



Naperville

**CITY OF NAPERVILLE,
ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016**

CITY OF NAPERVILLE, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2016

Prepared by:
The Finance Department

CITY OF NAPERVILLE, ILLINOIS

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INTRODUCTORY SECTION

CITY OF NAPERVILLE, ILLINOIS

Elected and Appointed Officers and Officials

For the fiscal year ended December 31, 2016

Mayor

Steve Chirico

Council

Becky Anderson

Rebecca Boyd-Obarski

Judith A. Brodhead

Kevin Coyne

Patty Gustin

Paul J. Hinterlong

John Krummen

Kevin Gallaher

City Manager

Douglas A. Krieger

Deputy City Manager

Marcie J. Schatz

City Clerk

Pamela Gallahue

Finance Director

Rachel Mayer

Chief of Police

Robert W. Marshall

Fire Chief

Mark J. Puknaitis

Director of Public Works

Richard E. Dublinski

Director of T.E.D. Business Group

William J. Novack

**Director of Public Utilities –
Electric**

Mark J. Curran

**Director of Public Utilities –
Water**

James E. Holzapfel

Director of Human Resources

James Sheehan

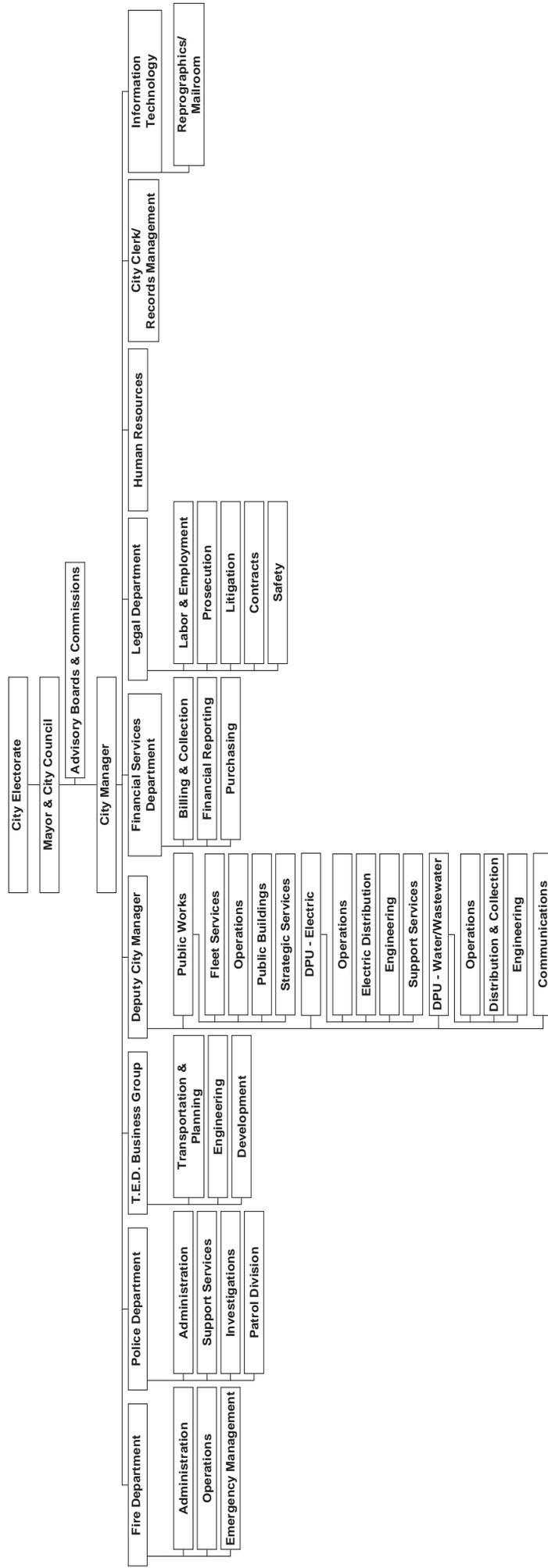
City Attorney

Jill Pelka-Wilger

Director of IT

Jeff Anderson

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





October 4, 2017

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

We are pleased to submit the Comprehensive Annual Financial Report of the City of Naperville for the fiscal year ended December 31, 2016. State law and local ordinances require that we publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants.

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

The City of Naperville's basic financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants, with the goal of providing reasonable assurance that the basic financial statements of the City of Naperville for the fiscal year ended December 31, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Naperville's basic financial statements for the fiscal year ended December 31, 2016 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 145,058. The City of Naperville is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which has occurred periodically when deemed appropriate by the City Council.

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

CITY OF NAPERVILLE, ILLINOIS

Letter of Transmittal

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

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

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

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

Factors Affecting Financial Condition

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

For the past 21 years, the City has maintained its AAA bond rating and managed its finances to support a consistently low property tax rate while providing high quality services to the community. As the City becomes more solidified as a maintenance versus growth community, new revenue streams brought in by development have waned. In addition, the City experienced depleted cash reserves and increased reliance on borrowing

CITY OF NAPERVILLE, ILLINOIS

Letter of Transmittal

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

In CY2016, City Council developed and passed a financial strategy that put the City on a road to long-term financial stability. This strategy is rooted in financial principles that are designed to help accomplish the City's long- term financial goals. The principles were developed beginning in May 2015, and throughout the process members of the community, including residents, businesses, City Council and staff, provided valuable input regarding the City's current state, present opportunities and the impact of potential decisions on the City as a whole. The following three financial principles were formally adopted.

Principle 1

- The City will pass a structurally balanced operating budget annually

Principle 2

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

Principle 3

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

Principle 1 provides guidance on how City expenditures and revenues will be reviewed in the future. Principle 2 provides guidance on balancing the quality of service provided to the community against the revenues required to provide those services. Principle #3 provides guidance on the appropriate level of debt, the aggressiveness of the City's debt reduction plan and how debt policies shape future property tax levies and the City's AAA bond rating. These principles are meant to guide the City's financial planning and budgeting through the next several years, and all financial decisions will be consistently tested against these principles. These principles have already borne results. For example, when the City issued General Obligation bonds in early 2016, the AAA credit rating was reaffirmed by both Moody's and Standard & Poor's, citing strong fiscal management as one of the driving factors.

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

CITY OF NAPERVILLE, ILLINOIS

Letter of Transmittal

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Naperville for its comprehensive annual financial report (CAFR) for the 8-month fiscal year ended December 31, 2015. This was the twenty third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

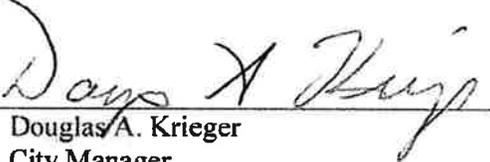
CITY OF NAPERVILLE, ILLINOIS

Letter of Transmittal

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2017. This was the twenty fifth 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

December 31, 2015

Executive Director/CEO

FINANCIAL SECTION



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Naperville, Illinois 60563

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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 year ended December 31, 2016, 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 47%, 43% and 13%, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit and the audit of other auditors was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules are the

responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 2017 on our consideration of the City of Naperville, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Naperville, Illinois' internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
October 4, 2017

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 \$787 million (net position) for the fiscal year ended December 31, 2016.
- The City's total net position increased by \$9.5 million. The governmental net position increased by \$3.8 million (or 1.12%) and the business-type net position increased by \$5.7 million (or 1.30%).
- The City's governmental funds reported combined ending fund balances of \$54.8 million. The General Fund accounted for \$26.9 million or 49.05% of the total.
- The City issued \$61.6 million in bonded debt during the current year and retired \$57.2 million in bonded debt during the year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements (see pages 19-20) 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 pages 21-24 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 pages 25-28 of this report.

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

The basic fiduciary fund financial statements can be found on pages 29-30 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 on pages 77-88 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 \$787 million for the fiscal year ended December 31, 2016. By far the largest portion of the City's net position (\$847.0 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 (\$8.0 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit \$68.2 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, 2016 and December 31, 2015:

City of Naperville's Net Position						
(in millions)						
	Governmental activities		Business-type activities		Total primary government	
	12/31/2016	12/31/15	12/31/16	12/31/15	12/31/16	12/31/15
Current and other assets	\$ 106	96	43	29	149	125
Capital assets	524	518	486	493	1,010	1,011
Total assets	630	614	529	522	1,159	1,136
Deferred outflows of resources	29	30	6	6	35	36
Total assets and deferred outflows of resources	659	644	535	528	1,194	1,172
Long-term liabilities outstanding	231	239	63	68	294	307
Other liabilities	32	27	30	25	62	52
Total liabilities	263	266	93	93	356	359
Deferred inflows of resources	50	36	1	—	51	36
Total liabilities and deferred inflows of resources	313	302	94	93	407	395
Net position:						
Net investment in capital assets	425	421	422	426	847	847
Restricted	8	9	—	—	8	9
Unrestricted	(87)	(88)	19	9	(68)	(79)
Total net position	\$ 346	342	441	435	787	777

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 fiscal year ended December 31, 2016, 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 \$87 million for the fiscal year ended December 31, 2016 is the result of the net pension liabilities and related activity for the City's Illinois Municipal Retirement Fund, Police Pension Fund and Firefighters' Pension Fund.

During the current fiscal year, total unrestricted net position increased by \$11 million. The governmental unrestricted net position increased by \$1 million and the business-type unrestricted net position increased by \$10 million.

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, 2016 and December 31, 2015:

City of Naperville's Changes in Net Position						
(in millions)						
	Governmental activities		Business-type activities		Total primary government	
	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>
Revenues:						
Program revenues:						
Charges for services	\$ 24	11	208	133	232	144
Operating grants and contributions	7	2	—	—	7	2
Capital grants and contributions	4	2	5	4	9	6
General revenues:						
Property taxes	33	35	—	—	33	35
Other taxes	84	56	—	—	84	56
Others	4	3	3	1	7	4
Total revenues	<u>156</u>	<u>109</u>	<u>216</u>	<u>138</u>	<u>372</u>	<u>247</u>
Expenses:						
General government	15	11	—	—	15	11
Physical environment	10	7	—	—	10	7
Public safety	78	64	—	—	78	64
Transportation	38	26	—	—	38	26
Culture and recreation	7	5	—	—	7	5
Interest on long-term debt	4	2	—	—	4	2
Electric	—	—	151	104	151	104
Water and wastewater	—	—	57	42	57	42
Burlington commuter parking	—	—	2	1	2	1
Total expenses	<u>152</u>	<u>115</u>	<u>210</u>	<u>147</u>	<u>362</u>	<u>262</u>
Increase (Decrease) in net position before transfers	4	(6)	6	(9)	10	(15)
Transfers	—	—	—	—	—	—
Increase (Decrease) in net position	4	(6)	6	(9)	10	(15)
Net position-beginning	<u>342</u>	<u>348</u>	<u>435</u>	<u>444</u>	<u>777</u>	<u>792</u>
Net position-ending	<u>\$ 346</u>	<u>342</u>	<u>441</u>	<u>435</u>	<u>787</u>	<u>777</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 increased the City's net position by \$4 million.

Revenue

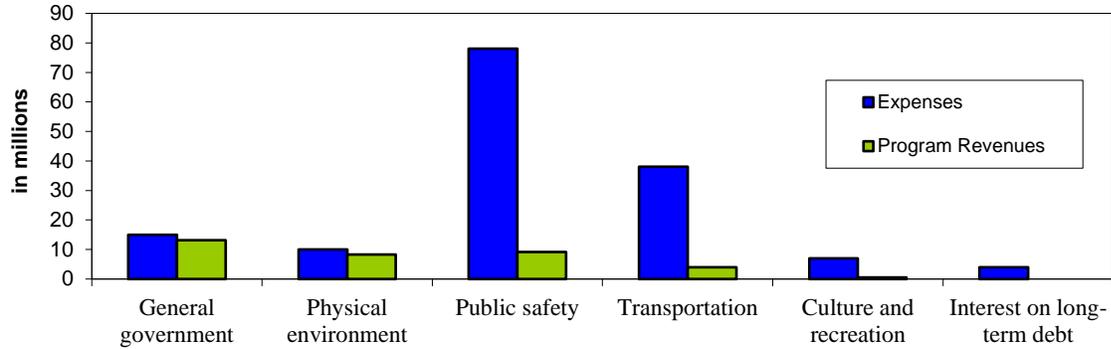
Total revenues from governmental activities increased by \$47 million from the prior year, which is due predominantly to the City changing its fiscal year end to a calendar year end effective December 31, 2015 (reporting only eight months of activity in the prior year). The current reporting period represents twelve months of activity.

CITY OF NAPERVILLE, ILLINOIS
 Management's Discussion and Analysis

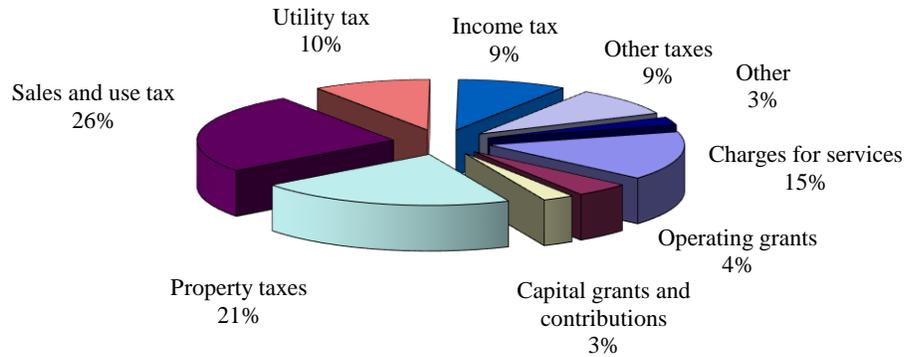
Expenses

Total expenses increased by \$37 million or 32.17% to \$152 million, again representing the twelve month fiscal year compared to eight months of activity in the prior 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 increased by \$7.5 million.

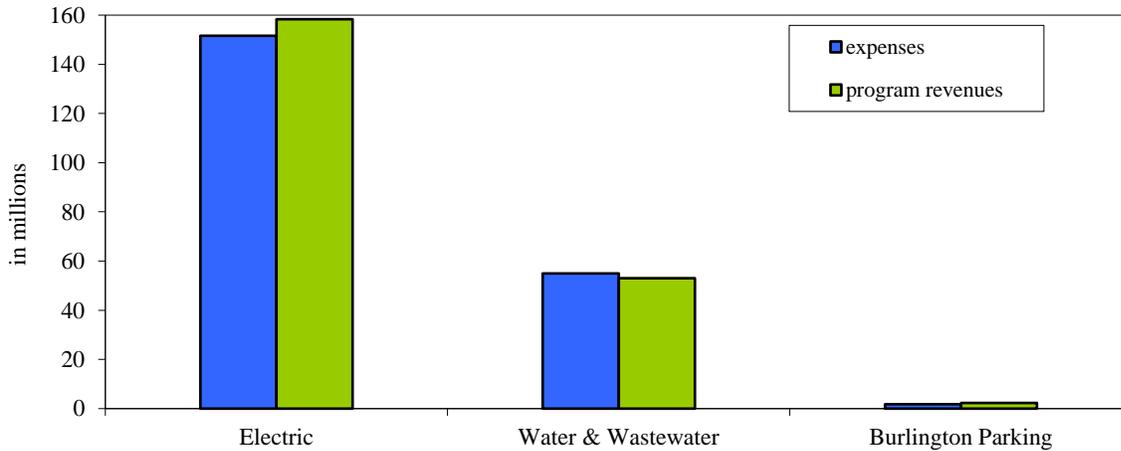
Revenue

Overall revenues from business type activities increased \$78 million or 56.52% from the prior year due to the short eight-month fiscal period in the prior year.

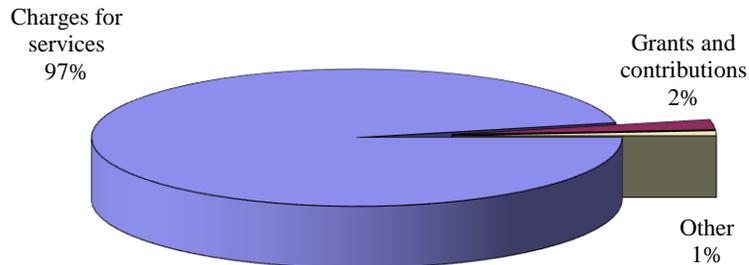
Expenses

Total expenses increased \$63 million (42.86%) again due to the short fiscal reporting period in the prior year.

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 \$54.8 million, an increase of \$11.3 million in comparison with the prior fiscal year. Of the total fund balance amount, \$26.2 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, 2016 and December 31, 2015:

Revenues:	<u>12/31/16</u>	<u>Percent of Total</u>	<u>12/31/15</u>	<u>Amount of increase (decrease)</u>	<u>Percent of increase (decrease)</u>
	(Amounts expressed in thousands)				
Taxes	\$ 62,981	40.95%	\$ 54,776	\$ 8,205	14.98%
Intergovernmental	64,630	41.74%	40,367	24,263	60.11%
Charges for services	18,741	12.10%	9,138	9,603	105.09%
Net investment income	(125)	-0.08%	201	(326)	162.19%
Fees	3,247	2.10%	2,173	1,074	49.42%
Licenses and permits	2,685	1.73%	1,421	1,264	88.95%
Fines and forfeits	1,658	1.07%	1,162	496	42.69%
Contributions and Miscellaneous	1,011	0.65%	890	121	13.60%
Total	<u>\$ 154,829</u>	<u>100.26%</u>	<u>\$ 110,128</u>	<u>\$ 44,700</u>	<u>40.59%</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 fiscal year 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 increases above are appropriate based on the short fiscal reporting period of eight months in the prior year.

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

Expenditures:	12/31/16	Percent of	12/31/15	Amount of	Percent of
		total		increase	increase
				(decrease)	(decrease)
	(Amounts expressed in thousands)				
Current:					
Public safety	\$ 72,028	45.08%	\$ 50,462	\$ 21,566	42.74%
Transportation/ Physical Environment	36,384	22.77%	23,534	12,850	54.60%
Culture and recreation	6,652	4.16%	4,422	2,230	50.43%
General government	12,091	7.57%	7,737	4,354	56.28%
Debt service:					
Principal	6,920	4.33%	9,448	(2,528)	-26.76%
Interest, fees and issuance costs	3,811	2.39%	4,027	(216)	-5.36%
Capital outlay	21,896	13.71%	24,743	(2,847)	-11.51%
Total for all functions	\$ 159,782	100.01%	\$ 124,373	\$ 35,409	28.47%

The primary driver of the increase in spending in all categories except debt service is due to the shortened fiscal year in the prior year. 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, storm sewer lining, roadway, and bridge and parking lot maintenance.

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

Electric Utility – The Electric Utility recorded a net income before capital fees of \$4.9 million for the fiscal year ended December 31, 2015, compared to a \$6.8 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 1st for two years.

Kilowatt hour sales increased by 47 million (or 3.47%) from 2015 to 2016. Purchased power expense for the twelve months ended December 31, 2016 is 78.3% 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 a net loss before capital fees of \$4.8 million for the fiscal year ended December 31, 2015 as compared to a net loss of \$6.2 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, FY2015 and FY2016; due to front loading the rate increase.

Retail water rates, passed through from the DuPage Water Commission to the City's customers, decreased 1.9% on May 1, 2015 for both residential and commercial customers compared to the prior period. On May 1, 2015, the water charge to customers decreased to \$3.63 per 100 CCF from \$3.70 per CCF. Other water charges for services and wastewater charges for services remained flat compared to the prior period. Overall, the City experienced an increase in gallons sold compared to 2015, likely the result of a mild summer.

Purchased water expense for the fiscal year ended December 31, 2016 is 55.33% 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 May 2015 to \$4.85 (from \$4.68) and May 2016 to \$4.80.

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, 2016, 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 City's investment in capital assets remained virtually unchanged from the prior year due to current year additions being offset by depreciation expense for the year.

	Governmental activities		Business-type activities		Total primary government	
	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>
Land and land improvements	\$ 187	187	15	14	202	201
Building and building improvements	96	80	4	4	100	84
Machinery and equipment	11	12	2	3	13	15
Infrastructure	215	159	432	437	647	596
IMEA participation right	—	—	12	10	12	10
Construction in progress	15	80	21	24	36	104
Total	<u>\$ 524</u>	<u>518</u>	<u>486</u>	<u>492</u>	<u>1,010</u>	<u>1,010</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 fiscal year ended December 31, 2016, the City had a total of \$154.5 million of outstanding debt. These issues were all general obligation bonds. The City maintained its AAA rating on general obligation bond issues from both Standard and Poor's Rating Group and Moody's Investors Service.

Data as of December 31, 2016, 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	\$154,500,000	2.461%	\$1,065

**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>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/16</u>
G.O. bonds	\$ 103,943	95,963	50,557	54,137	154,500	150,100

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

The City implemented Statement No. 45 of the Governmental Accounting Standards Board (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions) effective May 1, 2008. The total actuarial accrued liability is \$10.6 million. In FY 2016 the City contributed \$443,024 towards the liability. For additional information please refer to Note 11 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 2016, the City implemented three financial principles that guide the City's budgetary process and financial management. They include: 1) The City will pass a structurally balanced operating budget annually; 2) The City commits to continuous improvement in the delivery of necessary and cost-effective services; and 3) The City will actively seek to increase its services to twenty-five percent and reduce its debt by twenty-five percent in the next eight years.
- For the month of December 2016, the unemployment rate for the City was 4.1%. This compares favorably to the national and state unemployment rate of 4.7% and 5.6%, 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 of 7,800 issued in 2016.
- Retail sales tax revenues continue to perform at a consistent rate and totaled \$32.26 million for the eight-month reporting period.
- The City is continuing to see increased activity in the real estate market; the City saw a 10.4% increase in residential, commercial and land sales from 2015 to 2016, with approximately 3,150 total real estate sales.
- Public safety pensions continue to place a significant burden on the City's finance. In 2016, public safety pension contributions increased 16.7% for a total contribution of \$11.7 million. This figure is expected to increase on an annual basis.
- With the challenges at the state level, the City is closely monitoring state shared revenues including, Income Tax revenues and Motor Fuel Tax revenues to determine the impact changes in these revenue streams will have on municipalities.
- On January 1, 2016, the City increased the garbage fee to residents to help offset the costs, this is projected to generate an additional \$6.07 million in the General Fund.
- In January 2016, the City implemented a Home Rule Sales Tax of .5% to offset debt and increase reserves. In the calendar year 2016, the City received \$6.61 million which attributed to nine months of disbursements.
- The City Council is committed to maintain a low property tax rate; the 2016 rate for the City is \$0.7392, which is the lowest rate compared to neighboring communities and the lowest it's been in the last 10 years.
- Starting June 2011, the City began purchasing all of its wholesale power through 2035 from the Illinois Municipal Electric Agency. A membership in the IMEA allows the City to take advantage of the economies of scale provided by this large buying group and to stabilize electric rates to its residents and businesses for years to come.

CITY OF NAPERVILLE, ILLINOIS

Management's Discussion and Analysis

- 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.

