds.	
During Project Construction	Project to proceed with due diligence to completion.	
(6 months after Date of Issue)	(a) 5% or more of Bond Proceeds (net of reserves) must be committed to Project expenses (presumably satisfied on Date of Issue); use of Sale Proceeds of Bonds to complete the Project must proceed with due diligence. (b) 100% of Sale Proceeds of Bonds (or 95% of Sale Proceeds of Bonds net of 5% retainage. The 5% retainage to be spent by 11/7/19) must be spent in order to qualify for 6-month arbitrage rebate exception. (c) 15% or more of Sale Proceeds of Bonds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception. (d) 10% or more of Sale Proceeds of Bonds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception.	

Deadline	Requirement	
(12 months after Date of Issue)	(a) 60% or more of Sale Proceeds of Bonds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.	
	(b) 45% or more of Sale Proceeds of Bonds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception.	
(18 months after Date of Issue)	(a) 100% of Sale Proceeds of Bonds (net of reserves, reasonable retainage and $250,000, but including actual construction period earnings) must be spent in order to qualify for optional arbitrage rebate exception. (b) 75% or more of Sale Proceeds of Bonds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception.	
(3 years)	100% of reasonable retainage (if any not spent by 11/7/21) must be spent in order to qualify for 24-month arbitrage rebate exception.	
(3 years)	85% or more of Sale Proceeds of Bond (net of reserves) must be spent on Project expenses.	
Earlier of 5 years after date of expenditure or 18 months after completion of Project.	Last day to be reimbursed from Sale Proceeds of Bonds for pre-issuance Project expenditures. This is a rolling deadline.	
While Sale Proceeds of Bonds Unspent	Detailed records kept of Sale Proceeds of Bonds expenditures and investment earnings; monitor investment earnings in excess of Bond Yield.	
(18 months/60 days)	Last day to reallocate Sale Proceeds of Bonds and other sources of funding among Project facilities is 18 months after the later of expenditure made or date Project placed in service, but not later than earlier of 5 years after Date of Issue or 60 days after bonds retired.	

Deadline	Requirement	
(Five years after Date of Issue)	First mandatory arbitrage Rebate Determination Date; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days – contact Bond Counsel 60 days prior to Rebate Determination Date.	
Every five years from the Date of Issue; or on the last day of every fifth bond year.	Interim mandatory arbitrage Rebate Determination Dates; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days of each date – contact Bond Counsel 60 days prior to each interim Rebate Determination Date.	
While Bonds Remain Outstanding	Monitor and keep up-to-date records of any Private Business Use, Private Payment or Private Loan arrangements – No more than 5% *de minimis* amount. Consult with Bond Counsel prior to any such arrangements.	
While Bonds Remain Outstanding	No Change of Use – Consult with Bond Counsel prior to any arrangement possibly resulting in Change of Use.	
While Bonds Remain Outstanding	If event of possible non-compliance with applicable sections of Code or Regulations – Consult with Bond Counsel immediately to determine if Remedial Action necessary.	
While Bonds Remain Outstanding	Consult with Bond Counsel on a periodic basis for any changes in the applicable laws or changes in the interpretation of applicable laws.	
While Bonds Remain Outstanding	"Significant Modification" to material term of Bonds – Re-issuance. Monitor all finance transactions related to Bonds and consult with Bond Counsel if possible change in material term of Bonds.	
(maturity of Bonds or date of final retirement of Bonds, if earlier)	Final mandatory arbitrage Rebate Determination Date; 100% of accrued positive arbitrage (if any) must be paid within 60 days – contact Bond Counsel 60 days prior to Rebate Determination Date.	
Five years after date of retirement of Bonds and refunding of Bonds	Records of Bond documents kept including Rebate Reports, Bond Counsel opinions, IRS Forms 8038 and all other documentation related to the Bonds.	

City of Naperville, Illinois
General Obligation Bonds, Series 2018

PROCEDURES FOR POST-BOND ISSUANCE COMPLIANCE

The "Post-Bond Issuance Compliance Checklist," including these "Procedures for Post-Bond Issuance Compliance" (together, the "Procedures") have been adopted by the Issuer (as defined herein), as general guidelines for the purpose of ensuring compliance with the applicable Federal laws and Regulations in relation to the General Obligation Bonds, Series 2018 (the "Bonds") including, but not limited to Sections 141, 148 and 149 of the Code.

