

# City of Naperville

**Comprehensive Annual Financial Report**

**For the Eight Months Ended December 31, 2015**

**CITY OF NAPERVILLE, ILLINOIS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Eight Months Ended  
December 31, 2015

Prepared by:  
The Finance Department



**City of Naperville**  
**Introductory Section**

**CITY OF NAPERVILLE, ILLINOIS**

Year ended December 31, 2015

**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page(s)</u>
<b>Introductory Section:</b>		
Table of Contents.....		i-iii
Letter of Transmittal .....		iv-ix
GFOA Certificate of Achievement .....		x
Organizational Chart .....		xi
List of Elected and Appointed Officers and Officials.....		xii
<b>Financial Section:</b>		
Independent Auditor’s Report.....		1-3
Management’s Discussion and Analysis.....		4-18
<b>Basic Financial Statements:</b>		
<b>Government-Wide Financial Statements:</b>		
Statement of Net Position.....	A-1	19
Statement of Activities .....	A-2	20
<b>Fund Financial Statements:</b>		
Balance Sheet-Governmental Funds .....	A-3	21
Reconciliation of the Governmental Funds Balances to the Statement of Net Position .....	A-4	22
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.....	A-5	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	A-6	24
Statement of Net Position-Proprietary Funds.....	A-7	25
Statement of Revenues, Expenses, and Changes in Net Position-Proprietary Funds .....	A-8	26
Statement of Cash Flows-Proprietary Funds.....	A-9	27-28
Statement of Fiduciary Net Position-Pension Trust Funds .....	A-10	29
Statement of Changes in Fiduciary Net Position-Pension Trust Funds ..	A-11	30
Notes to Financial Statements .....		31-76
<b>Required Supplementary Information:</b>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund.....	B-1	77
Notes to Required Supplementary Information-Budgetary Comparison Schedule		78
<b>Schedule of Employer Contributions</b>		
Illinois Municipal Retirement Fund .....	B-2	79
Police Pension Fund .....	B-3	80
Firefighters’ Pension Fund .....	B-4	81
<b>Schedule of Changes in the Employer’s Net Pension Liability</b>		
Illinois Municipal Retirement Fund .....	B-5	82
Police Pension Fund .....	B-6	83
Firefighters’ Pension Fund .....	B-7	84
<b>Schedule of Investment Return</b>		
Police Pension Fund .....	B-8	85
Firefighters’ Pension Fund .....	B-9	86
Schedule of Funding Progress-Other Post-Employment Benefit Plans .....	B-10	87
Schedule of Employer Contributions-Other Post-Employment Benefit Plans	B-11	88

CITY OF NAPERVILLE, ILLINOIS

Year ended December 31, 2015

TABLE OF CONTENTS

---

	<u>Exhibit</u>	<u>Page(s)</u>
Combining and Individual Fund Statements and Schedules:		
Major Governmental Funds:		
Detailed Schedule of Revenues-Budget and Actual-General Fund.....	C-1	89-91
Detailed Schedule of Expenditures-Budget and Actual-General Fund.....	C-2	92-97
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual:		
Debt Service Fund .....	C-3	98
Nonmajor Governmental Funds:		
Combining Balance Sheet .....	D-1	99-102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	D-2	103-106
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual:		
Special Revenue Funds:		
Motor Fuel Tax .....	D-3	107
Community Development Block Grant .....	D-4	108
Fair Share Assessment .....	D-5	109
Road and Bridge .....	D-6	110
Naper Settlement .....	D-7	111-112
Foreign Fire Insurance Tax.....	D-8	113
E-911 Surcharge .....	D-9	114
Special Events & Cultural Amenities .....	D-10	115
Special Service Area #24 .....	D-11	116
Test Track .....	D-12	117
Water Street TIF .....	D-13	118
Drug Foreiture .....	D-14	119
ARRA Federal Grants .....	D-15	120
Special Service Area #25.....	D-16	121
Debt Service Funds:		
Special Service Area #21.....	D-17	122
Special Service Area #23.....	D-18	123
Downtown Parking .....	D-19	124
Capital Projects Fund:		
Capital Projects .....	D-20	125
2014 G.O. Bond Fund.....	D-21	126
Fiduciary Funds:		
Combining Statement of Fiduciary Net Position.....	E-1	127
Combining Statement of Changes in Fiduciary Net Position.....	E-2	128

CITY OF NAPERVILLE, ILLINOIS

Year ended December 31, 2015

TABLE OF CONTENTS

---

	<u>Table</u>	<u>Page(s)</u>
Statistical Section (Unaudited):		
Financial Trends		
Net Position by Component.....	A-1	129
Changes in Net Position .....	A-2	130-131
Fund Balances of Governmental Funds.....	A-3	132
Changes in Fund Balances of Governmental Funds.....	A-4	133
Revenue Capacity		
Governmental Funds Tax Revenue by Source.....	B-1	134
Assessed Value and Actual Value of Taxable Property.....	B-2	135
Property Tax Rates-Direct and Overlapping Governments.....	B-3	136
Principal Property Taxpayers .....	B-4	137
Property Tax Levies and Collections.....	B-5	138
Sales Taxes by Category.....	B-6	139
Direct and Overlapping Sales Tax Rates.....	B-7	140
Debt Capacity		
Ratios of Outstanding Debt by Type.....	C-1	141
Ratios of General Bonded Debt Outstanding .....	C-2	142
Direct and Overlapping Governmental Activities Debt .....	C-3	143
Schedule of Legal Debt Margin.....	C-4	144
Pledged-Revenue Coverage.....	C-5	145
Demographic and Economic Information		
Demographic and Economic Information.....	D-1	146
Principal Employers .....	D-2	147
Schedule of Principal Electric System Users .....	D-3	148
Operating Information		
Full-Time Equivalent Employees .....	E-1	149-150
Operating Indicators .....	E-2	151
Capital Asset Statistics .....	E-3	152



September 22, 2016

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 8-month fiscal year ended December 31, 2015. 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 8-month fiscal year ended December 31, 2015 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 8-month fiscal year ended December 31, 2015 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.

# CITY OF NAPERVILLE, ILLINOIS

## Letter of Transmittal

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 143,289. 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 will serve four-year terms and the other four will serve two-year terms. In 2017, the seats of the individuals who served two-year terms will be up for election as a four-year term, and all Council terms will again be staggered four-year terms after 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 will begin on January 1 and end 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.

Naperville has grown from a community of 40,853 and 20.5 square miles in 1979 to a population of 143,289 and 39.9 square miles today. During this growth phase the City was able to build substantial cash reserves; by the end of 2002, the City's cash balances totaled nearly \$180 million. As growth began to slow and the recession struck, the City saw revenues decline and maintenance needs increase as a result of the larger community,

# CITY OF NAPERVILLE, ILLINOIS

## Letter of Transmittal

and more infrastructure. Over the last 13 years, the City operated under a financial strategy that leveraged its AAA bond rating and cash balances to mitigate the impact of the recession on the residents and businesses within the community.

A number of changes have been made that have either increased General Fund spending requirements, reduced/removed previous General Fund revenue components, or used available cash for other uses. Some of these changes made over the last decade are:

- Reallocation of ¼% food and beverage tax to public safety pensions - Funding public safety pensions in excess of annual minimum required payments
- Doubling the amount of funding for social services
- Changing roadway maintenance funding from debt financed to funding through operation
- Utilizing available cash to reduce/defer borrowing
- Conscious effort to reduce property tax burden during the recession
- Elimination of Transportation Impact Fee (requiring General Fund substitute funding)
- One-time \$6.0 million transfer of available cash to public safety pensions
- Absorbing full impact of post-recessionary EAV decline by General Fund, as opposed to other property tax bill categories

The combination of these changes has financially stressed the General Fund budget over the years.

Historically this stress was managed through the use of cash, the City no longer has cash available to mitigate this stress. Earlier this year, this financial strategy was deemed to no longer be sustainable. City Council took action by developing and passing a financial strategy that put the City on a road to long-term financial stability. A strategy that is rooted in financial principles that are designed to help accomplish the City's long-term financial goals. 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.

The development of the financial principles began in May of 2015 and staff began meeting with community stakeholders in June and July. Beginning on July 27 a series of workshops and public meetings were held to discuss the City's overall financial position. Throughout the process, members of the community, both residents and 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. Ultimately, the following financial principles were formally adopted.

# CITY OF NAPERVILLE, ILLINOIS

## Letter of Transmittal

### **Financial Principles**

- **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; and
- **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 the balancing of 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 its debt reduction plan, and how debt policies shape future property tax levies and the City's AAA bond rating. These principles are intended to be a guide for development of future budgets and long-term financial strategies.

### **Continuous Improvement**

The City of Naperville has a philosophy of continuous improvement. Naperville employees have cultivated a positive community experience for our residents. The City provides a high quality of life and outstanding services. These services are continually analyzed for improvements, which equates to better service at a lower cost. The City's philosophy isn't just to serve the community, it's to serve the community well.

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 April 30, 2015. This was the twenty second 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.

CITY OF NAPERVILLE, ILLINOIS

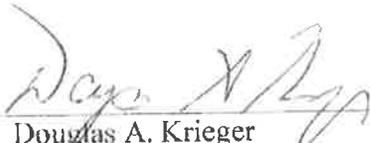
Letter of Transmittal

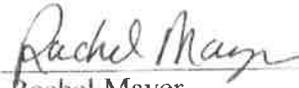
A Certificate of Achievement is valid for a period of only one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2016. This was the twenty fourth 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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

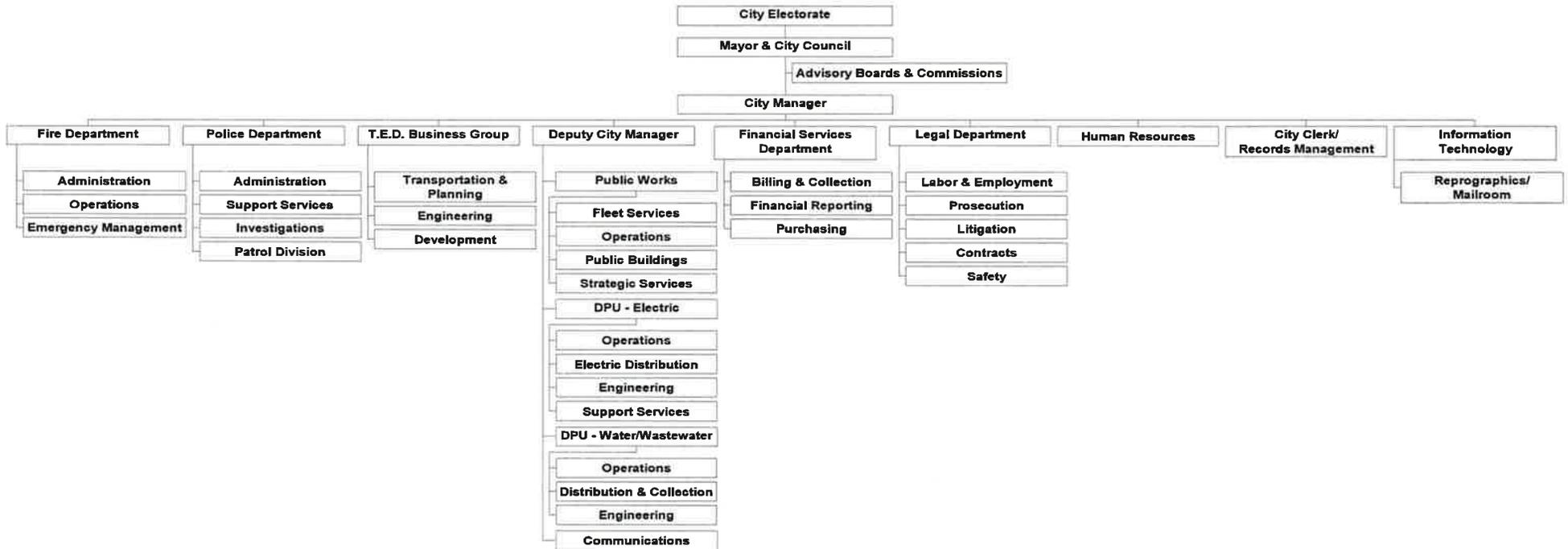
**City of Naperville  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**April 30, 2015**

Executive Director/CEO

**City of Naperville  
City Wide Organization Chart  
11/17/2015**



**CITY OF NAPERVILLE, ILLINOIS**

Elected and Appointed Officers and Officials

For the eight months ended December 31, 2015

---

**Mayor**

Steve Chirico

**Council**

Becky Anderson  
Rebecca Boyd-Obarski  
Judith A. Brodhead  
Kevin Coyne

Kevin Gallaher  
Patty Gustin  
Paul J. Hinterlong  
John Krummen

**City Manager**

Douglas A. Krieger

**Deputy City Manager**

Marcie J. Schatz

**City Clerk**

Pamela R. LaFeber

**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**

Jill Pelka-Wilger

**Director of IT**

Jeff Anderson



**City of Naperville**  
**Financial Section**



1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

Certified Public Accountants & Advisors  
Members of American Institute of Certified Public Accountants

## 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 eight months ended December 31, 2015, 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 44%, 45% and 16%, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the eight months then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note 7 to the financial statements, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses; and modified certain disclosures in the notes to financial statements and the required supplementary information. Our opinion is not modified with respect to this matter.

### **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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit 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 November 4, 2016 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's internal control over financial reporting and compliance.

*Sikich LLP*

Naperville, Illinois  
November 4, 2016

## **CITY OF NAPERVILLE, ILLINOIS**

### **Management's Discussion and Analysis**

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 19).

#### **Financial Highlights**

- The assets of the City exceeded its liabilities by \$777 million (net position) for the eight months ended December 31, 2015.
- The City's total net position decreased by \$15.4 million. The governmental net position decreased by \$6.1 million (or 1.75%) and the business-type net position decreased by \$9.3 million (or 2.08%).
- The City's governmental funds reported combined ending fund balances of \$43.5 million. The General Fund accounted for \$28.4 million or 65.27% of the total.
- No new debt was issued for the eight months ended December 31, 2015 and during the short year the City retired \$9.5 million in governmental activities long-term bonds and \$4.4 million in business-type activities long-term bonds.
- For the eight months ended December 31, 2015, the City implemented the provisions of GASB Statement No. 68 related to the reporting of the City's pension obligations for the Illinois Municipal Retirement Fund, the Police Pension Fund and the Firefighters' Pension Fund.

#### **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 Exhibits A-1 and A-2) 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 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 all other governmental funds. Budgetary comparison schedules have been disclosed to demonstrate compliance with these budgets.

## CITY OF NAPERVILLE, ILLINOIS

### Management's Discussion and Analysis

The basic governmental fund financial statements can be found on Exhibits A-3 through A-6 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 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 Exhibits A-7 through A-9 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 Exhibits A-10 and A-11 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 31-76 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 in Exhibits B-1 through B-11 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 \$777 million for the eight months ended December 31, 2015. By far the largest portion of the City's net position (\$847 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 (\$9 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit \$79 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, 2015 and April 30, 2015:

<b>City of Naperville's Net Position</b>						
(in millions)						
	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total primary government</b>	
	<u>12/31/15</u>	<u>4/30/15</u>	<u>12/31/15</u>	<u>4/30/15</u>	<u>12/31/15</u>	<u>4/30/15</u>
Current and other assets	\$ 96	127	29	30	125	157
Capital assets	<u>518</u>	<u>506</u>	<u>493</u>	<u>503</u>	<u>1,011</u>	<u>1,009</u>
<b>Total assets</b>	<u>614</u>	<u>632</u>	<u>522</u>	<u>533</u>	<u>1,136</u>	<u>1,165</u>
Deferred outflows of resources	<u>30</u>	<u>1</u>	<u>6</u>	<u>1</u>	<u>36</u>	<u>2</u>
<b>Total assets and deferred outflows of resources</b>	<u>644</u>	<u>633</u>	<u>528</u>	<u>534</u>	<u>1,172</u>	<u>1,167</u>
Long-term liabilities outstanding	239	124	68	63	307	187
Other liabilities	<u>27</u>	<u>25</u>	<u>25</u>	<u>21</u>	<u>52</u>	<u>46</u>
<b>Total liabilities</b>	<u>266</u>	<u>149</u>	<u>93</u>	<u>84</u>	<u>359</u>	<u>233</u>
Deferred inflows of resources	<u>36</u>	<u>35</u>	<u>—</u>	<u>—</u>	<u>36</u>	<u>35</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>302</u>	<u>184</u>	<u>93</u>	<u>84</u>	<u>395</u>	<u>268</u>
<b>Net position:</b>						
Net investment in capital assets	421	409	426	443	847	852
Restricted	9	9	—	—	9	9
Unrestricted	<u>(88)</u>	<u>31</u>	<u>9</u>	<u>7</u>	<u>(79)</u>	<u>38</u>
<b>Total net position</b>	<u>\$ 342</u>	<u>449</u>	<u>435</u>	<u>450</u>	<u>777</u>	<u>899</u>

## CITY OF NAPERVILLE, ILLINOIS

### Management's Discussion and Analysis

#### 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 eight months ended December 31, 2015, 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. In the prior fiscal year the City reported positive balances for all three categories for the City as a whole. The deficit net position for the governmental activities of \$88 million for the eight months ended December 31, 2015 is the result of the recording of net pension liabilities and related activity for the City's Illinois Municipal Retirement Fund, Police Pension Fund and Firefighters' Pension Fund.

During the current eight month fiscal year, total unrestricted net position decreased by \$117 million. The governmental net position decreased by \$119 million and the business-type net position increased by \$2 million, respectively.

## CITY OF NAPERVILLE, ILLINOIS

### Management's Discussion and Analysis

The following table presents a condensed summary of Changes in Net Position as of December 31, 2015 and April 30, 2015:

<b>City of Naperville's Changes in Net Position</b>						
(in millions)						
	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total primary government</b>	
	<u>12/31/15</u>	<u>4/30/15</u>	<u>12/31/15</u>	<u>4/30/15</u>	<u>12/31/15</u>	<u>4/30/15</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 11	15	133	186	144	201
Operating grants and contributions	2	8	—	—	2	8
Capital grants and contributions	2	12	4	7	6	19
General revenues:						
Property taxes	35	33	—	—	35	33
Other taxes	56	79	—	—	56	79
Others	3	5	1	—	4	5
Total revenues	<u>109</u>	<u>152</u>	<u>138</u>	<u>193</u>	<u>247</u>	<u>345</u>
<b>Expenses:</b>						
General government	11	9	—	—	11	9
Physical environment	7	9	—	—	7	9
Public safety	64	70	—	—	64	70
Transportation	26	56	—	—	26	56
Culture and recreation	5	9	—	—	5	9
Interest on long-term debt	2	4	—	—	2	4
Electric	—	—	104	145	104	145
Water and wastewater	—	—	42	51	42	51
Burlington commuter parking	—	—	1	2	1	2
Total expenses	<u>115</u>	<u>157</u>	<u>147</u>	<u>198</u>	<u>262</u>	<u>355</u>
Increase (Decrease) in net position before transfers	(6)	(5)	(9)	(5)	(15)	(10)
Transfers	—	(5)	—	5	—	—
Increase (Decrease) in net position	(6)	(10)	(9)	—	(15)	(10)
Net position-beginning, restated	<u>348</u>	<u>459</u>	<u>444</u>	<u>450</u>	<u>792</u>	<u>909</u>
Net position-ending	<u>\$ 342</u>	<u>449</u>	<u>435</u>	<u>450</u>	<u>777</u>	<u>899</u>

## CITY OF NAPERVILLE, ILLINOIS

### Management's Discussion and Analysis

#### 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 \$6 million.

##### *Revenue*

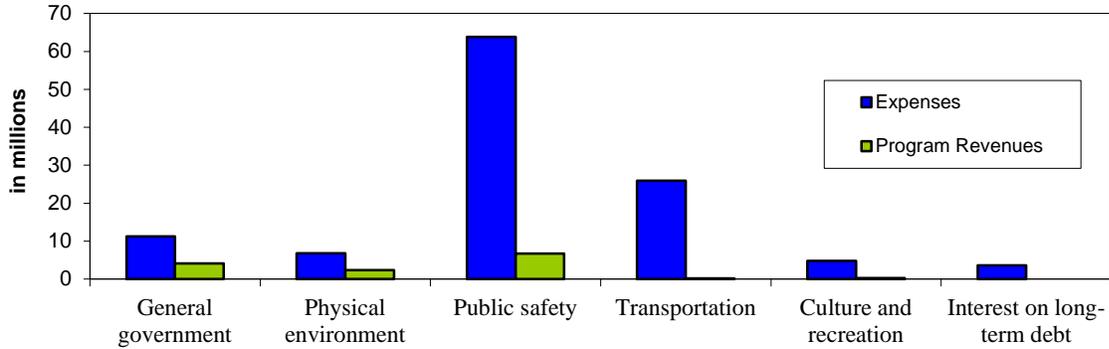
Total revenues from governmental activities decreased by \$43 million (or 28.3%), from the prior year, which is due predominantly to the City changing its fiscal year end to a calendar year end effective December 31, 2015. The current reporting period represents eight months of activity.

**CITY OF NAPERVILLE, ILLINOIS**  
 Management's Discussion and Analysis

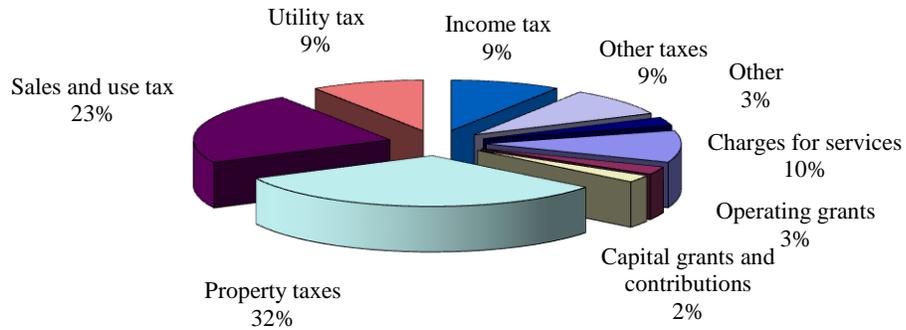
**Expenses**

Total expenses decreased by \$42 million or 26.8% to \$115 million, again representing the eight month short fiscal year.

**Expenses and Program Revenues – Governmental Activities**



**Revenues by Source – Governmental Activities**



**CITY OF NAPERVILLE, ILLINOIS**  
 Management's Discussion and Analysis

**Business-type activities.** The net position for business-type activities decreased by \$9 million.

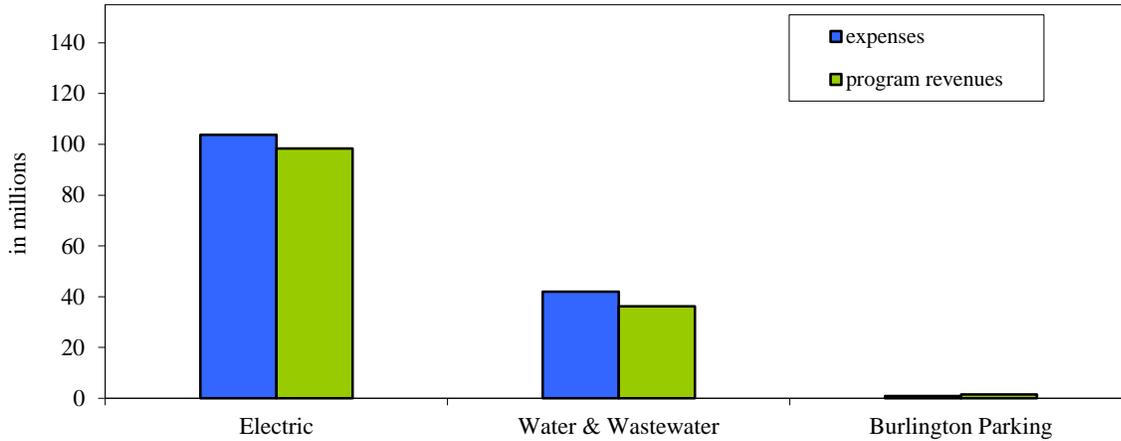
**Revenue**

Overall revenues from business type activities decreased \$55 million or 28.5% from the prior year due to the short eight month fiscal period.

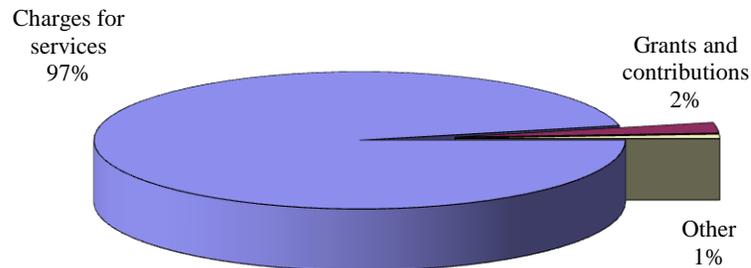
**Expenses**

Total expenses decreased \$51 million (25.8%) again due to the short fiscal reporting period.

**Expenses and Program Revenues – Business-type Activities**



**Revenues by Source-Business-type Activities**



**CITY OF NAPERVILLE, ILLINOIS**

Management's Discussion and Analysis

**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 \$43.5 million, a decrease of \$14.2 million in comparison with the prior fiscal year. Of the total fund balance amount, \$27.6 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, 2015 and April 30, 2015:

Revenues:	12/31/15	Percent of Total	4/30/15	Amount of increase (decrease)	Percent of increase (decrease)
	(Amounts expressed in thousands)				
Taxes	\$ 54,776	49.74%	\$ 112,064	\$ (57,288)	-51.12%
Intergovernmental	40,367	36.65%	8,762	31,605	360.71%
Charges for services	9,138	8.30%	9,242	(104)	-1.13%
Net investment income	201	0.18%	1,603	(1,402)	87.46%
Fees	2,173	1.97%	3,009	(836)	-27.78%
Licenses and permits	1,421	1.29%	2,548	(1,127)	-44.23%
Fines and forfeits	1,162	1.06%	1,770	(608)	-34.35%
Contributions and Miscellaneous	890	0.81%	2,503	(1,613)	-64.44%
Total	\$ <u>110,129</u>	<u>100.00%</u>	\$ <u>141,501</u>	\$ <u>(31,373)</u>	<u>-22.17%</u>

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. For the eight months ended December 31, 2015, the City reclassified retail sales tax and income tax from the taxes category to the intergovernmental category, Naperville's economic recovery has been visible since FY 2012 in all areas of tax receipts. The decreases above are appropriate based on the short fiscal reporting period of eight months.

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.

**CITY OF NAPERVILLE, ILLINOIS**

Management’s Discussion and Analysis

<b>Expenditures:</b>	<u>12/31/15</u>	<u>Percent of total</u>	<u>4/30/15</u>	<u>Amount of increase (decrease)</u>	<u>Percent of increase (decrease)</u>
	(Amounts expressed in thousands)				
Current:					
Public safety	\$ 50,462	40.57%	\$ 70,040	\$ (19,578)	-27.95%
Transportation/ Physical Environment	23,534	18.92%	35,287	(11,753)	-33.31%
Culture and recreation	4,422	3.56%	7,142	(2,720)	-38.08%
General government	7,737	6.22%	7,241	496	6.85%
Debt service:					
Principal	9,448	7.60%	6,841	2,607	38.11%
Interest, fees and issuance costs	4,027	3.24%	4,236	(209)	-4.93%
Capital outlay	<u>24,743</u>	<u>19.90%</u>	<u>22,250</u>	<u>2,493</u>	<u>11.20%</u>
Total for all functions	<u>\$ 124,373</u>	<u>100.01%</u>	<u>\$ 153,037</u>	<u>\$ (28,664)</u>	<u>-18.73%</u>

The primary driver of the decrease in spending in all categories except debt service is due to the shortened fiscal year. Debt service interest is paid in June and December and principal is paid in December, so the annual payment was captured even though the period only consisted of eight months. The City anticipates expenditures to continue at historical levels going forward.