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, 2016

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Naperville Public Library
Assets:				
Cash and investments	\$ 45,964,310	20,605,310	66,569,620	4,482,965
Receivables (net of allowance for uncollectable)	39,575,028	25,354,344	64,929,372	13,993,527
Due from other governments	14,177,008	321,768	14,498,776	-
Internal balances	6,515,075	(6,515,075)	-	-
Prepays	25,155	-	25,155	-
Inventories	173	3,712,790	3,712,963	-
Capital assets (net of accumulated depreciation):				
Capital assets not depreciated	198,018,872	34,926,237	232,945,109	-
Capital assets depreciated, net	325,640,277	438,795,271	764,435,548	9,816,664
IMEA participation right	-	11,751,745	11,751,745	-
Total assets	629,915,898	528,952,390	1,158,868,288	28,293,156
Deferred outflows of resources:				
Deferred items - IMRF	5,900,507	4,564,865	10,465,372	1,903,971
Deferred items - police pension	7,666,229	-	7,666,229	-
Deferred items - firefighters' pension	12,636,745	-	12,636,745	-
Unamortized refunding loss	3,135,494	1,318,625	4,454,119	-
Total deferred outflows of resources	29,338,975	5,883,490	35,222,465	1,903,971
Total assets and deferred outflows of resources	659,254,873	534,835,880	1,194,090,753	30,197,127
Liabilities:				
Accounts payable and other current liabilities	13,062,048	23,296,136	36,358,184	1,010,104
Accrued interest payable	271,373	156,826	428,199	-
Due to other governments	238,687	745,982	984,669	-
Unearned revenue	2,468,524	4,164	2,472,688	-
Long-term liabilities:				
Due within one year	15,033,088	5,837,628	20,870,716	403,403
Due in more than one year	231,578,953	63,163,196	294,742,149	5,606,190
Total liabilities	262,652,673	93,203,932	355,856,605	7,019,697
Deferred inflows of resources:				
Deferred items - IMRF	1,072,814	829,972	1,902,786	346,175
Deferred items - police pension	10,380,327	-	10,380,327	-
Deferred items - firefighters' pension	5,209,897	-	5,209,897	-
Deferred property taxes revenues	33,569,303	-	33,569,303	13,984,000
Total deferred inflows of resources	50,232,341	829,972	51,062,313	14,330,175
Total liabilities and deferred inflows of resources	312,885,014	94,033,904	406,918,918	21,349,872
Net position:				
Net investment in capital assets	425,259,787	422,140,811	847,400,598	9,816,664
Restricted for:				
Debt service	3,169,205	-	3,169,205	-
Physical environment	35,100	-	35,100	-
Highways, streets and parking facilities	1,202,573	-	1,202,573	-
Public safety	1,774,589	-	1,774,589	-
Capital projects	-	-	-	-
Culture and recreation	1,811,583	-	1,811,583	10,429
Unrestricted	(86,882,978)	18,661,165	(68,221,813)	(979,838)
Total net position	\$ 346,369,859	440,801,976	787,171,835	8,847,255

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

Statement of Activities

Fiscal Year Ended December 31, 2016

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	Governmental Activities	Primary Government Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 14,918,432	13,151,088	-	-	(1,767,344)		(1,767,344)	
Physical environment	9,996,254	2,214,878	1,736,573	-	(6,044,803)		(6,044,803)	
Public safety	78,038,293	8,081,170	1,185,113	-	(68,772,010)		(68,772,010)	
Culture and recreation	7,515,746	467,591	-	-	(7,048,155)		(7,048,155)	
Transportation	37,830,330	194,501	37,609	3,735,858	(33,862,362)		(33,862,362)	
Interest on long-term debt	3,524,454	-	-	-	(3,524,454)		(3,524,454)	
Total governmental activities	151,823,509	24,109,228	2,959,295	3,735,858	(121,019,128)		(121,019,128)	
Business-type activities:								
Electric	151,587,964	155,121,886	(17,593)	3,157,153	6,673,482		6,673,482	
Water and Wastewater	56,927,027	51,004,483	224,368	1,778,159	(3,920,017)		(3,920,017)	
Burlington commuter parking	1,769,879	2,297,679	-	-	527,800		527,800	
Total business-type activities	210,284,870	208,424,048	206,775	4,935,312	3,281,265		3,281,265	
Total primary government	362,108,379	232,533,276	3,166,070	8,671,170	(121,019,128)		(117,737,863)	
Component units:								
Naperville Public Library	\$ 16,521,115	479,539	114,858	-				(15,926,718)
General revenues:								
Property taxes					33,355,220		33,355,220	14,302,953
Utility taxes					15,136,947		15,136,947	-
Other taxes					14,488,611		14,488,611	127,996
Franchise fees					3,230,209		3,230,209	-
Intergovernmental - Unrestricted					44,356,008		44,356,008	-
Sales Taxes					13,808,543		13,808,543	-
Income Taxes					(108,877)	309,306	200,429	38,353
Net investment income					597,272	2,057,191	2,654,463	126,082
Miscellaneous					124,863,933	2,366,497	127,230,430	14,595,384
Total general revenues and transfers					384,480,805	5,647,762	9,492,567	(1,331,334)
Change in net position					342,525,054	435,154,214	777,679,268	10,178,589
Net position, January 31, 2016, restated					\$ 346,369,859	440,801,976	787,171,835	8,847,255
Net position, December 31, 2016								

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

Balance Sheet

Governmental Funds

December 31, 2016

Assets	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 15,519,760	659,993	27,900,864	44,080,617
Receivables:				
Property taxes	20,742,437	8,559,076	4,267,790	33,569,303
Accrued interest	31,174	185,510	64,666	281,350
Accounts receivable	3,458,636	-	935,546	4,394,182
Customers:				
Unbilled, estimated	564,268	-	-	564,268
Less allowance for doubtful accounts	(81,358)	-	-	(81,358)
Loans and installments	6,729	-	34,700	41,429
Due from other funds	7,391,674	-	-	7,391,674
Due from other governments	11,166,605	2,141,303	869,100	14,177,008
Prepays	25,155	-	-	25,155
Inventory	173	-	-	173
	<u>58,825,253</u>	<u>11,545,882</u>	<u>34,072,666</u>	<u>104,443,801</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	\$ 4,912,201	96	1,165,839	6,078,136
Accrued wages and benefits	3,658,088	-	155,790	3,813,878
Due to other governmental agencies	236,036	-	2,651	238,687
Due to other funds	-	-	876,599	876,599
Deposits	2,418,560	-	-	2,418,560
Contract retainage payable	-	-	226,411	226,411
Unearned grant revenues and others	-	-	2,468,524	2,468,524
Total liabilities	<u>11,224,885</u>	<u>96</u>	<u>4,895,814</u>	<u>16,120,795</u>
Deferred inflows of resources:				
Unavailable revenue-Property taxes	20,742,437	8,559,076	4,267,790	33,569,303
Total deferred inflows of resources	<u>20,742,437</u>	<u>8,559,076</u>	<u>4,267,790</u>	<u>33,569,303</u>
Total liabilities and deferred outflows of resources	<u>31,967,322</u>	<u>8,559,172</u>	<u>9,163,604</u>	<u>49,690,098</u>
Fund balances:				
Nonspendable:				
Prepays	25,155	-	-	25,155
Inventory	173	-	-	173
Loans	6,729	-	-	6,729
Restricted for:				
Debt service	-	-	3,169,205	3,169,205
Physical environment	-	-	35,100	35,100
Highways, streets and parking facilities	-	-	1,202,573	1,202,573
Public safety	-	-	1,774,589	1,774,589
Capital projects	-	-	7,729,777	7,729,777
Culture and recreation	-	-	1,811,583	1,811,583
Committed to:				
Highways, streets and parking facilities	-	-	660,548	660,548
Physical environment	-	-	11,986	11,986
Assigned to:				
Debt service	-	2,986,710	-	2,986,710
Capital projects	-	-	9,089,871	9,089,871
Unassigned	26,825,874	-	(576,170)	26,249,704
Total fund balances	<u>26,857,931</u>	<u>2,986,710</u>	<u>24,909,062</u>	<u>54,753,703</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,825,253</u>	<u>11,545,882</u>	<u>34,072,666</u>	<u>104,443,801</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, 2016

Fund balances - total governmental funds		\$ 54,753,703
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)		523,659,149
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.		
Deferred Items - IMRF	4,827,693	
Deferred Items - Police Pension	(2,714,098)	
Deferred Items - Firefighters' Pension	7,426,848	
	<u>9,540,443</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		(271,373)
Deferred Loss on Refunding		3,135,494
Net Pension Liability		
IMRF	(16,828,626)	
Police Pension	(50,065,192)	
Firefighters' Pension	(57,310,186)	
Compensated absences	(8,929,892)	
Net Other Post-Employment Benefit Obligation	(2,081,735)	
General obligation debt	(109,264,633)	
Total long-term liabilities (See Note 6)		(244,480,264)
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>32,707</u>
Total net position of governmental activities		\$ <u><u>346,369,859</u></u>

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended December 31, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues:				
Property taxes	\$ 21,142,785	7,805,598	4,406,837	33,355,220
Utility tax	15,136,947	-	-	15,136,947
Other taxes	7,322,652	665,842	6,500,117	14,488,611
Licenses and permits	2,612,430	-	73,037	2,685,467
Fines and forfeits	1,593,396	-	64,799	1,658,195
Net investment income	(3,385)	(413,107)	291,761	(124,731)
Contributions	-	-	413,490	413,490
Intergovernmental	50,366,204	4,325,440	9,938,707	64,630,351
Charges for services	16,405,813	-	2,335,297	18,741,110
Fees	3,230,209	-	16,538	3,246,747
Miscellaneous revenues	337,623	-	259,649	597,272
Total revenues	<u>118,144,674</u>	<u>12,383,773</u>	<u>24,300,232</u>	<u>154,828,679</u>
Expenditures:				
Current:				
General government	12,022,383	-	68,205	12,090,588
Physical environment	7,725,194	-	543,435	8,268,629
Public safety	69,741,160	-	2,287,192	72,028,352
Culture and recreation	61,194	-	6,590,739	6,651,933
Transportation	25,083,328	-	3,031,989	28,115,317
Capital outlay	-	-	21,847,927	21,847,927
Debt service:				
Principal	-	6,514,778	405,677	6,920,455
Interest and fees	-	3,521,594	337,106	3,858,700
Total expenditures	<u>114,633,259</u>	<u>10,036,372</u>	<u>35,112,270</u>	<u>159,781,901</u>
Excess (deficiency) of revenues over expenditures	<u>3,511,415</u>	<u>2,347,401</u>	<u>(10,812,038)</u>	<u>(4,953,222)</u>
Other financing sources (uses):				
Transfers in	-	65,166	5,023,817	5,088,983
Transfers out	(5,023,817)	-	(65,166)	(5,088,983)
Sale of property	-	-	768,684	768,684
Refunding bonds issued, at par	-	31,760,000	2,140,000	33,900,000
New bonds issued, at par	-	-	14,334,155	14,334,155
Premium on new bonds issued	-	1,864,695	1,053,890	2,918,585
Payment to refunded bond escrow agent	-	(33,436,405)	(2,242,167)	(35,678,572)
Total other financing sources (uses)	<u>(5,023,817)</u>	<u>253,456</u>	<u>21,013,213</u>	<u>16,242,852</u>
Net change in fund balances	(1,512,402)	2,600,857	10,201,175	11,289,630
Fund balances, January 1, 2016	<u>28,370,333</u>	<u>385,853</u>	<u>14,707,887</u>	<u>43,464,073</u>
Fund balances, December 31, 2016	\$ <u>26,857,931</u>	<u>2,986,710</u>	<u>24,909,062</u>	<u>54,753,703</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

Fiscal Year Ended December 31, 2016

Net change in fund balances – total governmental funds		\$ 11,289,630
<p>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.</p>		
Capital outlays	\$ 23,016,954	
Disposals	(384,500)	
Depreciation (See Note 4)	<u>(17,276,254)</u>	5,356,200
<p>Deferred outflows (inflows) of resources related to the pensions not reported in the funds.</p>		
Change in Deferred Items - IMRF	(2,545,403)	
Change in Deferred Items - Police Pension	(10,388,017)	
Change in Deferred Items - Firefighters Pension	<u>(5,794,033)</u>	(18,727,453)
<p>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.</p>		
Principal repayments-G.O. bonds, SSA bonds and notes payable	40,250,403	
New bond proceeds, principal	(14,330,000)	
Refunding bond proceeds, principal	(33,900,000)	
Change in unamortized premium	(2,476,756)	
Change in loss on refunding	2,012,087	(8,444,266)
<p>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.</p>		
Decrease in net pension liability		
IMRF	1,971,351	
Police Pension	10,006,005	
Firefighters Pension	1,720,967	
Decrease in accrued interest payable	40,662	
Increase in compensated absences (See Note 6)	(238,003)	
Increase in other post employment benefit obligation (See Note 6)	<u>(154,060)</u>	13,346,922
<p>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.</p>		
		<u>1,023,772</u>
Change in net position of governmental activities		<u>\$ 3,844,805</u>

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

Statement of Net Position

Proprietary Funds

December 31, 2016

Assets and Deferred Outflows of Resources	Business-type activities-enterprise funds				Governmental activities – internal service
	Electric Utility Fund	Water and Wastewater Utility Fund	Other Enterprise Fund	Total	Self-Insurance Fund
Assets:					
Current assets:					
Cash and investments	\$ 12,338,050	1,737,985	6,529,275	20,605,310	1,883,693
Receivables:					
Accrued interest	27,030	4,310	13,833	45,173	4,885
Customers:					
Billed	7,741,587	3,228,789	—	10,970,376	800,969
Unbilled, estimated	10,003,200	2,780,000	-	12,783,200	-
Less allowance for doubtful accounts	(504,894)	(76,694)	-	(581,588)	-
Installments receivable	1,763,197	5,510	-	1,768,707	-
Due from other governments	-	321,768	-	321,768	-
Other receivables	367,054	1,422	-	368,476	-
Inventory	2,685,534	1,027,256	-	3,712,790	-
Total current assets	<u>34,420,758</u>	<u>9,030,346</u>	<u>6,543,108</u>	<u>49,994,212</u>	<u>2,689,547</u>
Advances to other fund	-	10,871,630	-	10,871,630	-
Capital assets (net of accumulated depreciation)					
Capital assets not depreciated	10,197,125	17,208,789	7,520,323	34,926,237	-
Capital assets depreciated, net	223,608,955	213,738,073	1,448,243	438,795,271	-
Net capital assets	<u>233,806,080</u>	<u>230,946,862</u>	<u>8,968,566</u>	<u>473,721,508</u>	<u>-</u>
Intangible assets (net of accumulated depreciation)					
IMEA participation right	11,751,745	-	-	11,751,745	-
Total assets	<u>279,978,583</u>	<u>250,848,838</u>	<u>15,511,674</u>	<u>546,339,095</u>	<u>2,689,547</u>
Deferred outflows of resources					
Deferred Items - IMRF	2,780,555	1,784,310	-	4,564,865	-
Unamortized refunding loss	898,962	419,663	-	1,318,625	-
Total deferred outflows of resources	<u>3,679,517</u>	<u>2,203,973</u>	<u>-</u>	<u>5,883,490</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>283,658,100</u>	<u>253,052,811</u>	<u>15,511,674</u>	<u>552,222,585</u>	<u>2,689,547</u>
Liabilities and Deferred Inflows of Resources					
Liabilities:					
Current liabilities:					
Accounts payable	11,647,920	4,291,363	221,261	16,160,544	521,951
Accrued wages and benefits payable	583,616	515,502	20,103	1,119,221	3,112
Accrued interest payable	73,840	82,986	-	156,826	-
Compensated absences-current portion	756,784	509,927	-	1,266,711	-
Deposits	5,449,982	166,431	100	5,616,513	-
Contract retainage payable	-	399,668	-	399,668	-
Claims and judgments	-	-	-	-	431,890
Due to other government	745,982	-	-	745,982	-
Due to other funds	5,710,794	804,281	-	6,515,075	-
Unearned revenue	-	-	4,164	4,164	-
Other liabilities	-	-	190	190	-
General obligation bonds payable-current portion	2,702,519	1,868,398	-	4,570,917	-
Total current liabilities	<u>27,671,437</u>	<u>8,638,556</u>	<u>245,818</u>	<u>36,555,811</u>	<u>956,953</u>
Noncurrent liabilities:					
Advances from other fund	10,871,630	-	-	10,871,630	-
General obligation bonds payable	24,935,012	23,393,393	-	48,328,405	-
Claims and judgments	-	-	-	-	1,699,887
Net Pension Liability - IMRF	7,930,324	5,088,969	-	13,019,293	-
Compensated absences	1,055,540	513,417	-	1,568,957	-
Other postemployment benefits obligation	127,248	119,293	-	246,541	-
Total noncurrent liabilities	<u>44,919,754</u>	<u>29,115,072</u>	<u>-</u>	<u>74,034,826</u>	<u>1,699,887</u>
Total liabilities	<u>72,591,191</u>	<u>37,753,628</u>	<u>245,818</u>	<u>110,590,637</u>	<u>2,656,840</u>
Deferred inflows of resources:					
Deferred items - IMRF	505,553	324,419	-	829,972	-
Total deferred inflows of resources	<u>505,553</u>	<u>324,419</u>	<u>-</u>	<u>829,972</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>73,096,744</u>	<u>38,078,047</u>	<u>245,818</u>	<u>111,420,609</u>	<u>2,656,840</u>
Net Position					
Net investment in capital assets	207,067,511	206,104,734	8,968,566	422,140,811	-
Unrestricted	3,493,845	8,870,030	6,297,290	18,661,165	32,707
Total net position	<u>\$ 210,561,356</u>	<u>214,974,764</u>	<u>15,265,856</u>	<u>440,801,976</u>	<u>32,707</u>

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Fiscal Year Ended December 31, 2016

	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	\$ 152,873,087	51,004,483	2,297,679	206,175,249	20,349,800
Sales for resale	2,248,799	-	-	2,248,799	-
Miscellaneous	1,548,266	508,925	-	2,057,191	-
Total operating revenues	<u>156,670,152</u>	<u>51,513,408</u>	<u>2,297,679</u>	<u>210,481,239</u>	<u>20,349,800</u>
Operating expenses:					
Purchased power	113,930,621	-	-	113,930,621	-
Purchased water	-	25,417,759	-	25,417,759	-
Operations	5,494,920	12,511,487	1,551,007	19,557,414	-
Distribution	5,204,197	3,408,640	-	8,612,837	-
Other operating expenses	11,333,992	4,604,377	-	15,938,369	19,341,882
Total operating expenses before depreciation	<u>135,963,730</u>	<u>45,942,263</u>	<u>1,551,007</u>	<u>183,457,000</u>	<u>19,341,882</u>
Operating income before depreciation	20,706,422	5,571,145	746,672	27,024,239	1,007,918
Depreciation and amortization	<u>(14,304,564)</u>	<u>(9,914,914)</u>	<u>(218,872)</u>	<u>(24,438,350)</u>	<u>-</u>
Operating income (loss)	<u>6,401,858</u>	<u>(4,343,769)</u>	<u>527,800</u>	<u>2,585,889</u>	<u>1,007,918</u>
Nonoperating revenues (expenses):					
Net investment income (loss)	(157,661)	404,460	62,507	309,306	15,854
Operating grant/intergovernmental	(17,593)	224,368	-	206,775	-
Gain/(loss) on disposal of capital assets	(23)	-	-	(23)	-
Interest expense	(1,319,647)	(1,069,850)	-	(2,389,497)	-
Total nonoperating revenues (expenses)	<u>(1,494,924)</u>	<u>(441,022)</u>	<u>62,507</u>	<u>(1,873,439)</u>	<u>15,854</u>
Net income (loss) before contributions	4,906,934	(4,784,791)	590,307	712,450	1,023,772
Capital fees	<u>3,157,153</u>	<u>1,778,159</u>	<u>-</u>	<u>4,935,312</u>	<u>-</u>
Change in net position	8,064,087	(3,006,632)	590,307	5,647,762	1,023,772
Total net position, January 1, 2016	<u>202,497,269</u>	<u>217,981,396</u>	<u>14,675,549</u>	<u>435,154,214</u>	<u>(991,065)</u>
Total net position, December 31, 2016	<u>\$ 210,561,356</u>	<u>214,974,764</u>	<u>15,265,856</u>	<u>440,801,976</u>	<u>32,707</u>

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended December 31, 2016

	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	\$ 156,368,182	51,458,074	2,305,795	210,132,051	-
Receipts from interfund services provided	-	-	-	-	20,095,298
Payments to suppliers	(125,911,769)	(35,908,464)	(1,200,584)	(163,020,817)	(19,549,483)
Payments to employees	(7,749,172)	(7,875,824)	(334,395)	(15,959,391)	(54,000)
Net cash provided (used) by operating activities	<u>22,707,241</u>	<u>7,673,786</u>	<u>770,816</u>	<u>31,151,843</u>	<u>491,815</u>
Cash flows from noncapital financing activities:					
Operating grant	(17,593)	224,368	-	206,775	-
Advances to other fund	(2,857,370)	-	-	(2,857,370)	-
Advances from other fund	-	2,857,370	-	2,857,370	-
Net cash provided by noncapital financing activities	<u>(2,874,963)</u>	<u>3,081,738</u>	<u>-</u>	<u>206,775</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(3,966,491)	(7,382,617)	-	(11,349,108)	-
Proceeds from bond issuance	8,185,000	5,190,000	-	13,375,000	-
Payments of bond principal	(10,235,429)	(6,159,532)	-	(16,394,961)	-
Payment of bond interest	(1,319,647)	(1,069,850)	-	(2,389,497)	-
Net cash used in capital and related financing activities	<u>(7,336,567)</u>	<u>(9,421,999)</u>	<u>-</u>	<u>(16,758,566)</u>	<u>-</u>
Cash flows from investing activities:					
Net interest received	(157,661)	404,460	62,507	309,306	15,854
Net cash provided by investing activities	<u>(157,661)</u>	<u>404,460</u>	<u>62,507</u>	<u>309,306</u>	<u>15,854</u>
Net increase (decrease) in cash and cash equivalents	12,338,050	1,737,985	833,323	14,909,358	507,669
Cash and cash equivalents, January 1, 2016	-	-	5,695,952	5,695,952	1,376,024
Cash and cash equivalents, December 31, 2016	<u>\$ 12,338,050</u>	<u>1,737,985</u>	<u>6,529,275</u>	<u>20,605,310</u>	<u>1,883,693</u>

CITY OF NAPERVILLE, ILLINOIS

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended December 31, 2016

	<u>Business-type activities-enterprise funds</u>				Governmental activities – internal service
	<u>Electric Utility Fund</u>	<u>Water and Wastewater Utility Fund</u>	<u>Other Enterprise Fund</u>	<u>Total</u>	<u>Self-Insurance Fund</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 6,401,858	(4,343,769)	527,800	2,585,889	1,007,918
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization expense	14,304,564	9,914,914	218,872	24,438,350	-
(Increase) decrease in current assets	(301,970)	(55,334)	8,116	(349,188)	(254,502)
Increase (decrease) in current liabilities	2,302,789	2,157,975	16,028	4,476,792	(261,601)
Total adjustments	<u>16,305,383</u>	<u>12,017,555</u>	<u>243,016</u>	<u>28,565,954</u>	<u>(516,103)</u>
Net cash provided (used) by operating activities	\$ <u>22,707,241</u>	<u>7,673,786</u>	<u>770,816</u>	<u>31,151,843</u>	<u>491,815</u>
Noncash investing, capital and financing activities:					
Contributions from developers	\$ 3,157,153	1,778,159	-	4,935,312	-

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

Statement of Fiduciary Net Position

Pension Trust Funds

December 31, 2016

Assets:		
Cash and short-term investments	\$	8,338,731
Receivables:		
Interest receivable		867,315
Investments at fair value:		
U.S. Treasury obligations		39,352,178
U.S. Government agencies		21,866,959
Corporate bonds		29,048,246
Mutual funds		142,467,918
Common stock		34,996,188
Municipal		1,367,234
Annuities		26,486,094
Total investments		<u>295,584,817</u>
Other Receivables		72,698
Prepaid items		<u>11,868</u>
Total assets		<u>304,875,429</u>
Liabilities:		
Accounts payable		59,923
Net position restricted for pensions	\$	<u><u>304,815,506</u></u>

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Fiscal Year Ended December 31, 2016

Additions:	
Contributions:	
Employer	\$ 12,745,084
Employee	3,551,414
Miscellaneous	-
Total contributions	16,296,498
Investment income	
Net appreciation in fair value of investments	7,893,385
Interest and dividends	15,843,745
Total investment income	23,737,130
Less investment expense	588,090
Net investment income	23,149,040
Total additions	39,445,538
Deductions:	
Benefits	12,777,390
Refunds of contributions	33,237
Administrative expense	177,685
Total deductions	12,988,312
Net increase	26,457,226
Net position restricted for pensions, January 1, 2016	278,358,280
Net position restricted for pensions, December 31, 2016	\$ 304,815,506

See accompanying notes to financial statements.

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(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 bonded debt on behalf of the Library. Separately audited financial statements of the Library are not available.

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(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, 2016

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 2015 levy is recognized as revenue for the fiscal year ended December 31, 2016. 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 in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

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

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. 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, 2016

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, 2016, 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, 2016

(i) **Capital Assets**

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

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 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.