OFFICIAL RESPONSIBLE FOR REVIEW

The Issuer hereby identifies the Finance Director (the "Designee") as the individual responsible for implementing the Procedures and ensuring post-bond issuance compliance for the Bonds.

The Designee shall implement the Procedures in conjunction with the Tax Compliance Certificate for the Bonds (the "Tax Certificate"); shall be responsible for performing all other actions necessary to ensure post-bond issuance compliance; and shall periodically consult with Bond Counsel to determine whether there are any changes in the laws or the interpretation of the laws applicable to the Bonds. The Designee may delegate responsibility for certain portions of these Procedures and enact additional procedures for the purpose of complying with all pertinent provisions of the Code and the Regulations. Changes to the Procedures and the Tax Compliance Certificate may be made in consultation with Bond Counsel, in the manner provided in the Tax Compliance Certificate.

DEFINITIONS

Capitalized terms used herein have the meanings set forth below. Other words and phrases used herein have the same meanings as in the Code, the Regulations, and the Tax Compliance Certificate unless another meaning is apparent from the context.

"Bond Counsel" means Katten Muchin Rosenman LLP.

"Bond Yield" means the composite yield on the Bonds calculated in accordance with Regulations Section 1.148-4.

"Code" means the Internal Revenue Code of 1986 as in effect on the Date of Issue.

"Date of Issue" means November 7, 2018.

"Designee" means the Finance Director of the City.

"Funds" means the funds and accounts identified in Article V of each of the Tax Compliance Certificates to the extent allocable to the Bonds.

"Investment Proceeds" generally means amounts actually or constructively received from investing the Proceeds of the Bonds and from reinvesting any such earnings.

"IRS" means the Internal Revenue Service.

"Issuer" or "City" means the City of Naperville, Illinois.

"Nongovernmental Person" means any individual or entity other than a state or local governmental unit.

"Private Business Use" has the meaning set forth in the Tax Compliance Certificates.

"Project" has the meaning set forth in the Exhibit to the Tax Compliance Certificate entitled "Description of Project."

"Rebate Report" means a report containing calculations of Bond Yield, the Yield on the investments of Sale Proceeds of the Bonds and with schedules showing the expenditure of Sale Proceeds of the Bonds to determine the arbitrage rebate liability under the Code for the applicable computation period.

"Rebate Determination Date" means each of the following dates: (a) every fifth anniversary of the Date of Issue (or such earlier date as the Issuer may elect in accordance with the Regulations); and (b) the earlier of the scheduled final maturity date of the Bonds or any date prior thereto on which all outstanding Bonds are paid and retired.

"Rebate Expert" means any person or firm expert in making the computations required under Section 148(f) of the Code selected by the Issuer.

"Regulations" means the final, temporary and proposed regulations promulgated by the United States Treasury Department and in effect on the Date of Issue with respect to the provisions of the Code.

"Sale Proceeds" means (i) any amounts actually or constructively received from the sale of the Bonds, including amounts used to pay underwriters' discount or compensation but excluding accrued interest that is to be paid within one year of the Date of Issue, (ii) amounts derived (on or after the date hereof) from the sale of a right that is associated with the Bonds (such as the Issuer's right to prepay the Bonds) and (iii) in the case of a hedge allocated to the Bonds that is intended to be terminated on the Date of Issue, the amount paid (or deemed to be paid) by the Issuer in connection with such termination is a reduction in the amount of Sale Proceeds and the amount received (or deemed to be received) by the Issuer in connection with such termination is an addition to the amount of Sale Proceeds, as determined under Section 1.148-4(h)(5)(ii) of the Regulations.

"Tax Compliance Certificate" means the Tax Compliance Certificate related to the issuance of the Bonds, dated the Date of Issue.

"Yield" means, with respect to the Bonds, the Bond Yield and, with respect to any other obligation or Investment Property, the yield calculated in accordance with Regulations Section 1.148 5(b).

SUPERVISION OF PROJECT; DUE DILIGENCE REVIEW AT REGULAR INTERVALS; USE AND ALLOCATION OF SALE PROCEEDS

1. Each month until the completion date of the Project, the Designee shall consult the appropriate parties to review each of the Project's progress and ensure that their completion is proceeding with due diligence. The Designee shall maintain a schedule indicating applicable deadlines for the completion of the Project and expenditure of all Sale Proceeds of the Bonds.

2. All requests for payment using Sale Proceeds of the Bonds shall be reviewed by the Designee who will ensure that said payments are solely for capital expenditures related to the Project. The Designee shall monitor all payments made with the Sale Proceeds of the Bonds and keep detailed records of all expenditures of the Sale Proceeds of the Bonds.