The City Council is committed to maintaining the City’s infrastructure. Major capital projects during the reporting period included: Water Street District development, the continuation of the Emerald Ash Borer tree removal and replacement program, 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 loss before capital fees of \$6.8 million for the eight months ended December 31, 2015, compared to a \$9.8 million net loss 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 1<sup>st</sup> for two years.

Electric charges for services increased \$1.3 million (or 1%) due primarily to rate increases that helped to offset decreasing demands. Kilowatt hour sales decreased by 8 million (or 0.8%) compared to the corresponding eight-month period in 2014. Purchased power expense for the eight months ended December 31, 2015 is 82.2% of operating expense and fluctuates based on heating degree days, cooling degree days, rate for purchased electricity, and demand charges.

**CITY OF NAPERVILLE, ILLINOIS**

Management’s Discussion and Analysis

**Water/Wastewater Utility** – The Water/Wastewater Utility recorded net loss before capital fees of \$6.2 million for the eight months ended December 31, 2015 as compared to a net loss of \$2.6 million for the prior period.

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 and FY2015; due to front loading the rate increase.

Retail water rates, passed through from the DuPage Water Commission to the City’s customers, increased 16.72% on January 1, 2015 for both residential and commercial customers compared to the prior period. On January 1, 2015, the water charge to customers increased to \$3.70 per 100 CCF from \$3.17 per CCF. Other water charges for services and wastewater charges for services remained flat compared to the prior period. Overall, the City is seeing water gallons sold trend downward due to a focus on water conservation and other environmental initiatives.

Purchased water expense for the eight months ended December 31, 2015 is 52.3% 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) increased January 2014 to \$3.97 (from \$3.32) and January 2015 to \$4.68.

**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, 2015, amounts to \$1,010 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 total decrease in the City’s investment in capital assets for the current fiscal year was 0.47% (a 0.63% decrease for governmental activities and 0.31% decrease for business-type activities) as depreciation exceeded new capital outlay.

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total primary government</b>	
	<u>12/31/15</u>	<u>4/30/15</u>	<u>12/31/15</u>	<u>4/30/15</u>	<u>12/31/15</u>	<u>4/30/15</u>
Land and land improvements	\$ 187	187	14	14	201	201
Building and building improvements	80	82	4	4	84	86
Machinery and equipment	12	12	3	4	15	16
Infrastructure	159	154	437	439	596	593
IMEA participation right	—	—	10	10	10	10
Construction in progress	80	70	24	32	104	102
<b>Total</b>	<u>\$ 518</u>	<u>505</u>	<u>492</u>	<u>503</u>	<u>1,010</u>	<u>1,008</u>

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

**CITY OF NAPERVILLE, ILLINOIS**

Management's Discussion and Analysis

**Debt Administration**

For the eight months ended December 31, 2015, the City had a total of \$168.94 million of outstanding debt, net of applicable unamortized premium and discounts. 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, 2015, is as follows:

	<u>Amount</u>	<u>Ratio of bonded debt to assessed valuation</u>	<u>Bonded debt per capita</u>
General Obligation Bonded Debt	\$150,100,000	2.505%	\$1,027

**City of Naperville's Outstanding Debt  
General Obligation Bonds  
(in thousands)**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total primary government</u>	
	<u>12/31/15</u>	<u>4/30/15</u>	<u>12/31/15</u>	<u>4/30/15</u>	<u>12/31/15</u>	<u>4/30/15</u>
G.O. bonds	\$ 95,963	108,548	54,137	60,391	150,100	168,939

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 \$9 million. In FY 2015 the City contributed \$295,349 towards the liability. For additional information please refer to Note 10 in the notes to the financial statements.

## **CITY OF NAPERVILLE, ILLINOIS**

### Management's Discussion and Analysis

#### **Economic Factors and Next Year's Budget and Rates**

- For the month of April 2015, the unemployment rate for the City was 4.6%. This compares favorably to the national and state unemployment rate of 5.4% and 5.5%, respectively.
- The number of total building permits dropped to just under 4,000 in calendar 2009 due to the recession. Building activity is recovering with just over 6,800 issued in 2015, similar to the total number of permits issued in 2006. The city anticipates permits to change from new building to remodeling permits as the city ages.
- Retail sales tax revenues continue to perform at a consistent rate and totaled \$25.2 million for the eight-month reporting period.
- 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 January 1, 2016 the City increased the garbage fee to residents to help offset the costs, this is projected to generate an additional \$5 million in General Fund.
- In January 2016 the City implemented a Home Rule Sales Tax of .5% to offset debt and increase reserves.
- The City Council is committed to maintain a low property tax rate. In the calendar year 2015, the property tax rate for the City is \$0.8082, which is one of the lowest rates compared to neighboring communities.
- 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. This approach to providing rate stabilization capitalizes on a diverse power supply portfolio, which combines owned assets and long-term cost-based contracts and an appropriate fuel mixture.
- As part of the Electric Utility rate structure implemented in 2016, the City implemented 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.

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

## **CITY OF NAPERVILLE, ILLINOIS**

### Management's Discussion and Analysis

#### **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.

## **BASIC FINANCIAL STATEMENTS**

## CITY OF NAPERVILLE, ILLINOIS

## Statement of Net Position

December 31, 2015

(Amounts expressed in 000's)	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Naperville Public Library
<b>Assets:</b>				
Cash and investments	\$ 36,039	5,696	41,735	6,848
Receivables (net of allowance for uncollectable)	39,787	25,916	65,703	14,231
Due from other governments	13,185	125	13,310	—
Internal balances	6,515	(6,515)	—	—
Inventories	2	3,981	3,983	—
Capital assets (net of accumulated depreciation):				
Capital assets not depreciated	263,427	37,749	301,176	—
Capital assets depreciated, net	254,876	444,159	699,035	7,684
IMEA participation right	—	10,759	10,759	—
<b>Total assets</b>	<b>613,831</b>	<b>521,870</b>	<b>1,135,701</b>	<b>28,763</b>
<b>Deferred outflows of resources:</b>				
Deferred Items - IMRF	7,373	5,417	12,790	2,257
Deferred Items - Police Pension	8,768	—	8,768	—
Deferred Items - Firefighters' Pension	13,221	—	13,221	—
Unamortized refunding loss	1,123	473	1,596	—
<b>Total deferred outflows of resources</b>	<b>30,485</b>	<b>5,890</b>	<b>36,375</b>	<b>2,257</b>
<b>Total assets and deferred outflows of resources</b>	<b>644,316</b>	<b>527,760</b>	<b>1,172,076</b>	<b>31,020</b>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	12,464	18,987	31,451	499
Accrued interest payable	312	187	499	—
Due to other governments	160	642	802	—
Due to fiduciary funds	78	—	78	—
Unearned revenue	2,469	10	2,479	—
Long-term liabilities:				
Due within one year	11,510	5,125	16,635	421
Due in more than one year	238,686	67,655	306,341	5,919
<b>Total liabilities</b>	<b>265,679</b>	<b>92,606</b>	<b>358,285</b>	<b>6,839</b>
<b>Deferred inflows of resources:</b>				
Deferred items - police pension	1,094	—	1,094	—
Deferred property taxes revenues	35,019	—	35,019	14,218
<b>Total deferred inflows of resources</b>	<b>36,113</b>	<b>—</b>	<b>36,113</b>	<b>14,218</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>301,792</b>	<b>92,606</b>	<b>394,398</b>	<b>21,057</b>
<b>Net position:</b>				
Net investment in capital assets	420,617	426,461	847,078	7,684
Restricted for:				
Debt service	4,997	—	4,997	—
Physical environment	35	—	35	—
Highways, streets and parking facilities	520	—	520	—
Public safety	1,987	—	1,987	—
Capital projects	31	—	31	—
Culture and recreation	2,065	—	2,065	10
Unrestricted	(87,728)	8,693	(79,035)	2,269
<b>Total net position</b>	<b>\$ 342,524</b>	<b>435,154</b>	<b>777,678</b>	<b>9,963</b>

See accompanying notes to financial statements.

## CITY OF NAPERVILLE, ILLINOIS

## Statement of Activities

Eight Months Ended December 31, 2015

(Amounts expressed in 000's)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Naperville Public Library
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 11,331	4,133	—	—	(7,198)		(7,198)	
Physical environment	6,784	1,357	1,003	—	(4,424)		(4,424)	
Public safety	63,792	5,021	1,731	—	(57,040)		(57,040)	
Culture and recreation	4,846	301	—	—	(4,545)		(4,545)	
Transportation	25,941	164	—	2,541	(23,236)		(23,236)	
Interest on long-term debt	2,512	—	—	—	(2,512)		(2,512)	
Total governmental activities	<u>115,206</u>	<u>10,976</u>	<u>2,734</u>	<u>2,541</u>	<u>(98,955)</u>		<u>(98,955)</u>	
Business-type activities:								
Electric	103,759	96,128	—	2,226		(5,405)	(5,405)	
Water and Wastewater	41,991	35,071	235	931		(5,754)	(5,754)	
Burlington commuter parking	904	1,473	—	—		569	569	
Total business-type activities	<u>146,654</u>	<u>132,672</u>	<u>235</u>	<u>3,157</u>		<u>(10,590)</u>	<u>(10,590)</u>	
Total primary government	<u>\$ 261,860</u>	<u>143,648</u>	<u>2,969</u>	<u>5,698</u>	<u>(98,955)</u>	<u>(10,590)</u>	<u>(109,545)</u>	
Component units:								
Naperville Public Library	<u>\$ 11,938</u>	<u>326</u>	<u>2</u>	<u>—</u>			<u>(11,610)</u>	
General revenues:								
Property taxes					34,849	—	34,849	14,787
Utility taxes					10,108	—	10,108	—
Other taxes					9,820	—	9,820	84
Franchise fees					2,162	—	2,162	—
Intergovernmental - Unrestricted								
Sales Taxes					25,189	—	25,189	—
Income Taxes					9,925	—	9,925	—
Net investment income					198	137	335	(2)
Miscellaneous					609	1,189	1,798	84
Total general revenues and transfers					<u>92,860</u>	<u>1,326</u>	<u>94,186</u>	<u>14,953</u>
Change in net position					(6,095)	(9,264)	(15,359)	3,343
Net position, April 30, 2015, restated					<u>348,619</u>	<u>444,418</u>	<u>793,037</u>	<u>6,620</u>
Net position, December 31, 2015					<u>\$ 342,524</u>	<u>435,154</u>	<u>777,678</u>	<u>9,963</u>

See accompanying notes to financial statements.

## CITY OF NAPERVILLE, ILLINOIS

Balance Sheet  
 Governmental Funds  
 December 31, 2015

(Amounts expressed in 000's)

Assets and Deferred Outflows of Resources	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and investments	\$ 14,893	385	19,385	34,663
Receivables:				
Property taxes	21,027	9,760	4,232	35,019
Accrued interest	30	1	44	75
Accounts receivable	3,056	—	697	3,753
Customers:				
Billed	—	—	—	—
Unbilled, estimated	429	—	—	429
Less allowance for doubtful accounts	(92)	—	—	(92)
Loans and installments	11	—	41	52
Due from other funds	7,311	—	—	7,311
Due from other governments	12,232	—	953	13,185
Inventory	2	—	—	2
Total assets	<u>58,899</u>	<u>10,146</u>	<u>25,352</u>	<u>94,397</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 4,123	—	2,515	6,638
Accrued wages and benefits	2,345	—	111	2,456
Due to other governmental agencies	148	—	12	160
Due to other funds	78	—	796	874
Deposits	2,438	—	—	2,438
Contract retainage payable	370	—	509	879
Unearned grant revenues and others	—	—	2,469	2,469
Total liabilities	<u>9,502</u>	<u>—</u>	<u>6,412</u>	<u>15,914</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue-Property taxes	21,027	9,760	4,232	35,019
Total deferred inflows of resources	<u>21,027</u>	<u>9,760</u>	<u>4,232</u>	<u>35,019</u>
Total liabilities and deferred outflows of resources	<u>30,529</u>	<u>9,760</u>	<u>10,644</u>	<u>50,933</u>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventory	2	—	—	2
Loans	11	—	38	49
<b>Restricted for:</b>				
Debt service	—	—	5,309	5,309
Physical environment	—	—	35	35
Highways, streets and parking facilities	—	—	520	520
Public safety	—	—	1,987	1,987
Capital projects	—	—	31	31
Culture and recreation	—	—	2,065	2,065
<b>Committed to:</b>				
Highways, streets and parking facilities	—	—	1,140	1,140
Physical environment	—	—	128	128
<b>Assigned to:</b>				
Debt service	—	386	—	386
Capital projects	—	—	4,218	4,218
Unassigned	28,357	—	(763)	27,594
Total fund balances	<u>28,370</u>	<u>386</u>	<u>14,708</u>	<u>43,464</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,899</u>	<u>10,146</u>	<u>25,352</u>	<u>94,397</u>

See accompanying notes to financial statements.

## CITY OF NAPERVILLE, ILLINOIS

## Reconciliation of the Governmental Funds Balances to the Statement of Net Position

December 31, 2015

(Amounts expressed in 000's)

Fund balances - total governmental funds (Exhibit A-3)		\$	43,464
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)			518,303
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.			
Deferred Items - IMRF	7,373		
Deferred Items - Police Pension	7,674		
Deferred Items - Firefighters' Pension	13,221		
			<u>28,268</u>
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			(312)
Net Pension Liability			
IMRF	(18,800)		
Police Pension	(60,071)		
Firefighters' Pension	(59,031)		
Compensated absences	(8,692)		
Net Other Post-Employment Benefit Obligation	(1,928)		
General obligation debt	(97,686)		
Total long-term liabilities (See Note 6)			<u>(246,208)</u>
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.			
			<u>(991)</u>
Total net position of governmental activities (Exhibit A-1)		\$	<u><u>342,524</u></u>

See accompanying notes to financial statements.

## CITY OF NAPERVILLE, ILLINOIS

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

Eight Months Ended December 31, 2015

(Amounts expressed in 000's)

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 17,594	12,834	4,421	34,849
Utility tax	10,108	—	—	10,108
Other taxes	5,236	—	4,584	9,820
Licenses and permits	1,373	—	48	1,421
Fines and forfeits	1,098	—	64	1,162
Net investment income	65	14	122	201
Contributions	—	—	281	281
Intergovernmental	35,818	193	4,356	40,367
Charges for services	8,340	—	798	9,138
Fees	2,162	—	11	2,173
Miscellaneous revenues	388	—	221	609
Total revenues	<u>82,182</u>	<u>13,041</u>	<u>14,906</u>	<u>110,129</u>
Expenditures:				
Current:				
General government	7,205	—	532	7,737
Physical environment	5,139	—	515	5,654
Public safety	48,775	—	1,687	50,462
Culture and recreation	315	—	4,108	4,423
Transportation	16,014	—	1,866	17,880
Capital outlay	—	—	24,744	24,744
Debt service:				
Principal	—	9,022	425	9,447
Interest and fees	—	3,847	179	4,026
Total expenditures	<u>77,448</u>	<u>12,869</u>	<u>34,056</u>	<u>124,373</u>
Excess (deficiency) of revenues over expenditures	<u>4,734</u>	<u>172</u>	<u>(19,150)</u>	<u>(14,244)</u>
Other financing sources (uses):				
Transfers in	—	—	8,950	8,950
Transfers out	(5,344)	—	(3,606)	(8,950)
Total other financing sources (uses)	<u>(5,344)</u>	<u>—</u>	<u>5,344</u>	<u>—</u>
Net change in fund balances	(610)	172	(13,806)	(14,244)
Fund balances, April 30, 2015, as restated	28,980	214	28,514	57,708
Fund balances, December 31, 2015	<u>\$ 28,370</u>	<u>386</u>	<u>14,708</u>	<u>43,464</u>

See accompanying notes to financial statements.

## CITY OF NAPERVILLE, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities

Eight Months Ended December 31, 2015

(Amounts expressed in 000's)

Net change in fund balances – total governmental funds (Exhibit A-5) \$ (14,244)

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	\$ 25,812	
Depreciation (See Note 4)	(11,821)	13,991

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	4,420	
Change in Deferred Items - Police Pension	2,352	
Change in Deferred Items - Firefighters Pension	8,029	14,801

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 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	9,447	
Amortization of bond premium	292	
Amortization of refunding loss	(144)	9,595

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.

Increase in net pension liability		
IMRF	(8,944)	
Police Pension	(8,069)	
Firefighters Pension	(15,101)	
Decrease in accrued interest payable	1,365	
Decrease in compensated absences (See Note 6)	1,551	
Increase in other post employment benefit obligation (See Note 6)	(23)	(29,221)

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.

Change in net position of governmental activities (Exhibit A-2)	\$ (6,095)
---	------------

See accompanying notes to financial statements.

## CITY OF NAPERVILLE, ILLINOIS

## Statement of Net Position

## Proprietary Funds

December 31, 2015

(Amounts expressed in 000's)

Assets and Deferred Outflows of Resources	Business-type activities-enterprise funds				Governmental activities – internal service Self-Insurance Fund
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	
Assets:					
Current assets:					
Cash and investments	\$ —	—	5,696	5,696	1,376
Receivables:					
Accrued interest	2	2	11	15	2
Customers:					
Billed	7,289	3,178	7	10,474	549
Unbilled, estimated	10,885	3,044	—	13,929	—
Less allowance for doubtful accounts	(509)	(138)	—	(647)	—
Installments receivable	1,907	37	—	1,944	—
Due from other governments	18	107	—	125	—
Other receivables	119	82	—	201	—
Inventory	2,959	1,022	—	3,981	—
Total current assets	22,670	7,334	5,714	35,718	1,927
Advances to other fund	—	13,729	—	13,729	—
Capital assets (net of accumulated depreciation)					
Capital assets not depreciated	10,832	19,192	7,725	37,749	—
Capital assets depreciated, net	230,155	212,509	1,495	444,159	—
Net capital assets	240,987	231,701	9,220	481,908	—
Intangible assets (net of accumulated depreciation)					
IMEA participation right	10,759	—	—	10,759	—
Total assets	274,416	252,764	14,934	542,114	1,927
Deferred outflows of resources					
Deferred Items - IMRF	3,310	2,107	—	5,417	—
Unamortized refunding loss	473	—	—	473	—
Total deferred outflows of resources	3,783	2,107	—	5,890	—
Total assets and deferred outflows of resources	278,199	254,871	14,934	548,004	1,927
<b>Liabilities and Deferred Inflows of Resources</b>					
Liabilities:					
Current liabilities:					
Accounts payable	10,161	2,678	77	12,916	50
Accrued wages and benefits payable	483	324	15	822	3
Accrued interest payable	93	94	—	187	—
Compensated absences-current portion	773	513	24	1,310	—
Deposits	4,789	129	—	4,918	—
Contract retainage payable	65	146	109	320	—
Claims and judgments	—	—	—	—	930
Due to other government	642	—	—	642	—
Due to other funds	5,711	804	—	6,515	—
Unearned revenue	—	—	10	10	—
Other liabilities	—	11	—	11	—
General obligation bonds payable-current portion	2,411	1,404	—	3,815	—
Total current liabilities	25,128	6,103	235	31,466	983
Noncurrent liabilities:					
Advances from other fund	13,729	—	—	13,729	—
General obligation bonds payable	27,277	24,828	—	52,105	—
Claims and judgments	—	—	—	—	1,935
Net Pension Liability - IMRF	8,441	5,371	—	13,812	—
Compensated absences	1,009	478	23	1,510	—
Other postemployment benefits obligation	118	110	—	228	—
Total noncurrent liabilities	50,574	30,787	23	81,384	1,935
Total liabilities	75,702	36,890	258	112,850	2,918
Total liabilities and deferred inflows of resources	75,702	36,890	258	112,850	2,918
<b>Net Position</b>					
Net investment in capital assets	211,772	205,469	9,220	426,461	—
Unrestricted (Deficit)	(9,275)	12,512	5,456	8,693	(991)
Total net position	\$ 202,497	217,981	14,676	435,154	(991)

See accompanying notes to financial statements.

## CITY OF NAPERVILLE, ILLINOIS

## Statement of Revenues, Expenses, and Changes in Net Position

## Proprietary Funds

Eight Months Ended December 31, 2015

(Amounts expressed in 000's)

	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	\$ 96,359	35,073	1,473	132,905	11,947
Sales for resale	425	—	—	425	—
Miscellaneous	963	226	—	1,189	—
Total operating revenues	97,747	35,299	1,473	134,519	11,947
Operating expenses:					
Purchased power	76,615	—	—	76,615	—
Purchased water	—	17,792	—	17,792	—
Operations	3,436	7,581	757	11,774	—
Distribution	3,873	2,528	—	6,401	—
Other operating expenses	9,233	6,122	—	15,355	12,961
Total operating expenses before depreciation	93,157	34,023	757	127,937	12,961
Operating income before depreciation	4,590	1,276	716	6,582	(1,014)
Depreciation and amortization	(9,738)	(7,214)	(147)	(17,099)	—
Operating income (loss)	(5,148)	(5,938)	569	(10,517)	(1,014)
Nonoperating revenues (expenses):					
Net investment income (loss)	(125)	257	5	137	(3)
Operating grant/intergovernmental	—	235	—	235	—
Gain/(loss) on disposal of capital assets	(656)	(2)	—	(658)	—
Interest expense	(864)	(754)	—	(1,618)	—
Total nonoperating revenues (expenses)	(1,645)	(264)	5	(1,904)	(3)
Net income (loss) before contributions and transfers	(6,793)	(6,202)	574	(12,421)	(1,017)
Capital fees	2,226	931	—	3,157	—
Change in net position	(4,567)	(5,271)	574	(9,264)	(1,017)
Total net position, April 30, 2015, as restated	207,064	223,252	14,102	444,418	26
Total net position, December 31, 2015	\$ 202,497	217,981	14,676	435,154	(991)

See accompanying notes to financial statements.

## CITY OF NAPERVILLE, ILLINOIS

## Statement of Cash Flows

## Proprietary Funds

Eight Months Ended December 31, 2015

(Amounts expressed in 000's)

	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	\$ 89,553	32,285	1,476	123,314	—
Receipts from interfund services provided	—	—	—	—	11,404
Other receipts	963	226	—	1,189	—
Sales for Resale	425	—	—	425	—
Payments to suppliers	(77,961)	(25,931)	(766)	(104,658)	(13,766)
Payments to employees	(7,749)	(5,145)	(26)	(12,920)	(54)
Payments for interfund services used	—	—	—	—	—
Net cash provided (used) by operating activities	5,231	1,435	684	7,350	(2,416)
Cash flows from noncapital financing activities:					
Operating grant	—	235	—	235	—
Advances to other fund	236	(236)	—	—	—
Advances from other fund	—	—	—	—	—
Transfers In	—	—	—	—	—
Transfers out	—	—	—	—	—
Due from Water and Wastewater Utility Fund	—	—	—	—	—
Due to General Fund	—	—	—	—	—
Net cash provided by noncapital financing activities	236	(1)	—	235	—
Cash flows from capital and related financing activities:					
Purchases of capital assets	(2,394)	(1,010)	(75)	(3,479)	—
Proceeds from sales of capital assets	—	—	—	—	—
Payments of bond principal	(3,050)	(1,390)	—	(4,440)	—
Payment of bond interest	(864)	(754)	—	(1,618)	—
Net cash used in capital and related financing activities	(6,308)	(3,154)	(75)	(9,537)	—
Cash flows from investing activities:					
Net interest received	(125)	257	5	137	(3)
Net cash provided by investing activities	(125)	257	5	137	(3)
Net increase (decrease) in cash and cash equivalents	(966)	(1,463)	614	(1,815)	(2,419)
Cash and cash equivalents, April 30, 2015	966	1,463	5,082	7,511	3,795
Cash and cash equivalents, December 31, 2015	\$ —	—	5,696	5,696	1,376

**CITY OF NAPERVILLE, ILLINOIS**

Statement of Cash Flows

Proprietary Funds

Eight Months Ended December 31, 2015

(Amounts expressed in 000's)

	<b>Business-type activities-enterprise funds</b>			<b>Total</b>	<b>Governmental activities – internal service Self-Insurance Fund</b>
	<b>Electric Utility Fund</b>	<b>Water and Wastewater Utility Fund</b>	<b>Other Enterprise Fund</b>		
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (5,148)	(5,938)	569	(10,517)	(1,014)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization expense	9,738	7,214	147	17,099	—
(Increase) decrease in current assets	(6,806)	(2,788)	3	(9,591)	(543)
Increase (decrease) in current liabilities	7,447	2,947	(35)	10,359	(859)
Total adjustments	10,379	7,373	115	17,867	(1,402)
Net cash provided (used) by operating activities	\$ 5,231	1,435	684	7,350	(2,416)
Noncash investing, capital and financing activities:					
Contributions from developers	\$ 2,226	931	—	3,157	—

See accompanying notes to financial statements.

**CITY OF NAPERVILLE, ILLINOIS**

Statement of Fiduciary Net Position

Pension Trust Funds

December 31, 2015

(Amounts expressed in 000's)

Assets:	
Cash and short-term investments	\$ 7,031
Receivables:	
Interest receivable	797
Investments at fair value:	
U.S. Treasury obligations	40,848
U.S. Government agencies	21,228
Corporate bonds	31,227
Mutual funds	118,804
Common stock	36,909
Municipal	934
Annuities	20,513
Total investments	<u>270,463</u>
Due from other funds	78
Prepaid items	<u>2</u>
Total assets	<u><u>278,373</u></u>
Liabilities:	
Accounts payable	14
Net position restricted for pensions	<u><u>\$ 278,358</u></u>

See accompanying notes to financial statements.

**CITY OF NAPERVILLE, ILLINOIS**  
 Statement of Changes in Fiduciary Net Position  
 Pension Trust Funds  
 Eight Months Ended December 31, 2015

(Amounts expressed in 000's)

Additions:	
Contributions:	
Employer	\$ 10,701
Employee	2,298
Miscellaneous	2
Total contributions	13,001
Investment income	
Net appreciation in fair value of investments	(14,551)
Interest and dividends	5,975
Total investment income	(8,576)
Less investment expense	300
Net investment income	(8,876)
Total additions	4,125
Deductions:	
Benefits	7,792
Refunds of contributions	28
Administrative expense	150
Total deductions	7,970
Net increase	(3,845)
Net position restricted for pensions, April 30, 2015	282,203
Net position restricted for pensions, December 31, 2015	\$ 278,358

See accompanying notes to financial statements.

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

### (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.

#### **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 (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

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

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 nonexchange 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.

**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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange 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.

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

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.

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. Nonexchange 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 2014 levy is recognized as revenue for the eight months ended December 31, 2015. 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, 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

## CITY OF NAPERVILLE, ILLINOIS

### Notes to Financial Statements

December 31, 2015

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; nonnegotiable 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.