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

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.

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.

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

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 \$527,316 in the Fair Share Assessment Fund and the fund balance of \$671,217 in the Food and Beverage Tax Fund.

(n) Property Taxes

Property taxes are levied each year on all taxable real property located in the City. The City must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the DuPage and Will County Collectors/Treasurers who remit to the City its share of the collection. Taxes levied for calendar year 2015 were due, payable, and collected in two installments in June and September 2015.

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. Accordingly, the City recognized revenue during the fiscal year ended December 31, 2016 for collections from the calendar year 2015 levy if it was received by year-end. Property taxes levied for calendar year 2016, which will be collected in fiscal year 2017 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, 2016

(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, 2016.

City and Library:	Fair	Modified
Investment Type	Value	Duration
		(Years)
U.S. Treasury and Agency Securities	\$ 48,438,838	8.10

The City has the following recurring fair value measurements as of December 31, 2016:

- U.S. Treasury Securities of \$31,995,134 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency Securities of \$16,443,704 are valued using quoted market prices (Level 2 inputs)

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

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

Police Pension: Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Obligations	\$ 19,609,551	4,404,198	9,603,605	5,601,748	-
U.S. Agency Obligations	12,717,940	9,359	2,650,106	2,086,929	7,971,546
Municipal Bonds	683,617	135,364	122,369	205,362	220,522
Corporate Bonds	15,811,154	1,019,007	8,369,883	5,747,723	674,541
	<u>\$ 48,822,262</u>	<u>5,567,928</u>	<u>20,745,963</u>	<u>13,641,762</u>	<u>8,866,609</u>

The Fund has the following recurring fair value measurements as of December 31, 2016:

Investments by Fair Value Level	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Obligations	\$ 19,609,551	19,609,551	-	-
U.S. Agency Obligations	12,717,940	-	12,717,940	-
Municipal Bonds	683,617	-	683,617	-
Corporate Bonds	15,811,154	-	15,811,154	-
Equity Securities				
Annuity Contract	13,370,842	-	-	13,370,842
Common Stock	14,773,173	14,773,173	-	-
Equity Mutual Funds	71,833,908	71,833,908	-	-
Total Investments Measured at Fair Value	<u>148,800,185</u>	<u>106,216,632</u>	<u>29,212,711</u>	<u>13,370,842</u>

Fire Pension: Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Obligations	\$ 19,742,627	4,350,194	9,974,731	5,417,702	-
U.S. Agency Obligations	9,149,019	10,297	1,721,633	1,297,515	6,119,574
Municipal Bonds	683,617	135,365	77,155	205,362	265,735
Corporate Bonds	13,237,092	959,183	7,459,862	3,998,215	819,832
	<u>\$ 42,812,355</u>	<u>5,455,039</u>	<u>19,233,381</u>	<u>10,918,794</u>	<u>7,205,141</u>

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

The Fund has the following recurring fair value measurements as of December 31, 2016:

	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury Obligations	\$ 19,742,627	19,742,627	-	-
U.S. Agency Obligations	9,149,019	-	9,149,019	-
Municipal Bonds	683,617	-	683,617	-
Corporate Bonds	13,237,092	-	13,237,092	-
Equity Securities				
Annuity Contract	13,115,252	-	-	13,115,252
Common Stock	20,223,015	20,223,015	-	-
Equity Mutual Funds	64,315,026	64,315,026	-	-
Asset-Backed Securities	6,318,984	-	6,318,984	-
Total Investments Measured at Fair Value	146,784,632	104,280,668	29,388,712	13,115,252

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

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

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

Custodial Credit Risk Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City and the Police and Firefighters' Pension Funds investment policies require all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the City's or Police and Firefighters' Pension Fund's agent separate from where the investment was purchased.

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

Credit Risk. The City's investment and cash management policy, as well as the investment policies of the Police and Firefighters' Pension Funds, prescribe to the "prudent person" rule, which states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City and the Police and Firefighters' Pension Funds limits their exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. The Police and Fire Pension investment policies also allow investment grade corporate bonds rated at or above BBB-by Standard and Poor's, Baa3 by Moody's ;and BBB-by Fitch by at least two of the three rating agencies. However, the City's and the Police and Firefighters' Pension Funds' investment policies do not specifically limit the City and Police and Firefighters' Pension Funds to these types of investments.

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

Police Pension Fund:

Investment	Amount
Vanguard Instl Index Fund	\$ 15,161,510
Vanguard Small Cap Fund	11,186,070
Vanguard Mid Cap Fund	11,146,370
Principal Annuity Contract	13,370,842

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

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Firefighter's Pension Fund:

Investment	Amount
Vanguard Instl Index Fund	\$ 15,227,402
Vanguard Mid Cap Index	11,201,105
Principal Annuity Contract	13,115,252

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

Asset Class	Target	Long-Term Expected Real Rate of Return
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 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 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, 2016 are listed in the table above.

For the fiscal year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.41%. 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

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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 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, 2016 are listed in the table above.

For the fiscal year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.32%. 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, 2016 are as follows:

	<u>Term</u>	<u>Due</u>	<u>Amount</u>
DuPage Mayor and Manager Association	20 Years	02/01/2021	\$ 6,511
CPAL - Computer Loan	Various	Various	218
Loan to the SSA 24 property owners	Various	Various	34,700
Electric Loans	Various	Various	1,763,197
Water Loans	Various	Various	5,510

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(4) Capital Assets

A summary of changes in capital assets of the City and Library for the fiscal year ended December 31, 2016 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Primary government - governmental activities:				
Nondepreciable capital assets				
Land	\$ 21,927,491	-	384,500	21,542,991
Land - Infrastructure	161,526,935	-	-	161,526,935
Construction in progress	79,972,523	-	65,023,577	14,948,946
	<u>263,426,949</u>	-	<u>65,408,077</u>	<u>198,018,872</u>
Depreciable capital assets				
Land improvements	4,483,943	972,328	-	5,456,271
Buildings	134,116,584	20,128,707	-	154,245,291
Equipment	52,282,466	1,087,255	-	53,369,721
Infrastructure	395,898,277	65,852,241	-	461,750,518
	<u>586,781,270</u>	<u>88,040,531</u>	-	<u>674,821,801</u>
Less accumulated depreciation				
Land improvements	1,264,697	264,292	-	1,528,989
Buildings	54,231,718	3,531,614	-	57,763,332
Equipment	39,903,426	2,229,871	-	42,133,297
Infrastructure	236,505,429	11,250,477	-	247,755,906
	<u>331,905,270</u>	<u>17,276,254</u>	-	<u>349,181,524</u>
Total net depreciable capital assets	<u>254,876,000</u>	<u>70,764,277</u>	-	<u>325,640,277</u>
Total net capital assets	<u>\$ 518,302,949</u>	<u>70,764,277</u>	<u>65,408,077</u>	<u>523,659,149</u>

Depreciation expense for governmental activities for the fiscal year ended December 31, 2016 was charged to functions as follows:

General government	\$ 2,245,913
Physical environment	1,727,625
Public safety	1,554,863
Culture and recreation	863,813
Transportation	<u>10,884,040</u>
	<u>\$ 17,276,254</u>

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

Capital assets, continued:

	Beginning Balances	Increases	Decreases	Ending Balances
Primary government - business-type activities - electric utility:				
Nondepreciable capital assets				
Land	\$ 3,836,327	-	-	3,836,327
Construction in progress	6,995,732	-	634,934	6,360,798
	<u>10,832,059</u>	<u>-</u>	<u>634,934</u>	<u>10,197,125</u>
Depreciable capital assets				
Building and building improvements	7,642,944	-	-	7,642,944
Equipment	14,221,924	90,018	-	14,311,942
Infrastructure	405,827,881	5,058,557	-	410,886,438
	<u>427,692,749</u>	<u>5,148,575</u>	<u>-</u>	<u>432,841,324</u>
Less accumulated depreciation				
Building and building improvements	4,728,677	206,584	-	4,935,261
Equipment	13,271,960	313,666	-	13,585,626
Infrastructure	179,536,516	11,174,966	-	190,711,482
	<u>197,537,153</u>	<u>11,695,216</u>	<u>-</u>	<u>209,232,369</u>
Total net depreciable capital assets	<u>230,155,596</u>	<u>(6,546,641)</u>	<u>-</u>	<u>223,608,955</u>
Total electric utility net capital assets	<u>\$ 240,987,655</u>	<u>(6,546,641)</u>	<u>634,934</u>	<u>233,806,080</u>

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

Capital assets, continued:

	Beginning Balances	Increases	Decreases	Ending Balances
Primary government - business-type activities - water and wastewater utility:				
Nondepreciable capital assets				
Land	\$ 2,565,671	-	-	2,565,671
Construction in progress	16,626,354	-	1,983,236	14,643,118
	<u>19,192,025</u>	<u>-</u>	<u>1,983,236</u>	<u>17,208,789</u>
Depreciable capital assets				
Equipment	10,368,748	318,900	-	10,687,648
Infrastructure	434,195,603	10,825,241	-	445,020,844
	<u>444,564,351</u>	<u>11,144,141</u>	<u>-</u>	<u>455,708,492</u>
Less accumulated depreciation				
Equipment	8,757,789	364,261	-	9,122,050
Infrastructure	223,297,716	9,550,653	-	232,848,369
	<u>232,055,505</u>	<u>9,914,914</u>	<u>-</u>	<u>241,970,419</u>
Total net depreciable capital assets	<u>212,508,846</u>	<u>1,229,227</u>	<u>-</u>	<u>213,738,073</u>
Total water and wastewater utility				
Net capital assets	<u>\$ 231,700,871</u>	<u>1,229,227</u>	<u>1,983,236</u>	<u>230,946,862</u>

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

Capital assets, continued:

	Beginning Balances	Increases	Decreases	Ending Balances
Primary government - business-type activities - other enterprise:				
Nondepreciable capital assets				
Land	\$ 7,520,323	-	-	7,520,323
Construction in progress	204,536	-	204,536	-
	<u>7,724,859</u>	-	<u>204,536</u>	<u>7,520,323</u>
Depreciable capital assets				
Building and building improvements	6,067,782	172,385	-	6,240,167
Machinery and equipment	990,053	-	-	990,053
	<u>7,057,835</u>	<u>172,385</u>	-	<u>7,230,220</u>
Less accumulated depreciation				
Building and building improvements	5,029,161	174,785	-	5,203,946
Machinery and equipment	533,944	44,087	-	578,031
	<u>5,563,105</u>	<u>218,872</u>	-	<u>5,781,977</u>
Total net depreciable capital assets	<u>1,494,730</u>	<u>(46,487)</u>	-	<u>1,448,243</u>
Total other enterprise net capital assets	<u>9,219,589</u>	<u>(46,487)</u>	<u>204,536</u>	<u>8,968,566</u>
Total net capital assets	<u>\$ 481,908,115</u>	<u>(5,363,901)</u>	<u>2,822,706</u>	<u>473,721,508</u>

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Component Unit - Naperville Public Library:				
Depreciable capital assets				
Building and building improvements	\$ 12,064,279	2,614,441	-	14,678,720
Machinery and equipment	4,592,297	285,964	2,487,545	2,390,716
	<u>16,656,576</u>	<u>2,900,405</u>	<u>2,487,545</u>	<u>17,069,436</u>
Less accumulated depreciation				
Building and building improvements	5,280,263	403,937	-	5,684,200
Machinery and equipment	3,476,667	166,352	2,074,447	1,568,572
	<u>8,756,930</u>	<u>570,289</u>	<u>2,074,447</u>	<u>7,252,772</u>
Total other net capital assets	<u>\$ 7,899,646</u>	<u>2,330,116</u>	<u>413,098</u>	<u>9,816,664</u>

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(5) Interfund Balances and Activity

(a) Balances Due to/from Other Funds

Balances due to/from other funds at December 31, 2016 were as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 876,599
General	Electric Utility	5,710,794
General	Water and Wastewater Utility	804,281
		\$ 7,391,674

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

(b) Advances

Advances at December 31, 2016 were as follows:

Receivable Fund	Payable Fund	Amount
Water and Wastewater Utility	Electric Utility	\$ 10,871,630

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 2018.

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(c) Transfers to/from Other Funds

Interfund transfers for the fiscal year ended December 31, 2016 were as follows:

Transfers In	Transfers Out	Amount
Debt Service	SSA #23	\$ 65,166
Road and Bridge	General	4,100,000
SSA #24	General	<u>923,817</u>
		<u>\$ 5,088,983</u>

The purpose of significant transfers is as follows:

- \$4,100,000 was transferred from the General Fund to the Road and Bridge Fund for projects. This transfer will not be repaid.
- \$923,817 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.

As of December 31, 2016, the following funds had deficit fund balances:

Fund	Deficit
Special Service Area #25	\$ (576,170)

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(6) Long-term Obligations

The following is a summary of changes in long-term debt of the City for the fiscal year ended December 31, 2016:

Type of Debt	Beginning Balance	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental activities					
Net pension liability					
IMRF	\$ 18,799,977	-	1,971,351	16,828,626	-
Police Pension	60,071,197	-	10,006,005	50,065,192	-
Firefighters' Pension	59,031,153	-	1,720,967	57,310,186	-
Compensated absences	8,691,889	476,006	238,003	8,929,892	3,947,115
Net other post-employment benefit obligation	1,927,675	154,060	-	2,081,735	-
General obligation bonds	95,962,982	48,230,000	40,250,403	103,942,579	10,654,083
Premium (discount)	2,845,298	3,012,927	536,171	5,322,054	-
Claims and judgements	2,865,633	13,956,140	14,689,996	2,131,777	431,890
	<u>\$ 250,195,804</u>	<u>65,829,133</u>	<u>69,412,896</u>	<u>246,612,041</u>	<u>15,033,088</u>
Business-type activities - electric utility:					
Net pension liability - IMRF	\$ 8,440,807	-	510,483	7,930,324	-
Compensated absences	1,782,807	59,034	29,517	1,812,324	756,784
Net other post-employment benefit obligation	117,844	9,404	-	127,248	-
General obligation bonds	28,106,217	8,185,000	10,494,398	25,796,819	2,702,519
Premium (discount)	1,581,272	443,223	183,783	1,840,712	-
	<u>40,028,947</u>	<u>8,696,661</u>	<u>11,218,181</u>	<u>37,507,427</u>	<u>3,459,303</u>
Business-type activities - water and wastewater utility:					
Net pension liability - IMRF	5,371,423	-	282,454	5,088,969	-
Compensated absences	990,530	65,628	32,814	1,023,344	509,927
Net other post-employment benefit obligation	110,474	8,819	-	119,293	-
General obligation bonds	26,030,801	5,190,000	6,460,199	24,760,602	1,868,398
Premium (discount)	200,661	331,417	30,889	501,189	-
	<u>32,703,889</u>	<u>5,595,864</u>	<u>6,806,356</u>	<u>31,493,397</u>	<u>2,378,325</u>
Business-type activities - other enterprise					
Compensated absences	46,659	-	46,659	-	-
	<u>\$ 72,779,495</u>	<u>14,292,525</u>	<u>18,071,196</u>	<u>69,000,824</u>	<u>5,837,628</u>
Component Unit - Naperville Public Library:					
Net pension liability - IMRF	\$ 5,755,095	-	324,847	5,430,248	-
Compensated absences	428,140	17,369	34,738	410,771	403,403
Net other post-employment benefit obligation	156,095	12,479	-	168,574	-
	<u>\$ 6,339,330</u>	<u>29,848</u>	<u>359,585</u>	<u>6,009,593</u>	<u>403,403</u>

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

Long-term debt at December 31, 2016 consists of the following:

(a) General Obligation Bonds

	Governmental Activities	Business-Type Activities	Totals
April 2008, 3.25% - 5.0%, due serially through December 1, 2038	\$ 2,287,081	807,919	3,095,000
March 2009, 2.05% - 4.75%, due serially through December 1, 2028	3,577,500	1,722,500	5,300,000
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	12,828,898	4,696,102	17,525,000
April 2010, Series D, 2.0% - 4.0%, due serially through December 1, 2021	3,910,000	-	3,910,000
July 2011, 2.0% - 4.625%, due serially through December 1, 2029	-	13,600,000	13,600,000
September 2012, 2.0% - 4.0%, due serially through December 1, 2025	12,089,100	8,400,900	20,490,000
July 2013, 3.0% - 4.0%, due serially through December 1, 2031	5,020,000	-	5,020,000
May 2014, 2.0% - 3.5%, due serially through December 1, 2032	16,240,000	-	16,240,000
June 2016, 2.0% - 3.5%, due serially through December 1, 2035	47,990,000	13,355,000	61,345,000
	<u>\$ 103,942,579</u>	<u>50,557,421</u>	<u>154,500,000</u>

The annual requirements to amortize all short-and long-term general obligation bonds outstanding at December 31, 2016 are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 10,654,083	3,260,324	4,570,917	1,853,392
2018	10,362,852	2,945,520	5,062,148	1,712,892
2019	10,015,185	2,428,920	4,979,815	1,540,714
2020	9,823,436	2,349,378	4,241,564	1,388,586
2021	9,477,786	2,050,431	4,127,214	1,253,899
2022 - 2026	34,719,237	6,152,165	20,850,763	3,917,356
2027 - 2031	14,535,000	2,013,325	6,725,000	527,550
2032 - 2035	4,355,000	339,150	-	-
Totals	<u>\$ 103,942,579</u>	<u>21,539,213</u>	<u>50,557,421</u>	<u>12,194,389</u>

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(b) Enterprise Fund Commitments

The City has issued the general obligation bonds to fund various Electric and Water /Wastewater capital projects. The proportionate share of the general obligation bond liabilities have been recorded in the respective enterprise funds. The original general obligation bonds issuance amounts were allocated as follows:

Bonds Series	Electric Utility	Water and Wastewater Utility	Governmental Activities	Totals
G.O. 2008	\$ 807,919	-	2,287,081	3,095,000
G.O. 2009	530,000	1,192,500	3,577,500	5,300,000
G.O. 2010A	-	7,975,000	-	7,975,000
G.O. 2010B	-	4,696,102	12,828,898	17,525,000
G.O. 2011	7,888,000	5,712,000	-	13,600,000
G.O. 2012 Refunding	8,400,900	-	12,089,100	20,490,000
G.O. 2016	8,170,000	5,185,000	47,990,000	61,345,000

The general obligation bonds outstanding amount for the enterprise funds at December 31, 2016 is \$50,557,421.

(c) Defeased Debt

On June 8, 2016, the City issued General Obligation Bond Series of 2016 to refund \$24,000,000 of the General Obligation Bond Series of 2008 and \$22,450,000 of the General Obligation Bond Series of 2009. The City defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the City reduced its total debt service by \$5,857,772 and obtained an economic gain of \$5,129,710.

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(7) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for its risk financing activities in the Self-Insurance Fund (internal service fund). The Self-Insurance Fund pays all general liability, unemployment and workers' compensation, and auto and collision claims for which the City is held liable. The City has a \$2.0 million retention limit for general, auto liability, and workers' compensation. In addition, the City carries a policy for excess coverage for general and auto liability of \$10.0 million.

The City is self-insured for health and dental claims, which are also being accounted for in the Self-Insurance Fund. The City has \$300,000 specific stop loss coverage for PPO and \$200,000 for HMO health claims. The City has a \$2.0 million retention limit for health and dental claims. The City utilizes a third-party administrator to process the claims. The City reimburses the administrator for the claims plus a processing fee.

The Self-Insurance Fund is supported by payments from the General Fund, Naper Settlement Fund, Electric, Water and Wastewater Utility Funds, Burlington Commuter Parking Fund, Information Technology Fund, Fleet Services Fund, and the Naperville Public Library (component unit) based upon an estimate of the annual claims and administration costs. In addition, the City has recognized a liability for claims, which were incurred but not reported at year end. At December 31, 2016, this liability totaled \$431,890. The claims liability reported in the Self-Insurance Fund of \$1,699,887 at December 31, 2016 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 fiscal year ended December 31, 2016 and for the eight months ended December 31, 2015 were:

	<u>12/31/15</u>	<u>12/31/16</u>
Claims liability, beginning of year	\$ 3,329,723	2,865,633
Incurred claims	9,450,001	13,956,140
Changes in estimates	-	-
Claim payments	(9,914,091)	(14,689,996)
	<u> </u>	<u> </u>
Claims liability, end of year	<u>\$ 2,865,633</u>	<u>2,131,777</u>

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(8) 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.

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 \$59.2 million. The cumulative premium payments through December 31, 2016 are \$27.1 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, 2016

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 75% wind and 25% solar because the solar REC’s are much more expensive. The program includes a strong local component, sourcing all of its RECs from Illinois projects. The local component is an integral part of the program, and 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, 2016 is \$1.3 million.

Development Assistance

The City has entered into various agreements with private organizations to encourage economic development in the City. Some of these agreements provide for rebating a portion of sales tax and hotel tax to the private organizations if certain benchmarks of development are achieved. During the year ended December 31, 2016, \$466,559 in sales tax and \$854,336 in hotel tax were rebated under these agreements. Estimated remaining \$19.7 million will be payable throughout 23 years.

(9) Employee Retirement Systems and Pension Plans

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters’ Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters’ Pension Plan and may be obtained by writing to the City at 400 South Eagle Street, Naperville, Illinois 60540. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

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

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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, 2016, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	640
Inactive plan members entitled to but not yet receiving benefits	646
Active plan members	<u>840</u>
Total	<u><u>2,126</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 2016 was 12.08% of covered payroll.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2016. 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

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December 31, 2016

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.50%
Salary increases	3.75% to 14.50%
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 2012). 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 2012). 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 2012). 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 7.50 was used to measure the total pension liability, and 7.48% was used in the prior year. 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 3.78%, and the resulting single discount rate is 7.50%.