3. During the period in which each Project is being completed, the Designee shall use a reasonable method of accounting for allocating the Sale Proceeds (such as specific tracing; Gross Proceeds spent first; first in; first out or ratable allocation) to expenditures, including reimbursement of pre-Bond issuance expenditures. Reimbursement expenditures shall comply with Treas. Reg. Sec. 1.148-6(d) and Treas. Reg. Sec. 1.141-6(a) by 18 months after the later of the date the expenditure was made or the date the Project was placed in service, but not later than the earlier of five years after the Bonds were issued or 60 days after the Bonds are retired. The Designee shall review said allocations on a regular basis to confirm that the allocations comply with all applicable provisions of the Code and Regulations.

4. The Designee shall maintain detailed books and records showing allocations of specific Sale Proceeds of the Bonds to specific expenditures consistent with the purposes of the Code, as provided in Section 401 of the Tax Compliance Certificate and shall keep said records until at least the fifth anniversary of the retirement of the Bonds and any related refunding bonds.

5. In the event that the Project may not or cannot be completed as scheduled, there has been a non-capital expenditure of Sale Proceeds of the Bonds, or if the Sale Proceeds of the Bonds have not been spent in full by a deadline, if any, pursuant to the Code, the Designee shall immediately consult with Bond Counsel to determine whether a remedial action with respect to the Bond issue is necessary.

PRIVATE USES, PAYMENTS AND SECURITY INTERESTS, TIMELY IDENTIFICATION OF CHANGE IN USE AND OTHER NON-COMPLIANCE; AND PROCEDURES FOR REMEDIAL ACTION

1. Once the Project has been completed and placed in service, the Designee shall be notified of any prospective arrangements or agreements contemplated in connection with the Project. During the period that the Bonds related to the Project remain outstanding the Designee will monitor and keep a record of any Private Business uses, payments and security interests in relation to the Project to ensure that there is no such arrangement with a private entity (which includes the federal government) beyond the permitted 5% (five percent) *de minimis* amount. Examples of transactions which the IRS will deem result in Private Business uses, payments or security interests include, but are not limited to:

(a) sale of Bond financed facilities to a non-qualifying entity;

(b) lease of Bond financed facilities to a non-qualifying entity;

(c) non-qualified management contract under Rev. Proc. 97-13;

(d) non-qualified research contract under Rev. Proc. 97-14;

(e) special legal entitlement to the Bond financed facilities given to a Nongovernmental Person;

(f) debt service on the Bonds derived, directly or indirectly, from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used by any Nongovernmental Person in its trade or business;

(g) debt service on the Bonds secured, directly or indirectly, by any interest in property used or to be used by a Nongovernmental Person in its trade or business or by any interest in payments in respect of such property;

(h) proceeds of the Bonds used (directly or indirectly) to make or finance loans (or any arrangement treated as the economic equivalent of a loan under Federal income tax principles) to Nongovernmental Persons.

2. The Designee shall maintain up-to-date records of any and all Private Business uses, payments or security interests related to the Project in order to monitor the percentage of such arrangements related to the Project and ensure that they do not exceed the permitted amount.

3. Once the Designee is notified that the Issuer is contemplating entering into any transaction or agreement related to the Project, the Designee shall collect all the pertinent information regarding the nature of the transaction and the entities involved and promptly notify Bond Counsel of the proposed transaction. The Designee shall collaborate with Bond Counsel in order to ensure that the Issuer remains compliant with applicable provisions of the Code relating to the applicable Bonds and does not result in excessive Private Business Use of a Project or a "change in use" of a Project.

4. The Designee shall monitor all of the Issuer's public finance and related finance transactions. The Designee shall review all proposed documentation related to said transactions and consult with Bond Counsel to determine whether there is or will be any post-bond issuance "significant modification" to any material term of the Bonds which could be deemed a "re-issuance" of the Bonds under Treas. Reg. Sec. 1.1001-3 of the Code.

5. The Designee shall notify the Issuer and consult with Bond Counsel if in the Designee's knowledge, any facts or circumstances arise which indicate that any of the applicable Code or Regulation provisions have been violated.

6. In the event that Bond Counsel determines that the Issuer must engage in a remedial action pursuant to the provisions of the Code, the Designee shall take the necessary actions to ensure that all non-qualified Bonds shall be remediated in accordance with the requirements of Treas. Reg. Sec. 1.141-12 as follows:

(a) The Designee shall act with due diligence to determine or cause to be determined, the proper form of remedial action under the Code.