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 reported at fair value. Fair value is determined by closing market prices at year-end as reported by the investment custodian.

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. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold.

## CITY OF NAPERVILLE, ILLINOIS

### Notes to Financial Statements

December 31, 2015

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. IMET is not registered with the SEC as an investment company. 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, 2015, 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.

***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 in both government-wide and fund financial statements.

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

(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 estimated fair market value on the date received.

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:

	<u>Years</u>
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 twelve days per year for members of the Fraternal Order of Police Union to fifteen days for all other union and nonunion 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 fifteen 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

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

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.

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 Paid Time Off 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 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.

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

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 \$520,001 in the Fair Share Assessment Fund and the fund balance of \$890,192 in the Special Events & Cultural Amenities 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 2014 were due, payable, and collected in two installments in June and September 2014.

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 eight months ended December 31, 2015 for collections from the calendar year 2014 levy if it was received by year-end. Property taxes levied for calendar year 2015, which will be collected in fiscal year 2016 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.

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

*(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."

*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.

*Investments*

The following table presents the investments and durations of the debt securities of the City and Naperville Public Library as of December 31, 2015.

<b>City and Library:</b>	<b>Fair</b>	<b>Duration</b>
<b>Investment Type</b>	<b>Value</b>	<b>(Years)</b>
U.S. Treasury and Agency Securities	\$ 30,387,024	8.06

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

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

<b>Police Pension:</b> <b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>			
		<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
U.S. Treasury Obligations	\$ 20,278,299	4,290,046	11,713,933	4,274,320	-
U.S. Agency Obligations	10,162,195	565	1,533,230	1,726,277	6,902,123
Municipal Bonds	467,173	-	-	205,615	261,558
Corporate Bonds	16,287,451	298,446	8,578,607	6,346,271	1,064,127
	<u>\$ 47,195,118</u>	<u>4,589,057</u>	<u>21,825,770</u>	<u>12,552,483</u>	<u>8,227,808</u>

<b>Fire Pension:</b> <b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>			
		<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
U.S. Treasury Obligations	\$ 20,570,018	4,660,769	10,236,412	5,672,837	-
U.S. Agency Obligations	11,065,895	413	1,245,924	2,582,206	7,237,352
Municipal Bonds	467,173	-	-	310,843	156,330
Corporate Bonds	14,939,917	-	7,024,324	7,173,570	742,023
	<u>\$ 47,043,003</u>	<u>4,661,182</u>	<u>18,506,660</u>	<u>15,739,456</u>	<u>8,135,705</u>

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 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.

**Interest Rate Risk.** 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.

**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

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

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.

**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.

**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:

Police Pension Fund:

<u>Investment</u>	<u>Amount</u>
Vanguard Instl Index Fund	\$ 9,206,210
PIMCO	7,662,195
Principal U.S. Property	7,500,000
Euro Pacific	6,907,495
DFA Emerging	6,821,364

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

Firefighter's Pension Fund:

<b>Investment</b>	<b>Amount</b>
Vanguard Instl Index Fund	\$ 14,168,308
Principal US Property Separate	10,143,521
Vanguard Mid Cap Index	9,984,702
DFA Intrntnl Small Cap	8,138,241
American Europacific Growth	7,787,962
Dodge and Cox Intl	7,059,419

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

<b>Asset Class</b>	<b>Target</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	35%	1.5%
Domestic Equities	35%	6.0%
International Equities	15%	6.3%
Real Estate	8%	5.9%
Global Tactical	8%	4.1%
Cash and Cash Equivalentents	0%	0.0%

Illinois Compiled Statutes (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. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Police Pension Fund's investments was determined using an asset allocation study conducted by the Police Pension Fund's investment management consultant in September 2013 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 asset 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 the 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, 2015 are listed in the table above.

For the eight months ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.1)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35%	1.5%
Domestic Equities	35%	6.0%
International Equities	15%	6.3%
Real Estate	8%	5.9%
Global Tactical	8%	4.1%
Cash and Cash Equivalents	0%	0.0%

Illinois Compiled Statutes (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. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Firefighters' Pension Fund's investments was determined using an asset allocation study conducted by the Firefighters' Pension Fund's investment management consultant in September 2013 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 asset 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 the 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, 2015 are listed in the table above.

For the eight months ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.20)%. 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, 2015 are as follows:

	<u>Term</u>	<u>Due</u>	<u>Amount</u>
DuPage Mayor and Manager Association	20 Years	02/01/2021	\$ 10,393
Commercial Energy Revolving Loans	5 years	Various	3,408
Loan to the SSA 24 property owners	Various	Various	37,546
Electric Loans	Various	Various	1,907,062
Water Loans	Various	Various	37,497

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

**(4) Capital Assets**

A summary of changes in capital assets of the City and Library for the eight months ended December 31, 2015 is as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Primary government - governmental activities:				
Nondepreciable capital assets				
Land	\$ 21,530,074	397,417	-	21,927,491
Land - Infrastructure	161,526,935	-	-	161,526,935
Construction in progress	70,403,378	10,808,103	1,238,958	79,972,523
	<u>253,460,387</u>	<u>11,205,520</u>	<u>1,238,958</u>	<u>263,426,949</u>
Depreciable capital assets				
Land improvements	4,483,943	-	-	4,483,943
Buildings	133,922,189	194,395	-	134,116,584
Equipment	49,848,277	2,434,189	-	52,282,466
Infrastructure	382,681,446	13,216,831	-	395,898,277
	<u>570,935,855</u>	<u>15,845,415</u>	<u>-</u>	<u>586,781,270</u>
Less accumulated depreciation				
Land improvements	1,088,502	176,195	-	1,264,697
Buildings	51,872,067	2,359,651	-	54,231,718
Equipment	37,935,606	1,967,820	-	39,903,426
Infrastructure	229,187,835	7,317,594	-	236,505,429
	<u>320,084,010</u>	<u>11,821,260</u>	<u>-</u>	<u>331,905,270</u>
Total net depreciable capital assets	<u>250,851,845</u>	<u>4,024,155</u>	<u>-</u>	<u>254,876,000</u>
Total net capital assets	<u>\$ 504,312,232</u>	<u>15,229,675</u>	<u>1,238,958</u>	<u>518,302,949</u>

Depreciation expense for governmental activities for the eight months ended December 31, 2015 was charged to functions as follows:

General government	\$ 1,520,443
Physical environment	1,129,253
Public safety	1,009,151
Culture and recreation	586,441
Transportation	<u>7,575,972</u>
	<u>\$ 11,821,260</u>

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

Capital assets, continued:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Primary government - business-type activities - electric utility:				
Nondepreciable capital assets				
Land	\$ 3,836,327	-	-	3,836,327
Construction in progress	11,059,799	1,927,873	5,991,940	6,995,732
	<u>14,896,126</u>	<u>1,927,873</u>	<u>5,991,940</u>	<u>10,832,059</u>
Depreciable capital assets				
Building and building improvements	7,642,944	-	-	7,642,944
Equipment	14,193,264	28,660	-	14,221,924
Infrastructure	399,398,372	14,380,378	7,950,869	405,827,881
	<u>421,234,580</u>	<u>14,409,038</u>	<u>7,950,869</u>	<u>427,692,749</u>
Less accumulated depreciation				
Building and building improvements	4,590,245	138,432	-	4,728,677
Equipment	12,646,899	625,061	-	13,271,960
Infrastructure	172,449,924	7,416,872	330,280	179,536,516
	<u>189,687,068</u>	<u>8,180,365</u>	<u>330,280</u>	<u>197,537,153</u>
 Total net depreciable capital assets	 <u>231,547,512</u>	 <u>6,228,673</u>	 <u>7,620,589</u>	 <u>230,155,596</u>
 Total electric utility net capital assets	 <u>\$ 246,443,638</u>	 <u>8,156,546</u>	 <u>13,612,529</u>	 <u>240,987,655</u>

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

Capital assets, continued:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Primary government - business-type activities - water and wastewater utility:				
Nondepreciable capital assets				
Land	\$ 2,565,671	-	-	2,565,671
Construction in progress	20,161,793	3,247,378	6,782,817	16,626,354
	<u>22,727,464</u>	<u>3,247,378</u>	<u>6,782,817</u>	<u>19,192,025</u>
Depreciable capital assets				
Equipment	10,248,195	120,553	-	10,368,748
Infrastructure	428,840,864	5,400,213	45,474	434,195,603
	<u>439,089,059</u>	<u>5,520,766</u>	<u>45,474</u>	<u>444,564,351</u>
Less accumulated depreciation				
Equipment	8,249,215	508,574	-	8,757,789
Infrastructure	216,593,517	6,705,448	1,249	223,297,716
	<u>224,842,732</u>	<u>7,214,022</u>	<u>1,249</u>	<u>232,055,505</u>
Total net depreciable capital assets	<u>214,246,327</u>	<u>(1,693,256)</u>	<u>44,225</u>	<u>212,508,846</u>
Total water and wastewater utility				
Net capital assets	<u>\$ 236,973,791</u>	<u>1,554,122</u>	<u>6,827,042</u>	<u>231,700,871</u>

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

Capital assets, continued:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Primary government - business-type activities - other enterprise:				
Nondepreciable capital assets				
Land	\$ 7,520,323	-	-	7,520,323
Construction in progress	129,417	75,119	-	204,536
	<u>7,649,740</u>	<u>75,119</u>	<u>-</u>	<u>7,724,859</u>
Depreciable capital assets				
Building and building improvements	6,067,782	-	-	6,067,782
Machinery and equipment	990,053	-	-	990,053
	<u>7,057,835</u>	<u>-</u>	<u>-</u>	<u>7,057,835</u>
Less accumulated depreciation				
Building and building improvements	4,911,330	117,831	-	5,029,161
Machinery and equipment	504,553	29,391	-	533,944
	<u>5,415,883</u>	<u>147,222</u>	<u>-</u>	<u>5,563,105</u>
Total net depreciable capital assets	<u>1,641,952</u>	<u>(147,222)</u>	<u>-</u>	<u>1,494,730</u>
Total other enterprise net capital assets	<u>9,291,692</u>	<u>(72,103)</u>	<u>-</u>	<u>9,219,589</u>
Total net capital assets	<u>\$ 492,709,121</u>	<u>9,638,565</u>	<u>20,439,571</u>	<u>481,908,115</u>
	<b>Restated*</b>			
	<b>Beginning</b>			<b>Ending</b>
	<b>Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances</b>
Component Unit - Naperville Public Library:				
Depreciable capital assets				
Building and building improvements	\$ 11,772,114	285,625	-	12,057,739
Machinery and equipment	3,947,847	35,759	66,137	3,917,469
	<u>15,719,961</u>	<u>321,384</u>	<u>66,137</u>	<u>15,975,208</u>
Less accumulated depreciation				
Building and building improvements	5,052,075	223,119	-	5,275,194
Machinery and equipment	2,966,289	114,174	64,288	3,016,175
	<u>8,018,364</u>	<u>337,293</u>	<u>64,288</u>	<u>8,291,369</u>
Total other net capital assets	<u>\$ 7,701,597</u>	<u>(15,909)</u>	<u>1,849</u>	<u>7,683,839</u>

\* Beginning capital assets were decreased by \$187,179 to match an asset appraisal at 5/1/15.

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

**(5) Interfund Balances and Activity**

*(a) Balances Due to/from Other Funds*

Balances due to/from other funds at December 31, 2015 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 795,979
General	Electric Utility	5,710,794
General	Water and Wastewater Utility	804,281
Police Pension	General	39,077
Firefighters' Pension	General	39,077
		<u>\$ 7,389,208</u>

Balances due to/from other funds are to cover cash accounts temporarily overdrawn at year-end and amounts due to the Police and Firefighters' Pension Funds represent food and beverage taxes collected on their behalf but not yet remitted at year-end.

*(b) Advances*

Advances at December 31, 2015 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Wastewater Utility	Electric Utility	<u>\$ 13,729,267</u>

Interest on the outstanding interfund advance is charged at 2.7%. The semi-annual repayments on October 31 and April 30 started in the current year. All accrued interest and principal will be fully paid and the advance will be closed no later than the end of FY 2017.

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

**(c) Transfers to/from Other Funds**

Interfund transfers for the eight months ended December 31, 2015 were as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
Motor Fuel Tax	General	\$ 4,600,000
Community Development Block Grant	General	128,065
SSA #24	General	615,878
Water Street TIF	2014 G.O. Bond Project	<u>3,605,653</u>
		<u><u>\$ 8,949,596</u></u>

The purpose of significant transfers is as follows:

- \$615,878 transferred from the General Fund to the Special Service Area #24 Fund for the City's share of the downtown maintenance. This transfer will not be repaid.
- \$128,065 was transferred from the General Fund to the Community Development Block Grant Fund for various capital improvement projects. This transfer will not be repaid.
- \$4,600,000 was transferred from the General Fund to the Motor Fuel Tax Fund for the street maintenance and improvement projects. This transfer will not be repaid.
- \$3,605,653 was transferred from the 2014 G.O. Bond Project Fund to the Water Street TIF Fund for capital improvements. This transfer will not be repaid.

As of December 31, 2015, the following funds had deficit fund balances:

<b>Fund</b>	<b>Deficit</b>
Road and Bridge	\$ (185,478)
Water Street TIF	(23,648)
Special Service Area #25	(554,353)

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

**(6) Long-term Obligations**

The following is a summary of changes in long-term debt of the City for the eight months ended December 31, 2015:

Type of Debt	Restated Beginning Balance	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental activities					
Net pension liability					
IMRF	\$ 9,855,088	8,944,889	-	18,799,977	-
Police Pension	52,002,145	8,069,052	-	60,071,197	-
Firefighters' Pension	43,930,149	15,101,004	-	59,031,153	-
Compensated absences	10,242,843	1,550,954	3,101,908	8,691,889	3,898,932
Net other post-employment benefit obligation	1,904,527	23,148	-	1,927,675	-
General obligation bonds	105,410,787	-	9,447,805	95,962,982	6,680,455
Premium (discount)	3,137,334	-	292,036	2,845,298	-
Claims and judgements	3,329,723	9,450,001	9,914,091	2,865,633	930,475
	<u>\$ 229,812,596</u>	<u>43,139,048</u>	<u>22,755,840</u>	<u>250,195,804</u>	<u>11,509,862</u>
Business-type activities - electric utility:					
Net pension liability - IMRF	\$ 4,424,734	4,016,073	-	8,440,807	-
Compensated absences	1,511,238	543,138	271,569	1,782,807	773,497
Net other post-employment benefit obligation	102,375	15,469	-	117,844	-
General obligation bonds	31,086,963	-	2,980,746	28,106,217	2,410,596
Premium (discount)	1,681,790	-	100,518	1,581,272	-
	<u>38,807,100</u>	<u>4,574,680</u>	<u>3,352,833</u>	<u>40,028,947</u>	<u>3,184,093</u>
Business-type activities - water and wastewater utility:					
Net pension liability - IMRF	2,815,740	2,555,683	-	5,371,423	-
Compensated absences	798,742	383,576	191,788	990,530	513,004
Net other post-employment benefit obligation	103,915	6,559	-	110,474	-
General obligation bonds	27,412,250	-	1,381,449	26,030,801	1,403,949
Premium (discount)	210,305	-	9,644	200,661	-
	<u>31,340,952</u>	<u>2,945,818</u>	<u>1,582,881</u>	<u>32,703,889</u>	<u>1,916,953</u>
Business-type activities - other enterprise					
Compensated absences	-	93,318	46,659	46,659	23,594
	<u>\$ 70,148,052</u>	<u>7,613,816</u>	<u>4,982,373</u>	<u>72,779,495</u>	<u>5,124,640</u>
Component Unit - Naperville Public Library:					
Net pension liability - IMRF	\$ 3,016,863	2,738,232	-	5,755,095	-
Compensated absences	434,966	6,826	13,652	428,140	420,772
Net other post-employment benefit obligation	76,592	79,503	-	156,095	-
	<u>\$ 3,528,421</u>	<u>2,824,561</u>	<u>13,652</u>	<u>6,339,330</u>	<u>420,772</u>

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

Long-term debt at December 31, 2015 consists of the following:

**(a) General Obligation Bonds**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
April 2008, 3.25% - 5.0%, due serially through December 1, 2038	\$ 22,236,783	7,258,217	29,495,000
March 2009, 2.05% - 4.75%, due serially through December 1, 2028	20,351,250	9,798,750	30,150,000
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% - 4.5%, due serially through December 1, 2023	13,926,949	5,098,051	19,025,000
April 2010, Series D, 2.0% - 4.0%, due serially through December 1, 2021	4,595,000	-	4,595,000
July 2011, 2.0% - 4.625%, due serially through December 1, 2029	-	14,700,000	14,700,000
September 2012, 2.0% - 4.0%, due serially through December 1, 2025	13,393,000	9,307,000	22,700,000
July 2013, 3.0% - 4.0%, due serially through December 1, 2031	5,220,000	-	5,220,000
May 2014, 2.0% - 3.5%, due serially through December 1, 2032	16,240,000	-	16,240,000
	<u>\$ 95,962,982</u>	<u>54,137,018</u>	<u>150,100,000</u>

The annual requirements to amortize all short-and long-term general obligation bonds outstanding at December 31, 2015 are as follows:

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ 6,680,455	3,744,417	3,814,545	2,227,970
2017	10,259,084	3,514,886	4,450,916	2,112,765
2018	9,528,447	3,162,331	4,931,553	1,958,506
2019	8,919,835	2,795,586	4,865,165	1,773,852
2020 - 2024	39,184,130	8,829,380	22,175,870	6,296,508
2025 - 2029	16,616,031	2,565,526	13,898,969	1,699,174
2030 - 2034	4,000,000	514,100	-	-
2035 - 2038	775,000	99,000	-	-
Totals	<u>\$ 95,962,982</u>	<u>25,225,226</u>	<u>54,137,018</u>	<u>16,068,775</u>

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

**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 original general obligation bonds issuance amounts were allocated as follows:

<b>Bonds Series</b>	<b>Electric Utility</b>	<b>Water and Wastewater Utility</b>	<b>Governmental Activities</b>	<b>Totals</b>
G.O. 2001A	\$ 5,888,000	-	27,792,000	33,680,000
G.O. 2005	20,200,000	-	10,100,000	30,300,000
G.O. 2008	9,990,000	-	34,260,000	44,250,000
G.O. 2009	4,000,000	9,000,000	34,405,000	47,405,000
G.O. 2010A	-	7,975,000	-	7,975,000
G.O. 2010B	-	5,500,000	15,025,000	20,525,000
G.O. 2010C	4,500,000	-	-	4,500,000
G.O. 2011	11,000,000	8,000,000	-	19,000,000
G.O. 2012 Refunding	12,482,450	-	17,962,550	30,445,000

The general obligation bonds outstanding amount for the enterprise funds at December 31, 2015 is \$54,137,018.

**(7) Change in Accounting Principle**

Net position was restated due to the implementation of GASB Statement No. 68 and a change in accounting principle for the recognition of inventories and deferred revenues. The following is a summary of the net position as originally reported and as restated:

<b>Net Position/Fund Balance</b>	<b>As Reported (in Thousands)</b>	<b>As Restated (in Thousands)</b>	<b>Increase (Decrease)</b>	
Governmental Activities				
	GASB Statement No. 68, Inventories, Deferred Revenues	\$ 449,179	348,619	(100,560)
Business-Type Activities				
Electric Utility	GASB Statement No. 68	210,163	207,064	(3,099)
Water and Wastewater Utility	GASB Statement No. 68	225,223	223,252	(1,971)
Naperville Public Library - Discretely Presented Component Unit				
General Fund	GASB Statement No. 68 Inventories	8,920	6,620	(2,300)
Nonmajor Governmental	Deferred Revenues	—	781	781

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

### (8) 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, 2015 this liability totaled approximately \$930,475. The claims liability reported in the Self-Insurance Fund of \$1,935,158 at December 31, 2015 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.

Changes in the Self-Insurance Fund's claims liability amount for the eight months ended December 31, 2015 and for the fiscal year ended April 30, 2015 were:

	<u>12/31/15</u>	<u>4/30/15</u>
Claims liability, beginning of year	\$ 3,329,723	2,438,353
Incurred claims	9,450,001	15,772,954
Changes in estimates	-	168,911
Claim payments	<u>(9,914,091)</u>	<u>(15,050,495)</u>
Claims liability, end of year	<u>\$ 2,865,633</u>	<u>3,329,723</u>

## CITY OF NAPERVILLE, ILLINOIS

### Notes to Financial Statements

December 31, 2015

#### (9) Commitments and Contingencies

##### *DuPage Water Commission*

The City is a charter customer, along with 23 other municipalities, of the Du Page Water Commission (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.

The City's charter member fixed cost contribution was \$122,438.26 per month (or 20.5683%). The fixed cost contribution represents the communities' contribution to retire existing debt based on a percentage of water used as a percentage of the total water pumped by the DuPage Water Commission.

##### *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 twenty-nine existing participating members resulting in acquisition of the resources necessary to serve the City. The projected premium payments are approximately \$72 million. The cumulative premium payments through December 31, 2015 are \$23.5 million.

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.

The smart grid was installed by April 2013, meeting the grant requirements. The cumulative project cost through April 30, 2014 is \$24.3 million, and \$11.0 million has been reimbursed by the DOE.

## CITY OF NAPERVILLE, ILLINOIS

### Notes to Financial Statements

December 31, 2015

#### ***Naperville Renewable Energy Program***

The City of Naperville 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 FY 2016 was 57% wind and 43% 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 Naperville 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 2016, 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 Naperville. The fund balance of this subfund of the electric fund at December 31, 2015 is \$1.1 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 eight months ended December 31, 2015, \$133,535 in sales tax and \$173,534 in hotel tax were rebated under these agreements. Estimated remaining \$21 million will be payable throughout 24 years.

#### **(10) 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](http://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.

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

***Illinois Municipal Retirement Fund (IMRF)***

**(a) *Plan Descriptions***

*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.

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

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, 2015, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	607
Inactive plan members entitled to but not yet receiving benefits	662
Active plan members	<u>2,106</u>
Total	<u><u>3,375</u></u>

*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 2015 was 11.72% of covered payroll.

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial valuation date	12/31/2015
Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.50%
Salary increases	4.40% to 16.00%
Cost of living adjustments	3.00%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). 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 tables was used with fully generational projection scale MP-2014 (base year 2014). 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-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**(b) Discount Rate**

A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

**(c) Discount Rate Sensitivity**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, 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:

	<b>1% Decrease (6.48%)</b>	<b>Current Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
Net pension liability	\$ 77,287,393	38,367,302	6,520,207

**(d) Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Balances at December 31, 2014	\$ 276,972,756	256,860,331	20,112,425
Changes for the year:			
Service cost	5,623,110	-	5,623,110
Interest on the total pension liability	20,562,051	-	20,562,051
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	626,724	-	626,724
Changes of assumptions	358,132	-	358,132
Contributions - employer	-	6,026,372	(6,026,372)
Contributions - employees	-	2,325,703	(2,325,703)
Net investment income	-	1,278,894	(1,278,894)
Benefit payments, including refunds of employee contributions	(10,515,189)	(10,515,189)	-
Other (net transfer)	-	(715,829)	715,829
Net changes	16,654,828	(1,600,049)	18,254,877
Balances at December 31, 2015	\$ 293,627,584	255,260,282	38,367,302
		City	32,612,207
		Library Discretely Presented Component Unit	5,755,095
			<u>38,367,302</u>

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

*(e) Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

For the eight months ended December 31, 2015, the City recognized pension expense of \$11,528,922 and the Library recognized \$2,034,515. At December 31, 2015, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 474,088	-	474,088
Change in assumptions	270,910	-	270,910
Net difference between projected and actual earnings on pension plan investments	14,302,136	-	14,302,136
Total deferred amounts related to IMRF	<u>\$ 15,047,134</u>	-	<u>15,047,134</u>
Total deferred amounts related to IMRF			
City	12,790,064	-	12,790,064
Library	2,257,070	-	2,257,070
	<u>15,047,134</u>	-	<u>15,047,134</u>

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:

<b>Fiscal Year</b>	<b>City Net Deferred Outflows of Resources</b>	<b>Library Net Deferred Outflows of Resources</b>	<b>Total Net Deferred Outflows of Resources</b>
2016	\$ 3,243,083	572,309	3,815,392
2017	3,243,083	572,309	3,815,392
2018	3,243,083	572,309	3,815,392
2019	3,060,815	540,143	3,600,958
2020	-	-	-
Thereafter	-	-	-
Total	<u>\$ 12,790,064</u>	<u>2,257,070</u>	<u>15,047,134</u>

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

***Police Pension Plan***

**(a) *Plan Descriptions***

*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, 2015, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	84
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>164</u>
Total	<u><u>249</u></u>

*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 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent 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 percent of the original pension and 3 percent compounded annually thereafter.

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

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 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent 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 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent 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 eight months ended December 31, 2015, the City's contribution was 32.04% of covered payroll.

*Concentrations.* At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows:

<b>Investment</b>	<b>Amount</b>
Vanguard Instl Index Fund	\$ 9,206,210
PIMCO	7,662,195
Principal U.S. Property	7,500,000
Euro Pacific	6,907,495
DFA Emerging	6,821,364

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial valuation date	12/31/2015
Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	5.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 CHBCA Mortality Table. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

**(b) Discount Rate**

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. 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 the 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 project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

**(c) 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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Net pension liability	\$ 87,935,290	60,071,197	37,115,830

**(d) Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Balances at April 30, 2015	\$ 192,796,750	140,794,605	52,002,145
Changes for the year:			
Service cost	2,635,406	-	2,635,406
Interest on the total pension liability	8,905,015	-	8,905,015
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(1,407,108)	-	(1,407,108)
Changes of assumptions	-	-	-
Contributions - employer	-	5,345,433	(5,345,433)
Contributions - employees	-	1,119,494	(1,119,494)
Net investment income	-	(4,333,440)	4,333,440
Benefit payments, including refunds of employee contributions	(3,950,028)	(3,950,028)	-
Other (net transfer)	-	(67,226)	67,226
Net changes	6,183,285	(1,885,767)	8,069,052
Balances at December 31, 2015	\$ 198,980,035	138,908,838	60,071,197

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

*(e) Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

For the eight months ended December 31, 2015, the City recognized pension expense of \$5,740,143. At December 31, 2015, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ -	(1,094,417)	(1,094,417)
Change in assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	8,768,336	-	8,768,336
Total deferred amounts related to Police Pension	<u>\$ 8,768,336</u>	<u>(1,094,417)</u>	<u>7,673,919</u>

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:

<b>Fiscal Year</b>	<b>Net Deferred Outflows of Resources</b>
2016	\$ 1,879,394
2017	1,879,394
2018	1,879,394
2019	2,035,737
2020	-
Thereafter	-
Total	<u>\$ 7,673,919</u>

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

***Firefighters' Pension Plan***

**(a) *Plan Descriptions***

*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, 2015, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	95
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>189</u>
Total	<u><u>287</u></u>

*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 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent 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 percent of the original pension and 3percent compounded annually thereafter.

# CITY OF NAPERVILLE, ILLINOIS

## Notes to Financial Statements

December 31, 2015

*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 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent 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 1<sup>st</sup> 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 percent 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 eight months ended December 31, 2015, the City's contribution was 29.24% of covered payroll.