CITY OF NAPERVILLE, ILLINOIS

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(c) Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 75,328,577	35,278,167	2,479,935

(d) Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 293,627,584	255,260,282	38,367,302
Changes for the year:			
Service cost	5,569,481	-	5,569,481
Interest on the total pension liability	21,744,892	-	21,744,892
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(2,265,178)	-	(2,265,178)
Changes of assumptions	(740,500)	-	(740,500)
Contributions - employer	-	6,217,283	(6,217,283)
Contributions - employees	-	2,364,110	(2,364,110)
Net investment income	-	17,659,805	(17,659,805)
Benefit payments, including refunds of employee contributions	(11,410,419)	(11,410,419)	-
Other (net transfer)	-	1,156,632	(1,156,632)
Net changes	12,898,276	15,987,411	(3,089,135)
Balances at December 31, 2016	\$ 306,525,860	271,247,693	35,278,167

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

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

for the fiscal year ended December 31, 2016, the City recognized pension expense of \$12,075,315 and the Library recognized \$2,196,868. At December 31, 2016, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ 321,452	(1,694,891)	(1,373,439)
Change in assumptions	183,688	(554,070)	(370,382)
Net difference between projected and actual earnings on pension plan investments	11,864,203	-	11,864,203
Total deferred amounts related to IMRF	\$ 12,369,343	(2,248,961)	10,120,382

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	City Net Deferred Outflows of Resources	Library Net Deferred Outflows of Resources	Total Net Deferred Outflows of Resources
2017	\$ 2,600,174	742,901	3,343,075
2018	2,600,174	742,901	3,343,075
2019	2,449,873	699,958	3,149,831
2020	221,201	63,200	284,401
2021	-	-	-
Thereafter	-	-	-
Total	\$ 7,871,421	2,248,961	10,120,382

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

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, 2016, 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	10
Active plan members	<u>164</u>
Total	<u><u>258</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

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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 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 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 fiscal year ended December 31, 2016, the City's contribution was 35.37% 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:

Investment	Amount
Vanguard Instl Index Fund	\$ 15,161,510
Vanguard Small Cap Fund	11,186,070
Vanguard Mid Cap Fund	11,146,370
Principal Annuity Contract	13,370,842

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Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00 to 11.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment. The actuarial assumptions used in the December 31, 2016 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, 2016

(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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 80,504,019	50,065,192	25,215,032

(d) Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 198,980,035	138,908,838	60,071,197
Changes for the year:			
Service cost	4,113,967	-	4,113,967
Interest on the total pension liability	13,993,038	-	13,993,038
Difference between expected and actual experience of the total pension liability	(11,518,319)	-	(11,518,319)
Changes of assumptions	3,016,340	-	3,016,340
Contributions - employer	-	6,329,588	(6,329,588)
Contributions - employees	-	1,794,963	(1,794,963)
Net investment income	-	11,562,096	(11,562,096)
Benefit payments, including refunds of employee contributions	(6,365,209)	(6,386,913)	21,704
Administrative expense	-	(53,912)	53,912
Net changes	3,239,817	13,245,822	(10,006,005)
Balances at December 31, 2016	\$ 202,219,852	152,154,660	50,065,192

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

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

For the fiscal year ended December 31, 2016, the City recognized pension expense of \$6,711,600. At December 31, 2016, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ -	(10,380,327)	(10,380,327)
Change in assumptions	2,513,616	-	2,513,616
Net difference between projected and actual earnings on pension plan investments	5,152,613	-	5,152,613
Total deferred amounts related to Police Pension	<u>\$ 7,666,229</u>	<u>(10,380,327)</u>	<u>(2,714,098)</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:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2017	\$ 106,489
2018	106,487
2019	262,830
2020	(1,772,907)
2021	(1,416,997)
Thereafter	-
Total	<u>\$ (2,714,098)</u>

CITY OF NAPERVILLE, ILLINOIS

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December 31, 2016

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, 2016, 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	4
Active plan members	<u>189</u>
Total	<u><u>288</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

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December 31, 2016

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 1st after the police office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 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 fiscal year ended December 31, 2016, the City's contribution was 34.53% 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:

Investment	Amount
Vanguard Instl Index Fund	\$ 15,227,402
Vanguard Mid Cap Index	11,201,105
Principal Annuity Contract	13,115,252

CITY OF NAPERVILLE, ILLINOIS

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Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00% to 12.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment. The actuarial assumptions used in the December 31, 2016 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

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December 31, 2016

(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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 89,108,917	57,310,186	31,413,871

(d) Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 198,480,595	139,449,442	59,031,153
Changes for the year:			
Service cost	5,196,429	-	5,196,429
Interest on the total pension liability	14,032,562	-	14,032,562
Difference between expected and actual experience of the total pension liability	(5,954,167)	-	(5,954,167)
Changes of assumptions	4,639,327	-	4,639,327
Contributions - employer	-	6,415,496	(6,415,496)
Contributions - employees	-	1,756,451	(1,756,451)
Net investment income	-	11,586,944	(11,586,944)
Benefit payments, including refunds of employee contributions	(6,423,714)	(6,423,714)	-
Administrative expense	-	(123,773)	123,773
Net changes	11,490,437	13,211,404	(1,720,967)
Balances at December 31, 2016	\$ 209,971,032	152,660,846	57,310,186

CITY OF NAPERVILLE, ILLINOIS

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December 31, 2016

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

For the fiscal year ended December 31, 2016, the City recognized pension expense of \$10,488,493. At December 31, 2016, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ 3,371,481	(5,209,897)	(1,838,416)
Change in assumptions	4,059,412	-	4,059,412
Net difference between projected and actual earnings on pension plan investments	5,205,852	-	5,205,852
Total deferred amounts related to Firefighters' Pension	<u>\$ 12,636,745</u>	<u>(5,209,897)</u>	<u>7,426,848</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:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2017	\$ 2,710,498
2018	2,710,498
2019	2,710,499
2020	(211,582)
2021	(164,355)
Thereafter	<u>(328,710)</u>
Total	<u>\$ 7,426,848</u>

CITY OF NAPERVILLE, ILLINOIS

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(10) 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 December 31, 2016 actuarial valuation is used for the following sections.

(b) Benefits Provided

The City provides post-employment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans or meet COBRA requirements.

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Eligibility in City sponsored health care plans is discontinued upon eligibility for federally sponsored health care benefits. Retirees who are eligible for health care program participation are also eligible for participation in the life insurance program in the amount of \$5,000.

(c) Membership

At December 31, 2016, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	261
Active employees	<u>1,200</u>
	<u>1,461</u>
Participating employers	<u>1</u>

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(d) Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees via the self-insured plan (pay as you go) which results in an implicit subsidy to the City as defined by the GASB Statement No. 45. Since the City is self-insured, this amount fluctuates on an annual basis. For the fiscal year ending December 31, 2016, retirees contributed \$2,342,796 for premiums and the City contributed \$443,024 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 \$627,786 while the ARC was \$615,455 for the fiscal year ended December 31, 2016. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2016 were as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
4/30/15	\$ 628,799	\$ 443,023	70.46%	\$ 2,187,412
12/31/15	420,025	295,349	70.32%	2,312,088
12/31/16	627,786	443,024	70.57%	2,496,850

The net OPEB obligation (NOPEBO) as of December 31, 2016, was calculated as follows:

Annual required contributions	\$ 615,455
Interest on the NOPEBO	92,484
Adjustment to the ARC	<u>(80,153)</u>
Annual pension cost	627,786
Actual contribution	<u>443,024</u>
Change in the NOPEBO	184,762
NOPEBO - May 1, 2015	<u>2,312,088</u>
 NOPEBO - December 31, 2015	 <u>2,496,850</u>
 Governmental Activities	 2,081,735
Business-Type Activities	246,541
Library Discretely Presented Component Unit	<u>168,574</u>
	<u>2,496,850</u>

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements

December 31, 2016

(f) Funded Status and Funding Progress

The funded status of the plan as of December 31, 2016, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$	10,649,256
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	10,649,256
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	82,729,832
UAAL as a percentage of covered payroll		12.87%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(g) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.50% initially and 4.00% ultimately. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016, was 30 years.

(11) Discretely Presented Component Unit-Naperville Public Library

The following is summary fund financial information for the Naperville Public Library (the Library) for the fiscal year ended December 31, 2016:

CITY OF NAPERVILLE, ILLINOIS

Notes to Financial Statements
December 31, 2016

Discretely Presented Component Unit – Naperville Public Library
Statement of Net Position and Governmental Funds Combining Balance Sheet
December 31, 2016

Assets and Deferred Outflows of Resources	General Operating	Building Reserve	Special revenue		Total	Adjustment	Statement of Net Position
			Gift and Memorial	Endowment			
Assets:							
Cash and cash equivalents	\$ 3,666,844	776,994	28,717	10,410	4,482,965	—	4,482,965
Property taxes receivable, net of allowance for uncollectible accounts	13,984,000	—	—	—	13,984,000	—	13,984,000
Interest receivable	7,816	1,629	60	22	9,527	—	9,527
Capital assets (net):							
Capital assets depreciated, net	—	—	—	—	—	9,816,664	9,816,664
Total assets	17,658,660	778,623	28,777	10,432	18,476,492	9,816,664	28,293,156
Deferred outflows of resources:							
Deferred items - IMRF	—	—	—	—	—	1,903,971	1,903,971
Total assets and deferred outflows of resources	\$ 17,658,660	778,623	\$ 28,777	10,432	18,476,492	11,720,635	30,197,127
Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position							
Liabilities:							
Accounts payable	\$ 74,187	529,202	7	3	603,399	—	603,399
Accrued wages and benefits	406,705	—	—	—	406,705	—	406,705
Compensated absences	—	—	—	—	—	410,771	410,771
Net Pension Liability	—	—	—	—	—	5,430,248	5,430,248
Other postemployment benefits obligation	—	—	—	—	—	168,574	168,574
Total liabilities	480,892	529,202	7	3	1,010,104	6,009,593	7,019,697
Deferred inflows of resources:							
Deferred items - IMRF	—	—	—	—	—	346,175	346,175
Unavailable/earned property tax revenue	13,984,000	—	—	—	13,984,000	—	13,984,000
Total deferred inflows of resources	13,984,000	—	—	—	13,984,000	346,175	14,330,175
Fund Balance/Net Position:							
Fund balance:							
Restricted for culture and recreation	—	—	—	10,429	10,429	—	10,429
Committed for culture and recreation	—	249,421	28,770	—	278,191	(278,191)	—
Unassigned	3,193,768	—	—	—	3,193,768	(3,193,768)	—
Net position:							
Invested in capital assets	—	—	—	—	—	9,816,664	9,816,664
Unrestricted	—	—	—	—	—	(979,838)	(979,838)
Total fund balance/net position	3,193,768	249,421	28,770	10,429	3,482,388	5,364,867	8,847,255
Total liabilities, deferred inflows of resources and fund balances/net position	\$ 17,658,660	778,623	28,777	10,432	18,476,492	11,720,635	30,197,127

CITY OF NAPERVILLE, ILLINOIS
Notes to Financial Statements
December 31, 2016

Summary Financial Information (Continued)

Discretely Presented Component Unit – Naperville Public Library

Fiscal Year Ended December 31, 2016

	General Operating	Special revenue			Total	Adjustments	Statement of Activities
		Building Reserve	Gift and Memorial	Endowment			
Revenues:	\$ 14,302,953	—	—	—	14,302,953	—	14,302,953
Property taxes							
Other taxes – personal property replacement tax	127,996	—	—	—	127,996	—	127,996
Fines and forfeits	390,114	—	—	—	390,114	—	390,114
Net investment income	62,552	(24,650)	307	144	38,353	—	38,353
Charges for services	3,760	—	—	—	3,760	—	3,760
Fees	85,665	—	—	—	85,665	—	85,665
Contribution	109,347	—	5,511	—	114,858	—	114,858
Miscellaneous	109,029	17,053	—	—	126,082	—	126,082
Total revenues	15,191,416	(7,597)	5,818	144	15,189,781	—	15,189,781
Expenditures/expenses:							
Current – culture and recreation	15,083,060	2,984,078	1,458	—	18,068,596	(1,547,481)	16,521,115
Total expenditures/expenses	15,083,060	2,984,078	1,458	—	18,068,596	(1,547,481)	16,521,115
Excess (deficiency) of revenues over expenditures	108,356	(2,991,675)	4,360	144	(2,878,815)	1,547,481	(1,331,334)
Other financing sources (uses):							
Transfers in	—	2,790,000	—	—	2,790,000	(2,790,000)	—
Transfers out	(2,790,000)	—	—	—	(2,790,000)	2,790,000	—
Total other financing sources (uses)	(2,790,000)	2,790,000	—	—	—	—	—
Net change in fund balances/net position	(2,681,644)	(201,675)	4,360	144	(2,878,815)	1,547,481	(1,331,334)
Fund balances/net position at January 1, 2016, restated	5,875,412	451,096	24,410	10,285	6,361,203	3,817,386	10,178,589
Fund balances/net position at December 31, 2016	\$ 3,193,768	249,421	28,770	10,429	3,482,388	5,364,867	8,847,255

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NAPERVILLE, ILLINOIS

General Fund

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

Fiscal Year Ended December 31, 2016

	<u>Budgeted amount</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 20,712,569	20,712,569	21,142,785	430,216
Utility tax	16,370,000	16,370,000	15,136,947	(1,233,053)
Other taxes	7,671,000	7,671,000	7,322,652	(348,348)
Licenses and permits	2,478,086	2,478,086	2,612,430	134,344
Fines	1,639,500	1,639,500	1,593,396	(46,104)
Net investment income	257,800	257,800	(3,385)	(261,185)
Intergovernmental	51,923,825	51,923,825	50,366,204	(1,557,621)
Charges for services	15,581,583	15,581,583	16,405,813	824,230
Franchise fees	3,079,400	3,079,400	3,230,209	150,809
Miscellaneous	466,800	466,800	337,623	(129,177)
Total revenues	<u>120,180,563</u>	<u>120,180,563</u>	<u>118,144,674</u>	<u>(2,035,889)</u>
Expenditures:				
Current:				
General government	10,325,052	10,325,052	12,022,383	(1,697,331)
Physical environment	7,616,728	7,616,728	7,725,194	(108,466)
Public safety	72,383,946	72,383,946	69,741,160	2,642,786
Transportation	24,637,820	24,637,820	25,083,328	(445,508)
Culture and recreation	226,349	226,349	61,194	165,155
Total expenditures	<u>115,189,895</u>	<u>115,189,895</u>	<u>114,633,259</u>	<u>556,636</u>
Excess (deficiency) of revenues over expenditures	<u>4,990,668</u>	<u>4,990,668</u>	<u>3,511,415</u>	<u>(1,479,253)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(5,018,617)</u>	<u>(5,018,617)</u>	<u>(5,023,817)</u>	<u>(5,200)</u>
Total other financing sources (uses)	<u>(5,018,617)</u>	<u>(5,018,617)</u>	<u>(5,023,817)</u>	<u>(5,200)</u>
Net change in fund balances	\$ <u>(27,949)</u>	<u>(27,949)</u>	<u>(1,512,402)</u>	<u>(1,484,453)</u>
Fund balance, January 1, 2016			<u>28,370,333</u>	
Fund balance, December 31, 2016			\$ <u><u>26,857,931</u></u>	

See accompanying independent auditor's report

CITY OF NAPERVILLE, ILLINOIS

Notes to Required Supplementary Information -
Budgetary Comparison Schedule

December 31, 2016

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	\$ 276,515
Community Development Block Grant	165,437
Road and Bridge	5,142,909
E-911 Surcharge	278,021
Food and Beverage Tax	1,236,184
Test Track	6,946
Special Service Area # 25	89,829
Downtown Parking	3,242,864

CITY OF NAPERVILLE
 Illinois Municipal Retirement Fund
 Required Supplementary Information
 Schedule of Employer Contributions
 December 31, 2016

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/2015	\$ 6,026,372	\$ 6,026,372	\$ -	\$ 51,417,441	11.72%
12/13/2016	6,217,283	6,217,283	-	51,486,313	12.08%

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:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF NAPERVILLE
 Police Pension Fund
 Required Supplementary Information
 Schedule of Employer Contributions
 December 31, 2016

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
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%
12/31/2016	5,829,394	6,329,588	500,194	17,893,623	35.37%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	Market Value
Inflation	2.5%
Salary Increases	5.0%
Investment Rate of Return	7.0%
Retirement Age	100% by age 70
Mortality	RP 2000 Mortality Table (CHBCA)

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF NAPERVILLE
 Firefighters' Pension Fund
 Required Supplementary Information
 Schedule of Employer Contributions
 December 31, 2016

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
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%
12/31/2016	5,871,947	6,415,496	543,549	18,576,954	34.53%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.5%
Salary Increases	5.0%
Investment Rate of Return	7.0%
Retirement Age	100% by age 70
Mortality	RP 2000 Mortality Table (CHBCA)

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF NAPERVILLE
 Illinois Municipal Retirement Fund
 Required Supplementary Information
 Schedule of Changes in the Employer's Net Pension Liability
 December 31, 2016

	12/31/2015	12/31/2016
Total pension liability		
Service cost	\$ 5,623,110	5,569,481
Interest	20,562,051	21,744,892
Changes in benefit terms	-	-
Differences between expected and actual experience	626,724	(2,265,178)
Change of assumptions*	358,132	(740,500)
Benefit payments, including refunds of member contributions	(10,515,189)	(11,410,419)
	16,654,828	12,898,276
Net change in total pension liability	16,654,828	12,898,276
Total pension liability, beginning of year	276,972,756	293,627,584
	\$ 293,627,584	306,525,860
	\$ 293,627,584	306,525,860
Plan fiduciary net position		
Contributions - employer	\$ 6,026,372	6,217,283
Contributions - members	2,325,703	2,364,110
Net investment income	1,278,894	17,659,805
Benefit payments, including refunds of member contributions	(10,515,189)	(11,410,419)
Other	(715,829)	1,156,632
	(1,600,049)	15,987,411
Net change in plan fiduciary net position	(1,600,049)	15,987,411
Plan net position, beginning of year	256,860,331	255,260,282
	\$ 255,260,282	271,247,693
	\$ 255,260,282	271,247,693
Employer's net pension liability	\$ 38,367,302	35,278,167
	\$ 38,367,302	35,278,167
Plan fiduciary net position as a percentage of the total pension liability	86.9%	88.5%
Covered-employee payroll	\$ 51,417,441	51,486,313
Employer's net pension liability as a percentage of covered-employee payroll	74.6%	68.5%

* Relates to retirement age and mortality changes

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF NAPERVILLE
 Police Pension Fund
 Required Supplementary Information
 Schedule of Changes in the Employer's Net Pension Liability
 December 31, 2016

	4/30/2015	Eight Months Ended 12/31/2015	12/31/2016
Total pension liability			
Service cost	\$ 3,442,284	2,635,406	4,113,967
Interest	12,150,401	8,904,818	13,993,038
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(2,006,971)	(1,398,497)	(11,518,319)
Change of assumptions	8,387,367	-	3,016,340
Benefit payments, including refunds of member contributions	(5,506,966)	(3,958,442)	(6,365,209)
Net change in total pension liability	16,466,115	6,183,285	3,239,817
Total pension liability, beginning of year	176,330,635	192,796,750	198,980,035
Total pension liability, end of year	<u>\$ 192,796,750</u>	<u>198,980,035</u>	<u>202,219,852</u>
Plan fiduciary net position			
Contributions - employer	\$ 5,641,180	5,345,433	6,329,588
Contributions - members	1,599,368	1,117,257	1,773,258
Contributions - other	8,066	2,237	21,704
Net investment income	8,726,002	(4,333,440)	11,562,097
Benefit payments, including refunds of member contributions	(5,506,966)	(3,950,028)	(6,386,913)
Administrative expense	(130,073)	(67,226)	(53,912)
Net change in plan fiduciary net position	10,337,577	(1,885,767)	13,245,822
Plan net position, beginning of year	130,457,028	140,794,605	138,908,838
Plan net position, end of year	<u>\$ 140,794,605</u>	<u>138,908,838</u>	<u>152,154,660</u>
Employer's net pension liability	<u>\$ 52,002,145</u>	<u>60,071,197</u>	<u>50,065,192</u>
Plan fiduciary net position as a percentage of the total pension liability	73.0%	69.8%	75.2%
Covered-employee payroll	\$ 16,683,031	16,683,031	17,893,623
Employer's net pension liability as a percentage of covered-employee payroll	311.7%	360.1%	279.8%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF NAPERVILLE
Firefighters' Pension Fund
Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2016

	Eight Months Ended		
	4/30/2015	12/31/2015	12/31/2016
Total pension liability			
Service cost	\$ 3,852,140	3,038,367	5,196,429
Interest	11,857,616	8,558,822	14,032,562
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(82,734)	5,414,803	(5,954,167)
Change of assumptions	2,920,299	-	4,639,327
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)	(6,423,714)
Net change in total pension liability	13,339,753	13,142,547	11,490,437
Total pension liability, beginning of year	171,998,295	185,338,048	198,480,595
Total pension liability, end of year	<u>\$ 185,338,048</u>	<u>198,480,595</u>	<u>209,971,032</u>
Plan fiduciary net position			
Contributions - employer	\$ 5,670,039	5,355,723	6,415,496
Contributions - members	1,839,016	1,181,158	1,756,451
Net investment income	7,705,014	(4,543,027)	11,586,944
Benefit payments, including refunds of member contributions	(5,207,568)	(3,869,445)	(6,423,714)
Administrative expense	(109,970)	(82,866)	(123,773)
Net change in plan fiduciary net position	9,896,531	(1,958,457)	13,211,404
Plan net position, beginning of year	131,511,368	141,407,899	139,449,442
Plan net position, end of year	<u>\$ 141,407,899</u>	<u>139,449,442</u>	<u>152,660,846</u>
Employer's net pension liability	<u>\$ 43,930,149</u>	<u>59,031,153</u>	<u>57,310,186</u>
Plan fiduciary net position as a percentage of the total pension liability	76.30%	70.26%	72.71%
Covered-employee payroll	\$ 17,165,868	18,315,408	18,576,954
Employer's net pension liability as a percentage of covered-employee payroll	255.92%	322.30%	308.50%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF NAPERVILLE
Police Pension Fund
Required Supplementary Information
Schedule of Investment Returns
December 31, 2016

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
4/30/15	6.60%
12/31/15	(3.10)%
12/31/16	8.41%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF NAPERVILLE
Firefighters' Pension Fund
Required Supplementary Information
Schedule of Investment Returns
December 31, 2016

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
4/30/15	6.00%
12/31/15	(3.20)%
12/31/16	8.32%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF NAPERVILLE, ILLINOIS
 Other Post-Employment Benefit Plan
 Requirement Supplementary Information-
 Schedule of Funding Progress
 December 31, 2016

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)
12/31/16	\$ —	10,649,256	10,649,256	0.00%	82,729,832	12.87%
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%

See accompanying independent auditors' report.

CITY OF NAPERVILLE, ILLINOIS
 Other Post-Employment Benefit Plan
 Requirement Supplementary Information-
 Schedule of Employer Contributions
 December 31, 2016

Year Ended April 30	Employer Contributions	Annual Required Contribution (ARC)*	Percentage Contributed
12/31/16	\$ 443,024	\$ 615,455	71.98 %
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

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

Fiscal Year Ended December 31, 2016

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
Property taxes:				
General	\$ 9,011,228	9,011,228	9,377,057	365,829
Police Pension	5,829,394	5,829,394	5,861,183	31,789
Firefighters' Pension	5,871,947	5,871,947	5,904,545	32,598
Total property taxes	<u>20,712,569</u>	<u>20,712,569</u>	<u>21,142,785</u>	<u>430,216</u>
Utility tax	16,370,000	16,370,000	15,136,947	(1,233,053)
Other taxes:				
Auto rental tax	106,000	106,000	121,783	15,783
Real estate transfer tax	4,600,000	4,600,000	5,221,023	621,023
Hotel/Motel tax	1,270,000	1,270,000	1,194,952	(75,048)
Food and beverage tax	1,470,000	1,470,000	500,000	(970,000)
Personal property replacement tax	225,000	225,000	284,894	59,894
Total other taxes	<u>7,671,000</u>	<u>7,671,000</u>	<u>7,322,652</u>	<u>(348,348)</u>
Total taxes	\$ <u>44,753,569</u>	\$ <u>44,753,569</u>	\$ <u>43,602,384</u>	\$ <u>(1,151,185)</u>
Licenses:				
Liquor	\$ 440,000	440,000	526,604	86,604
Business license	130,000	130,000	136,230	6,230
Scavenger	2,250	2,250	2,250	—
Total licenses	\$ <u>572,250</u>	\$ <u>572,250</u>	\$ <u>665,084</u>	\$ <u>92,834</u>
Permits:				
Small permits	\$ 230,000	230,000	241,915	11,915
Inspection – electrical	—	—	250	250
Sale of permit pouches	2,000	2,000	1,530	(470)
Plan review – inspection storage	1,000	1,000	225	(775)
Animal	3,000	3,000	57	(2,943)
Single family (duplex) fees	550,000	550,000	658,988	108,988
1&2 Fam room addition fees	265,000	265,000	271,735	6,735
Multi family new-fees	125,000	125,000	67,189	(57,811)
Commercial new fees	220,000	220,000	266,384	46,384
Commercial – simple occup	20,000	20,000	9,697	(10,303)
Commercial alteration	340,000	340,000	318,051	(21,949)
Demolitons	75,000	75,000	54,370	(20,630)
Fire alarm/sprinkler	74,836	74,836	56,955	(17,881)
Total permits	\$ <u>1,905,836</u>	\$ <u>1,905,836</u>	\$ <u>1,947,346</u>	\$ <u>41,510</u>
Total licenses and permits	\$ <u>2,478,086</u>	\$ <u>2,478,086</u>	\$ <u>2,612,430</u>	\$ <u>134,344</u>
Fines:				
Police fines	\$ 1,300,000	1,300,000	1,074,000	(226,000)
Police – false alarms	80,000	80,000	93,197	13,197
Fire – false alarms	2,500	2,500	800	(1,700)
Fines-court-enforcement	70,000	70,000	145,500	75,500
Parking fines	175,000	175,000	177,269	2,269
Violations	—	—	2,400	2,400
Alcohol & tobacco fines	4,000	4,000	14,100	10,100
Animal fines	3,000	3,000	6,915	3,915
DUI Fines	5,000	5,000	79,215	74,215
Total fines	\$ <u>1,639,500</u>	\$ <u>1,639,500</u>	\$ <u>1,593,396</u>	\$ <u>(46,104)</u>
Net investment income	\$ <u>257,800</u>	\$ <u>257,800</u>	\$ <u>(3,385)</u>	\$ <u>(261,185)</u>