(b) The Designee shall provide Bond Counsel with all of the documentation and information required for the remedial action.

(c) The Designee shall provide or cause to be provided the proper notice to the IRS, the defeasance of the non-qualifying Bonds, and the filing of the applicable Form 8038.

(d) The Designee shall maintain records of all documentation related to any remedial action taken in relation to the Bonds.

ARBITRAGE YIELD RESTRICTION AND REBATE REQUIREMENTS

The Designee shall follow the procedures outlined below to monitor and maintain detailed records with respect to the investment and expenditure of the Sale Proceeds of the Bonds; prepare, or cause to be prepared all pertinent calculations to determine any arbitrage rebate liability; and ensure the timely payment of any arbitrage rebate liability to the U.S. Treasury as provided in of the Tax Compliance Certificate, and in compliance with Section 148(f) of the Code and the applicable Regulations.

1. The Designee shall collect on a monthly basis, statements and any other related information relating to the expenditure and investment of the Sale Proceeds of the Bonds, including trust statements with detailed investment activity including: type of investment; date of purchase and purchase price; interest rate; maturity date; interest payment dates, interest calculation method; date of sale and sale price. The Designee shall maintain said records for at least five years following the retirement of the Bonds and any related refunding bonds.

2. Thirty days prior to the semi-annual deadlines for six-month, 18-month, or 24 month spending exceptions, if applicable, the Designee shall determine whether the Sale

Proceeds of the Bonds are or will be spent within the time allotted under the applicable spending exception.

3. During the period until the Proceeds of the Bonds are spent in their entirety, the Designee shall monitor and keep records of expenditures to ensure that Proceeds are spent with due diligence until completion of the Projects.

4. During the period that the Bonds remain outstanding, the Designee shall maintain records and documents of any payments made or received by the Issuer as well as copies of all pertinent documentation related to hedges or qualified guarantees entered into with respect to the Bonds.

5. Not later than the 30th day after each anniversary of the Date of Issue until all the Proceeds of the Bonds are spent, the Designee shall determine whether a Rebate Report is needed at that time and, if so, will contact the Rebate Expert. The Designee shall coordinate with the Rebate Expert to obtain the necessary information to prepare the Rebate Report.

6. Sixty days prior to the first Rebate Determination Dates, as provided in the Code, the Designee shall prepare or cause to be prepared by a Rebate Expert, a Rebate Report to ensure compliance with arbitrage restrictions and rebate requirements, and to determine whether there is any rebate liability with respect to the Bonds. The Designee shall coordinate with the Rebate Expert to obtain the necessary information to prepare the Rebate Reports.

7. Sixty days prior to every Rebate Determination Date subsequent to the first Rebate Determination Date, the Designee shall prepare or cause to be prepared by a Rebate Expert, a Rebate Report to ensure compliance with arbitrage restrictions and rebate requirements, and to determine whether there is any rebate liability with respect to the Bonds. The Designee shall coordinate with the Rebate Expert to obtain the necessary information to prepare the Rebate Reports.

8. Not more than 60 days after each Rebate Computation Date, if the Rebate Expert determines that there have been any earnings resulting from investing Sale Proceeds of the Bonds or pledged funds at a yield in excess of the Bond Yield, the Designee shall send or cause to be sent a completed and executed IRS Form 8038-T related to the Bond issue with the payment required under the Code and Regulations to the United States Treasury by certified mail (return-receipt requested), postage prepaid, to the Internal Revenue Service, Ogden Submission Processing Center, Ogden, Utah 84201, or any other address as required by the IRS.

9. If a rebate payment has not been paid by the due date, the Designee shall take such actions as instructed by the Rebate Expert and/or Bond Counsel to ensure that the payment is made with appropriate filings and interest so as to protect the continued tax-exemption of the Bond issue.

10. The Designee shall maintain copies of all Rebate Reports, Bond Counsel opinions (if any) and other documentation related to the rebate liability on the Bonds. The Designee shall also keep copies of any Forms 8038-T filed and related payments made to the IRS along with any related documentation.

PROCEDURES FOR REMEDIAL ACTION; VCAP

In the event that Bond Counsel determines that the Issuer must engage in a remedial action pursuant to the provisions of federal tax law, the Designee will take the necessary actions to ensure that all non-qualified Bonds will be remediated in accordance with the requirements of federal tax law as follows:

1. The Designee will act with due diligence to determine or cause to be determined, the proper form of remedial action under federal tax law.

