

*Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Series A Bonds and Series B Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Series A Bonds and Series B Bonds is not exempt from present State of Illinois income taxes. The Series A Bonds and Series B Bonds will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Interest on the Series C Bonds is includible in gross income of the owners thereof for federal income tax purposes. See "TAX TREATMENT" herein for a more complete discussion.*



**City of Evanston  
Cook County, Illinois**

**\$13,990,000 General Obligation Corporate Purpose Bonds, Series 2017A**

**\$9,225,000 General Obligation Refunding Bonds, Series 2017B**

**\$5,000,000 Taxable General Obligation Corporate Purpose Bonds, Series 2017C**

**Dated:** Date of Delivery

**Due:** December 1, as shown on inside cover

The \$13,990,000 General Obligation Corporate Purpose Bonds, Series 2017A (the "Series A Bonds"), the \$9,225,000 General Obligation Refunding Bonds, Series 2017B (the "Series B Bonds"), and the \$5,000,000 Taxable General Obligation Corporate Purpose Bonds, Series 2017C (the "Series C Bonds") (collectively, the "Bonds"), will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30 day months) will be payable semi-annually on each June 1 and December 1, commencing June 1, 2018. The Bonds will be issued in integral multiples of \$5,000. The Bonds are subject to redemption prior to their maturity as more fully described in this Official Statement. See "THE BONDS – Optional Redemption" herein.

The Bonds will be issued in book-entry form, as registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Payments of principal and interest on the Bonds will be made by ZB, National Association dba Zions Bank, Chicago, Illinois, as paying agent and bond registrar (the "Bond Registrar") to Cede & Co., which will, in turn, remit such payments to the DTC participants for subsequent disbursements to the Beneficial Owners (as defined in this Official Statement) of the Bonds. Purchases of the Bonds will be made in book-entry-only form and individual purchasers will not receive physical delivery of bond certificates.

In the opinion of Chapman and Cutler LLP, Bond Counsel ("Bond Counsel"), the Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

**Financial Advisors:** PFM Financial Advisors LLC and Independent Public Advisors, LLC

**Not Bank Qualified:** The Bonds will not be designated as "qualified tax-exempt obligations."

**Delivery:** Delivery of the Bonds is expected on October 16, 2017'

The date of this Official Statement is September 28, 2017.

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*(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)*

Series A Bonds & Series C Bonds

Baird

Series B Bonds

Fifth Third Securities, Inc.

## Maturity and Pricing Schedule, and CUSIP Numbers

### City of Evanston, Cook County, Illinois

#### \$13,990,000 General Obligation Corporate Purpose Bonds, Series 2017A

Year (Dec. 1)	Amount	Rate	Yield	CUSIP	Year (Dec. 1)	Amount	Rate	Yield	CUSIP
2018	\$ 460,000	3.00%	1.10%	299228BG0	2028	\$ 690,000	3.00%	2.75%	299228BS4
2019	530,000	4.00%	1.13%	299228BH8	2029	--			
2020	545,000	4.00%	1.27%	299228BJ4	2030	--			
2021	580,000	4.00%	1.45%	299228BK1	2031	755,000	3.00%	3.10%	299228BV7
2022	600,000	4.00%	1.77%	299228BL9	2032	780,000	3.00%	3.15%	299228BW5
2023	625,000	4.00%	1.92%	299228BM7	2033	800,000	3.00%	3.20%	299228BX3
2024	645,000	4.00%	2.10%	299228BN5	2034	825,000	3.125%	3.25%	299228BY1
2025	670,000	4.00%	2.25%	299228BP0	2035	845,000	3.125%	3.30%	299228BZ8
2026	695,000	4.00%	2.38%	299228BQ8	2036	870,000	3.25%	3.35%	299228CA2
2027	720,000	4.00%	2.50%	299228BR6	2037	905,000	3.25%	3.40%	299228CB0

\$1,450,000 Term Bond due December 1, 2030 - Rate 3.00% - Yield 3.00% - CUSIP No. 299228BU9

#### \$9,225,000 General Obligation Refunding Bonds, Series 2017B

Year (Dec. 1)	Amount	Rate	Yield	CUSIP
2018	\$ 985,000	2.00%	1.10%	299228CC8
2019	1,030,000	2.00%	1.20%	299228CD6
2020	830,000	2.00%	1.30%	299228CE4
2021	845,000	2.00%	1.50%	299228CF1
2022	865,000	2.00%	1.68%	299228CG9
2023	880,000	3.00%	1.85%	299228CH7
2024	905,000	3.00%	2.02%	299228CJ3
2025	935,000	3.00%	2.20%	299228CK0
2026	960,000	3.00%	2.33%	299228CL8
2027	990,000	4.00%	2.45%	299228CM6