CITY OF NAPERVILLE, ILLINOIS

General Fund

Detailed Schedule of Revenues – Budget and Actual

Fiscal Year Ended December 31, 2016

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
Intergovernmental revenue:				
Sales and use tax	\$ 36,709,500	36,709,500	35,604,324	(1,105,176)
State income tax	14,500,000	14,500,000	13,808,543	(691,457)
FEMA	—	—	(25,502)	(25,502)
Secret services	400	400	10,297	9,897
IEMA-Citizen corps-	3,000	3,000	—	(3,000)
Federal grants	46,000	46,000	80,380	34,380
ILEAS	20,000	20,000	27,866	7,866
Click it or ticket	50,000	50,000	100,326	50,326
TED-ride dupage grant	150,000	150,000	264,777	114,777
Federal grants	146,125	146,125	222,585	76,460
Tobacco grant	8,800	8,800	16,500	7,700
MABAS/ITTF Deploy drill	60,000	60,000	57,835	(2,165)
IDOT-TED-traffic signal energy	75,000	75,000	43,274	(31,726)
Dupage County HHW project	100,000	100,000	100,000	—
Kane County HHW service	10,000	10,000	10,000	—
Will County	25,000	25,000	44,999	19,999
Aurora HHW contribution	20,000	20,000	—	(20,000)
Total intergovernmental revenue	\$ 51,923,825	51,923,825	50,366,204	(1,557,621)
Charges for services:				
P.U.D. filing fees	\$ 100,000	100,000	116,733	16,733
Annexation fees	4,000	4,000	5,900	1,900
Residential engineering fee	120,000	120,000	177,770	57,770
Commercial engineering fee	60,000	60,000	80,562	20,562
Plat review fees – easement	—	—	8,970	8,970
Plat review fees – right of ways	—	—	230	230
Sale of printed material	—	—	177	177
Accident reports	18,000	18,000	16,876	(1,124)
Photo lab	300	300	251	(49)
Police ranging services	—	—	10	10
Meeting room fees	850	850	15,950	15,100
Ambulance report	2,800	2,800	3,353	553
Bail bond fees	75,000	75,000	54,312	(20,688)
Administrative tow fee	200,000	200,000	161,770	(38,230)
Clerk fees	10,434	10,434	11,171	737
Right of ways - other	20,000	20,000	23,570	3,570
Mowing services	28,000	28,000	26,236	(1,764)
Landscape services	95,000	95,000	179,635	84,635
Voluntary cart program	166,330	166,330	141,966	(24,364)
Cart delivery charge	6,500	6,500	5,589	(911)
DPW-services for DPU	60,000	60,000	77,006	17,006
N.F.P.D. – contract	1,090,000	1,090,000	1,084,548	(5,452)
Elevator inspections	70,000	70,000	87,274	17,274
Ambulance fees	2,675,000	2,675,000	3,047,842	372,842
Police services	380,000	380,000	361,816	(18,184)
Billable police services	170,000	170,000	360,011	190,011
Billable fire services	169,830	169,830	129,282	(40,548)
Fire reimbursements	—	—	25,378	25,378
Billable TED service	—	—	(98)	(98)
Fire alarm monitoring	726,106	726,106	698,868	(27,238)
Billable DPW services	57,500	57,500	148,071	90,571
Garbage collection fee	6,150,300	6,150,300	6,070,633	(79,667)
Recycling Cart program	—	—	(210)	(210)
From City Agencies	145,476	145,476	—	(145,476)
Charges for services	—	—	85,426	85,426
Other charges for services	2,913,657	2,913,657	3,128,911	215,254
Special Events	66,500	66,500	70,024	3,524
Total charges for services	\$ 15,581,583	15,581,583	16,405,813	824,230

CITY OF NAPERVILLE, ILLINOIS

General Fund

Detailed Schedule of Revenues – Budget and Actual

Fiscal Year Ended December 31, 2016

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
Franchise fees:				
Rent income	\$ —	—	62,056	62,056
WideOpenWest – cable franchise fee	697,000	697,000	663,861	(33,139)
WideOpenWest – 1% support fee	137,000	137,000	132,772	(4,228)
Comcast – cable franchise fee	1,405,000	1,405,000	1,519,922	114,922
Comcast – 1% support fee	275,000	275,000	303,984	28,984
Rents and royalties	69,400	69,400	70,491	1,091
Lease revenue	—	—	2,148	2,148
AT&T-cable franchise fee	411,000	411,000	395,811	(15,189)
AT&T- 1% support fee	85,000	85,000	79,164	(5,836)
Total franchise fees	\$ 3,079,400	3,079,400	3,230,209	150,809
Miscellaneous:				
Late payment charge	\$ 30,000	30,000	12,945	(17,055)
NPD-Sam's/Walmart	—	—	2,000	2,000
Sale of surplus property	—	—	5,010	5,010
DPW-disposal/scrap	15,000	15,000	4,104	(10,896)
Non refundable bid deposit	—	—	410	410
DPW-mulch sales	5,000	5,000	—	(5,000)
Bad debt recovery	—	—	50,668	50,668
Cashier over/short	—	—	137	137
Damage to city property	25,000	25,000	13,206	(11,794)
Miscellaneous non revenues	1,200	1,200	7,225	6,025
NSF check charge	20,000	20,000	22,425	2,425
Information technology	—	—	2,702	2,702
Miscellaneous revenues	370,600	370,600	216,791	(153,809)
Total miscellaneous	\$ 466,800	466,800	337,623	(129,177)
Total revenues	\$ 120,180,563	120,180,563	118,144,674	(2,035,889)

CITY OF NAPERVILLE, ILLINOIS

General Fund

Detailed Schedule of Expenditures – Budget and Actual

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
General Government:				
Legislative:				
Mayor and City Council:				
Salaries	\$ 225,358	225,358	226,278	(920)
Employee benefits	65,879	65,879	64,697	1,182
Other purchased services	36,055	36,055	26,603	9,452
Supplies	2,450	2,450	686	1,764
Internal services	1,444	1,444	1,444	—
Total Mayor and City Council	\$ 331,186	331,186	319,708	11,478
Alcohol and Tobacco Commission:				
Other professional services	\$ 2,000	2,000	601	1,399
Other purchased services	2,000	2,000	854	1,146
Supplies	22,000	22,000	4,871	17,129
Total Alcohol and Tobacco Commission	\$ 26,000	26,000	6,326	19,674
Legal:				
Legal Department:				
Salaries	\$ 770,928	770,928	755,611	15,317
Employee benefits	235,608	235,608	241,512	(5,904)
Technical services	—	—	194	(194)
Other professional services	42,200	42,200	24,702	17,498
Other purchased services	40,800	40,800	17,583	23,217
Purchase property service	2,500	2,500	200	2,300
Supplies	51,250	51,250	26,286	24,964
Internal services	2,152	2,152	2,152	—
Total Legal	\$ 1,145,438	1,145,438	1,068,240	77,198
Executive:				
City Manager's Office:				
Salaries	\$ 351,289	351,289	390,099	(38,810)
Employee benefits	106,274	106,274	101,563	4,711
Other professional services	133,564	133,564	81,562	52,002
Other purchased services	48,562	48,562	43,354	5,208
Supplies	1,800	1,800	554	1,246
Internal services	3,130	3,130	3,130	—
Total City Manager's Office	\$ 644,619	644,619	620,262	24,357
Sister Cities Commission:				
Other purchased services	\$ 3,450	3,450	2,419	1,031
Supplies	—	—	26	(26)
Total Sister Cities Commission	\$ 3,450	3,450	2,445	1,005
Board of Fire and Police:				
Salaries	\$ 60,398	60,398	62,457	(2,059)
Employee benefits	25,184	25,184	25,636	(452)
Other professional services	59,650	59,650	46,179	13,471
Other purchased services	53,500	53,500	38,444	15,056
Supplies	1,700	1,700	1,600	100
Total Board of Fire and Police	\$ 200,432	200,432	174,316	26,116
Communications:				
Salaries	\$ 300,990	300,990	296,894	4,096
Employee benefits	82,405	82,405	81,513	892
Technical services	138,105	138,105	65,570	72,535
Other professional services	3,600	3,600	1,788	1,812
Other purchased services	20,350	20,350	8,643	11,707
Supplies	5,300	5,300	2,070	3,230
Total Communications	\$ 550,750	550,750	456,478	94,272

CITY OF NAPERVILLE, ILLINOIS

General Fund

Detailed Schedule of Expenditures – Budget and Actual

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
General Government, continued:				
Executive, continued:				
Human Resources:				
Salaries	\$ 514,932	514,932	528,115	(13,183)
Employee benefits	228,387	228,387	212,888	15,499
Technical services	16,441	16,441	1,737	14,704
Other Professional services	79,222	79,222	87,229	(8,007)
Other purchased services	49,737	49,737	22,316	27,421
Supplies	27,488	27,488	22,266	5,222
Internal services	1,761	1,761	1,761	—
Total Human Resources	\$ 917,968	917,968	876,312	41,656
City Clerk:				
City Clerk's Office:				
Salaries	\$ 395,231	395,231	400,796	(5,565)
Employee benefits	122,415	122,415	128,421	(6,006)
Other professional services	11,582	11,582	8,682	2,900
Purchased property	—	—	90	(90)
Other purchased services	7,550	7,550	12,567	(5,017)
Supplies	3,600	3,600	4,734	(1,134)
Other	6,000	6,000	10,059	(4,059)
Total City Clerk's Office	\$ 546,378	546,378	565,349	(18,971)
Reproduction Micrographics Service:				
Salaries	\$ 139,679	139,679	146,416	(6,737)
Employee benefits	67,034	67,034	67,164	(130)
Technical services	92,418	92,418	91,727	691
Purchased property	9,000	9,000	—	9,000
Supplies	41,670	41,670	30,897	10,773
Property	—	—	3,280	(3,280)
Internal services	(23,466)	(23,466)	(23,466)	—
Total Reproduction Micrographics Service	\$ 326,335	326,335	316,018	10,317
Information Technology				
Salaries	\$ 1,364,712	1,364,712	1,262,388	102,324
Employee benefits	485,831	485,831	412,474	73,357
Technical services	1,335,979	1,335,979	1,854,198	(518,219)
Purchased property	2,800	2,800	3,560	(760)
Other professional services	237,000	237,000	234,069	2,931
Other purchased services	744,430	744,430	770,387	(25,957)
Supplies	232,925	232,925	238,471	(5,546)
Property	319,000	319,000	238,950	80,050
Internal services	(720,659)	(720,659)	(720,659)	—
Total Information Technology	\$ 4,002,018	4,002,018	4,293,838	(291,820)
Financial Administration:				
Administration:				
Salaries	\$ 500,140	500,140	253,200	246,940
Employee benefits	172,666	172,666	104,399	68,267
Technical services	114,042	114,042	118,621	(4,579)
Other professional services	118,550	118,550	298,154	(179,604)
Purchase property service	2,000	2,000	—	2,000
Other purchased services	27,205	27,205	22,547	4,658
Supplies	20,900	20,900	20,308	592
Internal services	4,856	4,856	4,856	—
Total Administration	\$ 960,359	960,359	822,085	138,274
Billing and Collection:				
Salaries	\$ 52,689	52,689	86,638	(33,949)
Employee benefits	20,688	20,688	25,658	(4,970)
Technical services	6,250	6,250	6,201	49
Other professional services	—	—	9,579	(9,579)
Purchased property	500	500	—	500
Other purchased services	—	—	14,907	(14,907)
Supplies	—	—	2,019	(2,019)
Total Billing and Collection	\$ 80,127	80,127	145,002	(64,875)
Procurement Services:				
Salaries	\$ 263,559	263,559	309,128	(45,569)
Employee benefits	113,197	113,197	129,148	(15,951)
Technical services	15,000	15,000	—	15,000
Other professional services	—	—	2,098	(2,098)
Other purchased services	5,500	5,500	2,237	3,263
Supplies	—	—	1,569	(1,569)
Total Procurement Services	\$ 397,256	397,256	444,180	(46,924)

CITY OF NAPERVILLE, ILLINOIS

General Fund

Detailed Schedule of Expenditures – Budget and Actual

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
General Government, continued:				
Financial Administration, continued :				
General services	192,736	192,736	1,911,824	(1,719,088)
Total general government	\$ 10,325,052	\$ 10,325,052	12,022,383	(1,697,331)
Physical Environment:				
Development Review Team:				
Salaries	\$ 1,557,931	1,557,931	1,617,281	(59,350)
Employee benefits	544,535	544,535	558,071	(13,536)
Technical services	35,950	35,950	43,590	(7,640)
Property	27,000	27,000	21,970	5,030
Supplies	—	—	(177)	177
Total Development Review Team	\$ 2,165,416	2,165,416	2,240,735	(75,319)
Special Projects Team:				
Salaries	\$ 1,005,240	1,005,240	947,379	57,861
Employee benefits	398,788	398,788	379,809	18,979
Technical services	18,375	18,375	5,151	13,224
Other purchased services	61,165	61,165	59,952	1,213
Supplies	106,950	106,950	75,779	31,171
Property	—	—	3,068	(3,068)
Internal services	35,253	35,253	35,253	—
Total Special Projects Team	\$ 1,625,771	1,625,771	1,506,391	119,380
Planning:				
Salaries	\$ 339,878	339,878	312,983	26,895
Employee benefits	91,552	91,552	83,646	7,906
Other professional services	30,000	30,000	4,719	25,281
Total Planning	\$ 461,430	461,430	401,348	60,082
Public Buildings:				
Salaries	\$ 1,102,887	1,102,887	1,054,175	48,712
Employee benefits	398,533	398,533	372,880	25,653
Technical services	234,930	234,930	223,416	11,514
Other professional services	20,000	20,000	19,116	884
Purchased property	380,945	380,945	462,780	(81,835)
Other purchased services	5,546	5,546	3,023	2,523
Supplies	1,110,270	1,110,270	1,211,887	(101,617)
Property	111,000	111,000	229,443	(118,443)
Total Public Buildings	\$ 3,364,111	3,364,111	3,576,720	(212,609)
Total physical environment	\$ 7,616,728	7,616,728	7,725,194	(108,466)
Public Safety:				
Police:				
Office of Chief of Police:				
Salaries	\$ 1,274,585	1,274,585	1,445,719	(171,134)
Employee benefits	710,339	710,339	725,425	(15,086)
Other professional services	166,275	166,275	141,326	24,949
Purchased property services	21,600	21,600	21,599	1
Other purchased services	90,060	90,060	60,926	29,134
Supplies	81,074	81,074	111,777	(30,703)
Property	—	—	19,366	(19,366)
Other services & charges	4,000	4,000	4,000	—
Total Office of Chief of Police	\$ 2,347,933	2,347,933	2,530,138	(182,205)

CITY OF NAPERVILLE, ILLINOIS

General Fund

Detailed Schedule of Expenditures – Budget and Actual

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Public Safety, continued:				
Police, continued:				
Administrative Services:				
Salaries	\$ 693,571	693,571	557,705	135,866
Employee benefits	120,229	120,229	71,709	48,520
Other professional services	20,000	20,000	4,730	15,270
Purchased property services	6,663	6,663	4,461	2,202
Other purchased services	107,750	107,750	105,291	2,459
Supplies	254,558	254,558	211,249	43,309
Property	—	—	5,685	(5,685)
Internal services	6,384,385	6,384,385	5,966,174	418,211
Total Administrative Services	\$ 7,587,156	7,587,156	6,927,004	660,152
Patrol:				
Salaries	\$ 13,718,013	13,718,013	13,403,455	314,558
Employee benefits	2,113,632	2,113,632	2,133,249	(19,617)
Other professional services	15,700	15,700	9,716	5,984
Purchased property	11,000	11,000	6,256	4,744
Other purchased services	20,000	20,000	11,647	8,353
Supplies	50,754	50,754	203,045	(152,291)
Property	387,400	387,400	373,083	14,317
Internal services	(954)	(954)	—	(954)
Total Patrol	\$ 16,315,545	16,315,545	16,140,451	175,094
Investigations:				
Salaries	\$ 7,312,856	7,312,856	7,291,658	21,198
Employee benefits	1,281,592	1,281,592	1,223,692	57,900
Other professional services	111,205	111,205	128,079	(16,874)
Purchased property services	9,675	9,675	6,459	3,216
Other purchased services	7,000	7,000	1,924	5,076
Supplies	109,345	109,345	114,114	(4,769)
Total Investigations	\$ 8,831,673	8,831,673	8,765,926	65,747
Communications:				
Salaries	\$ 2,437,168	2,437,168	2,133,866	303,302
Employee benefits	795,160	795,160	710,823	84,337
Technical services	11,752	11,752	10,122	1,630
Other professional services	13,300	13,300	3,930	9,370
Purchased property services	473,623	473,623	491,051	(17,428)
Other purchased services	181,209	181,209	63,900	117,309
Supplies	76,184	76,184	70,005	6,179
Total Communications	\$ 3,988,396	3,988,396	3,483,697	504,699
Fire:				
Fire Administration:				
Salaries	\$ 1,618,547	1,618,547	1,727,281	(108,734)
Employee benefits	597,729	597,729	576,785	20,944
Technical services	—	—	12,220	(12,220)
Other professional services	404,300	404,300	419,799	(15,499)
Purchased property services	28,000	28,000	14,407	13,593
Other purchased services	78,505	78,505	58,818	19,687
Supplies	244,012	244,012	191,904	52,108
Internal services	6,366,153	6,366,153	5,948,751	417,402
Total Fire Administration	\$ 9,337,246	9,337,246	8,949,965	387,281
Operations Division:				
Salaries	\$ 19,264,209	19,264,209	18,821,248	442,961
Employee benefits	3,107,813	3,107,813	2,940,090	167,723
Technical services	108,682	108,682	105,176	3,506
Other professional services	147,500	147,500	118,685	28,815
Purchased property services	76,000	76,000	43,948	32,052
Other purchased services	107,125	107,125	50,774	56,351
Supplies	788,687	788,687	773,096	15,591
Property	372,000	372,000	73,672	298,328
Internal services	3,981	3,981	17,290	(13,309)
Total Operations Division	\$ 23,975,997	23,975,997	22,943,979	1,032,018
Total public safety	\$ 72,383,946	72,383,946	69,741,160	2,642,786

CITY OF NAPERVILLE, ILLINOIS

General Fund

Detailed Schedule of Expenditures – Budget and Actual

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Transportation:				
Public Works:				
Administration:				
Salaries	\$ 366,886	366,886	545,402	(178,516)
Employee benefits	240,871	240,871	300,201	(59,330)
Technical services	6,717	6,717	5,460	1,257
Professional services	7,450	7,450	4,587	2,863
Purchased property services	—	—	984	(984)
Other purchased services	24,355	24,355	36,859	(12,504)
Supplies	15,850	15,850	9,585	6,265
Internal services	(90,824)	(90,824)	59,388	(150,212)
Total Administration	\$ 571,305	571,305	962,466	(391,161)
Strategic Services:				
Salaries	\$ 518,275	518,275	482,133	36,142
Employee benefits	140,617	140,617	126,068	14,549
Technical services	290,986	290,986	278,488	12,498
Other professional services	3,000	3,000	4,149	(1,149)
Purchased property services	6,714,804	6,714,804	6,632,661	82,143
Other purchased services	8,825	8,825	8,970	(145)
Supplies	177,070	177,070	171,194	5,876
Internal services	175,000	175,000	175,000	—
Total Strategic Services	\$ 8,028,577	8,028,577	7,878,663	149,914
Operations & Maintenance:				
Salaries	\$ 4,429,126	4,429,126	4,649,049	(219,923)
Employee benefits	1,537,712	1,537,712	1,523,772	13,940
Technical services	1,602,132	1,602,132	1,414,172	187,960
Other professional services	7,500	7,500	3,270	4,230
Purchased property services	358,850	358,850	317,000	41,850
Other purchased services	47,980	47,980	46,283	1,697
Supplies	1,580,797	1,580,797	1,484,807	95,990
Property	182,000	182,000	764,145	(582,145)
Internal services	7,207	7,207	—	7,207
Total Operations & Maintenance	\$ 9,753,304	9,753,304	10,202,498	(449,194)
Fleet Services				
Salaries	\$ 1,239,700	1,239,700	1,306,762	(67,062)
Employee benefits	450,064	450,064	443,939	6,125
Technical services	10,150	10,150	3,125	7,025
Purchased property services	357,000	357,000	379,580	(22,580)
Other purchased services	30,500	30,500	28,771	1,729
Supplies	2,185,400	2,185,400	1,630,558	554,842
Property	—	—	332,759	(332,759)
Other services & charges	—	—	5,806	(5,806)
Total Fleet Services	\$ 4,272,814	4,272,814	4,131,300	141,514
Transportation & Engineering:				
Administration:				
Salaries	\$ 872,158	872,158	888,456	(16,298)
Employee benefits	279,462	279,462	286,097	(6,635)
Technical services	312,000	312,000	306,624	5,376
Other professional services	64,000	64,000	7,325	56,675
Purchased property services	500	500	189	311
Other purchased services	336,400	336,400	288,133	48,267
Supplies	147,300	147,300	126,106	21,194
Other	—	—	5,471	(5,471)
Total Administration	\$ 2,011,820	2,011,820	1,908,401	103,419
Total transportation	\$ 24,637,820	24,637,820	25,083,328	(445,508)

CITY OF NAPERVILLE, ILLINOIS

General Fund

Detailed Schedule of Expenditures – Budget and Actual

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Culture and Recreation:				
Carillon				
Other purchased services	\$ 1,200	1,200	—	1,200
Supplies	1,200	1,200	541	659
Property	122,011	122,011	—	122,011
Total Carillon	\$ <u>124,411</u>	<u>124,411</u>	<u>541</u>	<u>123,870</u>
Riverwalk				
Salaries	\$ 26,896	26,896	26,952	(56)
Employee benefits	5,327	5,327	5,336	(9)
Technical services	215,491	215,491	27,062	188,429
Other purchased services	2,060	2,060	1,089	971
Supplies	270	270	214	56
Internal services	(148,106)	(148,106)	—	(148,106)
Total Riverwalk	\$ <u>101,938</u>	<u>101,938</u>	<u>60,653</u>	<u>41,285</u>
Total culture and recreation	\$ <u>226,349</u>	<u>226,349</u>	<u>61,194</u>	<u>165,155</u>
 Total expenditures	\$ <u>115,189,895</u>	<u>115,189,895</u>	<u>114,633,259</u>	<u>556,636</u>

CITY OF NAPERVILLE, ILLINOIS

Debt Service Fund

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

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:				
Property taxes	\$ 8,000,000	8,000,000	7,805,598	(194,402)
Intergovernmental revenues				
Sales Tax	2,000,000	2,000,000	4,141,303	2,141,303
Other	—	—	184,137	184,137
Other taxes	520,310	520,310	665,842	145,532
Net investment income	28,750	28,750	(413,107)	(441,857)
Total revenues	<u>10,549,060</u>	<u>10,549,060</u>	<u>12,383,773</u>	<u>1,834,713</u>
Expenditures – debt service:				
Principal	6,242,127	6,242,127	6,514,778	(272,651)
Interest and fees	3,517,730	3,517,730	3,521,594	(3,864)
Total expenditures	<u>9,759,857</u>	<u>9,759,857</u>	<u>10,036,372</u>	<u>(276,515)</u>
Excess of revenues over expenditures	<u>789,203</u>	<u>789,203</u>	<u>2,347,401</u>	<u>1,558,198</u>
Other financing sources (uses):				
Transfers in	—	—	65,166	65,166
New bonds issued	—	—	31,760,000	31,760,000
Premium on bonds issued	—	—	1,864,695	1,864,695
Payment to refunded bond escrow agent	—	—	(33,436,405)	(33,436,405)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>253,456</u>	<u>253,456</u>
Net change in fund balances	\$ <u>789,203</u>	<u>789,203</u>	2,600,857	<u>1,811,654</u>
Fund balance, January 1, 2016			<u>385,853</u>	
Fund balance, December 31, 2016			\$ <u><u>2,986,710</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.

Food and Beverage Tax Fund - to account for the accumulation of 75% of the Food and Beverage tax, restricted to fund the social and artistic events and entities, providing cultural experiences for the Naperville community and its visitors.