*Significant Investments.* At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows:

<b>Investment</b>	<b>Amount</b>
Vanguard Instl Index Fund	\$ 14,168,308
Principal US Property Separate	10,143,521
Vanguard Mid Cap Index	9,984,702
DFA Intrntnl Small Cap	8,138,241
American Europacific Growth	7,787,962
Dodge and Cox Intl	7,059,419

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial valuation date	12/31/2015
Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	5.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 CHBCA Mortality Table. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

**(b) Discount Rate**

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. 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 the 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 project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

**(c) 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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Net pension liability	\$ 85,952,862	59,031,153	36,626,184

**(d) Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Balances at April 30, 2015	\$ 185,338,048	141,407,899	43,930,149
Changes for the year:			
Service cost	3,038,367	-	3,038,367
Interest on the total pension liability	8,558,822	-	8,558,822
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	5,414,803	-	5,414,803
Changes of assumptions	-	-	-
Contributions - employer	-	5,355,723	(5,355,723)
Contributions - employees	-	1,181,158	(1,181,158)
Net investment income	-	(4,543,027)	4,543,027
Benefit payments, including refunds of employee contributions	(3,869,445)	(3,869,445)	-
Other (net transfer)	-	(82,866)	82,866
Net changes	13,142,547	(1,958,457)	15,101,004
Balances at December 31, 2015	\$ 198,480,595	139,449,442	59,031,153

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

*(e) Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

For the eight months ended December 31, 2015, the City recognized pension expense of \$7,235,916. At December 31, 2015, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 4,393,142	-	4,393,142
Change in assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	8,827,669	-	8,827,669
Total deferred amounts related to Firefighters' Pension	<u>\$ 13,220,811</u>	-	<u>13,220,811</u>

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:

<b>Fiscal Year</b>	<b>Net Deferred Outflows of Resources</b>
2016	\$ 3,228,579
2017	3,228,579
2018	3,228,579
2019	3,228,576
2020	306,498
Thereafter	<u>-</u>
Total	<u>\$ 13,220,811</u>

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

**(11) Other Post-Employment 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 April 30, 2014 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 April 30, 2014, the date of the most recent actuarial valuation, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	92
Active employees	<u>1,121</u>
	<u>1,213</u>
Participating employers	<u>1</u>

**(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

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

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, 2015, retirees contributed \$1,355,459 for premiums and the City contributed \$295,349 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 \$420,025 while the ARC was \$410,303 for the eight months ended December 31, 2015. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2015 were as follows:

<b>Fiscal Year</b>	<b>Annual OPEB Cost</b>	<b>Actual Contributions</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
4/30/14	\$ 570,822	\$ 435,507	76.29%	\$ 2,001,636
4/30/15	628,799	443,023	70.46%	2,187,412
12/31/15	420,025	295,349	70.32%	2,312,088

The net OPEB obligation (NOPEBO) as of December 31, 2015, was calculated as follows:

Annual required contributions	\$ 410,303
Interest on the NOPEBO	58,331
Adjustment to the ARC	<u>(48,609)</u>
Annual pension cost	420,025
Actual contribution	<u>295,349</u>
Change in the NOPEBO	124,676
NOPEBO - May 1, 2015	<u>2,187,412</u>
 NOPEBO - December 31, 2015	 <u><u>2,312,088</u></u>
 Governmental Activities	 1,927,675
Business-Type Activities	228,318
Library Discretely Presented Component Unit	<u>156,095</u>
	<u><u>2,312,088</u></u>

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

**(f) Funded Status and Funding Progress**

The funded status of the plan as of April 30, 2014, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$	9,043,563
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	9,043,563
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	88,717,697
UAAL as a percentage of covered payroll		10.19%

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.

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

In the April 30, 2014 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 7.50% initially and 5.50% 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 April 30, 2014, was 30 years.

**(12) Discretely Presented Component Unit-Naperville Public Library**

The following is summary fund financial information for the Naperville Public Library (the Library) for the eight months ended December 31, 2015:

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

Discretely Presented Component Unit – Naperville Public Library  
Statement of Net Position and Governmental Funds Combining Balance Sheet  
December 31, 2015

Assets and Deferred Outflows of Resources	General Operating	Special revenue			Total	Adjustment	Statement of Net Position
		Building Reserve	Gift and Memorial	Endowment			
Assets:							
Cash and cash equivalents	\$ 6,320,411	492,726	24,388	10,265	6,847,790	—	6,847,790
Property taxes receivable, net of allowance for uncollectible accounts	14,218,000	—	—	—	14,218,000	—	14,218,000
Interest receivable	11,937	941	47	20	12,945	—	12,945
Capital assets (net):							
Capital assets depreciated, net	—	—	—	—	—	7,683,839	7,683,839
Total assets	20,550,348	493,667	24,435	10,285	21,078,735	7,683,839	28,762,574
Deferred outflows of resources:							
Deferred items - IMRF	—	—	—	—	—	2,257,070	2,257,070
Total assets and deferred outflows of resources	\$ 20,550,348	493,667	\$ 24,435	10,285	21,078,735	9,940,909	31,019,644
<b>Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position</b>							
Liabilities:							
Accounts payable	\$ 144,654	42,571	25	—	187,250	—	187,250
Accrued wages and benefits	312,282	—	—	—	312,282	—	312,282
Compensated absences	—	—	—	—	—	428,140	428,140
Net Pension Liability	—	—	—	—	—	5,755,095	5,755,095
Other postemployment benefits obligation	—	—	—	—	—	156,095	156,095
Total liabilities	456,936	42,571	25	—	499,532	6,339,330	6,838,862
Deferred inflows of resources:							
Unavailable/earned property tax revenue	14,218,000	—	—	—	14,218,000	—	14,218,000
Total deferred inflows of resources	14,218,000	—	—	—	14,218,000	—	14,218,000
Fund Balance/Net Position:							
Fund balance:							
Restricted for culture and recreation	—	—	—	10,285	10,285	—	10,285
Committed for culture and recreation	—	451,096	24,410	—	475,506	(475,506)	—
Unassigned	5,875,412	—	—	—	5,875,412	(5,875,412)	—
Net position:							
Invested in capital assets	—	—	—	—	—	7,683,839	7,683,839
Unrestricted	—	—	—	—	—	2,268,658	2,268,658
Total fund balance/net position	5,875,412	451,096	24,410	10,285	6,361,203	3,601,579	9,962,782
Total liabilities, deferred inflows of resources and fund balances/net position	\$ 20,550,348	493,667	24,435	10,285	21,078,735	9,940,909	31,019,644

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Financial Statements

December 31, 2015

Summary Financial Information (Continued)

Discretely Presented Component Unit – Naperville Public Library

Eight Months Ended December 31, 2015

	General Operating	Special revenue			Total	Adjustments	Statement of Activities
		Building Reserve	Gift and Memorial	Endowment			
Revenues:							
Property taxes	\$ 14,786,567	—	—	—	14,786,567	—	14,786,567
Other taxes – personal property replacement tax	84,386	—	—	—	84,386	—	84,386
Fines and forfeits	265,832	—	—	—	265,832	—	265,832
Net investment income	(5,475)	3,262	(51)	12	(2,252)	—	(2,252)
Charges for services	3,109	—	—	—	3,109	—	3,109
Fees	57,533	—	—	—	57,533	—	57,533
Contribution	—	—	2,239	—	2,239	—	2,239
Miscellaneous	83,461	40	—	—	83,501	—	83,501
<b>Total revenues</b>	<b>15,275,413</b>	<b>3,302</b>	<b>2,188</b>	<b>12</b>	<b>15,280,915</b>	<b>—</b>	<b>15,280,915</b>
Expenditures/expenses:							
Current – culture and recreation	10,135,726	303,130	23,682	—	10,462,538	1,475,553	11,938,091
<b>Total expenditures/expenses</b>	<b>10,135,726</b>	<b>303,130</b>	<b>23,682</b>	<b>—</b>	<b>10,462,538</b>	<b>1,475,553</b>	<b>11,938,091</b>
Excess (deficiency) of revenues over expenditures	5,139,687	(299,828)	(21,494)	12	4,818,377	(1,475,553)	3,342,824
Other financing sources (uses):							
Transfers in	—	550,000	—	—	550,000	(550,000)	—
Transfers out	(550,000)	—	—	—	(550,000)	550,000	—
<b>Total other financing sources (uses)</b>	<b>(550,000)</b>	<b>550,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Net change in fund balances/net position	4,589,687	250,172	(21,494)	12	4,818,377	(1,475,553)	3,342,824
Fund balances/net position at April 30, 2015, restated	1,285,725	200,924	45,904	10,273	1,542,826	5,077,132	6,619,958
Fund balances/net position at December 31, 2015	\$ 5,875,412	451,096	24,410	10,285	6,361,203	3,601,579	9,962,782

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF NAPERVILLE, ILLINOIS

## General Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Eight Months Ended December 31, 2015

	Budgeted amount		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Property taxes	\$ 17,514,725	17,514,725	17,594,275	79,550
Utility tax	17,100,739	17,100,739	10,108,195	(6,992,544)
Other taxes	7,367,982	7,367,982	5,236,314	(2,131,668)
Licenses and permits	2,547,831	2,547,831	1,372,610	(1,175,221)
Fines	1,650,116	1,650,116	1,097,624	(552,492)
Net investment income	198,303	198,303	64,757	(133,546)
Intergovernmental	51,481,890	51,481,890	35,817,602	(15,664,288)
Charges for services	11,946,890	11,946,890	8,340,407	(3,606,483)
Franchise fees	2,525,716	2,525,716	2,162,241	(363,475)
Miscellaneous	608,585	608,585	388,246	(220,339)
Total revenues	112,942,777	112,942,777	82,182,271	(30,760,506)
Expenditures:				
Current:				
General government	10,812,463	10,812,463	7,204,457	3,608,006
Physical environment	7,972,758	7,972,758	5,139,697	2,833,061
Public safety	70,321,156	70,321,156	48,775,342	21,545,814
Transportation	24,822,174	24,822,174	16,013,725	8,808,449
Culture and recreation	203,835	203,835	314,398	(110,563)
Total expenditures	114,132,386	114,132,386	77,447,619	36,684,767
Excess (deficiency) of revenues over expenditures	(1,189,609)	(1,189,609)	4,734,652	5,924,261
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	(5,641,882)	(5,641,882)	(5,343,943)	297,939
Total other financing sources (uses)	(5,641,882)	(5,641,882)	(5,343,943)	297,939
Net change in fund balances	\$ (6,831,491)	(6,831,491)	(609,291)	6,222,200
Fund balance, April 30, 2015, as restated			28,979,624	
Fund balance, December 31, 2015			\$ 28,370,333	

See accompanying independent auditor's report

**CITY OF NAPERVILLE, ILLINOIS**

Notes to Required Supplementary Information -  
Budgetary Comparison Schedule

December 31, 2015

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. 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. No budget amendments were made during the current fiscal year.

The following funds had an excess of actual expenditures over budget for the fiscal year:

<u>Fund</u>	<u>Excess</u>
Debt Service	\$ 98,939
Special Service Area #25	85,129

**CITY OF NAPERVILLE**  
 Illinois Municipal Retirement Fund  
 Required Supplementary Information  
 Schedule of Employer Contributions  
 December 31, 2015

<b>Eight Months Ended</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess/ (Deficiency)</b>	<b>Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
12/31/2015	\$ 4,329,322	\$ 4,329,322	\$ -	\$ 51,417,441	8.42%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	28 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.0%
Salary Increases	4.4% - 16.0%
Investment Rate of Return	7.5%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 68.

**CITY OF NAPERVILLE**  
 Police Pension Fund  
 Required Supplementary Information  
 Schedule of Employer Contributions  
 December 31, 2015

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess/ (Deficiency)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
4/30/2015	\$ 5,156,419	\$ 5,641,180	\$ 484,761	\$ 16,365,735	34.47%
12/31/2015	4,809,036	5,345,433	536,397	16,683,031	32.04%

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	50-70
Mortality	RP 2000 CHBCA

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

**CITY OF NAPERVILLE**  
 Firefighters' Pension Fund  
 Required Supplementary Information  
 Schedule of Employer Contributions  
 December 31, 2015

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess/ (Deficiency)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
4/30/2015	\$ 5,183,001	\$ 5,670,039	\$ 487,038	\$ 17,165,868	33.03%
12/31/2015	4,820,338	5,355,723	535,385	18,315,408	29.24%

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	50-70
Mortality	RP 2000 CHBCA

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

**CITY OF NAPERVILLE**  
 Illinois Municipal Retirement Fund  
 Required Supplementary Information  
 Schedule of Changes in the Employer's Net Pension Liability  
 December 31, 2015

	12/31/2015
Total pension liability	
Service cost	\$ 5,623,110
Interest	20,562,051
Changes in benefit terms	-
Differences between expected and actual experience	626,724
Change of assumptions*	358,132
Benefit payments, including refunds of member contributions	(10,515,189)
Net change in total pension liability	16,654,828
Total pension liability, January 1, 2015	276,972,756
Total pension liability, December 31, 2015	\$ 293,627,584
Plan fiduciary net position	
Contributions - employer	\$ 6,026,372
Contributions - members	2,325,703
Contributions - other	-
Net investment income	1,278,894
Benefit payments, including refunds of member contributions	(10,515,189)
Administrative expense	(715,829)
Net change in plan fiduciary net position	(1,600,049)
Plan net position, January 1, 2015	256,860,331
Plan net position, December 31, 2015	\$ 255,260,282
Employer's net pension liability	\$ 38,367,302
Plan fiduciary net position as a percentage of the total pension liability	86.9%
Covered-employee payroll	\$ 51,417,441
Employer's net pension liability as a percentage of covered-employee payroll	74.6%

\* Relates to retirement age and mortality changes

**CITY OF NAPERVILLE**  
**Police Pension Fund**  
**Required Supplementary Information**  
**Schedule of Changes in the Employer's Net Pension Liability**  
**December 31, 2015**

	Eight Months Ended	
	4/30/2015	12/31/2015
Total pension liability		
Service cost	\$ 3,442,284	2,635,406
Interest	12,150,401	8,904,818
Changes in benefit terms	-	-
Differences between expected and actual experience	(2,006,971)	(1,398,497)
Change of assumptions	8,387,367	-
Benefit payments, including refunds of member contributions	(5,506,966)	(3,958,442)
Net change in total pension liability	16,466,115	6,183,285
Total pension liability, beginning of year	176,330,635	192,796,750
Total pension liability, end of year	<u>\$ 192,796,750</u>	<u>198,980,035</u>
Plan fiduciary net position		
Contributions - employer	\$ 5,641,180	5,345,433
Contributions - members	1,599,368	1,117,257
Contributions - other	8,066	2,237
Net investment income	8,726,002	(4,333,440)
Benefit payments, including refunds of member contributions	(5,506,966)	(3,950,028)
Administrative expense	(130,073)	(67,226)
Net change in plan fiduciary net position	10,337,577	(1,885,767)
Plan net position, beginning of year	130,457,028	140,794,605
Plan net position, end of year	<u>\$ 140,794,605</u>	<u>138,908,838</u>
Employer's net pension liability	<u>\$ 52,002,145</u>	<u>60,071,197</u>
Plan fiduciary net position as a percentage of the total pension liability	73.0%	69.8%
Covered-employee payroll	\$ 16,683,031	16,683,031
Employer's net pension liability as a percentage of covered-employee payroll	311.7%	360.1%

**CITY OF NAPERVILLE**  
**Firefighters' Pension Fund**  
**Required Supplementary Information**  
**Schedule of Changes in the Employer's Net Pension Liability**  
**December 31, 2015**

	Eight Months Ended	
	4/30/2015	12/31/2015
Total pension liability		
Service cost	\$ 3,852,140	3,038,367
Interest	11,857,616	8,558,822
Changes in benefit terms	-	-
Differences between expected and actual experience	(82,734)	5,414,803
Change of assumptions	2,920,299	-
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)
Net change in total pension liability	13,339,753	13,142,547
Total pension liability, beginning of year	171,998,295	185,338,048
Total pension liability, end of year	<u>\$ 185,338,048</u>	<u>198,480,595</u>
Plan fiduciary net position		
Contributions - employer	\$ 5,670,039	5,355,723
Contributions - members	1,839,016	1,181,158
Contributions - other	-	-
Net investment income	7,705,014	(4,543,027)
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)
Administrative expense	(109,970)	(82,866)
Net change in plan fiduciary net position	9,896,531	(1,958,457)
Plan net position, beginning of year	131,511,368	141,407,899
Plan net position, end of year	<u>\$ 141,407,899</u>	<u>139,449,442</u>
Employer's net pension liability	<u>\$ 43,930,149</u>	<u>59,031,153</u>
Plan fiduciary net position as a percentage of the total pension liability	76.30%	70.26%
Covered-employee payroll	\$ 17,165,868	18,315,408
Employer's net pension liability as a percentage of covered-employee payroll	255.92%	322.30%

**CITY OF NAPERVILLE**  
Police Pension Fund  
Required Supplementary Information  
Schedule of Investment Returns  
December 31, 2015

<b>Fiscal Year</b>	<b>Annual Money- Weighted Rate of Return, Net of Investment Expense</b>
4/30/15	6.60%
12/31/15	(3.10)%

**CITY OF NAPERVILLE**  
Firefighters' Pension Fund  
Required Supplementary Information  
Schedule of Investment Returns  
December 31, 2015

<b>Fiscal Year</b>	<b>Annual Money- Weighted Rate of Return, Net of Investment Expense</b>
4/30/15	6.00%
12/31/15	(3.20)%

**CITY OF NAPERVILLE, ILLINOIS**  
 Other Post-Employment Benefit Plan  
 Requirement Supplementary Information-  
 Schedule of Funding Progress  
 December 31, 2015

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a) / (b)	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Eight Months Ended 12/31/2015	\$ —	9,043,563	9,043,563	0.00%	88,717,698	10.19%
4/30/2015	—	9,043,563	9,043,563	0.00%	88,717,698	10.19%
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%
4/30/2012	—	8,302,543	8,302,543	0.00%	84,561,057	9.82%
4/30/2011	—	6,952,316	6,952,316	0.00%	89,483,429	7.77%

See accompanying independent auditors' report.

**CITY OF NAPERVILLE, ILLINOIS**  
 Other Post-Employment Benefit Plan  
 Requirement Supplementary Information-  
 Schedule of Employer Contributions  
 December 31, 2015

<b>Year Ended April 30</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)*</b>	<b>Percentage Contributed</b>
Eight Months Ended 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
4/30/2012	363,068	522,396	69.50
4/30/2011	363,068	522,396	69.50

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 accompanying independent auditors' report.

## **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 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

## General Fund

## Detailed Schedule of Revenues – Budget and Actual

Eight Months Ended December 31, 2015

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
Property taxes:				
General	\$ 7,487,047	7,487,047	7,519,385	32,338
Police Pension	5,008,187	5,008,187	5,031,861	23,674
Firefighters' Pension	5,019,491	5,019,491	5,043,029	23,538
Total property taxes	<u>17,514,725</u>	<u>17,514,725</u>	<u>17,594,275</u>	<u>79,550</u>
Utility tax	17,100,739	17,100,739	10,108,195	(6,992,544)
Other taxes:				
Auto rental tax	98,800	98,800	78,397	(20,403)
Food and beverage tax	1,470,000	1,470,000	512,033	(957,967)
Personal property replacement tax	234,068	234,068	187,828	(46,240)
Real estate transfer tax	4,342,032	4,342,032	3,536,984	(805,048)
Hotel/Motel tax	1,223,082	1,223,082	921,072	(302,010)
Total other taxes	<u>7,367,982</u>	<u>7,367,982</u>	<u>5,236,314</u>	<u>(2,131,668)</u>
Total taxes	<u>\$ 41,983,446</u>	<u>41,983,446</u>	<u>32,938,784</u>	<u>(9,044,662)</u>
Licenses:				
Liquor	\$ 420,000	420,000	58,195	(361,805)
Business license	130,000	130,000	76,347	(53,653)
Scavenger	2,250	2,250	2,250	—
Total licenses	<u>\$ 552,250</u>	<u>552,250</u>	<u>136,792</u>	<u>(415,458)</u>
Permits:				
Small permits	\$ 252,500	252,500	172,289	(80,211)
Inspection – electrical	—	—	75	75
Plan review – inspection storage	500	500	135	(365)
Sale of permit pouches	—	—	1,505	1,505
Animal	4,361	4,361	325	(4,036)
Single family (duplex) fees	510,000	510,000	344,237	(165,763)
1&2 Fam room addition fees	250,000	250,000	173,377	(76,623)
Multi family new-fees	166,000	166,000	72,281	(93,719)
Commercial new fees	290,000	290,000	158,292	(131,708)
Commercial – simple occup	10,000	10,000	6,697	(3,303)
Commercial alteration	380,000	380,000	206,202	(173,798)
Demolitons	54,000	54,000	49,076	(4,924)
Fire alarm/sprinkler	78,220	78,220	51,327	(26,893)
Total permits	<u>\$ 1,995,581</u>	<u>1,995,581</u>	<u>1,235,818</u>	<u>(759,763)</u>
Total licenses and permits	<u>\$ 2,547,831</u>	<u>2,547,831</u>	<u>1,372,610</u>	<u>(1,175,221)</u>
Fines:				
Police fines	\$ 1,298,810	1,298,810	764,582	(534,228)
Police – false alarms	91,168	91,168	44,256	(46,912)
Fire – false alarms	2,500	2,500	800	(1,700)
Fines-court-enforcement	75,000	75,000	72,425	(2,575)
Parking fines	175,042	175,042	135,948	(39,094)
Alcohol & tobacco fines	4,000	4,000	1,500	(2,500)
Ride DuPage - Cancel Fines	—	—	75	75
Violations	—	—	4,500	4,500
Animal fines	3,596	3,596	5,935	2,339
DUI Fines	—	—	67,603	67,603
Total fines	<u>\$ 1,650,116</u>	<u>1,650,116</u>	<u>1,097,624</u>	<u>(552,492)</u>
Net investment income	\$ 198,303	198,303	64,757	(133,546)

## CITY OF NAPERVILLE, ILLINOIS

## General Fund

## Detailed Schedule of Revenues – Budget and Actual

Eight Months Ended December 31, 2015

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
<b>Intergovernmental revenue:</b>				
Sales and use tax	\$ 36,329,043	36,329,043	25,189,195	(11,139,848)
State income tax	13,973,553	13,973,553	9,924,891	(4,048,662)
Police federal grant	—	—	5,111	5,111
Secret services	—	—	3,944	3,944
IEMA-Citizen corps-	5,500	5,500	—	(5,500)
IEMA Proj NFDEMA	46,000	46,000	42,707	(3,293)
ILEAS	30,000	30,000	4,492	(25,508)
Click it or ticket	70,000	70,000	19,833	(50,167)
Tobacco grant	8,800	8,800	—	(8,800)
Police training grant	31,994	31,994	—	(31,994)
MABAS/ITTF Deploy drill	80,000	80,000	—	(80,000)
FEMA reimbursement	40,000	40,000	—	(40,000)
TED-ride dupage grant	150,000	150,000	116,415	(33,585)
FEMA safer grant	502,000	502,000	302,825	(199,175)
Assist to FF grant 13	—	—	21,436	21,436
Dupage County HHW project	100,000	100,000	50,000	(50,000)
Kane County HHW service	10,000	10,000	10,000	—
Will County	25,000	25,000	16,665	(8,335)
Aurora HHW contribution	20,000	20,000	20,000	—
IDOT-TED-traffic signal energy	40,000	40,000	90,088	50,088
IEMA performance grant	20,000	20,000	—	(20,000)
Total intergovernmental revenue	\$ 51,481,890	51,481,890	35,817,602	(15,664,288)
<b>Charges for services:</b>				
P.U.D. filing fees	\$ 90,000	90,000	76,330	(13,670)
Annexation fees	4,000	4,000	2,000	(2,000)
Residential engineering fee	112,000	112,000	74,210	(37,790)
Commercial engineering fee	64,200	64,200	25,261	(38,939)
Plat review fees – easement	—	—	6,210	6,210
Plat review fees – right of ways	20,000	20,000	15,766	(4,234)
Sale of printed material	3,500	3,500	488	(3,012)
Accident reports	17,796	17,796	12,108	(5,688)
Photo lab	300	300	83	(217)
Police ranging services	—	—	(295)	(295)
Meeting room fees	500	500	7,000	6,500
Audio/Visual Equipment Fees	—	—	180	180
Bail bond fees	98,232	98,232	30,052	(68,180)
Administrative tow fee	247,530	247,530	117,110	(130,420)
Ambulance report	2,800	2,800	2,589	(211)
Clerk fees	6,500	6,500	7,090	590
Mowing services	28,000	28,000	26,236	(1,764)
Other fees	3,706,364	3,706,364	1,638,720	(2,067,644)
From City Agencies	75,000	75,000	20,968	(54,032)
Special Events	57,668	57,668	191,322	133,654
Misc. Rec. Service Charge	—	—	65	65
Landscaping reimbursement	95,000	95,000	66,870	(28,130)
Voluntary cart program	90,000	90,000	97,918	7,918
Cart delivery charge	—	—	3,570	3,570
Recycling Cart program	616,500	616,500	654,014	37,514
DPW-services for DPU	55,000	55,000	118,344	63,344
N.F.P.D. – contract	1,064,175	1,064,175	1,078,994	14,819
Fire protection-other	350,000	350,000	—	(350,000)
Elevator inspections	70,000	70,000	40,800	(29,200)
Ambulance fees	2,521,100	2,521,100	2,052,509	(468,591)
Water surcharge-unicorp.	10,000	10,000	—	(10,000)
Police services	385,429	385,429	257,783	(127,646)
Billable police services	177,521	177,521	181,213	3,692
Billable fire services	180,091	180,091	29,968	(150,123)
Fire reimbursements	—	—	9,534	9,534
Billable TED service	3,000	3,000	2,381	(619)
Fire alarm monitoring	747,400	747,400	651,575	(95,825)
Billable DPW services	57,500	57,500	110,442	52,942
Garbage collection fee	989,784	989,784	655,725	(334,059)
Other charges for services	—	—	75,274	75,274
Total charges for services	\$ 11,946,890	11,946,890	8,340,407	(3,606,483)

## CITY OF NAPERVILLE, ILLINOIS

## General Fund

## Detailed Schedule of Revenues – Budget and Actual

Eight Months Ended December 31, 2015

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
Franchise fees:				
Rent income	\$ —	—	15,514	15,514
WideOpenWest – cable franchise fee	610,000	610,000	439,802	(170,198)
WideOpenWest – 1% support fee	120,000	120,000	88,560	(31,440)
Comcast – cable franchise fee	1,138,128	1,138,128	945,156	(192,972)
Comcast – 1% support fee	228,626	228,626	189,831	(38,795)
AT&T-cable franchise fee	208,046	208,046	282,937	74,891
AT&T- 1% support fee	41,600	41,600	56,587	14,987
Lease revenue	179,316	179,316	143,271	(36,045)
Old Second-ATM	—	—	583	583
Total franchise fees	\$ 2,525,716	2,525,716	2,162,241	(363,475)
Miscellaneous:				
Misc contribution	\$ —	—	165	165
Interest on Assessments	—	—	86	86
Late payment charge	40,000	40,000	29,532	(10,468)
Sale of surplus property	3,000	3,000	27,043	24,043
Miscellaneous revenues	332,685	332,685	242,178	(90,507)
Non refundable bid deposit	900	900	3,346	2,446
Bad debt recovery	—	—	(22,102)	(22,102)
Lien fees	1,000	1,000	49	(951)
Damage to city property	85,000	85,000	17,055	(67,945)
Miscellaneous non revenues	1,000	1,000	(2,225)	(3,225)
NSF check charge	25,000	25,000	14,525	(10,475)
DPW-disposal/scrap	15,000	15,000	3,473	(11,527)
DPW-mulch sales	5,000	5,000	—	(5,000)
Cashier over/short	—	—	(713)	(713)
Article 36 towing	100,000	100,000	75,834	(24,166)
Total miscellaneous	\$ 608,585	608,585	388,246	(220,339)
Total revenues	\$ 112,942,777	112,942,777	82,182,271	(30,760,506)