#### \$5,000,000 Taxable General Obligation Corporate Purpose Bonds, Series 2017C

Year (Dec. 1)	Amount	Rate	Yield	CUSIP	Year (Dec. 1)	Amount	Rate	Yield	CUSIP
2020	\$ 230,000	2.05%	2.05%	299228CN4	2028	\$ 310,000	4.00%	3.10%	299228CW4
2021	235,000	2.20%	2.20%	299228CP9	2029	325,000	3.50%	3.20%	299228CX2
2022	245,000	2.35%	2.35%	299228CQ7	2030	340,000	3.50%	3.30%	299228CY0
2023	260,000	2.50%	2.50%	299228CR5	2031	355,000	3.50%	3.40%	299228CZ7
2024	270,000	2.65%	2.65%	299228CS3	2032	365,000	3.50%	3.50%	299228DA1
2025	280,000	2.80%	2.80%	299228CT1	2033	380,000	3.55%	3.55%	299228DB9
2026	290,000	2.90%	2.90%	299228CU8	2034	395,000	3.60%	3.60%	299228DC7
2027	305,000	4.00%	3.00%	299228CV6	2035	415,000	3.65%	3.65%	299228DD5

Certain information in this Official Statement has been obtained by the City of Evanston, Cook County, Illinois, from The Depository Trust Company and other non-City sources that the City believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of that information. Nothing contained in this Official Statement is a promise or representation by the Underwriters. This Official Statement is being used in connection with the sale of the Bonds referred to in this Official Statement and may not be used, in whole or in part, for any other purpose.

No dealer, broker, sales representative or other person is authorized to give any representations concerning the Bonds other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as statements of the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale. Unless otherwise indicated, the City is the source of the tables and statistical and financial information contained in this Official Statement. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the City or other information in this Official Statement, since the date of this Official Statement.

This Official Statement should be considered in its entirety. No one factor should be considered less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Bonds will not be registered under the Securities Act of 1933, as amended, or the securities law of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OR MAY NOT OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE BONDS ARE RELEASED FOR SALE AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. THE CITY IS NOT PARTY TO OR LIABLE FOR ANY OF THESE ACTIVITIES.

**CITY OF EVANSTON**  
2100 Ridge Avenue  
Evanston, Illinois 60201  
(847) 328-2100

**MAYOR**

Stephen H. Hagerty

**CITY COUNCIL**

1 <sup>st</sup> Ward	Judy Fiske
2 <sup>nd</sup> Ward	Peter Braithwaite
3 <sup>rd</sup> Ward	Melissa A. Wynne
4 <sup>th</sup> Ward	Donald N. Wilson
5 <sup>th</sup> Ward	Robin Rue Simmons
6 <sup>th</sup> Ward	Thomas M. Suffredin
7 <sup>th</sup> Ward	Elanor Revelle
8 <sup>th</sup> Ward	Ann Rainey
9 <sup>th</sup> Ward	Cicely L. Fleming

**CITY CLERK**

Devon Reid

**CITY ADMINISTRATION**

City Manager	Wally Bobkiewicz
Assistant City Manager/Treasurer	Martin Lyons
Director of Administrative Services	Erika Storlie
Corporation Counsel	Grant Farrar

**PROFESSIONAL SERVICES**

**Bond Counsel**

Chapman and Cutler LLP  
Chicago, Illinois

**Financial Advisors**

PFM Financial Advisors LLC  
Independent Public Advisors, LLC

**Auditor**

Sikich LLP  
Naperville, IL

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
PURPOSE OF THE BONDS .....	1
SOURCES AND USES OF FUNDS.....	2
SECURITY FOR THE BONDS.....	2
General Obligation of the City.....	2
Alternative Sources of Payment.....	3
THE BONDS.....	3
General.....	3
Optional Redemption.....	3
Mandatory Sinking Fund Redemption – Series 2017A Bonds .....	3
Redemption Procedures – Series A Bonds and Series C Bonds .....	4
Book-Entry-Only System.....	4
Continuing Disclosure .....	6
THE CITY.....	7
General.....	7
Northwestern University.....	7
Government .....	7
Administration .....	8
Development Activity and City Layout.....	8
Labor Relations.....	8
ECONOMIC AND DEMOGRAPHIC DATA .....	9
Education and Employment.....	10
Population.....	10
Building Permits .....	11
Transportation.....	11
Employment.....	11
Industry.....	11
Unemployment.....	12
FINANCES.....	12
Budget Process, Accounting and Financial Control Procedures.....	12
Financial Statements and Independent Audits .....	13
Cash Management.....	13
Revenues.....	13
FY 2016/2017 Budgets .....	14
Summary of Financial Information.....	15
Pension Fund Obligations .....	17
Insurance Coverage.....	17
GENERAL OBLIGATION BONDED INDEBTEDNESS.....	18
Outstanding General Obligation Debt.....	18
Overlapping Debt.....	20
Overlapping General Obligation Bonded Debt.....	20
Debt Ratios .....	21
General Obligation Debt Trends.....	21
Future Financings .....	21