Special Service Area #24 Fund - to account for the cost-sharing paid by property owners and the City, restricted to fund the maintenance and support services for enhancing downtown Naperville including improvements to the Chicago Avenue parking deck.

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 Act.

Special Service Area #25 Fund - to account for the cost-sharing paid by property owners and the City, restricted to fund the traffic signal for enhancing south Naperville at Lacrosse St and Rt 59.

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.

Bond Project Fund - to account for the proceeds of \$11,120,000 to be restricted for the capital improvements, including upgrades and repairs to capital equipment, municipal buildings/lots and Information Technology items; construction of traffic signals and streets including 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, 2016

Assets and Deferred Outflows of Resources	Special Revenue Funds					
	Motor Fuel Tax Fund	Community Development Block Grant Fund	Fair Share Assessment Fund	Road and Bridge Fund	Naper Settlement Fund	Foreign Fire Insurance Tax Fund
Assets:						
Cash and investments	\$ 381,527	—	526,359	316,917	1,293,162	556,444
Receivables:						
Property taxes	—	—	—	—	2,927,272	—
Interest	—	—	1,103	7,969	2,737	—
Accounts receivable						
Less allowance for doubtful accounts	—	—	—	243,447	—	—
Loans and installments	—	—	—	—	—	—
Due from other governments	336,514	46,465	—	—	—	—
Total assets	<u>718,041</u>	<u>46,465</u>	<u>527,462</u>	<u>568,333</u>	<u>4,223,171</u>	<u>556,444</u>
Total assets and deferred outflows of resources	\$ <u>718,041</u>	<u>46,465</u>	<u>527,462</u>	<u>568,333</u>	<u>4,223,171</u>	<u>556,444</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 178,754	7,058	146	3,365	54,989	—
Accrued wages and benefits	—	—	—	25,337	100,074	—
Due to other governments	—	—	—	—	—	—
Due to other funds	—	27,421	—	207,306	—	—
Contract retainage payable	196,355	—	—	—	—	—
Unearned grant revenues and others	—	—	—	—	470	—
Total liabilities	<u>375,109</u>	<u>34,479</u>	<u>146</u>	<u>236,008</u>	<u>155,533</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>
Total liabilities and deferred inflows of resources	<u>375,109</u>	<u>34,479</u>	<u>146</u>	<u>236,008</u>	<u>3,082,805</u>	<u>—</u>
Fund balances:						
Restricted for:						
Debt service	—	—	—	—	—	—
Physical environment	—	—	—	—	—	—
Highways, streets and parking facilities	342,932	—	527,316	332,325	—	—
Public safety	—	—	—	—	—	556,444
Capital projects	—	—	—	—	—	—
Culture and recreation	—	—	—	—	1,140,366	—
Committed to:						
Highways, streets and parking facilities	—	—	—	—	—	—
Physical environment	—	11,986	—	—	—	—
Assigned to:						
Capital projects	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances	<u>342,932</u>	<u>11,986</u>	<u>527,316</u>	<u>332,325</u>	<u>1,140,366</u>	<u>556,444</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>718,041</u>	<u>46,465</u>	<u>527,462</u>	<u>568,333</u>	<u>4,223,171</u>	<u>556,444</u>

See accompanying independent auditors' report.

Special Revenue Funds

E-911 Surcharge Fund	Food and Beverage Tax 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
50	527,723	959,559	33,861	5,208,587	706,642	35,100	—
—	—	933,590	—	62,927	—	—	68,000
—	1,473	2,249	—	10,951	1,471	—	—
64,000	349,112	—	42,476	—	—	—	—
—	—	34,700	—	—	—	—	—
449,803	—	—	—	—	—	—	—
513,853	878,308	1,930,098	76,337	5,282,465	708,113	35,100	68,000
513,853	878,308	1,930,098	76,337	5,282,465	708,113	35,100	68,000
—	204,290	316,635	2,382	57,750	1,170	—	—
—	2,801	27,578	—	—	—	—	—
—	—	—	—	—	2,651	—	—
—	—	—	65,702	—	—	—	576,170
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	207,091	344,213	68,084	57,750	3,821	—	576,170
—	—	933,590	—	62,927	—	—	68,000
—	—	933,590	—	62,927	—	—	68,000
—	207,091	1,277,803	68,084	120,677	3,821	—	644,170
—	—	—	—	—	—	—	—
—	—	—	—	—	—	35,100	—
—	—	—	—	—	—	—	—
513,853	—	—	—	—	704,292	—	—
—	671,217	—	—	5,161,788	—	—	—
—	—	—	—	—	—	—	—
—	—	652,295	8,253	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	(576,170)
513,853	671,217	652,295	8,253	5,161,788	704,292	35,100	(576,170)
513,853	878,308	1,930,098	76,337	5,282,465	708,113	35,100	68,000

CITY OF NAPERVILLE, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2016

Assets and Deferred Outflows of Resources	Debt Service Funds		
	Special Service Areas Funds		Downtown Parking
	#21	#23	Fund
Assets:			
Cash and investments	\$ 835,045	14,846	2,085,189
Receivables:			
Property taxes	200,000	76,001	—
Interest	1,749	167	3,985
Accounts receivable			
Less allowance for doubtful accounts	—	—	229,686
Loans and installments	—	—	—
Due from other governments	—	—	—
Total assets	<u>1,036,794</u>	<u>91,014</u>	<u>2,318,860</u>
Total assets and deferred outflows of resources	<u>\$ 1,036,794</u>	<u>91,014</u>	<u>2,318,860</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ —	—	1,462
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>1,462</u>
Deferred inflows of resources:			
Unavailable revenue-property taxes	200,000	76,001	—
Total deferred inflows of resources	<u>200,000</u>	<u>76,001</u>	<u>—</u>
Total liabilities and deferred inflows of resources	<u>200,000</u>	<u>76,001</u>	<u>1,462</u>
Fund balances:			
Restricted for:			
Debt service	836,794	15,013	2,317,398
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>836,794</u>	<u>15,013</u>	<u>2,317,398</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,036,794</u>	<u>91,014</u>	<u>2,318,860</u>

See accompanying independent auditors' report.

Capital Projects Funds		Total Nonmajor Governmental Funds
Capital Projects Fund	Bond Project Fund	
11,545,294	2,874,559	27,900,864
—	—	4,267,790
24,205	6,607	64,666
6,825	—	935,546
—	—	34,700
36,318	—	869,100
11,612,642	2,881,166	34,072,666
11,612,642	2,881,166	34,072,666
52,543	285,295	1,165,839
—	—	155,790
—	—	2,651
—	—	876,599
2,174	27,882	226,411
2,468,054	—	2,468,524
2,522,771	313,177	4,895,814
—	—	4,267,790
—	—	4,267,790
2,522,771	313,177	9,163,604
—	—	3,169,205
—	—	35,100
—	—	1,202,573
—	—	1,774,589
—	2,567,989	7,729,777
—	—	1,811,583
—	—	660,548
—	—	11,986
9,089,871	—	9,089,871
—	—	(576,170)
9,089,871	2,567,989	24,909,062
11,612,642	2,881,166	34,072,666

CITY OF NAPERVILLE, ILLINOIS

Nonmajor Governmental Funds

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

Fiscal Year Ended December 31, 2016

	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	\$ —	—	—	191,914	2,944,527	—
Other taxes	—	—	—	2,710,515	—	—
Licenses and permits	—	—	—	73,037	—	—
Fines and forfeits	—	—	—	—	—	—
Net investment income (loss)	29,342	—	7,315	(118,354)	7,395	10,792
Contributions	—	—	—	—	—	—
Intergovernmental	3,735,858	477,359	—	—	—	220,133
Charges for services	—	—	—	41,868	467,591	—
Fees	—	—	—	—	—	—
Miscellaneous	—	—	—	(34)	—	—
Total revenues	<u>3,765,200</u>	<u>477,359</u>	<u>7,315</u>	<u>2,898,946</u>	<u>3,419,513</u>	<u>230,925</u>
Expenditures:						
Current:						
General government	—	50,003	—	—	—	—
Physical environment	—	543,435	—	—	—	—
Public safety	—	—	—	—	—	187,787
Culture and recreation	—	—	—	—	3,454,555	—
Transportation	—	—	—	689,144	—	—
Capital outlay	3,520,193	—	—	5,791,999	—	—
Debt service:						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Total expenditures	<u>3,520,193</u>	<u>593,438</u>	<u>—</u>	<u>6,481,143</u>	<u>3,454,555</u>	<u>187,787</u>
Excess (deficiency) of revenues over expenditures	<u>245,007</u>	<u>(116,079)</u>	<u>7,315</u>	<u>(3,582,197)</u>	<u>(35,042)</u>	<u>43,138</u>
Other financing sources (uses):						
Transfers in	—	—	—	4,100,000	—	—
Transfers out	—	—	—	—	—	—
Sale of property	—	—	—	—	—	—
Refunding bonds issued	—	—	—	—	—	—
New bonds issued	—	—	—	—	—	—
Premium on bonds issued	—	—	—	—	—	—
Payment to escrow agent for refunded bonds	—	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,100,000</u>	<u>—</u>	<u>—</u>
Net change in fund balances	245,007	(116,079)	7,315	517,803	(35,042)	43,138
Fund balances, January 1, 2016	<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>
Fund balances, December 31, 2016	<u>\$ 342,932</u>	<u>11,986</u>	<u>527,316</u>	<u>332,325</u>	<u>1,140,366</u>	<u>556,444</u>

See accompanying independent auditors' report.

Special Revenue Funds

E-911 Surcharge Fund	Food and Beverage Tax 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
—	—	868,115	—	55,662	—	—	68,012
—	2,936,679	—	—	—	—	—	—
—	—	64,799	—	—	—	—	—
50	(29,717)	7,618	—	70,574	20,926	—	—
—	—	—	37,609	—	—	—	—
49,203	—	—	—	—	(37,560)	—	—
1,811,041	—	14,797	—	—	—	—	—
—	10,247	—	—	—	—	—	—
1,860,294	2,917,209	955,329	37,609	126,236	(16,634)	—	68,012
—	—	—	—	18,202	—	—	—
1,913,021	—	—	—	—	186,384	—	—
—	3,136,184	—	—	—	—	—	—
—	—	2,287,615	47,796	—	—	—	7,434
—	—	—	—	2,130,026	—	—	82,395
—	—	—	—	—	—	—	—
—	—	—	—	135,910	—	—	—
1,913,021	3,136,184	2,287,615	47,796	2,284,138	186,384	—	89,829
(52,727)	(218,975)	(1,332,286)	(10,187)	(2,157,902)	(203,018)	—	(21,817)
—	—	923,817	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	6,870,000	—	—	—
—	—	—	—	473,338	—	—	—
—	—	—	—	—	—	—	—
—	—	923,817	—	7,343,338	—	—	—
(52,727)	(218,975)	(408,469)	(10,187)	5,185,436	(203,018)	—	(21,817)
566,580	890,192	1,060,764	18,440	(23,648)	907,310	35,100	(554,353)
513,853	671,217	652,295	8,253	5,161,788	704,292	35,100	(576,170)

CITY OF NAPERVILLE, ILLINOIS

Nonmajor Governmental Funds

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

Fiscal Year Ended December 31, 2016

	Debt Service Funds		
	Special Service Areas Funds		Downtown Parking Fund
	#21	#23	
Revenues:			
Property taxes	\$ 200,705	77,902	—
Other taxes	—	—	852,923
Licenses and permits	—	—	—
Fines and forfeits	—	—	—
Net investment income (loss)	5,066	(12,736)	172,357
Contributions	—	—	—
Intergovernmental	—	—	409,183
Charges for services	—	—	—
Fees	16,538	—	—
Miscellaneous	—	—	—
Total revenues	222,309	65,166	1,434,463
Expenditures:			
Current:			
General government	—	—	—
Physical environment	—	—	—
Public safety	—	—	—
Culture and recreation	—	—	—
Transportation	—	—	—
Capital outlay	—	—	3,249,808
Debt service:			
Principal	172,638	—	233,039
Interest	51,524	—	101,933
Total expenditures	224,162	—	3,584,780
Excess (deficiency) of revenues over expenditures	(1,853)	65,166	(2,150,317)
Other financing sources (uses):			
Transfers in	—	—	—
Transfers out	—	(65,166)	—
Sale of property	—	—	—
Refunding bonds issued	—	—	2,140,000
New bonds issued	—	—	—
Premium on bonds issued	—	—	114,813
Payment to escrow agent	—	—	(2,242,167)
Total other financing sources (uses)	—	(65,166)	12,646
Net change in fund balances	(1,853)	—	(2,137,671)
Fund balances, January 1, 2016	838,647	15,013	4,455,069
Fund balances, December 31, 2016	\$ 836,794	15,013	2,317,398

See accompanying independent auditors' report.

Capital Projects Funds		Total Nonmajor Governmental Funds
Capital Projects Fund	Bond Project Fund	
—	—	4,406,837
—	—	6,500,117
—	—	73,037
—	—	64,799
(5,121)	126,254	291,761
375,881	—	413,490
5,084,531	—	9,938,707
—	—	2,335,297
—	—	16,538
249,436	—	259,649
<u>5,704,727</u>	<u>126,254</u>	<u>24,300,232</u>
—	—	68,205
—	—	543,435
—	—	2,287,192
—	—	6,590,739
—	—	3,031,989
1,602,187	5,471,319	21,847,927
—	—	405,677
—	47,739	337,106
<u>1,602,187</u>	<u>5,519,058</u>	<u>35,112,270</u>
<u>4,102,540</u>	<u>(5,392,804)</u>	<u>(10,812,038)</u>
—	—	5,023,817
—	—	(65,166)
768,684	—	768,684
—	—	2,140,000
—	7,464,155	14,334,155
—	465,739	1,053,890
—	—	(2,242,167)
<u>768,684</u>	<u>7,929,894</u>	<u>21,013,213</u>
4,871,224	2,537,090	10,201,175
<u>4,218,647</u>	<u>30,899</u>	<u>14,707,887</u>
<u>9,089,871</u>	<u>2,567,989</u>	<u>24,909,062</u>

CITY OF NAPERVILLE, ILLINOIS

Motor Fuel Tax Fund

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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Other taxes – local gasoline	\$ 2,000,000	2,000,000	—	(2,000,000)
Net investment income (loss)	27,000	27,000	29,342	2,342
Intergovernmental revenue – allotments from state and grants	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,735,858</u>	<u>135,858</u>
Total revenues	<u>5,627,000</u>	<u>5,627,000</u>	<u>3,765,200</u>	<u>(1,861,800)</u>
Expenditures:				
Capital outlay	<u>8,944,000</u>	<u>8,944,000</u>	<u>3,520,193</u>	<u>5,423,807</u>
Total expenditures	<u>8,944,000</u>	<u>8,944,000</u>	<u>3,520,193</u>	<u>5,423,807</u>
Excess of revenues over expenditures	<u>(3,317,000)</u>	<u>(3,317,000)</u>	<u>245,007</u>	<u>3,562,007</u>
Other financing source (use):				
Transfers in	<u>4,050,000</u>	<u>4,050,000</u>	<u>—</u>	<u>(4,050,000)</u>
Total other financing source (use)	<u>4,050,000</u>	<u>4,050,000</u>	<u>—</u>	<u>(4,050,000)</u>
Net change in fund balances	\$ <u>733,000</u>	<u>733,000</u>	245,007	<u>(487,993)</u>
Fund balance, January 1, 2016			<u>97,925</u>	
Fund balance, December 31, 2016			\$ <u>342,932</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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Intergovernmental-federal grant	\$ 428,000	428,000	477,359	49,359
Expenditures:				
General government				
Salaries	53,651	53,651	50,003	3,648
Physical environment				
Outside agencies	374,350	374,350	543,435	(169,085)
Total expenditures	<u>428,001</u>	<u>428,001</u>	<u>593,438</u>	<u>(165,437)</u>
Net change in fund balances	\$ <u>(1)</u>	<u>(1)</u>	(116,079)	<u>(116,078)</u>
Fund balance, January 1, 2016			128,065	
Fund balance, December 31, 2016			\$ <u>11,986</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

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget- positive (negative)
Revenues:				
Net investment income (loss)	\$ 1,800	1,800	7,315	5,515
Total revenues	<u>1,800</u>	<u>1,800</u>	<u>7,315</u>	<u>5,515</u>
Expenditures: None	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	\$ <u>1,800</u>	<u>1,800</u>	7,315	<u>5,515</u>
Fund balance, January 1, 2016			<u>520,001</u>	
Fund balance, December 31, 2016			\$ <u><u>527,316</u></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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Property tax	\$ 425,000	425,000	191,914	(233,086)
Other taxes:				
Local gasoline	645,000	645,000	2,677,149	2,032,149
Personal property replacement tax	35,000	35,000	33,366	(1,634)
Charges for services	—	—	41,868	41,868
Licenses and permits	75,000	75,000	73,037	(1,963)
Net investment income (loss)	100	100	(118,354)	(118,454)
Miscellaneous	100	100	(34)	(134)
Total revenues	<u>1,180,200</u>	<u>1,180,200</u>	<u>2,898,946</u>	<u>1,718,746</u>
Expenditures:				
Transportation:				
Salaries	502,673	502,673	500,127	2,546
Employee benefits	195,561	195,561	189,017	6,544
Capital outlay	640,000	640,000	5,791,999	(5,151,999)
Total expenditures	<u>1,338,234</u>	<u>1,338,234</u>	<u>6,481,143</u>	<u>(5,142,909)</u>
Excess of revenues over expenditures	<u>(158,034)</u>	<u>(158,034)</u>	<u>(3,582,197)</u>	<u>(3,424,163)</u>
Other financing source (use):				
Transfers in	—	—	4,100,000	4,100,000
Total other financing source (use)	<u>—</u>	<u>—</u>	<u>4,100,000</u>	<u>4,100,000</u>
Net change in fund balances	\$ <u>(158,034)</u>	<u>(158,034)</u>	517,803	<u>675,837</u>
Fund balance, January 1, 2016			<u>(185,478)</u>	
Fund balance, December 31, 2016			\$ <u><u>332,325</u></u>	

See accompanying independent auditors' report.

CITY OF NAPERVILLE, ILLINOIS

Naper Settlement Fund

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

Fiscal Year Ended December 31, 2016

	<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	2,944,527	17,255
Net investment income	17,500	17,500	7,395	(10,105)
Charges for services:				
School services and programs	185,000	185,000	188,155	3,155
Museum tours	14,000	14,000	5,874	(8,126)
Public program revenue	72,000	72,000	68,107	(3,893)
Gate admissions	52,000	52,000	48,583	(3,417)
Settlement – weddings	100,000	100,000	84,145	(15,855)
Settlement – other	54,440	54,440	2,600	(51,840)
Settlement – MCOM	—	—	70,127	70,127
Miscellaneous	427,560	427,560	—	(427,560)
Total revenues	3,849,772	3,849,772	3,419,513	(430,259)
Expenditures – culture and recreation:				
Settlement administration:				
Salaries	553,867	553,867	417,766	136,101
Employee benefits	208,594	208,594	132,399	76,195
Technical services	29,420	29,420	26,799	2,621
Other professional services	57,917	57,917	2,961	54,956
Other purchased services	30,394	30,394	31,534	(1,140)
Supplies	52,655	52,655	32,633	20,022
Internal services	72,317	72,317	102,350	(30,033)
Visitor services:				
Salaries	566,347	566,347	525,804	40,543
Employee benefits	194,276	194,276	141,791	52,485
Technical services	12,500	12,500	11,584	916
Other professional services	6,050	6,050	7,521	(1,471)
Other purchased services	1,700	1,700	1,696	4
Supplies	21,800	21,800	17,732	4,068
Building and grounds:				
Salaries	244,632	244,632	213,642	30,990
Employee benefits	118,849	118,849	95,176	23,673
Technical services	99,392	99,392	109,779	(10,387)
Purchase property services	167,380	167,380	147,712	19,668
Other purchased services	495	495	—	495
Supplies	167,094	167,094	152,926	14,168
Property	165,000	165,000	181,751	(16,751)
Internal services	1,680	1,680	1,680	—
Development:				
Salaries	440,178	440,178	297,351	142,827
Employee benefits	143,721	143,721	102,891	40,830

CITY OF NAPERVILLE, ILLINOIS

Naper Settlement Fund

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

Fiscal Year Ended December 31, 2016

	<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	245,204	245,204	259,193	(13,989)
Employee benefits	90,589	90,589	80,896	9,693
Technical services	6,800	6,800	6,334	466
Other purchased services	—	—	120	(120)
Supplies	3,875	3,875	7,695	(3,820)
Public relations/marketing:				
Salaries	151,886	151,886	138,944	12,942
Employee benefits	46,193	46,193	53,982	(7,789)
Technical services	12,475	12,475	12,976	(501)
Other purchased services	139,678	139,678	134,994	4,684
Supplies	3,595	3,595	3,943	(348)
Total expenditures	<u>4,056,553</u>	<u>4,056,553</u>	<u>3,454,555</u>	<u>601,998</u>
Net change in fund balances	\$ <u>(206,781)</u>	<u>(206,781)</u>	(35,042)	<u>171,739</u>
Fund balance, January 1, 2016			<u>1,175,408</u>	
Fund balance, December 31, 2016			\$ <u>1,140,366</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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Net investment income (loss)	\$ 3,680	3,680	10,792	7,112
Intergovernmental – foreign fire insurance tax	<u>185,000</u>	<u>185,000</u>	<u>220,133</u>	<u>35,133</u>
Total revenues	188,680	188,680	230,925	42,245
Expenditures-public safety:				
Supplies	<u>200,000</u>	<u>200,000</u>	<u>187,787</u>	<u>12,213</u>
 Net change in fund balances	 <u><u>\$ (11,320)</u></u>	 <u><u>(11,320)</u></u>	 43,138	 <u><u>54,458</u></u>
Fund balance, January 1, 2016			<u>513,306</u>	
Fund balance, December 31, 2016			<u><u>\$ 556,444</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

Fiscal Year Ended December 31, 2016

	<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)	(100)	50	150
Intergovernmental	1,200,000	1,200,000	49,203	(1,150,797)
Charges for services	<u>700,000</u>	<u>700,000</u>	<u>1,811,041</u>	<u>1,111,041</u>
Total revenues	1,899,900	1,899,900	1,860,294	(39,606)
 Expenditures - public safety:				
Internal services	<u>1,635,000</u>	<u>1,635,000</u>	<u>1,913,021</u>	<u>(278,021)</u>
 Net change in fund balances	\$ <u>264,900</u>	<u>264,900</u>	(52,727)	<u>(317,627)</u>
Fund balance, January 1, 2016			<u>566,580</u>	
Fund balance, December 31, 2016			\$ <u><u>513,853</u></u>	

See accompanying independent auditors' report.