2. The Designee will provide Bond Counsel with all of the documentation and information required for the remedial action.

3. The Designee will provide or cause to be provided the proper notice to the IRS, the defeasance of the non-qualifying Bonds, and the filing of the applicable Form 8038.

4. The Designee will maintain records of all documentation related to any remedial action taken in relation to the Bonds.

5. The Issuer may voluntarily resolve violations of federal tax law (through closing agreements with the IRS under its Voluntary Closing Agreement Program ("VCAP")). VCAP may be used when a remedial action described in the preceding section is not available or there is another violation of federal tax law that cannot be resolved through self-help mechanisms. Generally, a settlement in VCAP may be more favorable than if any violation were discovered in an examination. The Designee, with the Issuer's approval (as applicable and if necessary), will endeavor to use VCAP if deemed advisable in consultation with Bond Counsel.

TRAINING OF ISSUER OFFICIALS AND EMPLOYEES

1. The Designee will determine as soon as reasonably practicable after the date of adoption of these Procedures the need for any education or training with respect to Procedures. The Designee will consult with Bond Counsel as necessary and will ensure that the appropriate education is provided to the appropriate employees as needed. As new employees under the supervision of the current Designee or successor Designees are given responsibilities to implement any of the procedures or responsibilities described in these Procedures, such employees or Designee will receive training with respect to applicable Bond requirements. The Designee will consult with Bond Counsel as necessary to ensure that the appropriate training and education are provided to the identified employees as needed.

2. In the event of Designee becomes aware of changes in the law governing the Bond requirements, the Designee will consult with Bond Counsel as necessary to ensure that appropriate officials and employees are promptly informed of such changes as necessary.

RETENTION OF ADEQUATE RECORDS

The Designee will maintain all documentation related to the Bonds and any other bonds issued to refund the Bonds (the "Refunding Bonds"). Said documentation with respect to both the Bonds and Refunding Bonds includes but is not limited to documentation relating to the bond issuance; changes in any bond terms; records showing how Available Project Proceeds are spent; investment agreements and earnings related to the Available Project Proceeds; Arbitrage Rebate reports, IRS Forms 8038; Bond Counsel opinions; and all contracts relating to the use of the Project. These records are to be maintained for the life of the Bonds and up to five (5) years after the date of retirement of the Bonds or, if later, the Refunding Bonds.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed her official signature as of the Date of Issue.

CITY OF NAPERVILLE

By: _____
Rachel Mayer
Finance Director

Form **8038-G** (Rev. September 2018)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bonds

▶ **Under Internal Revenue Code section 149(e)**
▶ **See separate instructions.**
Caution: *If the issue price is under $100,000, use Form 8038-GC.*
▶ **Go to *www.irs.gov/F8038G* for instructions and the latest information.**

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1 Issuer's name
City of Naperville

2 Issuer's employer identification number (EIN)
36-6006013

3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)

3b Telephone number of other person shown on 3a

4 Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
40 South Eagle Street

5 Report number *(For IRS Use Only)*
3

6 City, town, or post office, state, and ZIP code
Naperville, Illinois 60540

7 Date of issue
November 7, 2018

8 Name of issue
General Obligation Bonds, Series 2018

9 CUSIP number
630412 YW8

10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)
Rachel Mayer, Finance Director

10b Telephone number of officer or other employee shown on 10a
630-420-6052

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	
14	Public safety	14	
15	Environment (including sewage bonds)	15	
16	Housing	16	
17	Utilities	17	
18	Other. Describe ▶ **Public Buildings, Equipment, Infrastructure**	18	**4,900,906**
19a	If bonds are TANs or RANs, check only box 19a ▶ ☐		
b	If bonds are BANs, check only box 19b ▶ ☐		
20	If bonds are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	**12/01/2038**	$ **4,900,906**	$ **4,640,000**	**11.699** years	**3.2442** %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	**4,900,906**
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	**110,906**		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	-0-		
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	-0-		
28	Proceeds used to refund prior taxable bonds. Complete Part V	28	-0-		
29	Total (add lines 24 through 28)			29	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	**4,790,000**