REAL PROPERTY TAXATION .....	22
Tax Increment Financing .....	23
Special Service Areas .....	23
City Property Taxes .....	24
Real Property Assessment, Tax Levy and Collection Procedures .....	25
TAX TREATMENT .....	28
Series A and Series B Bonds (the Tax-Exempt Bonds) .....	28
Not Qualified Tax-Exempt Obligations .....	30
Series C Bonds .....	30
BOND RATINGS .....	30
UNDERWRITING .....	30
LITIGATION .....	31
FINANCIAL ADVISORS .....	31
LEGAL MATTERS .....	31
CLOSING CERTIFICATE .....	31

- APPENDIX A – City of Evanston Annual Financial Report for Fiscal Year Ended December 31, 2016 (Excerpts)
- APPENDIX B – Proposed Forms of Bond Counsel Opinions
- APPENDIX C – Form of Continuing Disclosure Undertaking
- APPENDIX D – Official Notices of Sale

# OFFICIAL STATEMENT

Relating to

## CITY OF EVANSTON COOK COUNTY, ILLINOIS

**\$13,990,000 General Obligation Corporate Purpose Bonds, Series 2017A**  
**\$9,225,000 General Obligation Refunding Bonds, Series 2017B**  
**\$5,000,000 Taxable General Obligation Corporate Purpose Bonds, Series 2017C**

### INTRODUCTION

This Official Statement sets forth information concerning the offer by the City of Evanston, Cook County, Illinois (the "City"), of the \$13,990,000 General Obligation Corporate Purpose Bonds, Series 2017A (the "Series A Bonds") \$9,225,000 General Obligation Refunding Bonds, Series 2017B and \$5,000,000 Taxable General Obligation Corporate Purpose Bonds, Series 2017C (the "Series C Bonds") (collectively, the "Bonds"). The Bonds are authorized pursuant to and in accordance with the home rule powers granted to the City under Section 6 of Article VII of the Illinois Constitution of 1970, and a bond ordinance of the City, adopted by the City Council of the City (the "City Council") on September 11, 2017 (as supplemented by the bond order authorized therein and executed in connection with the sale of the Bonds, the "Bond Ordinance").

The Bonds series are a general obligation of the City to which the City pledges its full faith and credit with a claim for payment from *ad valorem* taxes levied upon all taxable property in the City, without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "*SECURITY FOR THE BONDS.*"

The City, with a population in 2010 of 75,549, is located along Lake Michigan immediately north of Chicago, Illinois. Evanston includes residential neighborhoods and parks and a major revitalized central business area of shops, restaurants, theaters, offices and corporate headquarters, neighborhood shopping areas, hospitals and universities. The City is the home of Northwestern University, with about 10,000 students and 5,000 employees at its Evanston campus. The City's per capita and median family incomes are substantially higher than Cook County and State of Illinois (the "State") levels. See "*DEMOGRAPHIC DATA.*"

### PURPOSE OF THE BONDS

The Series A Bonds are being issued for the purpose of (i) providing for various capital improvements at various locations throughout the City, including certain capital expenditures as detailed for the year 2017 in the City's Capital Improvement Plan, as adopted by the City Council; and (ii) paying costs related to the issuance of the Series A Bonds.

### Capital Projects Borrowing

<u>Project Fund</u>	<u>Amount</u>
Fund 415 (General)	\$ 11,351,309.14
Fund 186 (Library)	1,404,231.08
Fund 510 (Water)	1,000,282.78
Fund 415 (General - Special Assessment)	254,967.31
Fund 420 (Special Assessment)	254,967.34
Total	<u><u>\$ 14,265,757.65</u></u>

The Series B Bonds are being issued for the purpose of (i) currently refunding certain obligations of the City as described in the below table; and (ii) paying costs related to the issuance of the Series B Bonds.