CITY OF NAPERVILLE, ILLINOIS

Food and Beverage Tax Fund

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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Food and beverage tax	\$ 1,900,000	1,900,000	2,936,679	1,036,679
Net investment income (loss)	4,500	4,500	(29,717)	(34,217)
Miscellaneous	<u>7,500</u>	<u>7,500</u>	<u>10,247</u>	<u>2,747</u>
Total revenues	<u>1,912,000</u>	<u>1,912,000</u>	<u>2,917,209</u>	<u>1,005,209</u>
Expenditures:				
Culture and recreation:				
Salaries	409,833	409,833	408,332	1,501
Employee benefits	65,791	65,791	1,189,928	(1,124,137)
Other purchased services	221,159	221,159	281,502	(60,343)
Supplies	13,742	13,742	30,162	(16,420)
Internal services	19,198	19,198	100	19,098
Outside agencies	<u>1,170,277</u>	<u>1,170,277</u>	<u>1,226,160</u>	<u>(55,883)</u>
Total expenditures	<u>1,900,000</u>	<u>1,900,000</u>	<u>3,136,184</u>	<u>(1,236,184)</u>
Net change in fund balances	<u>\$ 12,000</u>	<u>12,000</u>	<u>(218,975)</u>	<u>(230,975)</u>
Fund balance, January 1, 2016			<u>890,192</u>	
Fund balance, December 31, 2016			<u>\$ 671,217</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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Property taxes	\$ 865,000	865,000	868,115	3,115
Fines	70,000	70,000	64,799	(5,201)
Net investment income (loss)	21,500	21,500	7,618	(13,882)
Charges for services	11,000	11,000	14,797	3,797
Total revenues	<u>967,500</u>	<u>967,500</u>	<u>955,329</u>	<u>(12,171)</u>
Expenditures:				
Transportation:				
Salaries	651,003	651,003	651,832	(829)
Employee benefits	226,983	226,983	217,260	9,723
Professional	843,771	843,771	803,158	40,613
Other purchased services	188,517	188,517	168,825	19,692
Supplies	203,500	203,500	133,320	70,180
Property	271,925	271,925	309,233	(37,308)
Internal services	6,198	6,198	3,987	2,211
Total expenditures	<u>2,391,897</u>	<u>2,391,897</u>	<u>2,287,615</u>	<u>104,282</u>
Excess (deficiency) of revenues over net expenditures	<u>(1,424,397)</u>	<u>(1,424,397)</u>	<u>(1,332,286)</u>	<u>92,111</u>
Other financing source:				
Transfers in	<u>923,817</u>	<u>923,817</u>	<u>923,817</u>	<u>—</u>
Net change in fund balances	\$ <u>(500,580)</u>	<u>(500,580)</u>	<u>(408,469)</u>	<u>92,111</u>
Fund balance, January 1, 2016			<u>1,060,764</u>	
Fund balance, December 31, 2016			\$ <u><u>652,295</u></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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Contributions	40,850	40,850	37,609	(3,241)
Total revenues	<u>40,850</u>	<u>40,850</u>	<u>37,609</u>	<u>(3,241)</u>
Expenditures:				
Transportation:				
Technical services	4,215	4,215	8,409	(4,194)
Purchase property services	18,975	18,975	17,457	1,518
Other purchased services	3,620	3,620	2,607	1,013
Supplies	<u>14,040</u>	<u>14,040</u>	<u>19,323</u>	<u>(5,283)</u>
Total expenditures	<u>40,850</u>	<u>40,850</u>	<u>47,796</u>	<u>(6,946)</u>
Net change in fund balances	\$ <u>—</u>	\$ <u>—</u>	<u>(10,187)</u>	<u>(10,187)</u>
Fund balance, January 1, 2016			<u>18,440</u>	
Fund balance, December 31, 2016			\$ <u><u>8,253</u></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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Property taxes	\$ —	—	55,662	55,662
Net investment income (loss)	4,500	4,500	70,574	66,074
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>126,236</u>	<u>121,736</u>
Expenditures:				
General government:				
Professional services	—	—	18,202	(18,202)
Capital outlay	10,568,707	10,568,707	2,130,026	8,438,681
Debt service:				
Interest	—	—	135,910	(135,910)
Total expenditures	<u>10,568,707</u>	<u>10,568,707</u>	<u>2,284,138</u>	<u>8,284,569</u>
Excess (deficiency) of revenues over expenditures	<u>(10,564,207)</u>	<u>(10,564,207)</u>	<u>(2,157,902)</u>	<u>8,406,305</u>
Other financing sources:				
New bonds issued	7,302,000	7,302,000	6,870,000	(432,000)
Premium on new bonds	—	—	473,338	473,338
Total other financing sources	<u>7,302,000</u>	<u>7,302,000</u>	<u>7,343,338</u>	<u>41,338</u>
Net change in fund balances	<u>\$ (3,262,207)</u>	<u>(3,262,207)</u>	5,185,436	<u>8,447,643</u>
Fund balance, January 1, 2016			<u>(23,648)</u>	
Fund balance, December 31, 2016			<u>\$ 5,161,788</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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Net investment income (loss)	6,950	6,950	20,926	13,976
Intergovernmental	342,000	342,000	(37,560)	(379,560)
Miscellaneous	4,000	4,000	—	(4,000)
Total revenues	<u>352,950</u>	<u>352,950</u>	<u>(16,634)</u>	<u>(369,584)</u>
Expenditures:				
Public Safety:				
Professional services	55,000	55,000	17,351	37,649
Other purchased services	138,000	138,000	30,745	107,255
Supplies	115,000	115,000	44,514	70,486
Property	—	—	75,238	(75,238)
Internal services	75,000	75,000	12,233	62,767
Outside agencies	9,500	9,500	6,303	3,197
Total expenditures	<u>392,500</u>	<u>392,500</u>	<u>186,384</u>	<u>206,116</u>
Net change in fund balances	<u>\$ (39,550)</u>	<u>(39,550)</u>	<u>(203,018)</u>	<u>(163,468)</u>
Fund balance, January 1, 2016			<u>907,310</u>	
Fund balance, December 31, 2016			<u>\$ 704,292</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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues: None	\$ —	\$ —	—	\$ —
Expenditures: None	—	—	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	\$ —	—	—	—
Fund balance, January 1, 2016	<hr/> <hr/>	<hr/> <hr/>	35,100	<hr/> <hr/>
Fund balance, December 31, 2016			\$ <hr/> <hr/> 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

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget- positive (negative)
Revenues:				
Property taxes	\$ 68,000	68,000	68,012	12
Total revenues	<u>68,000</u>	<u>68,000</u>	<u>68,012</u>	<u>12</u>
Expenditures:				
Transportation:				
Professional services	—	—	7,434	(7,434)
Capital outlay:				
Transportation	<u>—</u>	<u>—</u>	<u>82,395</u>	<u>(82,395)</u>
Total expenditures	<u>—</u>	<u>—</u>	<u>89,829</u>	<u>(89,829)</u>
Net change in fund balances	\$ <u>68,000</u>	<u>68,000</u>	(21,817)	<u>(89,817)</u>
Fund balance, January 1, 2016			<u>(554,353)</u>	
Fund balance, December 31, 2016			\$ <u><u>(576,170)</u></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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Property taxes	\$ 200,000	200,000	200,705	705
Net investment income (loss)	4,350	4,350	5,066	716
Miscellaneous	—	—	16,538	16,538
Total revenues	<u>204,350</u>	<u>204,350</u>	<u>222,309</u>	<u>17,959</u>
Expenditures – debt service:				
Principal	172,638	172,638	172,638	—
Interest	51,524	51,524	51,524	—
Total expenditures	<u>224,162</u>	<u>224,162</u>	<u>224,162</u>	<u>—</u>
Net change in fund balances	\$ <u>(19,812)</u>	<u>(19,812)</u>	(1,853)	<u>17,959</u>
Fund balance, January 1, 2016			<u>838,647</u>	
Fund balance, December 31, 2016			\$ <u><u>836,794</u></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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Property taxes	\$ 100,000	100,000	77,902	(22,098)
Net investment income	—	—	(12,736)	(12,736)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>65,166</u>	<u>(34,834)</u>
Expenditures:				
Debt service:				
Principal	37,652	37,652	—	37,652
Interest	<u>61,287</u>	<u>61,287</u>	<u>—</u>	<u>61,287</u>
Total expenditures	<u>98,939</u>	<u>98,939</u>	<u>—</u>	<u>98,939</u>
Excess (deficiency) of revenues over expenditures	1,061	1,061	65,166	64,105
Other financing use				
Transfer out	<u>—</u>	<u>—</u>	<u>(65,166)</u>	<u>(65,166)</u>
Net change in fund balances	<u>\$ 1,061</u>	<u>1,061</u>	<u>—</u>	<u>(1,061)</u>
Fund balance, January 1, 2016			<u>15,013</u>	
Fund balance, December 31, 2016			<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

Fiscal Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Other taxes				
Food and beverage tax	\$ 1,300,000	1,300,000	852,923	(447,077)
Net investment income (loss)	9,800	9,800	172,357	162,557
Intergovernmental				
Sales tax	—	—	409,183	409,183
Total revenues	<u>1,309,800</u>	<u>1,309,800</u>	<u>1,434,463</u>	<u>124,663</u>
Expenditures:				
Debt service				
Principal	228,039	228,039	233,039	(5,000)
Interest	113,877	113,877	101,933	11,944
Capital outlay	—	—	3,249,808	(3,249,808)
Total expenditures	<u>341,916</u>	<u>341,916</u>	<u>3,584,780</u>	<u>(3,242,864)</u>
Excess (deficiency) of revenues over expenditures	<u>967,884</u>	<u>967,884</u>	<u>(2,150,317)</u>	<u>(3,118,201)</u>
Other financing sources (uses)				
New bonds issued	—	—	2,140,000	2,140,000
Premium on new bonds	—	—	114,813	114,813
Payment to escrow agent	—	—	(2,242,167)	(2,242,167)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>12,646</u>	<u>12,646</u>
Net change in fund balances	\$ <u>967,884</u>	<u>967,884</u>	<u>(2,137,671)</u>	<u>(3,105,555)</u>
Fund balance, January 1, 2016			<u>4,455,069</u>	
Fund balance, December 31, 2016			\$ <u>2,317,398</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

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget- positive (negative)
Revenues:				
Net investment income (loss)	\$ 92,500	92,500	(5,121)	(97,621)
Contributions	—	—	375,881	375,881
Intergovernmental				
Sales Taxes	4,375,000	4,375,000	4,201,198	(173,802)
Grants	—	—	883,333	883,333
Miscellaneous revenues	—	—	249,436	249,436
Total revenues	<u>4,467,500</u>	<u>4,467,500</u>	<u>5,704,727</u>	<u>1,237,227</u>
Expenditures:				
Capital outlay	<u>7,619,000</u>	<u>7,619,000</u>	<u>1,602,187</u>	<u>6,016,813</u>
Excess (deficiency) of revenues over expenditures	(3,151,500)	(3,151,500)	4,102,540	7,254,040
Other Financing (Uses)				
Sale of property	—	—	768,684	768,684
Net change in fund balances	<u>\$ (3,151,500)</u>	<u>(3,151,500)</u>	4,871,224	<u>8,022,724</u>
Fund balance, January 1, 2016			<u>4,218,647</u>	
Fund balance, December 31, 2016			<u>\$ 9,089,871</u>	

See accompanying independent auditors' report.

CITY OF NAPERVILLE, ILLINOIS

Bond Project Fund

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

Fiscal Year Ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:				
Net investment income	\$ 60,000	60,000	126,254	66,254
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>126,254</u>	<u>66,254</u>
Expenditures:				
Capital outlay	9,129,987	9,129,987	5,471,319	3,658,668
Debt service				
Interest	—	—	47,739	(47,739)
Total expenditures	<u>9,129,987</u>	<u>9,129,987</u>	<u>5,519,058</u>	<u>3,610,929</u>
Deficiency of revenues over expenditures	<u>(9,069,987)</u>	<u>(9,069,987)</u>	<u>(5,392,804)</u>	<u>3,677,183</u>
Other financing sources:				
New bonds issued	12,767,259	12,767,259	7,464,155	(5,303,104)
Premium on bonds issued	—	—	465,739	465,739
Total other financing sources	<u>12,767,259</u>	<u>12,767,259</u>	<u>7,929,894</u>	<u>(4,837,365)</u>
Net change in fund balances	\$ <u><u>3,697,272</u></u>	<u><u>3,697,272</u></u>	2,537,090	<u><u>(1,160,182)</u></u>
Fund balance, January 1, 2016			<u>30,899</u>	
Fund balance, December 31, 2016			\$ <u><u>2,567,989</u></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, 2016

	Police Pension	Firefighters' Pension	Total
Assets:			
Cash and short-term investments	\$ 2,902,970	5,435,761	8,338,731
Receivables:			
Interest receivable	462,460	404,855	867,315
Investments at fair value:			
U.S. Treasury obligations	19,609,551	19,742,627	39,352,178
U.S. Government agencies	12,717,940	9,149,019	21,866,959
Corporate bonds	15,811,154	13,237,092	29,048,246
Mutual funds	71,833,908	70,634,010	142,467,918
Common stock	14,773,173	20,223,015	34,996,188
Municipal	683,617	683,617	1,367,234
Annuities	13,370,842	13,115,252	26,486,094
Total investments	148,800,185	146,784,632	295,584,817
Other Receivables	29,412	43,286	72,698
Prepaid items	10,823	1,045	11,868
Total assets	152,205,850	152,669,579	304,875,429
Liabilities:			
Accounts payable	51,190	8,733	59,923
Net position restricted for pensions	\$ 152,154,660	152,660,846	304,815,506

CITY OF NAPERVILLE, ILLINOIS
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Fiscal Year Ended December 31, 2016

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 6,329,588	6,415,496	12,745,084
Employee	1,794,963	1,756,451	3,551,414
Total contributions	<u>8,124,551</u>	<u>8,171,947</u>	<u>16,296,498</u>
Investment income			
Net appreciation in fair value of investments	3,401,369	4,492,016	7,893,385
Interest and dividends	8,473,356	7,370,389	15,843,745
Total investment income	<u>11,874,725</u>	<u>11,862,405</u>	<u>23,737,130</u>
Less investment expense	<u>312,629</u>	<u>275,461</u>	<u>588,090</u>
Net investment income	<u>11,562,096</u>	<u>11,586,944</u>	<u>23,149,040</u>
Total additions	<u>19,686,647</u>	<u>19,758,891</u>	<u>39,445,538</u>
Deductions:			
Benefits	6,353,676	6,423,714	12,777,390
Refunds of contributions	33,237	-	33,237
Administrative expense	53,912	123,773	177,685
Total deductions	<u>6,440,825</u>	<u>6,547,487</u>	<u>12,988,312</u>
Net decrease	13,245,822	13,211,404	26,457,226
Net position restricted for pensions, January 1, 2016	<u>138,908,838</u>	<u>139,449,442</u>	<u>278,358,280</u>
Net position restricted for pensions, December 31, 2016	<u>\$ 152,154,660</u>	<u>152,660,846</u>	<u>304,815,506</u>

STATISTICAL SECTION
(Unaudited)

STATISTICAL SECTION

(Unaudited)

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>Pages</u>
(A) Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	129-133
(B) Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	134-140
(C) Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	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.	149-151

CITY OF NAPERVILLE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	4/30/2007	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/15	12/31/16
Governmental Activities										
Net Investment in Capital Assets	\$ 434,299	450,286	446,437	446,569	427,459	419,148	412,387	409,027	420,617	425,260
Restricted	11,685	10,484	7,063	5,129	6,031	6,787	8,042	9,623	9,635	7,993
Unrestricted	41,346	21,009	18,818	31,009	40,417	41,836	38,904	30,529	(87,728)	(86,883)
Total Governmental Activities	\$ 487,330	481,779	472,318	482,707	473,907	467,771	459,333	449,179	342,524	346,370
Business-type Activities										
Net Investment in Capital Assets	\$ 437,950	450,479	447,279	443,008	439,216	432,913	437,827	442,720	426,461	422,141
Restricted	5,133	5,331	5,285	-	-	-	-	-	-	-
Unrestricted	34,081	7,293	4,157	13,890	19,899	27,522	11,846	6,674	8,693	18,661
Total Business-type Activities	\$ 477,164	463,103	456,721	456,898	459,115	460,435	449,673	449,394	435,154	440,802
Primary Government										
Net Investment in Capital Assets	\$ 872,249	900,765	893,716	889,577	866,675	852,061	850,214	851,747	847,078	847,401
Restricted	16,818	15,815	12,348	5,129	6,031	6,787	8,042	9,623	9,635	7,993
Unrestricted	75,427	28,302	22,975	44,899	60,316	69,358	50,750	37,203	(79,035)	(68,222)
Total Primary Government	\$ 964,494	944,882	929,039	939,605	933,022	928,206	909,006	898,573	777,678	787,172

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

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

	Fiscal Year									
	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	12/31/16
Expenses										
Governmental Activities										
General government	8,367	9,654	6,983	5,129	6,742	7,986	8,901	8,925	11,331	14,918
Physical environment	10,940	10,142	9,457	8,147	8,514	9,455	8,608	8,381	6,784	9,996
Public safety	61,071	64,461	64,190	65,495	66,165	65,017	67,578	70,241	63,792	78,039
Culture and recreation	7,936	8,075	8,677	10,370	8,531	8,426	9,779	8,687	4,846	7,516
Transportation	42,247	49,588	46,711	46,240	51,352	47,120	49,587	56,446	25,941	37,830
Interest on long-term debt	2,599	3,643	4,172	4,465	4,593	4,161	3,782	4,288	2,512	3,524
Total Governmental Activities Expenses	133,160	145,563	140,190	139,846	145,897	142,165	148,235	156,968	115,206	151,823
Business-type Activities										
Electric	127,542	128,724	125,021	133,761	136,090	145,585	152,352	144,954	103,759	151,588
Water and wastewater	35,096	37,047	37,372	40,692	40,724	46,037	50,981	51,287	41,990	56,926
Burlington commuter parking	1,380	1,759	1,568	1,764	1,309	2,033	1,559	2,061	905	1,770
Total Business-type Activities Expenses	164,018	167,530	163,961	176,217	178,123	193,655	204,892	198,302	146,654	210,284
Total Primary Government Expenses	297,178	313,093	304,151	316,063	324,020	335,820	353,127	355,270	261,860	362,107
Program Revenues										
Governmental Activities										
Charges for Services										
General government	1,343	1,332	1,131	3,027	1,539	1,609	1,517	1,245	4,133	13,151
Physical environment	2,122	1,493	1,171	1,104	1,414	1,746	2,000	2,099	1,357	2,215
Public safety	6,990	8,498	8,518	9,801	8,416	7,700	7,788	7,875	5,021	8,081
Culture and recreation	584	551	520	494	910	855	832	883	301	467
Transportation	742	920	667	689	1,491	1,467	1,677	2,478	164	195
Operating Grants and Contributions										
Physical environment	151	145	545	1,544	572	1,422	610	540	1,003	1,737
Public safety	1,339	1,560	1,366	1,727	1,703	1,932	1,808	2,316	1,731	1,185
Culture and recreation	484	427	83	67	16	87	171	-	-	-
Transportation	4,057	3,861	3,877	4,763	4,746	4,405	4,489	5,013	-	38
Interest on long-term debt	-	-	-	309	285	209	192	297	-	-
Capital Grants and Contributions										
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Transportation	13,799	8,328	8,046	9,366	2,869	1,086	3,012	12,118	2,541	3,736
Total Governmental Activities Program Revenues	31,611	27,115	25,924	32,891	23,961	22,518	24,096	34,864	16,251	30,805
Business-type Activities										
Charges for Services										
Electric	110,015	126,359	123,939	135,435	131,064	134,580	134,089	135,708	96,128	155,122
Water and wastewater	27,430	26,701	27,383	29,716	38,659	47,518	47,313	48,201	35,071	51,004
Burlington commuter parking	1,462	2,161	2,291	2,265	2,185	2,191	2,257	2,211	1,473	2,298

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

	Fiscal Year									
	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	12/31/16
Business-type Activities (Continued)										
Operating Grants and Contributions										
Electric	-	31	37	5	0	82	17	-	-	(18)
Water and wastewater	-	-	25	210	176	336	230	234	235	224
Burlington commuter parking	491	-	100	21	65	-	-	-	-	-
Capital Grants and Contributions										
Electric	4,848	2,703	1,828	5,503	3,943	7,957	5,612	2,230	2,226	3,157
Water and wastewater	3,546	3,351	1,800	1,096	1,356	1,879	5,074	4,537	931	1,778
Total Business-type Activities Program Revenues	147,792	161,306	157,403	174,251	177,448	194,543	194,592	193,264	136,064	213,565
Total Primary Government Program Revenues	\$ 179,403	188,421	183,327	207,142	201,409	217,061	218,688	228,128	152,315	244,370
Net (Expense) Revenue										
Governmental Activities	(101,549)	(118,448)	(114,266)	(106,955)	(121,936)	(119,647)	(124,139)	(122,104)	(98,955)	(121,018)
Business-type Activities	(16,226)	(6,224)	(6,558)	(1,966)	(675)	888	(10,300)	(5,038)	(10,590)	3,281
Total Primary Government Net (Expense) Revenue	\$ (117,775)	(124,672)	(120,824)	(108,921)	(122,611)	(118,759)	(134,439)	(127,142)	(109,545)	(117,737)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	29,891	34,360	37,818	39,464	38,479	36,227	33,639	33,169	34,849	33,355
Utility	16,603	17,585	16,422	16,390	16,580	16,604	16,993	16,123	10,108	15,137
Sales and use	28,396	26,981	26,041	28,600	30,610	32,263	34,498	35,580	25,189	44,355
State income	12,559	12,532	11,482	11,271	11,581	12,784	13,823	13,892	9,925	13,809
Other	10,572	8,704	8,742	10,592	10,677	12,006	13,391	13,300	9,820	14,489
Franchise fees	1,646	1,714	1,790	2,020	2,141	2,437	2,455	2,538	2,162	3,230
Net investment income (loss)	5,836	4,634	2,572	2,766	3,130	1,190	(293)	1,925	198	(109)
Miscellaneous	-	-	-	-	-	-	-	-	609	597
Transfers	2,474	(41)	(62)	(61)	(62)	-	-	(4,577)	-	-
Total Governmental Activities	107,977	106,469	104,805	111,042	113,136	113,511	114,506	111,950	92,860	124,863
Business-type Activities										
Net investment income (loss)	2,170	783	114	451	825	432	(462)	282	137	310
DWC refund	7,353	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	-	-	1,189	2,057
Transfers	(1,958)	41	62	61	62	-	-	4,577	-	-
Total Business-type Activities	7,565	824	176	512	887	432	(462)	4,859	1,326	2,367
Total Primary Government	115,542	107,293	104,981	111,554	114,023	113,943	114,044	116,809	94,186	127,230
Change in Net Position										
Governmental Activities	6,428	(11,979)	(9,461)	4,087	(8,800)	(6,136)	(9,633)	(10,154)	(6,095)	3,845
Business-type Activities	(8,661)	(5,400)	(6,382)	(1,454)	212	1,320	(10,762)	(179)	(9,264)	5,648
Total Primary Government Change in Net Position	\$ (2,233)	(17,379)	(15,843)	2,633	(8,588)	(4,816)	(20,395)	(10,333)	(15,359)	9,493

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									
	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/15	12/31/16
General Fund										
Reserved	\$ 438	201	-	-	-	-	-	-	-	-
Unreserved	21,444	20,249	-	-	-	-	-	-	-	-
Nonspendable	-	-	170	149	122	158	75	343	13	32
Assigned	-	-	-	-	-	6,000	-	-	-	-
Unassigned	-	-	20,768	22,782	27,037	25,573	25,513	28,961	28,358	26,826
Total General Fund	\$ 21,882	20,450	20,938	22,931	27,159	31,731	25,588	29,304	28,370	26,858
All Other Governmental Funds										
Reserved	\$ 40,544	38,855	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special Revenue Funds	697	1,009	-	-	-	-	-	-	-	-
Capital Project Funds	698	(256)	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	86	54	75	62	39	38	-
Restricted	-	-	33,199	16,775	7,819	6,825	10,895	21,619	8,772	15,723
Committed	-	-	1,158	3,546	4,563	3,860	2,459	1,717	1,268	672
Assigned	-	-	1,465	1,596	5,002	3,278	5,033	5,115	5,780	12,077
Unassigned (deficit)	-	-	-	-	-	(55)	(190)	(543)	(763)	(576)
Total All Other Governmental Funds	\$ 41,939	35,822	35,822	22,003	17,438	13,983	18,259	27,947	15,095	27,896

(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									
	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/15	12/31/16
Revenues										
Taxes	98,021	100,162	100,505	106,317	107,927	109,884	112,344	112,064	54,777	63,391
Licenses and Permits	2,649	2,097	1,733	1,652	1,926	2,319	2,480	2,548	1,421	2,685
Fines and Forfeitures	2,257	2,890	3,258	3,137	2,554	1,718	1,709	1,770	1,162	1,659
Investment Income	3,807	3,165	1,996	2,051	2,155	855	(98)	1,603	201	(125)
Intergovernmental	6,838	10,354	8,528	12,766	9,164	8,177	6,737	8,762	40,368	64,221
Charges for Services	5,804	6,518	6,100	7,582	7,870	7,894	8,348	9,242	9,138	18,741
Fees	4,734	3,165	2,255	2,602	2,893	3,311	2,822	3,009	2,173	3,247
Contributions	45	48	46	53	58	106	1,890	1,875	280	413
Miscellaneous	911	789	563	2,165	1,012	1,209	908	628	609	597
Total Revenues	125,066	129,188	124,984	138,325	135,559	135,473	137,140	141,501	110,129	154,829
Expenditures										
General Government	6,665	8,127	6,007	5,943	5,126	6,165	6,967	7,241	7,737	12,091
Physical Environment	10,583	9,814	9,408	8,151	8,414	9,082	8,633	8,371	5,655	8,269
Public Safety	59,790	61,054	61,668	64,006	64,069	63,090	71,862	70,040	50,462	72,028
Culture and Recreation	7,394	7,299	7,815	7,660	7,571	7,275	8,165	7,142	4,422	6,652
Transportation	22,086	22,983	21,026	21,946	21,080	21,072	24,317	26,916	17,879	28,115
Capital Outlay	34,394	48,805	29,978	32,956	14,624	16,067	16,997	22,250	24,743	21,896
Debt Service										
Principal	5,726	5,580	5,614	5,444	6,087	12,010	5,648	6,841	9,448	6,920
Interest	2,579	3,005	3,833	4,329	4,527	3,880	3,766	4,031	4,027	3,811
Other Charges	292	193	214	-	-	126	127	205	-	-
Total Expenditures	149,509	166,860	145,563	150,435	131,498	138,767	146,482	153,037	124,373	159,782
Excess of Revenues over (under) Expenditures	(24,443)	(37,672)	(20,579)	(12,110)	4,061	(3,294)	(9,342)	(11,536)	(14,244)	(4,953)
Other financing Sources (Uses)										
Transfers In	8,061	2,101	4,555	6,350	4,448	5,573	7,129	10,200	8,950	5,089
Transfers Out	(5,630)	(1,573)	(7,852)	(6,066)	(9,665)	(5,224)	(6,779)	(3,504)	(8,950)	(5,089)
Sale of Capital Assets	4,394	-	-	-	819	200	-	515	-	769
Payment to Refunded Bond Escrow Agent	(4,316)	(6,233)	(8,588)	-	-	(16,550)	-	-	-	(35,679)
Bonds Issued, at Par	34,260	39,405	28,585	-	-	-	5,620	17,340	-	14,334
Refunding Bonds Issued	-	-	-	-	-	17,963	-	-	-	33,900
Premium on Bonds Issued	239	209	581	-	-	2,449	310	389	-	2,919
Total Other Financing Sources (Uses)	37,008	33,909	17,281	284	(4,398)	4,411	6,280	24,940	-	16,243
Net Change in Fund Balances	\$ 12,565	(3,763)	(3,298)	(11,826)	(337)	1,117	(3,062)	13,404	(14,244)	11,290
Debt Service as a Percentage of Noncapital Expenditures	6.69%	6.66%	7.48%	7.51%	8.16%	11.89%	6.68%	7.63%	13.67%	7.85%

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

Source: Audited Financial Statements.