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded ▶	years
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded ▶	years
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY) ▶	
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a		
b	Enter the final maturity date of the GIC ▶ (MM/DD/YYYY)			
c	Enter the name of the GIC provider ▶			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool bond ▶ (MM/DD/YYYY)

c Enter the EIN of the issuer of the master pool bond ▶

d Enter the name of the issuer of the master pool bond ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☑ and enter the amount of reimbursement ▶ 3,083,826

b Enter the date the official intent was adopted ▶ (MM/DD/YYYY) 01/17/2018

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

RM 11/7/18

Signature of issuer's authorized representative — Date

Rachel Mayer, Finance Director

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Lewis Greenbaum	Lewis Greenbaum	11/7/18		P01065342

Firm's name ▶ Katten Muchin Rosenman LLP — Firm's EIN ▶ 36 2796532

Firm's address ▶ 525 West Monroe Street, Chicago, IL 60661-3693 — Phone no. (312) 902-5200

UNITED STATES POSTAL SERVICE

Naperville 2018
#221012-00062
IRS Form 8038-G

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

Lewis Greenbaum – office #17059
Katten Muchin Rosenman LLP
525 West Monroe Street
Chicago, IL 60661-3693

RECEIVED
NOV 29 2018
Office Services

SENDER: *COMPLETE THIS SECTION*

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service Center
Ogden Submission Processing Center
Ogden, UT 84201

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* | C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

RECEIVED
B018 NOV 13 2018 IRS-OSC
OGDEN, UT

3. Service Type
■ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7013 2630 0002 0456 4409

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7013 2630 0002 0456 4409

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
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For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$

CARDIS COLLINS ANNEX
NOV Postmark Here 2018
BOSTON MA USPS

Sent To: Lewis Greenbaum – office 17059

Naperville 2018 – #221012-00062 – IRS Form 8038-G

Sent To: Internal Revenue Service Center
Street, Apt. No.; or PO Box No.: Ogden Submission Processing Center
City, State, ZIP+4: Ogden, Utah 84201

PS Form 3800, August 2006 See Reverse for Instructions

PURCHASER'S RECEIPT FOR SERIES 2018 BONDS

Receipt this day of the $4,640,000 principal amount of General Obligation Bonds, Series 2018, of the City of Naperville, Illinois (the "City") described in Schedule A attached hereto and of copies of the Official Statement of the City with respect to said Bonds, and of the approving legal opinion of Katten Muchin Rosenman LLP is hereby acknowledged by Northland Securities, Inc., as purchaser of said Bonds, and the said purchaser by execution of this receipt consents to delivery of said Bonds at this time.

NORTHLAND SECURITIES, INC.

By _____

Dated: November 7, 2018
Chicago, Illinois

SCHEDULE A

CITY OF NAPERVILLE, ILLINOIS
$4,640,000 General Obligation Bonds, Series 2018

Authorization: Section 6 of Article VII of the Illinois Constitution of 1970; the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance").

Form: Fully registered bonds in the denominations of $5,000 and any integral multiple thereof. Deposited into the book-entry only system of The Depository Trust Company.

Date: Dated as of November 7, 2018.

Record Dates: The 15th day of the calendar month next preceding the applicable interest payment date.

Interest Payment Dates: June 1, 2019 and semiannually thereafter on each June 1 and December 1.

Maturities and Interest Rates: The Bonds mature on December 1 in each of the following years in the respective principal amount and bear interest at the respective interest rate set opposite each such year in the following table:

Year	Principal Amount	Interest Rate
2019	$200,000	5.000%
2020	135,000	5.000
2021	135,000	5.000
2022	190,000	5.000
2023	175,000	5.000
2024	180,000	5.000
2025	190,000	5.000
2026	300,000	5.000
2027	150,000	3.125
2028	220,000	3.125
2029	330,000	4.000
2030	160,000	4.000
2031	245,000	4.000
2032	255,000	4.000
2033	265,000	4.000
2034	280,000	4.000
2035	290,000	4.000
2036	300,000	4.000
2037	315,000	4.000
2038	325,000	4.000

Optional Redemption: The Bonds maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City, from such maturities as the City shall select and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Katten
Katten Muchin Rosenman LLP

525 W. Monroe Street
Chicago, IL 60661-3693
312.902.5200 tel
www.kattenlaw.com

November 7, 2018

The City Council of the
City of Naperville, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of $4,640,000 principal amount of General Obligation Bonds, Series 2018 (the "Bonds"), of the City of Naperville, a municipal corporation and a home rule unit of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and the City of Naperville Municipal Code and by virtue of an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois" (the "Bond Ordinance").