### Refunded Obligations

<u>Dated</u>	<u>Issue</u>	<u>Maturities Outstanding</u>	<u>Maturities Refunded</u>	<u>Amount Refunded</u>	<u>Redemption Date</u>
05/24/2007	General Obligation Bonds, Series 2007	2017-2021	2017-2021	\$10,960,000	11/01/2017

The Series C Bonds are being issued for the purpose of (i) providing long-term financing for various economic development related capital projects located within certain TIF Districts that were originally financed with short-term lines of credit, and (ii) paying costs related to the issuance of the Series C Bonds.

### Economic Development Borrowing

<u>Project Fund</u>	<u>Amount</u>
TIF No. 7	\$ 2,025,059.10
TIF No. 8	2,938,590.90
Total	\$ 4,963,650.00

### SOURCES AND USES OF FUNDS

<u>Estimated Sources:</u>	<u>Series A Bonds</u>	<u>Series B Bonds</u>	<u>Series C Bonds</u>
Par Amount of Bonds	\$ 13,990,000.00	\$ 9,225,000.00	\$ 5,000,000.00
Net Original Issue Premium	548,210.15	436,847.80	67,700.00
Available Debt Service Funds	--	1,642,209.38	--
Total Sources of Funds	\$ 14,538,210.15	\$ 11,304,057.18	\$ 5,067,700.00
 <u>Estimated Uses:</u>			
Project Fund Deposit	\$ 14,265,757.65	--	--
Refunded Obligations	--	\$ 11,161,841.15	\$ 4,963,650.00
Estimated Cost of Issuance	272,452.50	138,574.21	104,050.00
Debt Service Fund	--	3,641.82	--
Total Uses of Funds	\$ 14,538,210.15	\$ 11,304,057.18	\$ 5,067,700.00

### SECURITY FOR THE BONDS

#### General Obligation of the City

The full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Bonds are direct and general obligations of the City, and the City in the Bond Ordinance has levied ad valorem taxes upon all the taxable property in the City for the payment of the Bonds and the interest thereon, without limitation as to rate or amount.

Pursuant to the Bond Ordinance, the City may, before the deadline for the filing of an abatement of taxes levied by the City for any year, by proper proceedings abate all or a portion of the taxes levied by the Bond Ordinance for that year to the extent that it finds that sufficient funds of the City have been deposited into the bond fund for the Bonds to pay principal of and interest on said series of Bonds during the period otherwise provided for from that levy. The City has created a separate debt service fund for each series of the Bonds.

## **Alternative Sources of Payment**

It has been the City's practice to utilize a variety of revenue sources for repayment of its general obligation bonds, in addition to its ad valorem property taxes. These alternative sources include sales taxes, water and sewer service charges, special assessments, parking revenues, Tax Increment Financing ("TIF") and/or taxes levied for special service areas in the City to make payments on its general obligation indebtedness. Although these revenue sources are not pledged to the payment of, and do not secure, the Bonds, the City expects to utilize certain of these sources to pay debt service on the Bonds, permitting the abatement of a portion of the property taxes levied in the Bond Ordinance.

## **THE BONDS**

### **General**

The Bonds will be issued as fully registered bonds and will be initially dated the date of delivery (the "Dated Date"). The Bonds mature on the dates and in the amounts, and bear interest from the Dated Date until paid at the rates as set forth on the inside cover of this Official Statement. The Bonds are issuable in denominations within each series of integral multiples of \$5,000. Interest is payable on June 1 and December 1 of each year. The first interest payment date is June 1, 2018.

The principal and redemption price of the Bonds are payable in lawful money of the United States of America upon presentation at the office maintained for that purpose by ZB, National Association dba Zions Bank, Chicago, Illinois, as paying agent and bond registrar (the "Bond Registrar"). Payment of interest shall be made to the registered owner of the Bonds as shown on the registration books of the City maintained by the Bond Registrar at the close of business on the applicable Record Date. The Record Date shall be the 15<sup>th</sup> day of the month preceding any regular or other interest payment date occurring on the first day of any month and, otherwise, 15 days preceding any interest payment date occasion by the redemption of Bonds on other than the first day of a month. Interest shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of the registered owner as it appears on such registration books (the "Register"), or at such other address furnished in writing by the registered owner to the Bond Registrar, or as otherwise agreed by the City and the Bond Registrar for so long as this Bond is held by a qualified securities clearing corporation as depository, or nominee, in book-entry form.