## CITY OF NAPERVILLE, ILLINOIS

## General Fund

## Detailed Schedule of Expenditures – Budget and Actual

Eight Months Ended December 31, 2015

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
General Government:				
Legislative:				
Mayor and City Council:				
Salaries	\$ 261,453	261,453	152,387	109,066
Employee benefits	169,533	169,533	41,512	128,021
Other purchased services	55,805	55,805	4,602	51,203
Supplies	4,275	4,275	1,745	2,530
Internal services	(92,620)	(92,620)	917	(93,537)
Total Mayor and City Council	\$ 398,446	398,446	201,163	197,283
Alcohol and Tobacco Commission:				
Salaries	\$ 5,092	5,092	71	5,021
Employee benefits	3,423	3,423	75	3,348
Professional services	4,600	4,600	483	4,117
Other purchased services	4,150	4,150	1,082	3,068
Supplies	33,200	33,200	964	32,236
Total Alcohol and Tobacco Commission	\$ 50,465	50,465	2,675	47,790
Legal:				
Legal Department:				
Salaries	\$ 822,662	822,662	486,380	336,282
Employee benefits	245,101	245,101	147,230	97,871
Technical services	7,300	7,300	63	7,237
Professional services	44,800	44,800	8,282	36,518
Purchase property service	4,500	4,500	4,262	238
Other purchased services	30,413	30,413	13,435	16,978
Supplies	53,825	53,825	25,044	28,781
Internal services	2,049	2,049	1,366	683
Total Legal	\$ 1,210,650	1,210,650	686,062	524,588
Executive:				
City Manager's Office:				
Salaries	\$ 415,279	415,279	237,157	178,122
Employee benefits	138,969	138,969	62,010	76,959
Technical service	74,164	74,164	21,438	52,726
Professional services	66,000	66,000	25,762	40,238
Other purchased services	49,312	49,312	24,279	25,033
Supplies	4,000	4,000	1,896	2,104
Internal services	2,981	2,981	1,987	994
Total City Manager's Office	\$ 750,705	750,705	374,529	376,176
Sister Cities Commission:				
Other purchased services	\$ 3,050	3,050	2,392	658
Total Sister Cities Commission	\$ 3,050	3,050	2,392	658
Board of Fire and Police:				
Salaries	\$ 59,219	59,219	40,967	18,252
Employee benefits	23,635	23,635	15,703	7,932
Professional services	57,280	57,280	31,832	25,448
Other purchased services	21,905	21,905	12,876	9,029
Supplies	1,600	1,600	1,427	173
Total Board of Fire and Police	\$ 163,639	163,639	102,805	60,834
Communications:				
Salaries	\$ 248,796	248,796	176,514	72,282
Employee benefits	82,124	82,124	48,105	34,019
Technical services	130,785	130,785	96,674	34,111
Professional services	6,000	6,000	1,741	4,259
Other purchased services	36,660	36,660	10,925	25,735
Supplies	28,702	28,702	5,280	23,422
Total Communications	\$ 533,067	533,067	339,239	193,828

## CITY OF NAPERVILLE, ILLINOIS

## General Fund

## Detailed Schedule of Expenditures – Budget and Actual

Eight Months Ended December 31, 2015

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
General Government, continued:				
Executive, continued:				
Human Resources:				
Salaries	\$ 514,897	514,897	335,343	179,554
Employee benefits	244,482	244,482	131,036	113,446
Technical services	12,941	12,941	20,048	(7,107)
Professional services	53,822	53,822	52,514	1,308
Other purchased services	49,737	49,737	34,481	15,256
Supplies	47,488	47,488	4,458	43,030
Internal services	(3,621)	(3,621)	1,118	(4,739)
Total Human Resources	\$ 919,746	919,746	578,998	340,748
City Clerk:				
City Clerk's Office:				
Salaries	\$ 383,482	383,482	259,119	124,363
Employee benefits	117,528	117,528	77,098	40,430
Professional services	12,700	12,700	8,057	4,643
Other purchased services	10,350	10,350	8,553	1,797
Supplies	3,032	3,032	2,496	536
Other services and charges	6,000	6,000	6,025	(25)
Total City Clerk's Office	\$ 533,092	533,092	361,348	171,744
Reproduction Micrographics Service:				
Salaries	\$ 140,811	140,811	96,216	44,595
Employee benefits	65,069	65,069	40,951	24,118
Technical services	110,020	110,020	73,208	36,812
Purchase property service	5,500	5,500	—	5,500
Other purchased services	25	25	—	25
Property	—	—	288	(288)
Supplies	45,400	45,400	24,778	20,622
Internal services	1,165	1,165	(19,293)	20,458
Total Reproduction Micrographics Service	\$ 367,990	367,990	216,148	151,842
Information Technology				
Salaries	\$ 1,308,822	1,308,822	825,080	483,742
Employee benefits	467,634	467,634	267,682	199,952
Technical services	926,329	926,329	642,898	283,431
Professional services	327,600	327,600	251,120	76,480
Purchase property service	6,800	6,800	1,617	5,183
Other purchased services	717,248	717,248	532,214	185,034
Supplies	281,400	281,400	246,214	35,186
Property	245,000	245,000	331,625	(86,625)
Internal services	(837,625)	(837,625)	(869,361)	31,736
Total Information Technology	\$ 3,443,208	3,443,208	2,229,089	1,214,119
Financial Administration:				
Administration:				
Salaries	\$ 642,371	642,371	312,695	329,676
Employee benefits	223,797	223,797	92,916	130,881
Technical services	140,201	140,201	77,541	62,660
Professional services	111,469	111,469	101,476	9,993
Purchase property service	2,000	2,000	—	2,000
Other purchased services	28,564	28,564	14,489	14,075
Supplies	15,453	15,453	13,708	1,745
Internal services	4,625	4,625	3,083	1,542
Total Administration	\$ 1,168,480	1,168,480	615,908	552,572
Billing and Collection:				
Salaries	\$ 53,843	53,843	64,092	(10,249)
Employee benefits	20,075	20,075	22,729	(2,654)
Technical service	6,000	6,000	3,414	2,586
Professional services	500	500	35,807	(35,307)
Other purchased services	—	—	19,166	(19,166)
Supplies	2,000	2,000	2,296	(296)
Total Billing and Collection	\$ 82,418	82,418	147,504	(65,086)
Procurement Services:				
Salaries	\$ 271,321	271,321	206,172	65,149
Employee benefits	88,875	88,875	60,774	28,101
Other purchased services	6,500	6,500	1,816	4,684
Supplies	3,600	3,600	1,563	2,037
Total Procurement Services	\$ 370,296	370,296	270,325	99,971

## CITY OF NAPERVILLE, ILLINOIS

## General Fund

Detailed Schedule of Expenditures – Budget and Actual  
Eight Months Ended December 31, 2015

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
General Government, continued:				
Financial Administration, continued :				
Meter Reading:				
Salaries	\$ —	—	1,061	(1,061)
Employee benefits	—	—	357	(357)
Other purchased services	500	500	—	500
Total Meter Reading	\$ 500	500	1,418	(918)
General services	816,711	816,711	1,074,854	(258,143)
Total general government	\$ 10,812,463	10,812,463	7,204,457	3,608,006
Physical Environment:				
Development Review Team:				
Salaries	\$ 1,725,195	1,725,195	1,036,594	688,601
Employee benefits	525,627	525,627	341,347	184,280
Technical services	38,950	38,950	17,777	21,173
Other purchased services	—	—	22	(22)
Total Development Review Team	\$ 2,289,772	2,289,772	1,395,740	894,032
Special Projects Team:				
Salaries	\$ 985,596	985,596	690,596	295,000
Employee benefits	382,756	382,756	235,319	147,437
Technical services	18,375	18,375	5,157	13,218
Professional services	7,612	7,612	—	7,612
Other purchased services	72,475	72,475	35,484	36,991
Supplies	108,487	108,487	76,174	32,313
Property	46,000	46,000	45,420	580
Internal services	33,574	33,574	22,382	11,192
Total Special Projects Team	\$ 1,654,875	1,654,875	1,110,532	544,343
Planning:				
Salaries	\$ 325,837	325,837	199,914	125,923
Employee benefits	105,135	105,135	50,034	55,101
Professional services	60,000	60,000	—	60,000
Total Planning	\$ 490,972	490,972	249,948	241,024
Public Buildings:				
Salaries	\$ 1,190,719	1,190,719	735,436	455,283
Employee benefits	433,322	433,322	250,256	183,066
Technical services	231,337	231,337	166,346	64,991
Professional services	20,000	20,000	22,605	(2,605)
Purchase property service	360,945	360,945	340,763	20,182
Other purchased services	5,546	5,546	1,807	3,739
Supplies	1,110,270	1,110,270	818,752	291,518
Property	70,000	70,000	47,512	22,488
Internal Service	115,000	115,000	—	115,000
Total Public Buildings	\$ 3,537,139	3,537,139	2,383,477	1,153,662
Total physical environment	\$ 7,972,758	7,972,758	5,139,697	2,833,061
Public Safety:				
Police:				
Office of Chief of Police:				
Salaries	\$ 613,906	613,906	666,477	(52,571)
Employee benefits	386,379	386,379	353,192	33,187
Professional services	332,047	332,047	122,487	209,560
Purchase property service	25,800	25,800	16,664	9,136
Other purchased services	89,435	89,435	50,596	38,839
Supplies	154,374	154,374	77,935	76,439
Other services & charges	4,000	4,000	4,000	—
Total Office of Chief of Police	\$ 1,605,941	1,605,941	1,291,351	314,590

## CITY OF NAPERVILLE, ILLINOIS

## General Fund

## Detailed Schedule of Expenditures – Budget and Actual

Eight Months Ended December 31, 2015

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
Public Safety, continued:				
Police, continued:				
Administrative Services:				
Salaries	\$ 1,674,008	1,674,008	729,820	944,188
Employee benefits	439,264	439,264	166,978	272,286
Technical services	—	—	3,862	(3,862)
Professional services	20,000	20,000	10,488	9,512
Purchase property service	6,663	6,663	1,302	5,361
Other purchased services	107,750	107,750	74,590	33,160
Supplies	358,233	358,233	198,682	159,551
Internal services	5,885,889	5,885,889	5,171,476	714,413
Total Administrative Services	\$ 8,491,807	8,491,807	6,357,198	2,134,609
Patrol:				
Salaries	\$ 13,270,061	13,270,061	9,032,710	4,237,351
Employee benefits	2,031,201	2,031,201	1,289,354	741,847
Professional services	8,500	8,500	5,493	3,007
Purchase property service	9,000	9,000	4,662	4,338
Other purchased services	—	—	7,386	(7,386)
Supplies	65,954	65,954	39,523	26,431
Property	40,900	40,900	394,031	(353,131)
Internal services	(954)	(954)	(899)	(55)
Total Patrol	\$ 15,424,662	15,424,662	10,772,260	4,652,402
Investigations:				
Salaries	\$ 7,183,774	7,183,774	4,803,992	2,379,782
Employee benefits	1,262,912	1,262,912	786,647	476,265
Professional services	106,594	106,594	66,879	39,715
Purchase property service	9,675	9,675	5,799	3,876
Supplies	110,070	110,070	59,514	50,556
Total Investigations	\$ 8,673,025	8,673,025	5,722,831	2,950,194
Communications:				
Salaries	\$ 2,482,572	2,482,572	1,442,318	1,040,254
Employee benefits	784,673	784,673	469,779	314,894
Technical services	11,789	11,789	4,708	7,081
Professional services	13,060	13,060	800	12,260
Purchase property service	476,329	476,329	408,449	67,880
Other purchased services	203,275	203,275	129,646	73,629
Supplies	40,631	40,631	19,417	21,214
Total Communications	\$ 4,012,329	4,012,329	2,475,117	1,537,212
Fire:				
Fire Administration:				
Salaries	\$ 1,658,827	1,658,827	1,075,119	583,708
Employee benefits	628,980	628,980	348,182	280,798
Professional services	354,300	354,300	132,902	221,398
Purchase property service	27,500	27,500	21,187	6,313
Other purchased services	74,245	74,245	39,973	34,272
Supplies	262,318	262,318	169,545	92,773
Internal services	5,511,592	5,511,592	5,384,853	126,739
Total Fire Administration	\$ 8,517,762	8,517,762	7,171,761	1,346,001
Operations Division:				
Salaries	\$ 18,709,613	18,709,613	12,646,768	6,062,845
Employee benefits	2,976,096	2,976,096	1,812,096	1,164,000
Technical services	106,982	106,982	97,915	9,067
Professional services	147,200	147,200	6,837	140,363
Purchase property service	89,600	89,600	36,416	53,184
Other purchased services	116,925	116,925	46,720	70,205
Supplies	847,800	847,800	466,709	381,091
Property	383,000	383,000	53,629	329,371
Internal services	218,414	218,414	(182,266)	400,680
Total Operations Division	\$ 23,595,630	23,595,630	14,984,824	8,610,806
Total public safety	\$ 70,321,156	70,321,156	48,775,342	21,545,814

## CITY OF NAPERVILLE, ILLINOIS

## General Fund

## Detailed Schedule of Expenditures – Budget and Actual

Eight Months Ended December 31, 2015

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
Transportation:				
Public Works:				
Administration:				
Salaries	\$ 379,988	379,988	238,852	141,136
Employee benefits	229,574	229,574	146,419	83,155
Technical services	6,717	6,717	5,376	1,341
Professional services	7,450	7,450	2,332	5,118
Other purchased services	25,355	25,355	9,557	15,798
Supplies	15,850	15,850	7,907	7,943
Internal services	(93,652)	(93,652)	37,707	(131,359)
Total Administration	\$ 571,282	571,282	448,150	123,132
Strategic Services:				
Salaries	\$ 475,216	475,216	349,652	125,564
Employee benefits	137,237	137,237	85,850	51,387
Technical services	267,878	267,878	263,974	3,904
Professional services	3,000	3,000	2,491	509
Purchase property service	6,913,009	6,913,009	4,339,721	2,573,288
Other purchased services	10,395	10,395	1,151	9,244
Supplies	139,120	139,120	124,531	14,589
Internal services	175,000	175,000	116,667	58,333
Total Strategic Services	\$ 8,120,855	8,120,855	5,284,037	2,836,818
Operations & Maintenance:				
Salaries	\$ 4,342,214	4,342,214	2,929,697	1,412,517
Employee benefits	1,497,046	1,497,046	1,243,734	253,312
Technical services	1,401,968	1,401,968	913,231	488,737
Professional services	7,500	7,500	738	6,762
Purchase property service	319,700	319,700	281,654	38,046
Other purchased services	47,980	47,980	28,036	19,944
Supplies	1,650,359	1,650,359	723,301	927,058
Property	—	—	100,314	(100,314)
Internal services	478,817	478,817	(334,937)	813,754
Total Operations & Maintenance	\$ 9,745,584	9,745,584	5,885,768	3,859,816
Fleet Services				
Salaries	\$ 1,224,816	1,224,816	856,253	368,563
Employee benefits	440,653	440,653	279,105	161,548
Technical services	10,150	10,150	—	10,150
Purchase property service	323,250	323,250	228,225	95,025
Other purchased services	31,400	31,400	18,782	12,618
Supplies	2,341,010	2,341,010	1,503,698	837,312
Property	—	—	287,565	(287,565)
Other services & charges	—	—	5,782	(5,782)
Total Fleet Services	\$ 4,371,279	4,371,279	3,179,410	1,191,869
Transportation & Engineering:				
Administration:				
Salaries	\$ 811,182	811,182	573,405	237,777
Employee benefits	267,392	267,392	169,205	98,187
Technical services	300,000	300,000	217,666	82,334
Professional services	114,000	114,000	27,596	86,404
Purchase property service	325,000	325,000	154,010	170,990
Other purchased services	500	500	183	317
Supplies	148,100	148,100	74,295	73,805
Property	47,000	47,000	—	47,000
Total Administration	\$ 2,013,174	2,013,174	1,216,360	796,814
Total transportation	\$ 24,822,174	24,822,174	16,013,725	8,808,449

## CITY OF NAPERVILLE, ILLINOIS

## General Fund

## Detailed Schedule of Expenditures – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Culture and Recreation:				
Carillon				
Purchased services	\$ 1,200	1,200	—	1,200
Supplies	1,200	1,200	320	880
Property	118,745	118,745	118,745	—
Total Carillon	<u>\$ 121,145</u>	<u>121,145</u>	<u>119,065</u>	<u>2,080</u>
Riverwalk				
Salaries	\$ 26,109	26,109	17,415	8,694
Employee benefits	5,130	5,130	3,424	1,706
Professional services	194,877	194,877	174,345	20,532
Other purchased services	4,410	4,410	53	4,357
Supplies	270	270	96	174
Internal services	(148,106)	(148,106)	—	(148,106)
Total Riverwalk	<u>\$ 82,690</u>	<u>82,690</u>	<u>195,333</u>	<u>(112,643)</u>
Total culture and recreation	<u>\$ 203,835</u>	<u>203,835</u>	<u>314,398</u>	<u>(110,563)</u>
Total expenditures	<u><u>\$ 114,132,386</u></u>	<u><u>114,132,386</u></u>	<u><u>77,447,619</u></u>	<u><u>36,684,767</u></u>

## CITY OF NAPERVILLE, ILLINOIS

## Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
Eight Months Ended December 31, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:				
Property taxes	\$ 12,771,505	12,771,505	12,833,959	62,454
Intergovernment revenues	187,672	187,672	193,814	6,142
Net investment income	60,000	60,000	14,040	(45,960)
Total revenues	<u>13,019,177</u>	<u>13,019,177</u>	<u>13,041,813</u>	<u>22,636</u>
Expenditures – debt service:				
Principal	8,986,476	8,986,476	9,022,579	(36,103)
Interest and fees	3,785,029	3,785,029	3,847,865	(62,836)
Total expenditures	<u>12,771,505</u>	<u>12,771,505</u>	<u>12,870,444</u>	<u>(98,939)</u>
Net change in fund balances	\$ <u>247,672</u>	<u>247,672</u>	171,369	<u>(76,303)</u>
Fund balance, April 30, 2015			<u>214,484</u>	
Fund balance, December 31, 2015			<u>\$ <u>385,853</u></u>	

## 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 Events & Cultural Amenities 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.

## NONMAJOR GOVERNMENTAL FUNDS - Continued

### SPECIAL REVENUE FUNDS - Continued

**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 Funds** - 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 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

**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.

### 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.

## **NONMAJOR GOVERNMENTAL FUNDS - Continued**

### **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.

**2014 General Obligation Bond Fund** - to account for the proceeds of \$11,120,000 to be restrictedly used 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 upgradings 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**

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2015

<b>Assets and Deferred Outflows of Resources</b>	<b>Special Revenue Funds</b>					
	<b>Motor Fuel Tax Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Fair Share Assessment Fund</b>	<b>Road and Bridge Fund</b>	<b>Naper Settlement Fund</b>	<b>Foreign Fire Insurance Tax Fund</b>
Assets:						
Cash and investments	\$ 111,115	94,749	519,010	—	1,244,326	512,931
Receivables:						
Property taxes	—	—	—	—	2,927,272	—
Interest	212	—	991	—	2,526	375
Accounts receivable						
Less allowance for doubtful accounts	159,781	—	—	55,547	3,515	—
Loans and installments	—	—	—	—	—	—
Due from other governments	320,147	34,933	—	—	—	—
Total assets	<u>591,255</u>	<u>129,682</u>	<u>520,001</u>	<u>55,547</u>	<u>4,177,639</u>	<u>513,306</u>
Total assets and deferred outflows of resources	\$ <u>591,255</u>	<u>129,682</u>	<u>520,001</u>	<u>55,547</u>	<u>4,177,639</u>	<u>513,306</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 13,441	—	—	10,307	8,429	—
Accrued wages and benefits	—	1,617	—	23,412	66,060	—
Due to other governments	—	—	—	—	—	—
Due to other funds	—	—	—	207,306	—	—
Contract retainage payable	479,889	—	—	—	—	—
Unearned grant revenues and others	—	—	—	—	470	—
Total liabilities	<u>493,330</u>	<u>1,617</u>	<u>—</u>	<u>241,025</u>	<u>74,959</u>	<u>—</u>
Deferred inflows of resources:						
Unavailable revenue-property taxes	—	—	—	—	2,927,272	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,927,272</u>	<u>—</u>
Fund balances:						
Nonspendable:						
Loans	—	—	—	—	—	—
Restricted for:						
Debt service	—	—	—	—	—	—
Physical environment	—	—	—	—	—	—
Highways, streets and parking facilities	—	—	520,001	—	—	—
Public safety	—	—	—	—	—	513,306
Capital projects	—	—	—	—	—	—
Culture and recreation	—	—	—	—	1,175,408	—
Committed to:						
Highways, streets and parking facilities	97,925	—	—	—	—	—
Physical environment	—	128,065	—	—	—	—
Assigned to:						
Capital projects	—	—	—	—	—	—
Unassigned	—	—	—	(185,478)	—	—
Total fund balances	<u>97,925</u>	<u>128,065</u>	<u>520,001</u>	<u>(185,478)</u>	<u>1,175,408</u>	<u>513,306</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>591,255</u>	<u>129,682</u>	<u>520,001</u>	<u>55,547</u>	<u>4,177,639</u>	<u>513,306</u>

See accompanying independent auditors' report.

Special Revenue Funds							
E-911 Surcharge Fund	Special Events & Cultural Amenities Fund	SSA#24 Fund	Test Track Fund	Water Street TIF Fund	Drug Forfeiture Fund	American Recovery and Reinvestment Act Federal Grants Fund	SSA #25 Fund
—	759,042	1,127,851	—	116,778	926,790	31,632	—
—	—	865,000	—	72,806	—	—	68,000
—	1,450	2,153	—	—	1,762	—	—
64,000	157,887	—	85,464	—	—	60	—
—	—	37,546	—	—	—	3,408	—
502,580	—	—	—	—	—	—	—
566,580	918,379	2,032,550	85,464	189,584	928,552	35,100	68,000
566,580	918,379	2,032,550	85,464	189,584	928,552	35,100	68,000
—	26,010	88,970	1,322	140,426	8,964	—	31,382
—	2,177	17,816	—	—	—	—	—
—	—	—	—	—	12,278	—	—
—	—	—	65,702	—	—	—	522,971
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	28,187	106,786	67,024	140,426	21,242	—	554,353
—	—	865,000	—	72,806	—	—	68,000
—	—	865,000	—	72,806	—	—	68,000
—	—	37,546	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	35,100	—
566,580	—	—	—	—	907,310	—	—
—	—	—	—	—	—	—	—
—	890,192	—	—	—	—	—	—
—	—	1,023,218	18,440	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	(23,648)	—	—	(554,353)
566,580	890,192	1,060,764	18,440	(23,648)	907,310	35,100	(554,353)
566,580	918,379	2,032,550	85,464	189,584	928,552	35,100	68,000

**CITY OF NAPERVILLE, ILLINOIS**

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2015

Assets and Deferred Outflows of Resources	Debt Service Funds		
	Special Service Areas Funds		Downtown Parking
	#21	#23	Fund
Assets:			
Cash and investments	\$ 837,048	15,013	4,870,842
Receivables:			
Property taxes	200,000	98,939	—
Interest	1,599	—	10,710
Accounts receivable			
Less allowance for doubtful accounts	—	—	—
Loans and installments	—	—	—
Due from other governments	—	—	95,668
Total assets	<u>1,038,647</u>	<u>113,952</u>	<u>4,977,220</u>
Total assets and deferred outflows of resources	<u>\$ 1,038,647</u>	<u>113,952</u>	<u>4,977,220</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ —	—	522,151
Accrued wages and benefits	—	—	—
Due to other governments	—	—	—
Due to other funds	—	—	—
Contract retainage payable	—	—	—
Unearned grant revenues and others	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>522,151</u>
Deferred inflows of resources:			
Unavailable revenue-property taxes	<u>200,000</u>	<u>98,939</u>	<u>—</u>
Total deferred inflows of resources	<u>200,000</u>	<u>98,939</u>	<u>—</u>
Fund balances:			
Nonspendable:			
Loans	—	—	—
Restricted for:			
Debt service	838,647	15,013	4,455,069
Physical environment	—	—	—
Highways, streets and parking facilities	—	—	—
Public safety	—	—	—
Capital projects	—	—	—
Culture and recreation	—	—	—
Committed to:			
Highways, streets and parking facilities	—	—	—
Physical environment	—	—	—
Assigned to:			
Capital projects	—	—	—
Unassigned	—	—	—
Total fund balances	<u>838,647</u>	<u>15,013</u>	<u>4,455,069</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,038,647</u>	<u>113,952</u>	<u>4,977,220</u>

See accompanying independent auditors' report.

<b>Capital Projects Funds</b>		<b>Total Nonmajor Governmental Funds</b>
<b>Capital Projects Fund</b>	<b>2014 G.O. Bond Project Fund</b>	
7,097,001	1,121,061	19,385,189
—	—	4,232,017
13,602	8,979	44,359
170,172	—	696,426
—	—	40,954
—	—	953,328
<u>7,280,775</u>	<u>1,130,040</u>	<u>25,352,273</u>
<u>7,280,775</u>	<u>1,130,040</u>	<u>25,352,273</u>
588,851	1,074,785	2,515,038
—	—	111,082
—	—	12,278
—	—	795,979
5,224	24,356	509,469
2,468,053	—	2,468,523
<u>3,062,128</u>	<u>1,099,141</u>	<u>6,412,369</u>
—	—	4,232,017
—	—	4,232,017
—	—	37,546
—	—	5,308,729
—	—	35,100
—	—	520,001
—	—	1,987,196
—	30,899	30,899
—	—	2,065,600
—	—	1,139,583
—	—	128,065
4,218,647	—	4,218,647
—	—	(763,479)
<u>4,218,647</u>	<u>30,899</u>	<u>14,707,887</u>
<u>7,280,775</u>	<u>1,130,040</u>	<u>25,352,273</u>

**CITY OF NAPERVILLE, ILLINOIS**

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Eight Months Ended December 31, 2015

	Special Revenue Funds					Foreign Fire Insurance Tax Fund
	Motor Fuel Tax Fund	Community Development Block Grant Fund	Fair Share Assessment Fund	Road and Bridge Fund	Naper Settlement Fund	
Revenues:						
Property taxes	\$ —	—	—	288,657	2,941,587	—
Other taxes	1,295,497	—	—	453,830	—	—
Licenses and permits	—	—	—	48,323	—	—
Fines and forfeits	—	—	—	—	—	—
Net investment income (loss)	1,210	—	502	141	(1,154)	161
Contributions	—	—	—	—	—	—
Intergovernmental	2,540,714	455,415	—	—	—	221,943
Charges for services	—	—	—	—	301,336	—
Other internal service revenue	—	—	—	—	—	—
Fees	—	—	—	—	—	—
Miscellaneous	619	—	—	40	—	—
<b>Total revenues</b>	<b>3,838,040</b>	<b>455,415</b>	<b>502</b>	<b>790,991</b>	<b>3,241,769</b>	<b>222,104</b>
Expenditures:						
Current:						
General government	—	34,933	—	—	—	—
Physical environment	—	514,845	—	—	—	—
Public safety	—	—	—	—	—	78,551
Culture and recreation	—	—	—	—	2,323,208	—
Transportation	—	—	—	585,655	—	—
Capital outlay	9,181,766	—	—	380,000	—	—
Debt service:						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
<b>Total expenditures</b>	<b>9,181,766</b>	<b>549,778</b>	<b>—</b>	<b>965,655</b>	<b>2,323,208</b>	<b>78,551</b>
Excess (deficiency) of revenues over expenditures	(5,343,726)	(94,363)	502	(174,664)	918,561	143,553
Other financing sources (uses):						
Transfers in	4,600,000	128,065	—	—	—	—
Transfers out	—	—	—	—	—	—
Sales of capital assets	—	—	—	—	—	—
New bonds issued	—	—	—	—	—	—
Premium on bonds issued	—	—	—	—	—	—
<b>Total other financing sources (uses)</b>	<b>4,600,000</b>	<b>128,065</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net change in fund balances</b>	<b>(743,726)</b>	<b>33,702</b>	<b>502</b>	<b>(174,664)</b>	<b>918,561</b>	<b>143,553</b>
Fund balances, April 30, 2015, as restated	841,651	94,363	519,499	(10,814)	256,847	369,753
Fund balances, December 31, 2015	\$ 97,925	128,065	520,001	(185,478)	1,175,408	513,306

See accompanying independent auditors' report.