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									
	Sales and Use Tax	State Income Tax	Total			Taxes				Total Taxes
			Intergovernmental Taxes	Property Tax	Utility Tax	Other Tax	Total Taxes			
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		
12/31/2016	44,355	13,809	58,164	33,355	15,137	14,889	63,381	121,545		

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
2006	\$ 4,889,098,205	170,668	1,232,033,979	1,094,113	6,122,396,965	0.6966	18,367,190,895	33.3333%
2007	5,312,341,984	100,648	1,304,566,827	1,225,143	6,618,234,602	0.7166	19,854,703,806	33.3333%
2008	5,611,215,473	508,876	1,398,092,647	1,465,280	7,011,282,276	0.7167	21,033,846,828	33.3333%
2009	5,787,763,209	150,465	1,315,446,717	1,753,540	7,105,113,931	0.7166	21,315,341,793	33.3333%
2010	5,486,898,369	228,129	1,229,589,941	2,023,287	6,718,739,726	0.7390	20,156,219,178	33.3333%
2011	5,256,081,268	314,912	1,170,708,392	2,364,303	6,429,468,875	0.7515	19,288,406,625	33.3333%
2012	4,964,302,585	334,456	1,105,830,624	2,509,329	6,072,976,994	0.7756	18,218,930,982	33.3333%
2013	4,866,627,723	315,592	1,056,949,654	2,706,677	5,926,599,646	0.7828	17,779,798,938	33.3333%
2014	4,917,955,140	215,985	1,071,651,247	2,731,565	5,992,553,937	0.8082	17,977,661,811	33.3333%
2015	5,056,340,567	190,521	1,219,286,607	2,838,480	6,278,656,175	0.7392	18,835,968,525	33.3333%

Source: Office of the County Clerk

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

CITY OF NAPERVILLE, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Calendar Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City Direct Rates										
General Corporate	\$ 0.1554	0.1949	0.2139	0.1963	0.1882	0.1381	0.1457	0.1009	0.0803	0.1060
Naperville Public Library	0.2302	0.2231	0.1989	0.1828	0.1872	0.2076	0.2374	0.2465	0.2481	0.2288
Police Pension	0.0468	0.0488	0.0528	0.0667	0.0652	0.0679	0.0787	0.0879	0.0845	0.0938
Firefighters' Pension	0.0497	0.0489	0.0513	0.0647	0.0706	0.0737	0.0820	0.0884	0.0846	0.0945
Bond and Interest-general obligation bond	0.1318	0.1162	0.1192	0.1274	0.1472	0.1799	0.1403	0.1631	0.2153	0.1249
Illinois Municipal retirement	0.0383	0.0383	0.0380	0.0395	0.0391	0.0409	0.0444	0.0461	0.0460	0.0441
Naper Settlement	0.0444	0.0464	0.0426	0.0392	0.0415	0.0434	0.0471	0.0499	0.0494	0.0471
Total Direct Rate	0.6966	0.7166	0.7167	0.7166	0.7390	0.7515	0.7756	0.7828	0.8082	0.7392
Overlapping Rates										
Naperville Park District	0.2562	0.2481	0.2480	0.2574	0.2798	0.2969	0.3148	0.3358	0.3397	0.3317
Unit School #203	4.0673	3.9292	3.8593	3.9502	4.2265	4.5400	4.9909	5.3862	5.4756	5.3549
Unit School #204	4.6678	4.4930	4.3995	4.4987	4.8927	5.2200	5.7047	5.9498	6.0149	5.8505
College of DuPage #502	0.1929	0.1888	0.1845	0.2127	0.2349	0.2495	0.2681	0.2956	0.2975	0.2786
DuPage Forest Preserve	0.1303	0.1187	0.1206	0.1217	0.1321	0.1414	0.1542	0.1657	0.1691	0.1622
DuPage Airport Authority	0.0183	0.0170	0.0160	0.0148	0.0158	0.0169	0.0168	0.0178	0.0196	0.0188
DuPage County	0.1713	0.1651	0.1557	0.1554	0.1659	0.1773	0.1929	0.2040	0.2057	0.1971
Will County	0.5027	0.4826	0.4751	0.4833	0.5274	0.5351	0.5696	0.5994	0.6210	0.6408
Lisle Township	0.0424	0.0410	0.0406	0.0408	0.0445	0.0480	0.0261	0.0548	0.0561	0.0553
Naperville Township	0.0437	0.0423	0.0419	0.0419	0.0454	0.0483	0.0379	0.0515	0.0413	0.0452
Wheatland Township	0.0319	0.0303	0.0314	0.0319	0.0331	0.0328	0.0344	0.0378	0.0378	0.0336

Source: Office of the County Clerk

CITY OF NAPERVILLE, ILLINOIS
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2015			2006		
	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.	\$ 29,394,820	1	0.47%	\$ 49,608,680	1	0.81%
Agellan Warrenville LP	16,644,500	2	0.27%	29,319,740	2	0.48%
BP-Amoco Oil Company	16,541,090	3	0.26%	25,453,540	3	0.42%
Tellabs Inc.	15,189,280	4	0.24%	23,432,660	4	0.38%
Ondeo Nalco Center	14,392,340	5	0.23%	11,763,170	7	0.19%
Amlı Residential	14,225,244	6	0.23%			
ING Clarion	14,119,240	7	0.22%			
UBS Realty Investors LLC	12,860,110	8	0.20%			
BMO Harris Bank Corp. Re	12,519,660	9	0.20%			
TGM McDowell Place LLC	11,838,820	10	0.19%			
Aimco				20,763,800	5	0.34%
The Gale Company LLC				13,835,960	6	0.23%
Nicor Gas				11,619,110	8	0.19%
Lincoln Naperville LLC				11,600,000	9	0.19%
New Plan Excel Reality				10,998,900	10	0.18%
	<u>\$ 157,725,104</u>		<u>2.51%</u>	<u>\$ 208,395,560</u>		<u>3.40%</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
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%	29,969	48,189,360	99.50%
2015	46,260,521	45,964,584	99.36%	-	45,964,584	99.36%

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Merchandise	\$ 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	1,734,850
Food	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	4,030,651
Drinking and Eating Places	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	3,843,978
Apparel	665,161	690,165	742,079	767,404	933,475	1,004,555	1,067,110	1,088,821	1,152,420	1,210,325
Furniture & H.H. & Radio	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	1,959,765
Lumber, Building Hardware	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	1,667,454
Automobile and Filling Stations	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	12,566,087
Drugs and Miscellaneous Retail	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	3,904,515
Agriculture and All Others	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	1,866,766
Manufacturers	656,275	737,556	615,111	675,725	461,688	521,896	527,545	530,662	561,411	534,413
TOTAL	\$ 27,293,710	26,258,182	24,602,456	26,443,266	27,703,710	29,490,651	32,004,003	32,949,815	33,252,325	33,318,804

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%
City's home rule sales tax rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%

Source: Illinois Department of Revenue

CITY OF NAPERVILLE, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	City Direct Rate	City Home Rule Rate	State Rate	Regional Transportation Authority Rate	County Rate
4/30/2008	1.00%	0.00%	5.00%	0.75%	0.25%
4/30/2009	1.00%	0.00%	5.00%	0.75%	0.25%
4/30/2010	1.00%	0.00%	5.00%	0.75%	0.25%
4/30/2011	1.00%	0.00%	5.00%	0.75%	0.25%
4/30/2012	1.00%	0.00%	5.00%	0.75%	0.25%
4/30/2013	1.00%	0.00%	5.00%	0.75%	0.25%
4/30/2014	1.00%	0.00%	5.00%	0.75%	0.25%
4/30/2015	1.00%	0.00%	5.00%	0.75%	0.25%
12/31/2015	1.00%	0.00%	5.00%	0.75%	0.25%
12/31/2016	1.00%	0.50%	5.00%	0.75%	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				
4/30/2008	\$ 84,019,224	32,891,688	6,493,993	1,718,378	125,123,283	2.07%	880.28	
4/30/2009	111,889,364	40,352,985	5,308,769	1,249,966	158,801,084	2.50%	1,121.51	
4/30/2010	122,474,459	56,584,111	4,073,712	763,848	183,896,130	2.84%	1,272.11	
4/30/2011	116,918,354	54,185,617	-	259,354	171,363,325	2.59%	1,179.90	
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%	1,197.27	
4/30/2014	97,958,819	66,354,322	-	-	164,313,141	2.55%	1,146.73	
4/30/2015	108,548,121	60,391,308	-	-	168,939,429	2.56%	1,179.01	
12/31/2015	98,808,280	55,863,868	-	-	154,672,148	2.27%	1,058.47	
12/31/2016	108,015,104	52,883,163	-	-	160,898,267	2.36%	1,101.08	

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				
4/30/2008	\$ 84,019,224	32,891,688	1,193,278	115,717,634	0.63%	814.11
4/30/2009	111,889,364	40,352,985	2,388,640	149,853,709	0.75%	1,058.32
4/30/2010	122,474,459	56,584,111	2,706,329	176,352,241	0.84%	1,219.92
4/30/2011	116,918,354	54,185,617	4,028,824	167,075,147	0.78%	1,150.38
4/30/2012	105,219,222	75,012,910	5,156,557	175,075,575	0.87%	1,234.20
4/30/2013	97,950,479	71,886,351	4,717,628	165,119,202	0.86%	1,164.02
4/30/2014	97,958,819	66,354,322	5,272,118	159,041,023	0.87%	1,109.93
4/30/2015	108,548,121	60,391,308	6,355,932	162,583,497	0.91%	1,134.65
12/31/2015	98,808,280	55,863,868	4,997,000	149,675,148	0.83%	1,024.27
12/31/2016	108,015,104	52,883,163	3,169,205	157,729,062	0.88%	1,079.39

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

CITY OF NAPERVILLE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2016

Governmental Unit	Gross Debt	Percentage Debt Applicable to the City of Naperville (1)	City of Naperville's Share of Debt
City of Naperville	\$ 108,015,104	100.000%	\$ 108,015,104
School District #200	\$ 163,185,000	0.360%	\$ 587,466
School District #202	5,460,000	1.670%	91,182
School District #203	32,070,000	77.430%	24,831,801
School District #204	229,765,000	60.320%	138,594,248
School District #365	122,274,518	0.010%	12,227
Community College District #502	231,950,000	16.310%	37,831,045
Community College District #525	188,490,000	0.270%	508,923
Lisle Park District	12,207,000	0.430%	52,490
Naperville Park District	25,070,000	96.350%	24,154,945
Wheaton Park District	34,985,000	0.260%	90,961
Will County	122,235,000	11.230%	13,726,991
Will County Forest Preserve	125,014,710	11.230%	14,039,152
DuPage County	166,395,000	12.410%	20,649,620
DuPage County Forest Preserve	141,098,676	12.410%	17,510,346
	<u>1,600,199,904</u>		<u>292,681,396</u>
	\$ <u>1,708,215,008</u>		\$ <u>400,696,500</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.

CITY OF NAPERVILLE, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2016

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				Debt Service (3)	Interest Coverage(4)	
	Electric Charges and Other	Less: Operating Expenses (1)	Net Operating Revenue	Net Available Revenue per Ordinance (2)	Water Charges and Other	Less: Operating Expenses (1)	Net Operating Revenue	Net Available Revenue per Ordinance (2)			
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											
4/30/2012											
4/30/2013											
4/30/2014											
4/30/2015											
12/31/2015											
12/31/2016											

see note (6)

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		School Enrollment	Unemployment Rate
					Level in Years of Formal Schooling			
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	
12/31/2016	145,058	6,803,945	46,905	38.6	17.81	45,071	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

CITY OF NAPERVILLE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2016			2007			
	Employees	Rank	% of Total City Population	Employer	Employees	Rank	% of Total City Population
Edward Hospital & Health Services	4,940	1	3.41%	Edward Hospital & Health Services	4,600	1	3.25%
Indian Prairie School District 204	3,022	2	2.08%	Nicor Gas	3,700	2	2.61%
Alcatel-Lucent	3,000	3	2.07%	Indian Prairie School District 204	3,100	3	2.19%
Naperville School District 203	2,367	4	1.63%	Naperville School District 203	2,425	4	1.71%
Nicor Gas	2,160	5	1.49%	Alcatel-Lucent	1,943	5	1.37%
BP America	1,800	6	1.24%	BP America	1,800	6	1.27%
Nalco	1,300	7	0.90%	Tellabs, Inc.	1,338	7	0.94%
BMO Harris	1,250	8	0.86%	City of Naperville	1,083	8	0.76%
City of Naperville	969	9	0.67%	Nalco	1,000	9	0.71%
Sikich	848	10	0.58%	North Central College	450	10	0.32%
				Laidlaw	450	10	0.32%
Total	<u>21,656</u>		<u>14.93%</u>	Total	<u>21,889</u>		<u>15.45%</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

Name	12/31/2016		4/30/2016	
	KWH	% of City Total	KWH	% of City Total
Lucent Technologies	96,194	6.91%	96,194	6.91%
Mondelz Global (Kraft Foods)	36,695,030	2.64%	36,695,030	2.64%
Edward Hospital	32,565,670	2.34%	32,565,670	2.34%
Tellabs	23,003,078	1.65%	23,003,078	1.65%
School District 203 includes NNHS	18,496,553	1.33%	18,496,553	1.33%
City of Naperville - Springbrook	17,752,295	1.28%	17,752,295	1.28%
Calamos Real Estate, LLC	15,991,358	1.15%	15,991,358	1.15%
School District 204 (includes Nequa)	15,224,635	1.09%	15,224,635	1.09%
Albertson's (Jewel) Grocery Stores	12,466,774	0.90%	12,466,774	0.90%
Northern Trust Company	11,862,553	0.85%	11,862,553	0.85%
North Central College	11,273,528	0.81%	11,273,528	0.81%
Agelian Warrenville, LP	8,509,947	0.61%	8,509,947	0.61%
BMO Harris Bank	8,209,284	0.59%	8,209,284	0.59%
Phoenix Closures	8,096,400	0.58%	8,096,400	0.58%
Walmart Stores incl Sam's Club	7,075,350	0.51%	7,075,350	0.51%
Handi-Foil of America	6,933,466	0.50%	6,933,466	0.50%
Crate & Barrel #199	6,857,226	0.49%	6,857,226	0.49%
NICOR	6,835,647	0.49%	6,835,647	0.49%
Monarch Landing	5,506,271	0.40%	5,506,271	0.40%
Angelo Caputo's Fresh Mkt.	5,021,916	0.36%	5,021,916	0.36%
Total Top 20 Customers	354,571,175	25.49%	354,571,175	25.49%
Total City of Naperville	1,391,245,034		1,391,245,034	

Name	12/31/2016		4/30/2016	
	KWH	% of City Total	KWH	% of City Total
Research and Manufacturing	7,890,418	5.55%	7,890,418	5.55%
Food Manufacturing	3,291,716	2.32%	3,291,716	2.32%
Hospital	2,865,333	2.02%	2,865,333	2.02%
Research and Manufacturing	2,090,842	1.47%	2,090,842	1.47%
Public Schools	2,444,344	1.72%	2,444,344	1.72%
Wastewater treatment plant	1,637,383	1.15%	1,637,383	1.15%
Management Corporation	1,704,536	1.20%	1,704,536	1.20%
Public Schools	1,822,326	1.28%	1,822,326	1.28%
Grocery Stores - JEWEL	1,122,472	0.79%	1,122,472	0.79%
Management Corporation	978,249	0.69%	978,249	0.69%
Private College	1,165,902	0.82%	1,165,902	0.82%
Real Estate/Property Mgmt.	977,233	0.69%	977,233	0.69%
Bank/Investment Services	\$846,448	0.60%	\$846,448	0.60%
Manufacturing	\$730,977	0.51%	\$730,977	0.51%
Retail Stores	\$619,284	0.44%	\$619,284	0.44%
Manufacturing	\$646,931	0.46%	\$646,931	0.46%
Warehouse	\$653,015	0.46%	\$653,015	0.46%
Manufacturing	\$624,888	0.44%	\$624,888	0.44%
Retirement Community	\$573,874	0.40%	\$573,874	0.40%
Retail Stores	\$439,692	0.31%	\$439,692	0.31%
Total Top 20 Customers	33,125,863	2.33%	33,125,863	2.33%
Total City of Naperville	1,421,151,167		1,421,151,167	

Source: City of Naperville-Department of Public Utilities

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

CITY OF NAPERVILLE, ILLINOIS
FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Mayor and Council	12.00	12.00	12.00	11.12	11.12	11.12	11.12	11.12	11.00	11.00
Board of Fire and Police	1.12	1.12	1.12	0.88	0.88	0.88	0.88	0.88	1.00	1.00
Legal	11.00	12.00	11.50	10.50	10.50	10.50	10.50	14.00	14.00	13.50
City Manager's Office	27.87	15.87	12.87	11.62	10.12	10.12	13.12	11.12	11.12	11.12
City Clerk	-	8.00	6.00	5.50	5.50	5.50	5.50	5.50	6.50	8.00
Special Events and Cultural	1.00	1.00	1.00	1.50	0.50	0.50	0.50	0.50	0.62	0.62
Community Development Block Grant	0.50	0.50	0.50	-	1.00	0.75	0.50	0.67	0.67	0.67
Information Technology	20.75	23.75	21.37	19.85	19.37	18.75	19.75	21.75	27.00	27.00
Finance	44.34	46.82	42.49	35.63	35.63	35.63	35.63	36.63	35.63	35.63
Human Resources	15.13	17.75	12.75	10.50	9.50	9.50	9.50	9.00	9.00	9.00
TED Business Group	103.68	95.61	82.66	71.97	67.03	65.87	66.60	66.18	66.66	68.66
Riverwalk Commission	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Public Works	112.54	121.04	117.35	110.35	108.96	108.55	108.30	108.76	108.88	109.39
Police	309.04	310.04	299.04	284.88	273.54	269.92	269.92	275.67	275.54	274.90
Fire	201.00	213.00	208.00	207.00	203.00	203.00	202.00	202.00	202.00	202.00
Electric Utility	126.04	126.04	122.04	120.00	120.00	118.50	117.00	114.00	112.00	112.00
Water Utility	96.02	96.52	97.02	92.27	92.07	83.50	82.94	82.94	83.56	83.79
TOTAL	1,082.53	1,101.56	1,048.21	994.07	969.22	953.09	954.26	961.22	965.68	968.78

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	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/15	12/31/16
Public Safety										
Police (1)										
Physical arrests (DUI)	622	622	578	622	574	549	424	374	369	312
Parking violations	18,397	18,896	17,898	19,278	15,654	16,600	14,148	13,630	13,582	18,206
Traffic violations	28,227	27,780	25,611	21,546	18,521	17,769	13,924	12,319	12,532	15,831
Fire										
Emergency responses	9,679	9,435	10,957	11,575	11,264	11,760	12,210	12,792	12,979	13,677
Fires Extinguished	85	83	89	90	86	83	78	93	87	106
Public Works										
Total curbside refuse collected (tons)	44,867	42,198	39,909	38,781	38,367	37,803	37,077	36,657	36,272	37,405
Total curbside recycling collected (tons)	19,796	18,675	17,095	17,251	17,069	16,469	15,605	15,692	15,872	15,655
Snow and ice control events	44	37	36	44	16	18	49	25	24	29
Tons of salt used	22,000	20,300	18,000	16,046	8,251	13,686	21,964	11,768	11,692	10,908
Water/Wastewater (1)										
New connections	349	152	121	56	107	171	283	291	342	300
Water main breaks	68	75	73	84	37	64	92	75	68	80
Average daily consumption	18.73	16.29	15.26	15.29	15.16	16.64	15.11	13.90	14.10	14.46
Peak daily consumption	33.04	30.82	27.37	28.34	30.79	34.19	29.55	22.90	24.26	25.21
Average daily wastewater treated (million gal)	22.83	23.30	22.10	21.40	21.59	18.30	19.70	19.40	18.16	19.47
Electric (1)										
Peak monthly demand	362,000	348,000	358,000	369,000	390,853	402,273	365,033	322,831	328,597	352,640
Peak Month Energy Use (million)	192.9	165.0	136.9	172.1	172.7	184.1	151.9	142.8	143.4	154.6

(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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	12
Patrol units	81	81	80	83	78	78	80	85	85	89
Fire										
Fire stations	9	9	9	10	10	10	10	10	10	10
Front Line Apparatus (engines & ambulance)	17	18	18	19	18	18	18	18	18	18
Transportation										
Arterial streets (centerline miles)	127	127	127	127	127	127	127	127	138	140
Residential streets (centerline miles)	325	325	325	325	325	325	327	327	364	378
Traffic signals	159	162	163	163	163	163	163	164	164	165
Public Works										
Streetlights	10,596	10,612	10,994	11,040	11,312	11,462	11,480	11,542	11,705	12,080
Storm sewers (miles)	870	875	877	818	861	870	879	886	895	987
Water										
Water mains (miles)	608.7	615.7	629.4	636.4	641.1	688.7	693.7	708.2	714.5	723.2
Fire hydrants	8,406	8,452	8,672	8,809	8,897	8,967	9,055	9,157	9,236	9,378
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)	474.53	477.02	484.54	489.52	492.80	530.93	534.09	539.34	543.28	551.40
Treatment capacity (million gallons per day)	26.25	26.25	26.25	26.25	26.20	26.25	26.25	26.25	26.25	26.25
Electric										
Number of distribution stations	16	16	16	16	16	16	16	16	16	16
Transmission & Distribution Line Mileage (excluding secondary distribution)	924.21	949.42	958.15	970.26	973.89	977.83	979.98	984.19	999.49	1,007.90

Source: Various city departments.