The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC or a successor depository will act as securities depository of the Bonds (the "Depository"). Individual purchases may be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See "Book-Entry-Only System" herein.

### **Optional Redemption**

The Series A Bonds maturing on December 1, 2028, and thereafter are subject to redemption prior to maturity at the option of the City on December 1, 2027 and any date thereafter, in whole or in part and if in part in such principal amounts and from such maturities as the City shall determine and within any maturity by lot at a redemption price of par plus accrued interest to the date fixed for redemption.

The Series B Bonds are not subject to optional redemption prior to maturity.

The Series C Bonds maturing on December 1, 2028, and thereafter are subject to redemption prior to maturity at the option of the City on December 1, 2027 and any date thereafter, in whole or in part and if in part in such principal amounts and from such maturities as the City shall determine and within any maturity by lot at a redemption price of par plus accrued interest to the date fixed for redemption.

### **Mandatory Sinking Fund Redemption – Series A Bonds**

The Series A Bonds due on December 1, 2030 (the "Term Bonds"), are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

Term Bond Due December 1, 2030	
<u>Sinking Fund</u> <u>Redemption Date</u>	<u>Principal Amount</u> <u>to be Redeemed</u>
December 1, 2029	\$ 715,000
December 1, 2030	735,000 *

\* Stated Maturity

The principal amounts of Term Bonds to be mandatorily redeemed may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Term Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the City may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Bond Registrar may, and if directed by the City shall, purchase Term Bonds required to be retired on such mandatory redemption date. Any such Term Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

### **Redemption Procedures – Series A Bonds and Series C Bonds**

The City will, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate (except when the Bonds are held in a book-entry system, in which case the selection of Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book entry depository); *provided* that such lottery shall provide for the selection for redemption of Series A Bonds or portions thereof in principal amounts of \$5,000 and integral multiples thereof.

Unless waived by any holder of Bonds to be redeemed, notice of the call for any redemption will be given by the Bond Registrar on behalf of the City at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall include at least the information as follows: (a) the redemption date; (b) the redemption price; (c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed; (d) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office maintained for the purpose by the Bond Registrar.

### **Book-Entry-Only System**

The information contained in the following paragraphs of this subsection “Book-Entry-Only System” has been extracted from a schedule prepared by The Depository Trust Company entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE.” The City makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each annual maturity of each series of the Bonds, each in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and

municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or paying agent ("Agent"), on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

NEITHER THE CITY, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO CERTIFICATEHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATEHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS.

**Continuing Disclosure**

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to authority contained in the Bond Ordinance to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Bonds to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Undertaking to be executed and delivered by the City at the time the Bonds are delivered. Such Undertaking will be in substantially the form attached hereto as APPENDIX C. A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule, and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the bonds and their market price.

The City will file its continuing disclosure information using the MSRB's Electronic Municipal Market Access (EMMA) system. Investors will be able to access continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

The below table summarizes five years of the City's annual disclosure filings on the MSRB's EMMA system for the City's general obligation pledge (Base CUSIPs 299227 and 299228). Debt associated with the City's water system revenue pledge (Base CUSIP 299263) expired on January 1, 2014, and similar to disclosure filings for the City's general obligation pledge, not all information was timely filed with the MSRB.

<u>Fiscal Year Ended</u>	<u>Disclosure Due Date</u>	<u>Date Filed with EMMA</u>	<u>On Time / Days Late</u>
12/31/2016	07/29/2017	07/28/2017	on time
12/31/2015	07/28/2016	08/13/2016	16
12/31/2014	07/29/2015	07/29/2015	on time
12/31/2013	07/29/2014	07/30/2014	1
12/31/2012	07/29/2013	07/30/2013	1

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

## THE CITY

### General

The City of Evanston constitutes many communities, perspectives and qualities: it is a suburb, an urban center, a college town and lakefront community; it has leafy neighborhoods and lakefront mansions; apartment, condominium and student housing; its residents are commuters and locally employed workers; the downtown is prospering, but neighborhood commercial centers are also strong and developing. It is a part of the Chicago-land economy and has a vigorous commercial and professional economy of its own. A population of approximately 75,000 is diverse by race, religion, age, education, economics and occupation. With 8,700 people per square mile, Evanston has double the population density of the average North and Northwest suburb, and approximately half the density of Chicago. The City has over 260 acres in 75 parks and five beaches.

Evanston is contiguous with Chicago, and approximately 13 miles by rapid transit, commuter rail, expressway or parkway from downtown Chicago. It borders the north shore communities of Skokie and Wilmette.