Special Revenue Funds							
E-911 Surcharge Fund	Special Events & Cultural Amenities Fund	SSA #24 Fund	Test Track Fund	Water Street TIF Fund	Drug Forfeiture Fund	American Recovery and Reinvestment Act Federal Grants Fund	SSA #25 Fund
—	—	832,670	—	72,806	—	—	68,007
—	2,040,000	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	64,126	—	—	—	—	—
502	(2,100)	(240)	—	(25,880)	981	37	(679)
—	—	—	42,988	—	—	—	—
806,024	—	—	—	—	215,940	—	—
487,913	—	8,300	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	13,215	—	—	—	6,181	—	—
<u>1,294,439</u>	<u>2,051,115</u>	<u>904,856</u>	<u>42,988</u>	<u>46,926</u>	<u>223,102</u>	<u>37</u>	<u>67,328</u>
—	—	—	—	497,250	—	—	—
—	—	—	—	—	—	—	—
1,511,364	—	—	—	—	96,914	—	—
—	1,784,857	—	—	—	—	—	—
—	—	1,255,313	24,548	—	—	—	—
—	—	24,708	—	7,315,884	—	—	89,629
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>1,511,364</u>	<u>1,784,857</u>	<u>1,280,021</u>	<u>24,548</u>	<u>7,813,134</u>	<u>96,914</u>	<u>—</u>	<u>89,629</u>
<u>(216,925)</u>	<u>266,258</u>	<u>(375,165)</u>	<u>18,440</u>	<u>(7,766,208)</u>	<u>126,188</u>	<u>37</u>	<u>(22,301)</u>
—	—	615,878	—	3,605,653	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	615,878	—	3,605,653	—	—	—
(216,925)	266,258	240,713	18,440	(4,160,555)	126,188	37	(22,301)
783,505	623,934	820,051	—	4,136,907	781,122	35,063	(532,052)
<u>566,580</u>	<u>890,192</u>	<u>1,060,764</u>	<u>18,440</u>	<u>(23,648)</u>	<u>907,310</u>	<u>35,100</u>	<u>(554,353)</u>

**CITY OF NAPERVILLE, ILLINOIS**

Nonmajor Governmental Funds

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Eight Months Ended December 31, 2015

	<b>Debt Service Funds</b>		
	<b>Special Service Areas Funds</b>		<b>Downtown Parking Fund</b>
	<b>#21</b>	<b>#23</b>	
Revenues:			
Property taxes	\$ 202,004	15,534	—
Other taxes	—	—	794,499
Licenses and permits	—	—	—
Fines and forfeits	—	—	—
Net investment income (loss)	2,231	(3)	6,299
Contribution	—	—	—
Intergovernmental	—	—	—
Charges for services	—	—	—
Fees	10,662	—	—
Miscellaneous	—	—	—
<b>Total revenues</b>	<b>214,897</b>	<b>15,531</b>	<b>800,798</b>
Expenditures:			
Current:			
General government	—	—	—
Physical environment	—	—	—
Public safety	—	—	—
Culture and recreation	—	—	—
Transportation	—	—	—
Capital outlay	—	—	1,259,420
Debt service:			
Principal	197,188	—	228,039
Interest	57,440	—	121,858
<b>Total expenditures</b>	<b>254,628</b>	<b>—</b>	<b>1,609,317</b>
Excess (deficiency) of revenues over expenditures	(39,731)	15,531	(808,519)
Other financing sources (uses):			
Transfers in	—	—	—
Transfers out	—	—	—
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net change in fund balances</b>	<b>(39,731)</b>	<b>15,531</b>	<b>(808,519)</b>
Fund balances, April 30, 2015, as restated	878,378	(518)	5,263,588
Fund balances, December 31, 2015	\$ 838,647	15,013	4,455,069

See accompanying independent auditors' report.

<b>Capital Projects Funds</b>		<b>Total</b>
<b>Capital Projects Fund</b>	<b>2014 G.O. Bond Project Fund</b>	<b>Nonmajor Governmental Funds</b>
—	—	4,421,265
—	—	4,583,826
—	—	48,323
—	—	64,126
11,566	128,635	122,209
237,500	—	280,488
116,265	—	4,356,301
—	—	797,549
—	—	10,662
200,934	—	220,989
<u>566,265</u>	<u>128,635</u>	<u>14,905,738</u>
—	—	532,183
—	—	514,845
—	—	1,686,829
—	—	4,108,065
—	—	1,865,516
990,807	5,501,193	24,743,407
—	—	425,227
—	—	179,298
<u>990,807</u>	<u>5,501,193</u>	<u>34,055,370</u>
<u>(424,542)</u>	<u>(5,372,558)</u>	<u>(19,149,632)</u>
—	—	8,949,596
—	(3,605,653)	(3,605,653)
—	(3,605,653)	5,343,943
(424,542)	(8,978,211)	(13,805,689)
<u>4,643,189</u>	<u>9,009,110</u>	<u>28,513,576</u>
<u>4,218,647</u>	<u>30,899</u>	<u>14,707,887</u>

## CITY OF NAPERVILLE, ILLINOIS

## Motor Fuel Tax Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues:</b>				
Other taxes – local gasoline	\$ 2,100,000	2,100,000	1,295,497	(804,503)
Net investment income (loss)	50,421	50,421	1,210	(49,211)
Intergovernmental revenue – allotments from state and grants	3,600,000	3,600,000	2,540,714	(1,059,286)
Miscellaneous	—	—	619	619
Total revenues	<u>5,750,421</u>	<u>5,750,421</u>	<u>3,838,040</u>	<u>(1,912,381)</u>
<b>Expenditures:</b>				
Capital outlay	<u>10,200,000</u>	<u>10,200,000</u>	<u>9,181,766</u>	<u>1,018,234</u>
Total expenditures	<u>10,200,000</u>	<u>10,200,000</u>	<u>9,181,766</u>	<u>1,018,234</u>
Excess of revenues over expenditures	<u>(4,449,579)</u>	<u>(4,449,579)</u>	<u>(5,343,726)</u>	<u>(894,147)</u>
<b>Other financing source (use):</b>				
Transfers in	<u>4,600,000</u>	<u>4,600,000</u>	<u>4,600,000</u>	<u>—</u>
Total other financing source (use)	<u>4,600,000</u>	<u>4,600,000</u>	<u>4,600,000</u>	<u>—</u>
Net change in fund balances	<u>\$ 150,421</u>	<u>150,421</u>	<u>(743,726)</u>	<u>(894,147)</u>
Fund balance, April 30, 2015			<u>841,651</u>	
Fund balance, December 31, 2015			<u>\$ 97,925</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Community Development Block Grant Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Intergovernmental-federal grant	\$ 488,000	488,000	455,415	(32,585)
Expenditures:				
General government				
Personal services	40,542	40,542	34,933	5,609
Physical environment				
Outside agencies	575,523	575,523	514,845	60,678
Total expenditures	<u>616,065</u>	<u>616,065</u>	<u>549,778</u>	<u>66,287</u>
Other financing source (use):				
Transfers in	128,065	128,065	128,065	—
Total other financing source (use)	<u>128,065</u>	<u>128,065</u>	<u>128,065</u>	<u>—</u>
Net change in fund balances	\$ —	—	33,702	<u>33,702</u>
Fund balance, April 30, 2015			94,363	
Fund balance, December 31, 2015			<u>\$ 128,065</u>	

See accompanying independent auditors' report.

**CITY OF NAPERVILLE, ILLINOIS**

Fair Share Assessment Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:				
Net investment income (loss)	\$ —	—	502	502
Total revenues	<u>—</u>	<u>—</u>	<u>502</u>	<u>502</u>
Expenditures:				
Capital outlay	417,196	417,196	—	417,196
Total expenditures	<u>417,196</u>	<u>417,196</u>	<u>—</u>	<u>417,196</u>
Net change in fund balances	<u>\$ (417,196)</u>	<u>(417,196)</u>	502	<u>417,698</u>
Fund balance, April 30, 2015			<u>519,499</u>	
Fund balance, December 31, 2015			<u>\$ 520,001</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Road and Bridge Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
Revenues:				
Property tax	\$ 425,000	425,000	288,657	(136,343)
Other taxes:				
Local gasoline	700,000	700,000	431,832	(268,168)
Personal property replacement tax	40,000	40,000	21,998	(18,002)
Licenses and permits	90,000	90,000	48,323	(41,677)
Net investment income (loss)	130	130	141	11
Miscellaneous	—	—	40	40
Total revenues	<u>1,255,130</u>	<u>1,255,130</u>	<u>790,991</u>	<u>(464,139)</u>
Expenditures:				
Transportation:				
Salaries	542,773	542,773	354,208	188,565
Employee benefits	211,851	211,851	132,725	79,126
Professional services	70,000	70,000	37,569	32,431
Supplies	145,000	145,000	61,153	83,847
Capital outlay	400,000	400,000	380,000	20,000
Total expenditures	<u>1,369,624</u>	<u>1,369,624</u>	<u>965,655</u>	<u>403,969</u>
Net change in fund balances	<u>\$ (114,494)</u>	<u>(114,494)</u>	(174,664)	<u>(60,170)</u>
Fund balance, April 30, 2015			<u>(10,814)</u>	
Fund balance, December 31, 2015			<u>\$ (185,478)</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Napier Settlement Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Property taxes	\$ 2,927,272	2,927,272	2,941,587	14,315
Net investment income	17,500	17,500	(1,154)	(18,654)
Charges for services:				
School services and programs	184,800	184,800	120,058	(64,742)
Museum tours	14,000	14,000	8,227	(5,773)
Public program revenue	82,000	82,000	37,390	(44,610)
Gate admissions	50,000	50,000	44,759	(5,241)
Settlement – weddings	100,000	100,000	61,878	(38,122)
Settlement – other	54,440	54,440	15,693	(38,747)
Settlement – MCOM	—	—	13,331	13,331
Miscellaneous	424,166	424,166	—	(424,166)
Total revenues	<u>3,854,178</u>	<u>3,854,178</u>	<u>3,241,769</u>	<u>(612,409)</u>
Expenditures – culture and recreation:				
Settlement administration:				
Salaries	543,250	543,250	303,879	239,371
Employee benefits	203,966	203,966	93,930	110,036
Technical services	29,420	29,420	26,241	3,179
Professional	40,000	40,000	947	39,053
Other purchased services	29,552	29,552	12,531	17,021
Supplies	19,005	19,005	10,012	8,993
Internal services	92,956	92,956	83,026	9,930
Visitor services:				
Salaries	555,483	555,483	324,674	230,809
Employee benefits	190,543	190,543	112,752	77,791
Technical services	12,500	12,500	8,438	4,062
Professional	6,050	6,050	47	6,003
Purchase property services	70	70	—	70
Other purchased services	1,700	1,700	1,099	601
Supplies	23,700	23,700	12,093	11,607
Building and grounds:				
Salaries	239,836	239,836	143,400	96,436
Employee benefits	116,526	116,526	62,757	53,769
Technical services	99,392	99,392	67,816	31,576
Purchase property services	155,736	155,736	113,733	42,003
Other purchased services	510	510	—	510
Supplies	178,417	178,417	89,008	89,409
Property	110,000	110,000	162,983	(52,983)
Internal services	1,680	1,680	1,120	560
Development:				
Salaries	446,253	446,253	171,007	275,246
Employee benefits	140,891	140,891	54,304	86,587

## CITY OF NAPERVILLE, ILLINOIS

## Naperville Settlement Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Expenditures – culture and recreation, continued:				
Artifact & preservation:				
Salaries	241,671	241,671	153,870	87,801
Employee benefits	87,542	87,542	49,059	38,483
Technical services	26,800	26,800	—	26,800
Other purchased services	—	—	270	(270)
Supplies	6,353	6,353	2,183	4,170
Public relations/marketing:				
Salaries	134,202	134,202	110,186	24,016
Employee benefits	45,297	45,297	40,987	4,310
Technical services	12,475	12,475	10,708	1,767
Professional	20,000	20,000	—	20,000
Other purchased services	140,378	140,378	98,865	41,513
Supplies	2,945	2,945	1,283	1,662
Total expenditures	<u>3,955,099</u>	<u>3,955,099</u>	<u>2,323,208</u>	<u>1,631,891</u>
Net change in fund balances	<u>\$ (100,921)</u>	<u>(100,921)</u>	918,561	<u>1,019,482</u>
Fund balance, April 30, 2015			<u>256,847</u>	
Fund balance, December 31, 2015			<u>\$ 1,175,408</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Foreign Fire Insurance Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
Revenues:				
Net investment income (loss)	\$ 3,680	3,680	161	(3,519)
Intergovernmental – foreign fire insurance tax	<u>185,000</u>	<u>185,000</u>	<u>221,943</u>	<u>36,943</u>
Total revenues	188,680	188,680	222,104	33,424
Expenditures-public safety:				
Supplies	<u>200,000</u>	<u>200,000</u>	<u>78,551</u>	<u>121,449</u>
Net change in fund balances	\$ <u><u>(11,320)</u></u>	<u><u>(11,320)</u></u>	143,553	<u><u>154,873</u></u>
Fund balance, April 30, 2015			<u>369,753</u>	
Fund balance, December 31, 2015			\$ <u><u>513,306</u></u>	

See accompanying independent auditors' report.

**CITY OF NAPERVILLE, ILLINOIS**

E-911 Surcharge Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Net investment income (loss)	\$ —	—	502	502
Intergovernmental	1,200,000	1,200,000	806,024	(393,976)
Charges for services	<u>700,000</u>	<u>700,000</u>	<u>487,913</u>	<u>(212,087)</u>
Total revenues	1,900,000	1,900,000	1,294,439	(605,561)
Expenditures - public safety:				
Internal services	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,511,364</u>	<u>388,636</u>
Net change in fund balances	\$ <u>—</u>	<u>—</u>	(216,925)	<u>(216,925)</u>
Fund balance, April 30, 2015			<u>783,505</u>	
Fund balance, December 31, 2015			<u>\$ 566,580</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Special Events &amp; Cultural Amenities Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
Revenues:				
Food and beverage tax	\$ 2,040,000	2,040,000	2,040,000	—
Net investment income (loss)	—	—	(2,100)	(2,100)
Miscellaneous	7,500	7,500	13,215	5,715
Total revenues	<u>2,047,500</u>	<u>2,047,500</u>	<u>2,051,115</u>	<u>3,615</u>
Expenditures:				
Culture and recreation:				
Salaries	392,276	392,276	358,474	33,802
Employee benefits	73,666	73,666	36,301	37,365
Other purchased services	210,545	210,545	191,322	19,223
Supplies	8,853	8,853	16,470	(7,617)
Internal services	15,823	15,823	12,245	3,578
Outside agencies	1,749,583	1,749,583	1,170,045	579,538
Total expenditures	<u>2,450,746</u>	<u>2,450,746</u>	<u>1,784,857</u>	<u>665,889</u>
Net change in fund balances	<u>\$ (403,246)</u>	<u>(403,246)</u>	<u>266,258</u>	<u>669,504</u>
Fund balance, April 30, 2015			<u>623,934</u>	
Fund balance, December 31, 2015			<u>\$ 890,192</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Special Service Area #24 Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Property taxes	\$ 826,200	826,200	832,670	6,470
Fines	70,000	70,000	64,126	(5,874)
Net investment income (loss)	21,600	21,600	(240)	(21,840)
Charges for services	11,000	11,000	8,300	(2,700)
Total revenues	<u>928,800</u>	<u>928,800</u>	<u>904,856</u>	<u>(23,944)</u>
Expenditures:				
Transportation:				
Salaries	566,804	566,804	431,922	134,882
Employee benefits	183,369	183,369	140,240	43,129
Professional	798,999	798,999	483,666	315,333
Other purchased services	189,281	189,281	94,629	94,652
Supplies	191,000	191,000	103,382	87,618
Internal services	2,211	2,211	1,474	737
Capital outlay	409,925	409,925	24,708	385,217
Total expenditures	<u>2,341,589</u>	<u>2,341,589</u>	<u>1,280,021</u>	<u>1,061,568</u>
Excess (deficiency) of revenues over net expenditures	<u>(1,412,789)</u>	<u>(1,412,789)</u>	<u>(375,165)</u>	<u>1,037,624</u>
Other financing source:				
Transfers in	923,817	923,817	615,878	(307,939)
Net change in fund balances	<u>\$ (488,972)</u>	<u>(488,972)</u>	240,713	<u>729,685</u>
Fund balance, April 30, 2015			<u>820,051</u>	
Fund balance, December 31, 2015			<u>\$ 1,060,764</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Test Track Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
Eight Months Ended December 31, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
Revenues:				
Contributions	45,209	45,209	42,988	(2,221)
Total revenues	<u>45,209</u>	<u>45,209</u>	<u>42,988</u>	<u>(2,221)</u>
Expenditures:				
Transportation:				
Technical services	3,142	3,142	3,868	(726)
Purchase property services	18,975	18,975	6,596	12,379
Other purchased services	3,420	3,420	2,113	1,307
Supplies	14,040	14,040	11,971	2,069
Total expenditures	<u>39,577</u>	<u>39,577</u>	<u>24,548</u>	<u>15,029</u>
Net change in fund balances	<u>\$ 5,632</u>	<u>5,632</u>	<u>18,440</u>	<u>12,808</u>
Fund balance, April 30, 2015			—	
Fund balance, December 31, 2015			<u>\$ 18,440</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Water Street TIF Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Property taxes	\$ 73,100	73,100	72,806	(294)
Net investment income (loss)	12,500	12,500	(25,880)	(38,380)
Total revenues	<u>85,600</u>	<u>85,600</u>	<u>46,926</u>	<u>(38,674)</u>
Expenditures:				
General government:				
Professional services	103,470	103,470	497,250	(393,780)
Capital outlay	12,460,000	12,460,000	7,315,884	5,144,116
Total expenditures	<u>12,563,470</u>	<u>12,563,470</u>	<u>7,813,134</u>	<u>4,750,336</u>
Excess (deficiency ) of revenues over expenditures	<u>(12,477,870)</u>	<u>(12,477,870)</u>	<u>(7,766,208)</u>	<u>4,711,662</u>
Other financing sources:				
New bonds issued	4,610,000	4,610,000	—	(4,610,000)
Transfer in	4,380,000	4,380,000	3,605,653	(774,347)
Total other financing sources	<u>8,990,000</u>	<u>8,990,000</u>	<u>3,605,653</u>	<u>(5,384,347)</u>
Net change in fund balances	<u>\$ (3,487,870)</u>	<u>(3,487,870)</u>	<u>(4,160,555)</u>	<u>(672,685)</u>
Fund balance, April 30, 2015			<u>4,136,907</u>	
Fund balance, December 31, 2015			<u>\$ (23,648)</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Drug Forfeiture Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Net investment income (loss)	—	—	981	981
Intergovernmental	423,709	423,709	215,940	(207,769)
Miscellaneous	—	—	6,181	6,181
Total revenues	<u>423,709</u>	<u>423,709</u>	<u>223,102</u>	<u>(200,607)</u>
Expenditures:				
Public Safety:				
Professional services	47,806	47,806	25,616	22,190
Other purchased services	106,000	106,000	25,948	80,052
Supplies	160,903	160,903	31,939	128,964
Internal services	100,000	100,000	4,108	95,892
Outside agencies	9,000	9,000	9,303	(303)
Total expenditures	<u>423,709</u>	<u>423,709</u>	<u>96,914</u>	<u>326,795</u>
Net change in fund balances	<u>\$ —</u>	<u>—</u>	<u>126,188</u>	<u>126,188</u>
Fund balance, April 30, 2015, as restated			<u>781,122</u>	
Fund balance, December 31, 2015			<u>\$ 907,310</u>	

See accompanying independent auditors' report.

**CITY OF NAPERVILLE, ILLINOIS**

American Reinvestment and Recovery Act Federal Grants Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Net investment income (loss)	\$ —	\$ —	37	\$ 37
Expenditures: None	—	—	—	—
Net change in fund balances	\$ —	\$ —	37	37
Fund balance, April 30, 2015			35,063	
Fund balance, December 31, 2015			\$ 35,100	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Special Service Area #25 Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:				
Property taxes	\$ 68,000	68,000	68,007	7
Net investment income (loss)	—	—	(679)	(679)
Total revenues	<u>68,000</u>	<u>68,000</u>	<u>67,328</u>	<u>(672)</u>
Expenditures:				
Transportation:				
Professional services	4,500	4,500	—	4,500
Capital outlay:				
Transportation	—	—	89,629	(89,629)
Total expenditures	<u>4,500</u>	<u>4,500</u>	<u>89,629</u>	<u>(85,129)</u>
Net change in fund balances	<u>\$ 63,500</u>	<u>63,500</u>	(22,301)	<u>(85,801)</u>
Fund balance, April 30, 2015			<u>(532,052)</u>	
Fund balance, December 31, 2015			<u>\$ (554,353)</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Special Service Area #21 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
Eight Months Ended December 31, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
Revenues:				
Property taxes	\$ 200,000	200,000	202,004	2,004
Net investment income (loss)	10,000	10,000	2,231	(7,769)
Fees	12,000	12,000	10,662	(1,338)
Total revenues	<u>222,000</u>	<u>222,000</u>	<u>214,897</u>	<u>(7,103)</u>
Expenditures – debt service:				
Principal	197,188	197,188	197,188	—
Interest	57,440	57,440	57,440	—
Total expenditures	<u>254,628</u>	<u>254,628</u>	<u>254,628</u>	<u>—</u>
Net change in fund balances	<u>\$ (32,628)</u>	<u>(32,628)</u>	(39,731)	<u>(7,103)</u>
Fund balance, April 30, 2015			<u>878,378</u>	
Fund balance, December 31, 2015			<u>\$ 838,647</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Special Service Area #23 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
Revenues:				
Property taxes	\$ 98,939	98,939	15,534	(83,405)
Net investment income	—	—	(3)	(3)
Total revenues	<u>98,939</u>	<u>98,939</u>	<u>15,531</u>	<u>(83,408)</u>
Expenditures:				
Debt service:				
Principal	36,103	36,103	—	36,103
Interest	<u>62,836</u>	<u>62,836</u>	<u>—</u>	<u>62,836</u>
Total expenditures	<u>98,939</u>	<u>98,939</u>	<u>—</u>	<u>98,939</u>
Net change in fund balances	<u>\$ —</u>	<u>—</u>	15,531	<u>15,531</u>
Fund balance, April 30, 2015			<u>(518)</u>	
Fund balance, December 31, 2015			<u>\$ 15,013</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Downtown Parking Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
Eight Months Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
Revenues:				
Other taxes	\$ 1,200,000	1,200,000	794,499	(405,501)
Net investment income (loss)	79,400	79,400	6,299	(73,101)
Total revenues	<u>1,279,400</u>	<u>1,279,400</u>	<u>800,798</u>	<u>(478,602)</u>
Expenditures:				
Debt service				
Principal	228,039	228,039	228,039	—
Interest	121,858	121,858	121,858	—
Capital outlay	<u>4,380,000</u>	<u>4,380,000</u>	<u>1,259,420</u>	<u>3,120,580</u>
Total expenditures	<u>4,729,897</u>	<u>4,729,897</u>	<u>1,609,317</u>	<u>3,120,580</u>
Net change in fund balances	<u>\$ (3,450,497)</u>	<u>(3,450,497)</u>	(808,519)	<u>2,641,978</u>
Fund balance, April 30, 2015			<u>5,263,588</u>	
Fund balance, December 31, 2015			<u>\$ 4,455,069</u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## Capital Projects Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:				
Net investment income (loss)	\$ 100,000	100,000	11,566	(88,434)
Contributions	2,981,388	2,981,388	237,500	(2,743,888)
Intergovernmental	2,879,000	2,879,000	116,265	(2,762,735)
Miscellaneous revenues	97,000	97,000	200,934	103,934
Total revenues	<u>6,057,388</u>	<u>6,057,388</u>	<u>566,265</u>	<u>(5,491,123)</u>
Expenditures:				
Capital outlay	<u>7,484,388</u>	<u>7,484,388</u>	990,807	6,493,581
Total expenditures	<u>7,484,388</u>	<u>7,484,388</u>	990,807	6,493,581
Net change in fund balances	<u>\$ (1,427,000)</u>	<u>(1,427,000)</u>	(424,542)	<u>1,002,458</u>
Fund balance, April 30, 2015			<u>4,643,189</u>	
Fund balance, December 31, 2015			<u>\$ <u>4,218,647</u></u>	

See accompanying independent auditors' report.

## CITY OF NAPERVILLE, ILLINOIS

## 2014 G.O Bond Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Eight Months Ended December 31, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:				
Net investment income	\$ 150,000	150,000	128,635	(21,365)
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>128,635</u>	<u>(21,365)</u>
Expenditures:				
Capital outlay	15,098,177	15,098,177	5,501,193	9,596,984
Total expenditures	<u>15,098,177</u>	<u>15,098,177</u>	<u>5,501,193</u>	<u>9,596,984</u>
Deficiency of revenues over expenditures	<u>(14,948,177)</u>	<u>(14,948,177)</u>	<u>(5,372,558)</u>	<u>(9,618,349)</u>
Other financing sources (uses):				
Transfer out	—	—	(3,605,653)	(3,605,653)
New bonds issued	11,922,572	11,922,572	—	(11,922,572)
Total other financing sources	<u>11,922,572</u>	<u>11,922,572</u>	<u>(3,605,653)</u>	<u>(15,528,225)</u>
Net change in fund balances	<u>\$ (3,025,605)</u>	<u>(3,025,605)</u>	<u>(8,978,211)</u>	<u>(5,952,606)</u>
Fund balance, April 30, 2015			<u>9,009,110</u>	
Fund balance, December 31, 2015			<u>\$ 30,899</u>	

See accompanying independent auditors' report.