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 or any integral multiple thereof. Bonds delivered on original issuance are dated November 7, 2018. The Bonds mature on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on June 1, 2019 and semiannually thereafter on each June 1 and December 1 at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2019	$200,000	5.000%
2020	135,000	5.000
2021	135,000	5.000
2022	190,000	5.000
2023	175,000	5.000
2024	180,000	5.000
2025	190,000	5.000
2026	300,000	5.000
2027	150,000	3.125
2028	220,000	3.125
2029	330,000	4.000
2030	160,000	4.000
2031	245,000	4.000
2032	255,000	4.000
2033	265,000	4.000
2034	280,000	4.000
2035	290,000	4.000
2036	300,000	4.000
2037	315,000	4.000
2038	325,000	4.000

The Bonds maturing on or after December 1, 2027, are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

In our opinion, the Bonds are valid and legally binding general obligations of the City of Naperville and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The City has covenanted in the Bond Ordinance to comply with these requirements.

Pursuant to the Bond Ordinance, the City has designated the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

Katten Muchin Rosenman LLP

LG:bae

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

CITY OF NAPERVILLE, ILLINOIS
[Name of Issuer]

February 8, 1996
[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

CITY OF NAPERVILLE, ILLINOIS
(Issuer)

By: Julia A. Carroll
(Authorized Officer's Signature)

Julia A. Carroll
City Treasurer
(Typewrite Name & Title)

City of Naperville, Illinois

400 South Eagle Street
(Street Address)

Naperville, Illinois 60566
(City) (State) (Zip)

(708) 420-6111
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: James Ferrucci

B-1947 12/95

SCHEDULE A

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

No. 1

United States of America
State of Illinois
Counties of DuPage and Will

SPECIMEN

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
5.000%	December 1, 2019	November 7, 2018	630412 YB4

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Two Hundred Thousand Dollars ($200,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Mayor

Attest:

City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

SPECIMEN

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 2

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
5.000%	December 1, 2020	November 7, 2018	630412 YC2

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: One Hundred Thirty Five Thousand Dollars ($135,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Pam Gallahue
City Clerk

CITY OF NAPERVILLE SEAL ILLINOIS

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 3

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
5.000%	December 1, 2021	November 7, 2018	630412 YD0

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: One Hundred Thirty Five Thousand Dollars ($135,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Sam Gaeladen
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

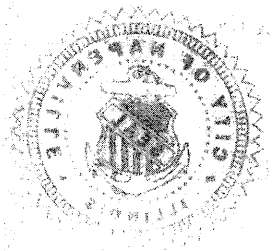
attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____



No. 4

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
5.000%	December 1, 2022	November 7, 2018	630412 YE8

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: One Hundred Ninety Thousand Dollars ($190,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Pam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 5

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
5.000%	December 1, 2023	November 7, 2018	630412 YF5

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: One Hundred Seventy Five Thousand Dollars ($175,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Sara Goodhue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 6

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
5.000%	December 1, 2024	November 7, 2018	630412 YG3

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: One Hundred Eighty Thousand Dollars ($180,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Tom Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 7

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
5.000%	December 1, 2025	November 7, 2018	630412 YH1

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: One Hundred Ninety Thousand Dollars ($190,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Pam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 8

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
5.000%	December 1, 2026	November 7, 2018	630412 YJ7

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Three Hundred Thousand Dollars ($300,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Pam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 9

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.125%	December 1, 2027	November 7, 2018	630412 YK4

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: One Hundred Fifty Thousand Dollars ($150,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Tammy Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 10

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.125%	December 1, 2028	November 7, 2018	630412 YL2

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Two Hundred Twenty Thousand Dollars ($220,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Pam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 11

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.000%	December 1, 2029	November 7, 2018	630412 YM0

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Three Hundred Thirty Thousand Dollars ($330,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Pam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 12

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.000%	December 1, 2030	November 7, 2018	630412 YN8

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: One Hundred Sixty Thousand Dollars ($160,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Sam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 13

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.000%	December 1, 2031	November 7, 2018	630412 YP3

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Two Hundred Forty Five Thousand Dollars ($245,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Tom Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 14

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.000%	December 1, 2032	November 7, 2018	630412 YQ1

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Two Hundred Fifty Five Thousand Dollars ($255,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Pam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 15

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.000%	December 1, 2033	November 7, 2018	630412 YR9

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Two Hundred Sixty Five Thousand Dollars ($265,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Pam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 16

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.000%	December 1, 2034	November 7, 2018	630412 YS7

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Two Hundred Eighty Thousand Dollars ($280,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Pam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 17

United States of America
State of Illinois
Counties of DuPage and Will

SPECIMEN

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.000%	December 1, 2035	November 7, 2018	630412 YT5

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Two Hundred Ninety Thousand Dollars ($290,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Pam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 18

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.000%	December 1, 2036	November 7, 2018	630412 YU2

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Three Hundred Thousand Dollars ($300,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Tom Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

No. 19

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.000%	December 1, 2037	November 7, 2018	630412 YV0

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Three Hundred Fifteen Thousand Dollars ($315,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Tammy Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____.