In 1863, the Village of Evanston was incorporated as a town, and after several annexations, in 1892, the town became a city. The City's southern boundary was established with the City of Chicago and the present City limits, encompassing an area of approximately 8.0 square miles, have been essentially the same ever since. The City has four miles of shoreline along Lake Michigan.

### Northwestern University

Evanston is the home of Northwestern University, so named as it was established to serve the Northwest Territory. The University first platted the village which surrounded it. The State Legislature named the village "Evanston" in honor of Dr. John Evans, the then president of the University's Board.

Northwestern University not only gives a certain vitality to the City, it affects both City revenues and many demographic profiles of the City. Approximately 99% of the students living in university housing were included in the 2010 census, which is still unofficial at the time of the date of this Official Statement. This tends to understate demographic statistics such as the City's per capita income, wealth per capita, assessed value per capita, etc. On the other hand, it increases revenue sharing and other grants based on population.

About 4,000 students live in university housing; another 900 live in fraternities and sororities. Roughly 800 live in two graduate student-housing complexes and approximately 3,500 live off-campus, mostly in privately owned apartments in Evanston.

### Government

The City is a home rule municipality under the Illinois Constitution. As such, it has no tax rate or debt limits, nor is it required to conduct a referendum to authorize the increase of debt or the imposition of real property taxes. The City has a Council/Manager form of government with an elected Mayor. The Mayor is elected for a four-year term. The Aldermen each represent one of nine wards and are elected to terms of four years. The City Council is organized into standing committees: Administration and Public Works, Human Services, Planning and Development and Rules. The City Council has also established several special committees and commissions and advisory boards.

The City Manager is the Chief Administrative Officer of the City and is responsible for the management of all City operations under the direction of the Mayor and City Council. The City Manager appoints and supervises the directors of the City's 10 departments. The Administrative Services Director is responsible for the central financial functions of the City.

The City provides a broad range of municipal services, including police and fire protection, streets and parking, water and sewer service, public libraries, social services, health and services for the aging; beaches, parks and cultural events. The City is engaged in assisting in community and economic development and maintains land use controls.

Schools are provided by separate boards of education, governed by elected school boards. A small portion of the City is located in the Skokie Park District. Wastewater treatment is provided by the Metropolitan Water Reclamation District.

## **Administration**

Wally Bobkiewicz, *City Manager*. Mr. Bobkiewicz is the City Manager, appointed in August 2009. Mr. Bobkiewicz is the administrative head of the Municipal government and responsible for the efficient administration of all City departments. The departments are as follows: Administrative Services, Community and Economic Development, Fire, Health, Law, Library, Parks, Recreation and Community Services, Police, Public Works and Utilities. Before working for the City of Evanston, Mr. Bobkiewicz was employed as the City Manager with Santa Paula, California.

Martin Lyons, *Assistant City Manager/Treasurer*. Mr. Lyons is the Assistant City Manager/Treasurer and in conjunction with the City Manager, oversees and administers all the City's departments and functions, including the City's utilities, and serves as the City's Treasurer. Previous to working for the City of Evanston, Mr. Lyons was the Finance Director of the Village of Downers Grove, Illinois for nine years and for the Village of LaGrange, Illinois for three years.

## **Development Activity and City Layout**

The City's downtown is a central location for over eighty restaurants (ranging from casual to high-end), hundreds of hotel rooms, a state-of-the art movie theater, several theater and dance companies, retail bookstores and numerous shops. Total EAV ("equalized assessed value" as defined herein as "Real Property Taxation") growth in the City has grown from \$1.30 billion in 1999 to \$2.67 billion in 2016. Evanston's prudent use of TIF development has added to this growth.

Commercial development in the downtown area has been a priority of City government since a "Plan for Downtown Evanston/City Comprehensive Plan" was first adopted in 1980, with continuing revisions since then. Private development has been encouraged with coordination and support from the City. The City's efforts have included enhanced public transportation through the interconnection of bus, Metra rail and the Chicago Transit Authority (the "CTA") hubs; public art including streetscape and sidewalk amenities; creation of a commercial district to support nightlife in the City; and the utilization of two tax increment districts to provide support for the Church Street Plaza and Sherman Plaza redevelopment areas.