## **FIDUCIARY FUNDS**

**Police & 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, 2015

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Assets:			
Cash and short-term investments	\$ 3,596,995	3,434,197	7,031,192
Receivables:			
Interest receivable	413,522	383,795	797,317
Investments at fair value:			
U.S. Treasury obligations	20,278,299	20,570,018	40,848,317
U.S. Government agencies	10,162,195	11,065,895	21,228,090
Corporate bonds	16,287,451	14,939,917	31,227,368
Mutual funds	58,713,777	60,089,972	118,803,749
Common stock	18,580,522	18,328,561	36,909,083
Municipal	467,173	467,173	934,346
Annuities	10,369,827	10,143,521	20,513,348
Total investments	<u>134,859,244</u>	<u>135,605,057</u>	<u>270,464,301</u>
Due from Other Funds	39,077	39,077	78,154
Prepaid items	-	1,543	1,543
Total assets	<u>138,908,838</u>	<u>139,463,669</u>	<u>278,372,507</u>
Liabilities:			
Accounts payable	-	14,227	14,227
Net position restricted for pensions	<u>\$ 138,908,838</u>	<u>139,449,442</u>	<u>278,358,280</u>

## CITY OF NAPERVILLE, ILLINOIS

## Combining Statement of Changes in Fiduciary Net Position

## Pension Trust Funds

Eight Months Ended December 31, 2015

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 5,345,433	5,355,723	10,701,156
Employee	1,117,257	1,181,158	2,298,415
Miscellaneous	2,237	-	2,237
Total contributions	<u>6,464,927</u>	<u>6,536,881</u>	<u>13,001,808</u>
Investment income			
Net depreciation in fair value of investments	(6,826,551)	(7,724,508)	(14,551,059)
Interest and dividends	2,629,285	3,345,437	5,974,722
Total investment income	<u>(4,197,266)</u>	<u>(4,379,071)</u>	<u>(8,576,337)</u>
Less investment expense			
	<u>136,174</u>	<u>163,956</u>	<u>300,130</u>
Net investment income	<u>(4,333,440)</u>	<u>(4,543,027)</u>	<u>(8,876,467)</u>
Total additions	<u>2,131,487</u>	<u>1,993,854</u>	<u>4,125,341</u>
Deductions:			
Benefits	3,922,208	3,869,445	7,791,653
Refunds of contributions	27,820	-	27,820
Administrative expense	67,226	82,866	150,092
Total deductions	<u>4,017,254</u>	<u>3,952,311</u>	<u>7,969,565</u>
Net decrease	(1,885,767)	(1,958,457)	(3,844,224)
Net position restricted for pensions, April 30, 2015	<u>140,794,605</u>	<u>141,407,899</u>	<u>282,202,504</u>
Net position restricted for pensions, December 31, 2015	<u>\$ 138,908,838</u>	<u>139,449,442</u>	<u>278,358,280</u>



**City of Naperville**  
**Statistical Section**

## STATISTICAL SECTION

This part of the City's 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 displays about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
(A) Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have been changed over time.	129-133
(B) Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales tax and the property tax.	134-140
(C) Debt Capacity The 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.	141-145
(D) 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.	146-148
(E) 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.	149-152

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## CITY OF NAPERVILLE, ILLINOIS

## NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(amounts expressed in thousands)

		Fiscal Year									
		4/30/2007	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/13	4/30/2014	4/30/2015	12/31/15
Governmental Activities											
Net Investment in Capital Assets	\$	434,299	453,418	450,286	446,437	446,569	427,459	419,148	412,387	409,027	419,494
Restricted		11,685	7,874	10,484	7,063	5,129	6,031	6,787	8,042	9,623	9,635
Unrestricted		41,346	32,466	21,009	18,818	31,009	40,417	41,836	38,904	30,529	(87,728)
Total Governmental Activities	\$	487,330	493,758	481,779	472,318	482,707	473,907	467,771	459,333	449,179	341,401
Business-type Activities											
Net Investment in Capital Assets	\$	437,950	443,782	450,479	447,279	443,008	439,216	432,913	437,827	442,720	425,988
Restricted		5,133	5,200	5,331	5,285	-	-	-	-	-	-
Unrestricted		34,081	19,521	7,293	4,157	13,890	19,899	27,522	11,846	6,674	9,166
Total Business-type Activities	\$	477,164	468,503	463,103	456,721	456,898	459,115	460,435	449,673	449,394	435,154
Primary Government											
Net Investment in Capital Assets	\$	872,249	897,200	900,765	893,716	889,577	866,675	852,061	850,214	851,747	845,482
Restricted		16,818	13,074	15,815	12,348	5,129	6,031	6,787	8,042	9,623	9,635
Unrestricted		75,427	51,987	28,302	22,975	44,899	60,316	69,358	50,750	37,203	(78,562)
Total Primary Government	\$	964,494	962,261	944,882	929,039	939,605	933,022	928,206	909,006	898,573	776,555

Source: Audited Financial Statements

The City changed its fiscal year end to December 31 as of December 31, 2015

The City implemented GASB Statement No. 68 as of December 31, 2015

Table A-2

CITY OF NAPERVILLE, ILLINOIS  
CHANGES IN NET POSITION  
Last Ten Fiscal Years  
(amounts expressed in thousands)

	Fiscal Year									
	4/30/2007	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/13	4/30/2014	4/30/2015	12/31/15
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 7,738	8,367	9,654	6,983	5,129	6,742	7,986	8,901	8,925	11,331
Physical environment	10,805	10,940	10,142	9,457	8,147	8,514	9,455	8,608	8,381	6,784
Public safety	58,933	61,071	64,461	64,190	65,495	66,165	65,017	67,578	70,241	63,792
Culture and recreation	9,355	7,936	8,075	8,677	10,370	8,531	8,426	9,779	8,687	4,846
Transportation	39,252	42,247	49,588	46,711	46,240	51,352	47,120	49,587	56,446	25,941
Interest on long-term debt	2,780	2,599	3,643	4,172	4,465	4,593	4,161	3,782	4,288	3,635
<b>Total Governmental Activities Expenses</b>	<b>128,863</b>	<b>133,160</b>	<b>145,563</b>	<b>140,190</b>	<b>139,846</b>	<b>145,897</b>	<b>142,165</b>	<b>148,235</b>	<b>156,968</b>	<b>116,329</b>
<b>Business-type Activities</b>										
Electric	98,915	127,542	128,724	125,021	133,761	136,090	145,585	152,352	144,954	103,759
Water and wastewater	34,886	35,096	37,047	37,372	40,692	40,724	46,037	50,981	51,287	41,991
Burlington commuter parking	988	1,380	1,759	1,568	1,764	1,309	2,033	1,559	2,061	904
<b>Total Business-type Activities Expenses</b>	<b>134,789</b>	<b>164,018</b>	<b>167,530</b>	<b>163,961</b>	<b>176,217</b>	<b>178,123</b>	<b>193,655</b>	<b>204,892</b>	<b>198,302</b>	<b>146,654</b>
<b>Total Primary Government Expenses</b>	<b>\$ 263,652</b>	<b>297,178</b>	<b>313,093</b>	<b>304,151</b>	<b>316,063</b>	<b>324,020</b>	<b>335,820</b>	<b>353,127</b>	<b>355,270</b>	<b>262,983</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for Services										
General government	\$ 1,410	1,343	1,332	1,131	3,027	1,539	1,609	1,517	1,245	4,133
Physical environment	2,427	2,122	1,493	1,171	1,104	1,414	1,746	2,000	2,099	1,357
Public safety	6,824	6,990	8,498	8,518	9,801	8,416	7,700	7,788	7,875	5,021
Culture and recreation	555	584	551	520	494	910	855	832	883	301
Transportation	632	742	920	667	689	1,491	1,467	1,677	2,478	164
Operating Grants and Contributions										
Physical environment	135	151	145	545	1,544	572	1,422	610	540	1,003
Public safety	1,287	1,339	1,560	1,366	1,727	1,703	1,932	1,808	2,316	1,731
Culture and recreation	631	484	427	83	67	16	87	171	-	-
Transportation	4,165	4,057	3,861	3,877	4,763	4,746	4,405	4,489	5,013	-
Interest on long-term debt	-	-	-	-	309	285	209	192	297	-
Capital Grants and Contributions										
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Transportation	16,111	13,799	8,328	8,046	9,366	2,869	1,086	3,012	12,118	2,541
<b>Total Governmental Activities Program Revenues</b>	<b>34,177</b>	<b>31,611</b>	<b>27,115</b>	<b>25,924</b>	<b>32,891</b>	<b>23,961</b>	<b>22,518</b>	<b>24,096</b>	<b>34,864</b>	<b>16,251</b>
<b>Business-type Activities</b>										
Charges for Services										
Electric	95,405	110,015	126,359	123,939	135,435	131,064	134,580	134,089	135,708	96,128
Water and wastewater	26,601	27,430	26,701	27,383	29,716	38,659	47,518	47,313	48,201	35,071
Burlington commuter parking	1,453	1,462	2,161	2,291	2,265	2,185	2,191	2,257	2,211	1,473

CITY OF NAPERVILLE, ILLINOIS  
CHANGES IN NET POSITION  
Last Ten Fiscal Years  
(amounts expressed in thousands)

	Fiscal Year									
	4/30/2007	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/13	4/30/2014	4/30/2015	12/31/15
<b>Business-type Activities (Continued)</b>										
Operating Grants and Contributions										
Electric	-	-	31	37	5	0	82	17	-	-
Water and wastewater	-	-	-	25	210	176	336	230	234	235
Burlington commuter parking	-	491	-	100	21	65	-	-	-	-
Capital Grants and Contributions										
Electric	5,208	4,848	2,703	1,828	5,503	3,943	7,957	5,612	2,230	2,226
Water and wastewater	7,074	3,546	3,351	1,800	1,096	1,356	1,879	5,074	4,537	931
<b>Total Business-type Activities Program Revenues</b>	<b>135,741</b>	<b>147,792</b>	<b>161,306</b>	<b>157,403</b>	<b>174,251</b>	<b>177,448</b>	<b>194,543</b>	<b>194,592</b>	<b>193,264</b>	<b>136,064</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 169,918</b>	<b>179,403</b>	<b>188,421</b>	<b>183,327</b>	<b>207,142</b>	<b>201,409</b>	<b>217,061</b>	<b>218,688</b>	<b>228,128</b>	<b>152,315</b>
<b>Net (Expense) Revenue</b>										
Governmental Activities	(94,686)	(101,549)	(118,448)	(114,266)	(106,955)	(121,936)	(119,647)	(124,139)	(122,104)	(100,078)
Business-type Activities	952	(16,226)	(6,224)	(6,558)	(1,966)	(675)	888	(10,300)	(5,038)	(10,590)
<b>Total Primary Government Net (Expense) Revenue</b>	<b>\$ (93,734)</b>	<b>(117,775)</b>	<b>(124,672)</b>	<b>(120,824)</b>	<b>(108,921)</b>	<b>(122,611)</b>	<b>(118,759)</b>	<b>(134,439)</b>	<b>(127,142)</b>	<b>(110,668)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Taxes										
Property	27,912	29,891	34,360	37,818	39,464	38,479	36,227	33,639	33,169	34,849
Utility	15,791	16,603	17,585	16,422	16,390	16,580	16,604	16,993	16,123	10,108
Sales and use	28,979	28,396	26,981	26,041	28,600	30,610	32,263	34,498	35,580	25,189
State income	11,496	12,559	12,532	11,482	11,271	11,581	12,784	13,823	13,892	9,925
Other	11,736	10,572	8,704	8,742	10,592	10,677	12,006	13,391	13,300	9,820
Franchise fees	1,456	1,646	1,714	1,790	2,020	2,141	2,437	2,455	2,538	2,162
Net investment income (loss)	5,636	5,836	4,634	2,572	2,766	3,130	1,190	(293)	1,925	198
Miscellaneous	-	-	-	-	-	-	-	-	-	609
Transfers	(38)	2,474	(41)	(62)	(61)	(62)	-	-	(4,577)	-
<b>Total Governmental Activities</b>	<b>102,968</b>	<b>107,977</b>	<b>106,469</b>	<b>104,805</b>	<b>111,042</b>	<b>113,136</b>	<b>113,511</b>	<b>114,506</b>	<b>111,950</b>	<b>92,860</b>
<b>Business-type Activities</b>										
Net investment income (loss)	2,920	2,170	783	114	451	825	432	(462)	282	137
DWC refund	-	7,353	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	-	-	-	1,189
Transfers	38	(1,958)	41	62	61	62	-	-	4,577	-
<b>Total Business-type Activities</b>	<b>2,958</b>	<b>7,565</b>	<b>824</b>	<b>176</b>	<b>512</b>	<b>887</b>	<b>432</b>	<b>(462)</b>	<b>4,859</b>	<b>1,326</b>
<b>Total Primary Government</b>	<b>\$ 105,926</b>	<b>115,542</b>	<b>107,293</b>	<b>104,981</b>	<b>111,554</b>	<b>114,023</b>	<b>113,943</b>	<b>114,044</b>	<b>116,809</b>	<b>94,186</b>
<b>Change in Net Position</b>										
Governmental Activities	8,282	6,428	(11,979)	(9,461)	4,087	(8,800)	(6,136)	(9,633)	(10,154)	(7,218)
Business-type Activities	3,910	(8,661)	(5,400)	(6,382)	(1,454)	212	1,320	(10,762)	(179)	(9,264)
<b>Total Primary Government Change in Net Position</b>	<b>\$ 12,192</b>	<b>(2,233)</b>	<b>(17,379)</b>	<b>(15,843)</b>	<b>2,633</b>	<b>(8,588)</b>	<b>(4,816)</b>	<b>(20,395)</b>	<b>(10,333)</b>	<b>(16,482)</b>

Source: Audited Financial Statements

The City changed its fiscal year end to December 31 as of December 31, 2015

CITY OF NAPERVILLE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(amounts expressed in thousands)

	Fiscal Year									
	4/30/2007	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/13	4/30/2014	4/30/2015	12/31/15
General Fund										
Reserved	\$ 232	438	201	-	-	-	-	-	-	-
Unreserved	19,463	21,444	20,249	-	-	-	-	-	-	-
Nonspendable	-	-	-	170	149	122	158	75	343	13
Assigned	-	-	-	-	-	-	6,000	-	-	-
Unassigned	-	-	-	20,768	22,782	27,037	25,573	25,513	28,961	28,357
<b>Total General Fund</b>	<b>\$ 19,695</b>	<b>21,882</b>	<b>20,450</b>	<b>20,938</b>	<b>22,931</b>	<b>27,159</b>	<b>31,731</b>	<b>25,588</b>	<b>29,304</b>	<b>28,370</b>
All Other Governmental Funds										
Reserved	\$ 19,823	40,544	38,855	-	-	-	-	-	-	-
Unreserved, reported in										
Special Revenue Funds	775	697	1,009	-	-	-	-	-	-	-
Capital Project Funds	10,963	698	(256)	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	86	54	75	62	39	38
Restricted	-	-	-	33,199	16,775	7,819	6,825	10,895	21,619	9,947
Committed	-	-	-	1,158	3,546	4,563	3,860	2,459	1,717	1,268
Assigned	-	-	-	1,465	1,596	5,002	3,278	5,033	5,115	4,604
Unassigned (deficit)	-	-	-	-	-	-	(55)	(190)	(543)	(763)
<b>Total All Other Governmental Funds</b>	<b>\$ 31,561</b>	<b>41,939</b>	<b>39,608</b>	<b>35,822</b>	<b>22,003</b>	<b>17,438</b>	<b>13,983</b>	<b>18,259</b>	<b>27,947</b>	<b>15,094</b>

(a) Statement No. 54 of the Governmental Accounting Standards Board was implemented at April 30, 2010.

Source: Audited Financial Statements

The City changed its fiscal year end to December 31 as of December 31, 2015

## CITY OF NAPERVILLE, ILLINOIS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(amounts expressed in thousands)

	Fiscal Year									
	4/30/2007	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/15
<b>Revenues</b>										
Taxes	\$ 95,914	98,021	100,162	100,505	106,317	107,927	109,884	112,344	112,064	54,777
Licenses and Permits	2,690	2,649	2,097	1,733	1,652	1,926	2,319	2,480	2,548	1,421
Fines and Forfeitures	2,108	2,257	2,890	3,258	3,137	2,554	1,718	1,709	1,770	1,162
Investment Income	4,101	3,807	3,165	1,996	2,051	2,155	855	(98)	1,603	201
Intergovernmental	8,216	6,838	10,354	8,528	12,766	9,164	8,177	6,737	8,762	40,367
Charges for Services	6,497	5,804	6,518	6,100	7,582	7,870	7,894	8,348	9,242	9,138
Fees	3,874	4,734	3,165	2,255	2,602	2,893	3,311	2,822	3,009	2,173
Contributions	9	45	48	46	53	58	106	1,890	1,875	281
Miscellaneous	392	911	789	563	2,165	1,012	1,209	908	628	609
<b>Total Revenues</b>	<b>123,801</b>	<b>125,066</b>	<b>129,188</b>	<b>124,984</b>	<b>138,325</b>	<b>135,559</b>	<b>135,473</b>	<b>137,140</b>	<b>141,501</b>	<b>110,129</b>
<b>Expenditures</b>										
General Government	6,364	6,665	8,127	6,007	5,943	5,126	6,165	6,967	7,241	7,736
Physical Environment	10,235	10,583	9,814	9,408	8,151	8,414	9,082	8,633	8,371	5,655
Public Safety	57,363	59,790	61,054	61,668	64,006	64,069	63,090	71,862	70,040	50,462
Culture and Recreation	8,455	7,394	7,299	7,815	7,660	7,571	7,275	8,165	7,142	4,423
Transportation	20,925	22,086	22,983	21,026	21,946	21,080	21,072	24,317	26,916	17,881
Capital Outlay	23,404	34,394	48,805	29,978	32,956	14,624	16,067	16,997	22,250	24,743
Debt Service										
Principal	8,235	5,726	5,580	5,614	5,444	6,087	12,010	5,648	6,841	9,447
Interest	2,904	2,579	3,005	3,833	4,329	4,527	3,880	3,766	4,031	4,026
Other Charges	-	292	193	214	-	-	126	127	205	-
<b>Total Expenditures</b>	<b>137,885</b>	<b>149,509</b>	<b>166,860</b>	<b>145,563</b>	<b>150,435</b>	<b>131,498</b>	<b>138,767</b>	<b>146,482</b>	<b>153,037</b>	<b>124,373</b>
Excess of Revenues over (under) Expenditures	(14,084)	(24,443)	(37,672)	(20,579)	(12,110)	4,061	(3,294)	(9,342)	(11,536)	(14,244)
<b>Other financing Sources (Uses)</b>										
Transfers In	1,616	8,061	2,101	4,555	6,350	4,448	5,573	7,129	10,200	8,950
Transfers Out	(1,567)	(5,630)	(1,573)	(7,852)	(6,066)	(9,665)	(5,224)	(6,779)	(3,504)	(8,950)
Sale of Capital Assets	-	4,394	-	-	-	819	200	-	515	-
Bond Proceeds-Principal	-	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(4,316)	(6,233)	(8,588)	-	-	(16,550)	-	-	-
Bonds Issued, at Par	-	34,260	39,405	28,585	-	-	-	5,620	17,340	-
Refunding Bonds Issued	-	-	-	-	-	-	17,963	-	-	-
Premium on Bonds Issued	-	239	209	581	-	-	2,449	310	389	-
<b>Total Other Financing Sources (Uses)</b>	<b>49</b>	<b>37,008</b>	<b>33,909</b>	<b>17,281</b>	<b>284</b>	<b>(4,398)</b>	<b>4,411</b>	<b>6,280</b>	<b>24,940</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (14,035)</b>	<b>12,565</b>	<b>(3,763)</b>	<b>(3,298)</b>	<b>(11,826)</b>	<b>(337)</b>	<b>1,117</b>	<b>(3,062)</b>	<b>13,404</b>	<b>(14,244)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	9.15%	6.69%	6.66%	7.48%	7.51%	8.16%	11.89%	6.68%	7.63%	13.67%

Source: Audited Financial Statements.

The City changed its fiscal year end 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

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	Total Intergovernmental Taxes	Property Tax	Utility Tax	Other Tax	Total Taxes	
4/30/2007	\$ 28,979	11,496	40,475	27,912	15,791	11,736	55,439	95,914
4/30/2008	28,396	12,559	40,955	29,891	16,603	10,572	57,066	98,021
4/30/2009	26,981	12,532	39,513	34,360	17,585	8,704	60,649	100,162
4/30/2010	26,041	11,482	37,523	37,818	16,422	8,742	62,982	100,505
4/30/2011	28,600	11,271	39,871	39,464	16,390	10,592	66,446	106,317
4/30/2012	30,610	11,581	42,191	38,479	16,580	10,677	65,736	107,927
4/30/2013	32,263	12,784	45,047	36,227	16,604	12,006	64,837	109,884
4/30/2014	34,498	13,823	48,321	33,639	16,993	13,391	64,023	112,344
4/30/2015	35,580	13,892	49,472	33,169	16,123	13,300	62,592	112,064
12/31/2015	25,189	9,925	35,114	34,849	10,108	9,820	54,777	89,891

Source: Audited Financial Statements

The City changed its fiscal year end to December 31 as of December 31, 2015

CITY OF NAPERVILLE, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Calendar 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
2005	\$ 4,458,089,250	234,422	1,165,279,631	1,048,928	5,624,652,231	0.7125	16,873,956,693	33.333%
2006	4,889,098,205	170,668	1,232,033,979	1,094,113	6,122,396,965	0.6966	18,367,190,895	33.333%
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%

Source: Office of the County Clerk

Note : Property in the city is reassessed each year. Property is assessed at 33% of actual value.

\* increase due to annexation in the Wheatland Township.

## CITY OF NAPERVILLE, ILLINOIS

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Calendar Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Direct Rates										
General Corporate	\$ 0.1001	0.1554	0.1949	0.2139	0.1963	0.1882	0.1381	0.1457	0.1009	0.0803
Naperville Public Library	0.2404	0.2302	0.2231	0.1989	0.1828	0.1872	0.2076	0.2374	0.2465	0.2481
Police Pension	0.0494	0.0468	0.0488	0.0528	0.0667	0.0652	0.0679	0.0787	0.0879	0.0845
Firefighters' Pension	0.0515	0.0497	0.0489	0.0513	0.0647	0.0706	0.0737	0.0820	0.0884	0.0846
Bond and Interest-general obligation bond	0.1886	0.1318	0.1162	0.1192	0.1274	0.1472	0.1799	0.1403	0.1631	0.2153
Illinois Municipal retirement	0.0378	0.0383	0.0383	0.0380	0.0395	0.0391	0.0409	0.0444	0.0461	0.0460
Naper Settlement	0.0447	0.0444	0.0464	0.0426	0.0392	0.0415	0.0434	0.0471	0.0499	0.0494
Total Direct Rate	0.7125	0.6966	0.7166	0.7167	0.7166	0.7390	0.7515	0.7756	0.7828	0.8082
Overlapping Rates										
Naperville Park District	0.2619	0.2562	0.2481	0.2480	0.2574	0.2798	0.2969	0.3148	0.3358	0.3397
Unit School #203	4.2258	4.0673	3.9292	3.8593	3.9502	4.2265	4.5400	4.9909	5.3862	5.4756
Unit School #204	4.8815	4.6678	4.4930	4.3995	4.4987	4.8927	5.2200	5.7047	5.9498	6.0149
College of DuPage #502	0.1874	0.1929	0.1888	0.1845	0.2127	0.2349	0.2495	0.2681	0.2956	0.2975
DuPage Forest Preserve	0.1271	0.1303	0.1187	0.1206	0.1217	0.1321	0.1414	0.1542	0.1657	0.1691
DuPage Airport Authority	0.0198	0.0183	0.0170	0.0160	0.0148	0.0158	0.0169	0.0168	0.0178	0.0196
DuPage County	0.1797	0.1713	0.1651	0.1557	0.1554	0.1659	0.1773	0.1929	0.2040	0.2057
Will County	0.5380	0.5027	0.4826	0.4751	0.4833	0.5274	0.5351	0.5696	0.5994	0.6210
Lisle Township	0.0438	0.0424	0.0410	0.0406	0.0408	0.0445	0.0480	0.0261	0.0548	0.0561
Naperville Township	0.0444	0.0437	0.0423	0.0419	0.0419	0.0454	0.0483	0.0379	0.0515	0.0413
Wheatland Township	0.0331	0.0319	0.0303	0.0314	0.0319	0.0331	0.0328	0.0344	0.0378	0.0378

Source: Office of the County Clerk

Table B-4

CITY OF NAPERVILLE, ILLINOIS  
 PRINCIPAL PROPERTY TAXPAYERS  
 Current Year and Nine Years Ago

Tax Levy Calendar Year	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
NS-MPG Inc.	\$ 32,997,130	1	0.55%	\$ 46,471,720	1	0.83%
BP-Amoco Oil Company	16,163,620	2	0.27%	28,857,330	2	0.51%
Tellabs Inc.	14,647,500	3	0.24%	24,472,330	4	0.44%
Wells Real Estate Funds	14,227,090	4	0.24%			0.00%
Ondeo Nalco Center	13,934,700	5	0.23%	22,838,850	5	0.41%
Agellan Warrenville LP	13,278,140	6	0.22%			0.00%
UBS Realty Investors LLC	13,009,000	7	0.22%			0.00%
Nicor Gas	11,312,560	8	0.19%	12,274,570	10	0.22%
Amlt Residential	11,271,820	9	0.19%			0.00%
Banner Property Management	10,539,260	10	0.18%			0.00%
Aimco				27,224,130	3	0.48%
Edward Hospital				15,949,970	6	0.28%
Center Point Properties				14,409,630	7	0.26%
The Gale Company LLC				13,809,420	8	0.25%
EQR-RE Tax Department				13,370,490	9	0.24%
	<u>\$ 151,380,820</u>		<u>2.53%</u>	<u>\$ 219,678,440</u>		<u>3.91%</u>

Source: Office of the County Clerk

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.

CITY OF NAPERVILLE, ILLINOIS  
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Calendar 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
2005	\$ 40,075,647	39,878,461	99.51%	11,450	39,889,910	99.54%
2006	42,648,617	42,427,184	99.48%	23,873	42,451,057	99.54%
2007	47,426,269	47,203,394	99.53%	13,060	47,216,455	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%	-	48,159,391	99.44%

Source: Office of the County Clerk

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.