_____

Signature Guarantee:

_____

No. 20

SPECIMEN

United States of America
State of Illinois
Counties of DuPage and Will

CITY OF NAPERVILLE
GENERAL OBLIGATION BOND, SERIES 2018

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
4.000%	December 1, 2038	November 7, 2018	630412 YW8

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Three Hundred Twenty Five Thousand Dollars ($325,000)

The CITY OF NAPERVILLE, a municipal corporation and a home rule unit of the State of Illinois situate in the Counties of DuPage and Will, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of UMB Bank, N.A., in the City of St. Louis, Missouri, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of $4,640,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with the City of Naperville Municipal Code and an ordinance adopted by the City Council of the City on October 16, 2018 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed $7,500,000 General Obligation Bonds of 2018 of the City of Naperville, Illinois."

The bonds of such series maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of $5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Naperville has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated November 7, 2018

CITY OF NAPERVILLE

Steve Chirico
Mayor

Attest:

Sam Gallahue
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2018, described in the within mentioned Ordinance.

UMB BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

_____

the within bond and hereby irrevocably constitutes and appoints _____

_____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

ATTACHMENT K

Audited Financial Statement

CITY OF NAPERVILLE, ILLINOIS

WATER STREET
TAX INCREMENT FINANCING DISTRICT FUND

REPORT ON COMPLIANCE
WITH PUBLIC ACT 85-1142

For the Year Ended December 31, 2018

CITY OF NAPERVILLE, ILLINOIS

BALANCE SHEET

WATER STREET
TAX INCREMENT FINANCING DISTRICT FUND

December 31, 2018

ASSETS	
Cash and investments	$ 5,188,860
Receivables	
Property taxes	264,751
Accrued interest	17,950
TOTAL ASSETS	$ 5,471,561
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
None	$ -
Total liabilities	-
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	264,751
Total deferred inflows of resources	264,751
FUND BALANCE	
Restricted for	
Capital projects	5,206,810
Total fund balance	5,206,810
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 5,471,561

CITY OF NAPERVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

WATER STREET
TAX INCREMENT FINANCING DISTRICT FUND

For the Year Ended December 31, 2018

REVENUES	
Taxes	
Property	$ 248,261
Investment income	48,105
Total revenues	296,366
EXPENDITURES	
Current	
General government	
Professional services	3,650
Capital outlay	17,075
Total expenditures	20,725
EXCESS OF REVENUES OVER EXPENDITURES	275,641
OTHER FINANCING SOURCES (USES)	
Transfers (out)	(248,261)
Total other financing sources (uses)	(248,261)
NET CHANGE IN FUND BALANCE	27,380
FUND BALANCE, JANUARY 1	5,179,430
FUND BALANCE, DECEMBER 31	$ 5,206,810

SIKICH®

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

SIKICH.COM

ATTACHMENT L
Letter from Independent Certified Public Accountant

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor
Members of the City Council
City of Naperville
400 South Eagle Street
Naperville, Illinois 60540

We have examined management's assertion, included in its representation letter dated August 9, 2019 that the City of Naperville (the City) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2018. Management is responsible for the City's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, management's assertion that the City complied with the aforementioned requirements for the year ended December 31, 2018 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Mayor, the City Council, management of the City, Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Naperville, Illinois
August 9, 2019

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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
Members of American Institute of Certified Public Accountants

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

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Honorable Mayor
Members of the City Council
City of Naperville
400 South Eagle Street
Naperville, Illinois 60540

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Naperville, Illinois (the City) as of and for the year ended December 31, 2018, which collectively comprise the basic financial statements of the City, and have issued our report thereon dated, August 9, 2019 which expressed an unmodified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information (balance sheet and schedule of revenues, expenditures and changes in fund balance for the Water Street Tax Increment Financing (TIF) District Fund) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sikich LLP

Naperville, Illinois
August 9, 2019