The City also has eight neighborhood commercial districts. Central Street, Noyes Street, Chicago & Dempster, Main & Chicago and Howard & Chicago are each formed around transportation hubs. Each of these districts has distinctive features: international, specialty retail and baked goods at Central Street; theater and dining at Noyes Street; antiques, art and specialty goods at Chicago & Dempster; convenient shopping at Main & Chicago and the transportation center at Howard & Chicago, on the border of the City with Chicago. Evanston Center and Oakton Street Center, on the Southwest Side of the City, are commercial centers initiated by developers and include a large number of national retailers. Each have major anchor and supportive retail which meets the needs of the neighborhood and beyond, and were redeveloped on former vacant industrial sites.

## **Labor Relations**

The City's four collective bargaining contracts cover the majority of the City's 819 (2015 budget full-time equivalent) employees and include: Police – Fraternal Order of Police (FOP) (expires on 12/31/2016); Firefighters - Local 742 of the International Association of Firefighters (IAFF) (expires on 12/31/16); Police Sergeants - FOP (expires on 12/31/2017); Other labor and general office positions including Public Works, Utilities, Parks/Recreation, Health, Library and Community Development - American Federation of State County and Municipal Employees (AFSCME), Council 31, Local 1891 A (expires on 12/31/16). The City has not experienced any work stoppage due to labor difficulties for the last 30 years.

## ECONOMIC AND DEMOGRAPHIC DATA

Evanston's median family income and per capita income remain consistently and significantly above State of Illinois and Cook County levels, as does the median home value.

### Family Income, Per Capita Income and Median Home Value

	2010	2000	2010	2000	2010 <sup>(1)</sup>	2000 <sup>(1)</sup>
	Median Family	Median Family	Per Capita	Per Capita	Median	Median
	<u>Income</u>	<u>Income</u>	<u>Income</u>	<u>Income</u>	Home	Home
					<u>Value</u>	<u>Value</u>
City of Evanston	\$ 104,117	\$ 78,886	\$ 38,116	\$ 33,645	\$ 366,400	\$ 290,800
Cook County	61,889	53,784	27,839	23,227	244,400	157,700
State of Illinois	65,417	55,545	27,325	23,104	191,800	130,800

(1) Single Family Owner Occupied Units Only

Source: U.S. Census Bureau

### City of Evanston, Cook County and State of Illinois Median Home Value

	Evanston		Cook County		State of Illinois	
	<u>2010</u>	<u>2000</u>	<u>2010</u>	<u>2000</u>	<u>2010</u>	<u>2000</u>
Median Home Value <sup>(1)</sup>	\$366,400	\$290,800	\$244,400	\$157,700	\$191,800	\$130,800
Number of Single Family Homes <sup>(1)</sup>	15,334	9,597	1,127,332	816,532	3,219,338	3,219,338
Percent of Homes Valued:						
Under \$50,000	1.34%	0.27%	3.20%	1.91%	6.84%	6.84%
\$50,000-\$99,999	0.89%	3.04%	5.63%	17.34%	13.91%	13.91%
\$100,000-\$149,000	3.57%	11.23%	11.18%	26.77%	14.76%	14.76%
\$150,000-\$199,999	13.01%	14.86%	16.90%	22.54%	16.82%	16.82%
\$200,000-\$299,999	21.49%	22.42%	27.02%	18.06%	22.26%	22.26%
Above \$300,000	59.68%	48.17%	36.07%	13.37%	25.41%	25.41%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: U.S. Census Bureau

### City of Evanston – Age of Housing Structures (as of 2010 U.S. Census)

<u>Years Built</u>	<u>Number</u>	<u>Percentage</u>
1939 or Earlier	16,333	51.15%
1940 to 1959	6,292	19.70%
1960 to 1969	3,069	9.61%
1970 to 1979	1,670	5.23%
1980 to 1989	1,109	3.47%
1990 to 1999	1,123	3.52%
2000 to 2004	1,366	4.28%
2005 to Later	972	3.04%
Total	<u>31,934</u>	<u>100.00%</u>

Source: U.S. Census Bureau

## Education and Employment

Census data from 2010 reflects that over 62% of adult residents of Evanston have four or more years of college, compared to 28% nationally.

### Educational Attainment – Population over 25

<u>Educational Level</u>	<u>Number</u>	<u>Percentage</u>	<u>Post-Secondary Education</u>	<u>High School or Higher</u>
Graduate or Professional Degree	15,707	33.20%		
Bachelor's Degree	13,804	29.20%		
Associate Degree	1,665	3.50%	65.90%	
Some College, no degree	7,136	15.10%		91.40%
High school graduate	4,932	10.40%		
9th to 12th grade, no diploma	2,483	5.20%		
Less than 9 <sup>th</sup> grade	1,599	3.40%		
Total	<u>47,326</u>	<u>100.00%</u>		

Source: U.S. Census Bureau

The following table shows the proportion of Evanston residents holding various job categories. Consistent with the high average level of educational attainment, over 62% of job holders who are Evanston residents work in professional or managerial jobs, as compared to 37.4% in Cook County, Illinois and 36.1% statewide.