## CITY OF NAPERVILLE, ILLINOIS

## SALES TAXES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Merchandise	\$ 2,265,426	2,245,993	2,179,149	2,104,686	2,103,314	2,133,600	2,175,020	1,985,901	2,055,475	1,973,827
Food	2,820,886	2,924,185	3,224,528	3,130,912	3,210,537	3,268,563	3,440,483	3,586,963	3,457,404	3,537,170
Drinking and Eating Places	2,393,428	2,555,064	2,679,705	2,717,794	2,885,101	2,883,546	3,162,362	3,352,311	3,420,229	3,433,778
Apparel	669,829	665,161	690,165	742,079	767,404	933,475	1,004,555	1,067,110	1,088,821	1,152,420
Furniture & H.H. & Radio	2,238,171	2,223,337	1,895,857	1,657,778	1,862,218	2,098,296	2,194,838	2,347,163	2,272,010	2,231,986
Lumber, Building Hardware	1,641,592	1,435,948	1,298,336	1,201,680	1,235,492	1,242,769	1,302,937	1,520,274	1,656,157	1,709,368
Automobile and Filling Stations	8,990,471	9,291,220	8,656,627	7,840,138	8,807,116	9,555,249	10,494,788	12,237,637	12,751,291	12,870,415
Drugs and Miscellaneous Retail	3,047,909	3,119,875	3,080,902	3,107,887	3,336,129	3,642,704	3,692,042	3,869,309	4,097,497	3,205,869
Agriculture and All Others	2,213,918	2,176,653	1,815,359	1,484,390	1,560,231	1,483,822	1,501,727	1,509,790	1,620,270	2,576,081
Manufacturers	661,897	656,275	737,556	615,111	675,725	461,688	521,896	527,545	530,662	561,411
<b>TOTAL</b>	<b>\$ 26,943,527</b>	<b>27,293,710</b>	<b>26,258,182</b>	<b>24,602,456</b>	<b>26,443,266</b>	<b>27,703,710</b>	<b>29,490,651</b>	<b>32,004,003</b>	<b>32,949,815</b>	<b>33,252,325</b>
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%

Source: Illinois Department of Revenue

Table B-7

CITY OF NAPERVILLE, ILLINOIS  
 DIRECT AND OVERLAPPING SALES TAX RATES  
 Last Ten Fiscal Years

Fiscal Year	City Direct Rate	State Rate	Regional Transportation Authority Rate	County Rate	DuPage Water Commission
4/30/2007	1.00%	5.00%	0.25%	0.25%	0.25%
4/30/2008	1.00%	5.00%	0.75%	0.25%	0.25%
4/30/2009	1.00%	5.00%	0.75%	0.25%	0.25%
4/30/2010	1.00%	5.00%	0.75%	0.25%	0.25%
4/30/2011	1.00%	5.00%	0.75%	0.25%	0.25%
4/30/2012	1.00%	5.00%	0.75%	0.25%	0.25%
4/30/2013	1.00%	5.00%	0.75%	0.25%	0.25%
4/30/2014	1.00%	5.00%	0.75%	0.25%	0.25%
4/30/2015	1.00%	5.00%	0.75%	0.25%	0.25%
12/31/2015	1.00%	5.00%	0.75%	0.25%	0.25%

Source: Illinois Department of Revenue  
 The City changed its fiscal year end to December 31 as of December 31, 2015

## CITY OF NAPERVILLE, ILLINOIS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	General Obligation Bonds	Revenue Bonds	IEPA Loan			
4/30/2007	\$ 59,492,136	23,923,807	7,634,133	2,169,728	93,219,804	1.54%	655.83
4/30/2008	84,019,224	32,891,688	6,493,993	1,718,378	125,123,283	1.97%	883.66
4/30/2009	111,889,364	40,352,985	5,308,769	1,249,966	158,801,084	2.45%	1,098.51
4/30/2010	122,474,459	56,584,111	4,073,712	763,848	183,896,130	2.78%	1,266.20
4/30/2011	116,918,354	54,185,617	-	259,354	171,363,325	2.66%	1,208.03
4/30/2012	105,219,222	75,012,910	-	-	180,232,132	2.79%	1,270.56
4/30/2013	97,950,479	71,886,351	-	-	169,836,830	2.63%	1,185.27
4/30/2014	97,958,819	66,354,322	-	-	164,313,141	2.49%	1,146.73
4/30/2015	108,548,121	60,391,308	-	-	168,939,429	2.48%	1,156.11
12/31/2015	98,808,280	55,863,868	-	-	154,672,148	2.27%	1,058.47

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

\* See the Schedule of Demographic and Economic Statistics on page 146 for personal income and population data.  
The City changed its fiscal year end to December 31 as of December 31, 2015

CITY NAPERVILLE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds		Less: Amounts Available In Debt Service Funds**	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
	Governmental Activities	Business-Type Activities				
4/30/2007	\$ 59,492,136	23,923,807	1,860,605	81,555,338	0.44%	573.77
4/30/2008	84,019,224	32,891,688	1,193,278	115,717,634	0.58%	817.24
4/30/2009	111,889,364	40,352,985	2,388,640	149,853,709	0.71%	1,036.62
4/30/2010	122,474,459	56,584,111	2,706,329	176,352,241	0.83%	1,214.25
4/30/2011	116,918,354	54,185,617	4,028,824	167,075,147	0.83%	1,177.80
4/30/2012	105,219,222	75,012,910	5,156,557	175,075,575	0.91%	1,234.20
4/30/2013	97,950,479	71,886,351	4,717,628	165,119,202	0.91%	1,152.35
4/30/2014	97,958,819	66,354,322	5,272,118	159,041,023	0.89%	1,109.93
4/30/2015	108,548,121	60,391,308	6,355,932	162,583,497	0.90%	1,112.61
12/31/2015	98,808,280	55,863,868	5,694,582	148,977,566	0.83%	1,019.50

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

\* See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 135 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 to December 31 as of December 31, 2015

Table C-3

## CITY OF NAPERVILLE, ILLINOIS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2015

Governmental Unit	Gross Debt	Percentage Debt Applicable to the City of Naperville (1)	City of Naperville's Share of Debt
City of Naperville	\$ 98,808,280	100.000%	\$ 98,808,280
School District #200	\$ 173,690,000	0.353%	\$ 612,775
School District #202	6,775,000	1.794%	121,518
School District #203	33,500,000	77.189%	25,858,245
School District #204	256,960,000	59.568%	153,067,213
School District #365	313,410,761	0.000%	843
Community College District #502 (2)	283,460,000	17.351%	49,182,235
Lisle Park District (2)	12,526,984	0.442%	55,363
Naperville Park District (2)	18,180,000	96.139%	17,478,130
Wheaton Park District	38,154,423	0.373%	142,169
Will County Forest Preserve	159,130,505	10.700%	17,026,514
DuPage County (2)	266,392,785	12.148%	32,362,372
DuPage County Forest Preserve	195,151,058	12.148%	23,707,666
	<u>1,757,331,516</u>		<u>319,615,042</u>
	<u>\$ 1,856,139,796</u>		<u>\$ 418,423,322</u>

Source: DuPage County Clerk, Will County Clerk, or Local Government Entity

(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.

(2) Excludes outstanding General Obligation (Alternate Revenue Bonds), which are expected to be paid from sources other than general taxation.

CITY OF NAPERVILLE, ILLINOIS  
SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2015

---

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)

Fiscal Year	Electric Revenue Bonds (5)						Water Revenue Bonds						
	Electric Charges and Other	Less: Operating Expenses (1)	Net Operating Revenue	Net Available Revenue per Ordinance (2)	Debt Service (3)		Water Charges and Other	Less: Operating Expenses (1)	Net Operating Revenue	Net Available Revenue per Ordinance (2)	Debt Service (3)		
					Principal	Interest					Principal	Interest	Coverage(4)
4/30/2007	\$						26,483	25,881	602	4,014	1,490	500	2.02
4/30/2008				see note (5)			27,430	24,842	2,588	5,743	1,100	446	3.71
4/30/2009							26,701	26,346	355	1,453	1,145	382	0.95
4/30/2010							27,383	27,177	206	536	1,195	584	0.30
4/30/2011										see note (6)			
4/30/2012													
4/30/2013													
4/30/2014													
4/30/2015													
12/31/2015													

Source: City of Naperville Annual Financial Reports

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.

The City changed its fiscal year end to December 31 as of December 31, 2015

## 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
4/30/2007	141,698	6,020,606	42,489	34.2	15.13	45,683	3.0
4/30/2008	142,140	6,039,386	42,489	34.2	15.13	45,529	3.3
4/30/2009	141,596	6,341,660	44,787	35.9	15.13	47,274	3.6
4/30/2010	144,560	6,221,284	43,036	35.9	15.13	47,522	6.2
4/30/2011	145,235	6,606,450	45,488	34.8	15.13	47,274	8.0
4/30/2012	141,853	6,452,609	45,488	35.0	15.13	47,946	6.1
4/30/2013	141,853	6,452,609	45,488	37.9	15.41	47,572	6.7
4/30/2014	143,289	6,449,724	45,012	39.2	15.41	46,790	7.1
4/30/2015	143,289	6,606,769	46,108	38.7	14.97	46,790	5.7
12/31/2015	146,128	6,809,273	46,598	38.2	17.81	45,020	4.6

## Source:

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

The City changed its fiscal year end to December 31 as of December 31, 2015

Table D-2

CITY OF NAPERVILLE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2015				2006			
Employer	Employees	Rank	% of Total City Population	Employer	Employees	Rank	% of Total City Population
Edward Hospital & Health Services	4,700	1	3.22%	Lucent Technologies	4,600	1	3.31%
Alcatel-Lucent	3,400	2	2.33%	Edward Hospital & Health Services	4,000	2	2.88%
Indian Prairie School District 204	3,022	3	2.07%	Nicor Gas	3,773	3	2.72%
Naperville School District 203	2,350	4	1.61%	Indian Prairie School District 204	3,000	4	2.16%
Nicor gas	2,140	5	1.46%	Naperville School District 203	2,400	5	1.73%
BP America	1,800	6	1.23%	BP	1,800	6	1.30%
BMO Harris	1,200	7	0.82%	Tellabs, Inc.	1,200	7	0.86%
Nalco	1,000	8	0.68%	City of Naperville	1,074	8	0.77%
City of Naperville	965	9	0.66%	Ondeo Nalco Co.	1,000	9	0.72%
North Central College	625	10	0.43%	North Central College	450	10	0.32%
				ConAgra	450	10	0.32%
Total	<u>21,202</u>		<u>14.51%</u>	Total	<u>23,747</u>		<u>17.11%</u>

Source: Naperville Development Partnership and Naperville Convention & Visitors Bureau

CITY OF NAPERVILLE  
 SCHEDULE OF PRINCIPAL ELECTRIC SYSTEM USERS

Current Year and Nine Years Ago						
12/31/2015						
Name	Business/Service	KWH Billed		Revenue Billed		
		KWH	% of City Total	Amount	% of City Total	
Lucent Technologies	Research and Manufacturing	91,952,430	6.85%	\$ 6,993,825	5.13%	
Mondelez Global (Kraft Foods)	Food Manufacturing	36,533,870	2.72%	3,145,293	2.31%	
Edward Hospital	Hospital	36,234,057	2.70%	3,119,499	2.29%	
City of Naperville -Springbrook	Wastewater treatment plant	31,225,486	2.33%	2,688,296	1.97%	
Tellabs	Research and Manufacturing	23,172,230	1.73%	1,955,258	1.43%	
School District 203 Includes NNHS	Public Schools	19,678,797	1.47%	1,791,304	1.31%	
Calamos Real Estate, LLC	Management Corporation	16,110,277	1.20%	1,610,095	1.18%	
School District 204 (includes Nequa	Public Schools	15,094,789	1.12%	1,691,517	1.24%	
North Central College	Private College	13,396,986	1.00%	1,324,614	0.97%	
Global Computer Supply	Warehouse	12,789,606	0.95%	1,353,074	0.99%	
Northern Trust Company	Management Corporation	12,358,747	0.92%	1,121,959	0.82%	
Albertson's (Jewel) Grocery Stores	Grocery Stores - JEWEL	12,068,634	0.90%	1,012,673	0.74%	
BMO Harris Bank	Bank / Investment Services	9,170,107	0.68%	\$886,279	0.65%	
Agellan Warrenville, LP	Real Estate/Property Mgmt.	8,644,202	0.64%	\$921,076	0.68%	
Phoenix Closures	Manufacturing	8,253,191	0.61%	\$690,031	0.51%	
Crate & Barrel #199	Warehouse	8,022,095	0.60%	\$731,227	0.54%	
Walmart Stores incl Sam's Club	Retail Stores	7,839,436	0.58%	\$651,588	0.48%	
Handi-Foil of America	Manufacturing	6,497,107	0.48%	\$576,718	0.42%	
Monarch Landing	Retirement Community	5,251,213	0.39%	\$518,535	0.38%	
DART Warehouse Corp.	Warehouse	5,142,794	0.38%	\$539,784	0.40%	
<b>Total Top 20 Customers</b>		<b>379,436,054</b>	<b>28.26%</b>	<b>33,322,644</b>	<b>24.42%</b>	
<b>Total City of Naperville</b>		<b>1,342,542,000</b>		<b>\$ 136,448,400</b>		
4/30/2006						
Name	Business/Service	KWH Billed		Revenue Billed		
		KWH	% of City Total	Amount	% of City Total	
Lucent Technologies	Research and Manufacturing	73,027,677	4.77%	\$ 2,805,915	3.09%	
BP America (Amoco Corp.)	Research and Manufacturing	57,527,655	3.76%	2,645,791	2.92%	
Kraft Foods	Food Manufacturing	46,966,289	3.07%	1,832,415	2.02%	
Edward Hospital	Hospital	26,504,687	1.73%	1,061,646	1.17%	
Tellabs	Research and Manufacturing	25,226,457	1.65%	1,035,695	1.14%	
Phoenix Closures	Manufacturing	23,841,248	1.56%	948,215	1.04%	
City of Naperville -Springbrook	Wastewater treatment plant	20,657,036	1.35%	608,668	0.67%	
School District 204	Public Schools	17,862,084	1.17%	925,382	1.02%	
School District 203	Public Schools	12,145,440	0.79%	738,424	0.81%	
Crate & Barrel #199	Warehouse	10,708,250	0.70%	508,893	0.56%	
Opus North Mgmt Corp	Management Corporation	10,565,484	0.69%	540,778	0.60%	
NALCO Company	Research and Manufacturing	9,611,374	0.63%	464,313	0.51%	
Northern Trust Company	Management Corporation	7,896,750	0.52%	355,006	0.39%	
Calamos Holdings, LLC	Management Corporation	6,938,399	0.45%	359,854	0.40%	
Holiday Inn	Hotel	6,264,648	0.41%	311,115	0.34%	
North Central College	Private College	6,143,314	0.40%	333,371	0.37%	
District 203 - Naperville North High School	Public School	6,016,800	0.39%	299,723	0.33%	
The Preserve at Cress Creek	Apartment Complex	5,039,670	0.33%	100,989	0.11%	
Costco Wholesale	Grocery & Retail Store	4,593,375	0.30%	229,820	0.25%	
Dominicks (3116 S. Route 59)	Grocery & Retail Store	4,395,905	0.29%	199,761	0.22%	
<b>Total Top 20 Customers</b>		<b>381,932,541</b>	<b>24.96%</b>	<b>16,305,772</b>	<b>17.97%</b>	
<b>Total City of Naperville</b>		<b>1,530,161,034</b>		<b>\$ 990,740,185</b>		

Source: City of Naperville-Department of Public Utilities  
 The City changed its fiscal year end to December 31 as of December 31, 2015

Table E-1

CITY OF NAPERVILLE, ILLINOIS  
 FULL-TIME EQUIVALENT EMPLOYEES  
 Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
Mayor & Council	12.00	12.00	12.00	12.00	11.12	11.12	11.12	11.12	11.12	11.00
Board of Fire & Police	1.12	1.12	1.12	1.12	0.88	0.88	0.88	0.88	0.88	1.00
Legal	9.50	11.00	12.00	11.50	10.50	10.50	10.50	10.50	14.00	14.00
City Manager's Office	26.87	27.87	15.87	12.87	11.62	10.12	10.12	13.12	11.12	11.12
City Clerk	-	-	8.00	6.00	5.50	5.50	5.50	5.50	5.50	6.50
Finance	43.88	44.34	46.82	42.49	35.63	35.63	35.63	35.63	36.63	35.63
Human Resources	17.63	15.13	17.75	12.75	10.50	9.50	9.50	9.50	9.00	9.00
Information Technology	20.75	20.75	23.75	21.37	19.85	19.37	18.75	19.75	21.75	27.00
<b>TED Business Group</b>										
Support Services Team	32.37	32.37	33.37	27.75	23.25	21.75	21.75	21.00	20.58	20.87
Development Services Team	35.06	35.06	33.87	29.87	27.98	25.89	24.73	25.21	25.71	26.40
Planning Services Team	6.75	7.75	9.25	7.27	6.06	4.75	4.75	4.25	4.75	5.04
Engineering & Transportation Team	17.34	17.00	19.12	17.77	14.68	14.64	14.64	16.14	15.14	14.35
Trans/Traffic Services Team	11.50	11.50	-	-	-	-	-	-	-	-
Riverwalk Commission	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Public Works</b>										
Administration	3.00	3.00	2.00	5.00	5.00	4.00	4.00	5.00	5.00	5.00
Strategic Services	9.10	8.10	8.10	5.41	5.41	5.20	5.20	5.60	5.60	5.60
Operations & Maintenance	49.69	53.69	62.69	60.69	56.69	58.51	58.10	56.20	56.20	56.20
Public Building Operations	23.00	23.00	23.00	22.00	21.00	20.00	20.00	20.00	20.46	20.46

(continued)

Table E-1

CITY OF NAPERVILLE, ILLINOIS  
 FULL-TIME EQUIVALENT EMPLOYEES  
 Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Officers	188.00	188.00	189.00	185.00	176.00	167.00	165.00	165.00	167.00	168.00
Civilians	119.04	121.04	121.04	114.04	108.88	106.54	104.92	104.92	108.67	107.54
Fire										
Firefighters and officers	190.00	190.00	202.00	200.00	197.00	193.00	193.00	193.00	193.00	193.00
Civilians	10.00	11.00	11.00	8.00	10.00	10.00	10.00	9.00	9.00	9.00
SSA# 20/22	5.92	6.75	6.75	5.75	4.75	4.75	4.75	5.00	5.00	5.00
Community Development Block Grant	0.50	0.50	0.50	0.50	-	1.00	0.75	0.50	0.67	0.67
Fleet Services	18.00	18.00	18.50	18.50	17.50	16.50	16.50	16.50	16.50	16.62
Electric Utility										
Administration	5.88	5.88	5.88	5.88	5.00	5.00	4.50	3.00	3.00	3.00
Support Services	9.00	9.00	9.00	9.00	9.00	9.00	8.00	8.00	8.00	8.00
Eng & Tech Services	36.53	36.53	33.53	32.53	32.00	32.00	32.00	32.00	31.00	31.00
Electric Distribution	49.63	49.63	54.63	51.63	51.00	51.00	51.00	51.00	50.00	48.00
Supply & Control	25.00	25.00	23.00	23.00	23.00	23.00	23.00	23.00	22.00	22.00
Water Utility										
Administration	5.88	6.38	6.38	6.38	5.50	5.50	3.50	2.00	2.00	2.38
Supply & Reclamation	30.87	30.08	30.58	30.58	29.48	29.48	29.00	29.47	29.47	29.47
Distribution & Collection	46.61	46.77	46.77	46.27	44.09	44.09	40.00	40.47	40.47	40.71
Civil Environ. Eng & Cons.	12.79	12.79	12.79	13.79	13.20	13.00	11.00	11.00	11.00	11.00
Special Events and Cultural Amenities Fund	1.00	1.00	1.00	1.00	1.50	0.50	0.50	0.50	0.50	0.62
<b>TOTAL</b>	<b>1,074.71</b>	<b>1,082.53</b>	<b>1,101.56</b>	<b>1,048.21</b>	<b>994.07</b>	<b>969.22</b>	<b>953.09</b>	<b>954.26</b>	<b>961.22</b>	<b>965.68</b>

Source: City Budget

The City changed its fiscal year end to December 31 as of December 31, 2015

## CITY OF NAPERVILLE, ILLINOIS

## OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	4/30/2007	4/30/200	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/13	4/30/2014	4/30/2015	12/31/15
Public Safety										
Police (1)										
Physical arrests (DUI)	665	622	622	578	622	574	549	424	374	369
Parking violations	23,137	18,397	18,896	17,898	19,278	15,654	16,600	14,148	13,630	13,582
Traffic violations	38,900	28,227	27,780	25,611	21,546	18,521	17,769	13,924	12,319	12,532
Fire										
Emergency responses	10,108	9,679	9,435	10,957	11,575	11,264	11,760	12,210	12,792	12,979
Fires Extinguished	73	85	83	89	90	86	83	78	93	87
Public Works										
Total curbside refuse collected (tons)	45,533	44,867	42,198	39,909	38,781	38,367	37,803	37,077	36,657	36,272
Total curbside recycling collected (tons)	20,411	19,796	18,675	17,095	17,251	17,069	16,469	15,605	15,692	15,872
Snow and ice control events	30	44	37	36	44	16	18	49	25	24
Tons of salt used	13,500	22,000	20,300	18,000	16,046	8,251	13,686	21,964	11,768	11,692
Water/Wastewater (1)										
New connections	330	349	152	121	56	107	171	283	291	342
Water main breaks	62	68	75	73	84	37	64	92	75	68
Average daily consumption	16.41	18.73	16.29	15.26	15.29	15.16	16.64	15.11	13.90	14.10
Peak daily consumption	30.77	33.04	30.82	27.37	28.34	30.79	34.19	29.55	22.90	24.26
Average daily wastewater treated (million gal)	22.34	22.83	23.30	22.10	21.40	21.59	18.30	19.70	19.40	18.16
Electric (1)										
Peak monthly demand	372,583	362,000	348,000	358,000	369,000	390,853	402,273	365,033	322,831	328,597
Peak Month Energy Use (million)	166.0	192.9	165.0	136.9	172.1	172.7	184.1	151.9	142.8	143.4

(1) Records for Police, Water/Wastewater and Electric are maintained on a calendar year basis. The statistics for 4/30/2015 are based on actual from January 1, 2015 to April 30, 2015 and extrapolated for the remainder of the year.

Source: Various city departments

The City changed its fiscal year end to December 31 as of December 31, 2015

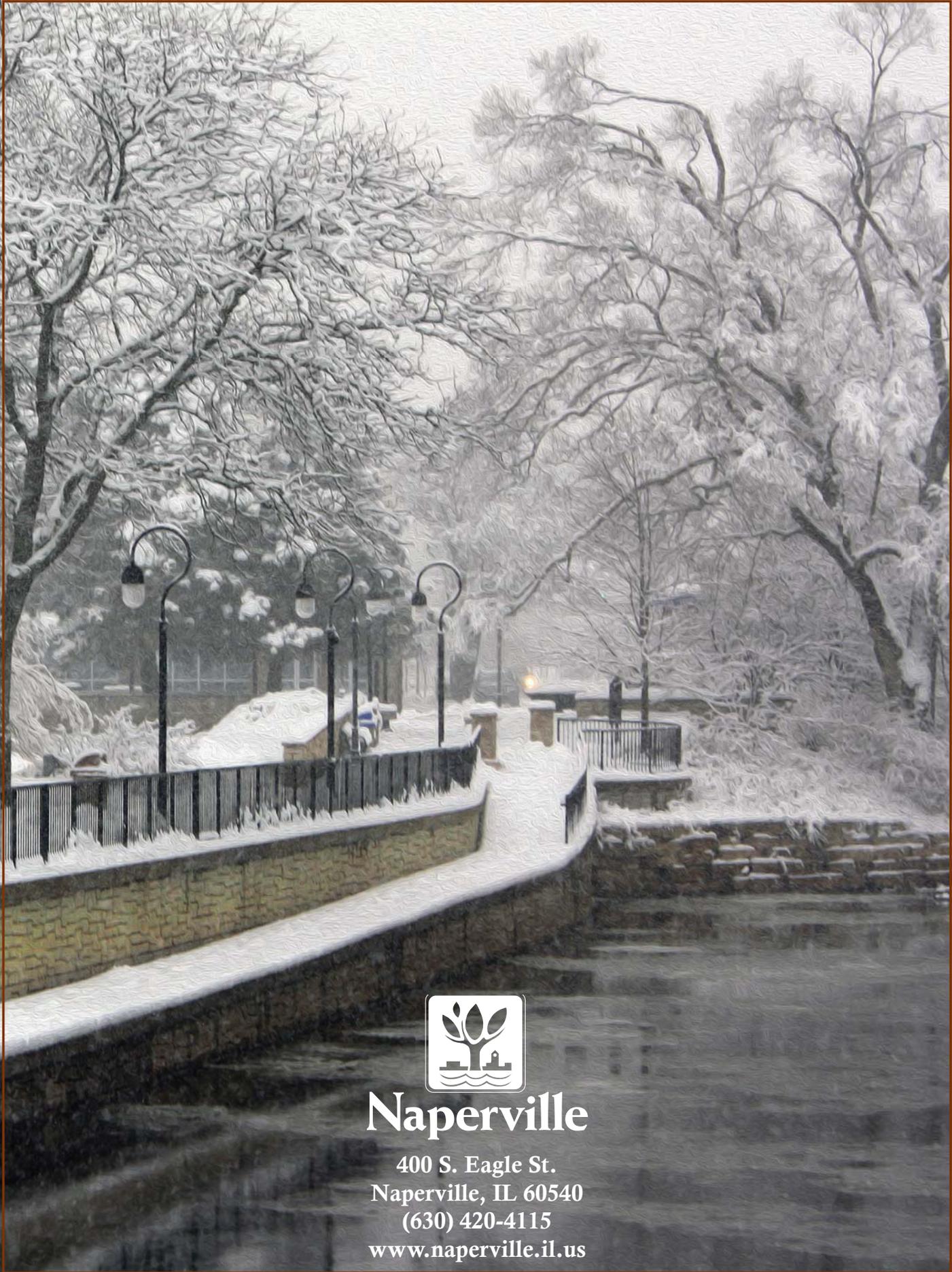
## CITY OF NAPERVILLE, ILLINOIS

## CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	10	10	10	10	10	10	10	10	10	10
Patrol units	81	81	81	80	83	78	78	80	85	85
Fire										
Fire stations	8	9	9	9	10	10	10	10	10	10
Front Line Apparatus (engines & ambulance)	17	17	18	18	19	18	18	18	18	18
Transportation										
Arterial streets (centerline miles)	125	127	127	127	127	127	127	127	127	138
Residential streets (centerline miles)	320	325	325	325	325	325	325	327	327	364
Traffic signals	155	159	162	163	163	163	163	163	164	164
Public Works										
Streetlights	10,243	10,596	10,612	10,994	11,040	11,312	11,462	11,480	11,542	11,705
Storm sewers (miles)	750	870	875	877	818	861	870	879	886	895
Water										
Water mains (miles)	598.1	608.7	615.7	629.4	636.4	641.1	688.7	693.7	708.2	714.5
Fire hydrants	8,208	8,406	8,452	8,672	8,809	8,897	8,967	9,055	9,157	9,236
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)	472.30	474.53	477.02	484.54	489.52	492.80	530.93	534.09	539.34	543.28
Treatment capacity (million gallons per day)	26.25	26.25	26.25	26.25	26.25	26.20	26.25	26.25	26.25	26.25
Electric										
Number of distribution stations	16	16	16	16	16	16	16	16	16	16
Transmission & Distribution Line Mileage (excluding secondary distribution)	914.58	924.21	949.42	958.15	970.26	973.89	977.83	979.98	984.19	999.49

Source: Various city departments.



# Naperville

400 S. Eagle St.  
Naperville, IL 60540  
(630) 420-4115  
[www.naperville.il.us](http://www.naperville.il.us)