### Select Occupation Categories

<u>Type of Occupations</u>	<u>Number</u>	<u>Percentage</u>
Management, business, science, and arts	23,243	62.51%
Service occupations	4,085	10.99%
Sales and office occupations	8,048	21.64%
Natural Resources, construction, and maintenance	648	1.74%
Production, transportation, material moving	1,160	3.12%
Total	<u>37,184</u>	<u>100.00%</u>

Source: U.S. Census Bureau

## Population

The City's population is essentially stable, having been near 70,000 since 1950.

	<u>1990</u>	<u>2000</u>	<u>2010</u>
City of Evanston	73,233	74,239	74,549
Cook County	5,105,067	5,376,741	5,194,675
State of Illinois	11,430,602	12,419,293	12,830,632

Source: U.S. Census Bureau

## Building Permits

### Building Activity – Value of Permits

<u>Calendar Year</u>	<u>Value of All Building Permits</u>
2016	\$ 536,538,596
2015	321,578,749
2014	557,445,516
2013	262,464,798
2012	148,357,853

## Transportation

Evanston has excellent public transportation. It is served by a rapid transit rail line operated by CTA, with eight stations in Evanston. This is part of the CTA's metropolitan rapid transit system. Commuter rail service provided by Metra, a Division of the Regional Transportation Authority ("RTA"), serves three stops in Evanston. Four local bus routes operated by the CTA connect all Evanston neighborhoods with its downtown area. Five bus routes operated by PACE, a suburban bus division of the RTA, connect Evanston with north and northwestern suburbs.

## Employment

### Ten Largest Real Property Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2015 Equalized Assessed Values</u>	<u>Percentage of Total City EAV</u>
Rotary International	Non-profit organization	\$ 25,179,949	1.15%
FSP 909 Davis Street	Commercial buildings	19,966,576	0.91%
Lowe Enterprises	Commercial building	17,461,023	0.80%
McCaffery Interests	Commercial buildings	15,310,340	0.70%
Evanston Hotel Assoc.	Hotel	9,784,205	0.45%
Inland	Commercial, retail	9,759,474	0.44%
North Shore University Health	Commercial, healthcare	9,556,069	0.44%
Azzuri of Evanston	Real Estate	8,476,109	0.39%
Target Proptax T927	Commercial, retail	7,336,363	0.33%
1007 Church St. LLC	Commercial, retail	7,279,722	0.33%
Top Ten Total		<u>\$ 130,109,831</u>	<u>5.92%</u>
City Total 2015 EAV		<u>2,196,021,525</u>	

Source: City of Evanston CAFR for fiscal year ended December 31, 2016.

## Industry

Although a small proportion of the total property value and employment numbers, the City is home to various manufacturing concerns including Addison Steel Inc., a fabricating company; Ward Manufacturing Co. a tool and die manufacturer; and C.E. Niehoff & Co., a manufacturer of automotive components.

## Unemployment

Unemployment in the City is consistently below Cook County and State of Illinois levels.

### Average Unemployment Rates

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City of Evanston	7.60%	7.80%	6.10%	5.00%	4.90%
Cook County	9.60%	9.70%	7.50%	6.20%	6.20%
State of Illinois	9.00%	9.10%	7.10%	5.90%	5.90%

Source: Illinois Department of Employment Security

## FINANCES

### Budget Process, Accounting and Financial Control Procedures

The City's fiscal year ("FY") has historically begun on March 1 of each year. However, the City passed a resolution that changes the City's fiscal year to match the calendar year beginning in the year 2012. As such, fiscal year 2011 is only be ten months in duration (March 1, 2011 through December 31, 2011).

The City Manager submits to the City Council a proposed operating budget not less than 60 days prior to the start of each fiscal year. The operating budget includes proposed expenditures and the means of financing those expenditures. The City Council holds several public hearings and then may modify the budget prior to adoption.

The City Manager is authorized to transfer budgeted amounts between departments within any fund (such as the General Fund); however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgets are legally adopted on a basis consistent with generally accepted accounting principles ("GAAP") except that property taxes are budgeted as revenue in the year they are levied. For purposes of preparing the combined statement of revenues, expenditures and changes in fund balances – budget and actual, GAAP revenue and expenditures have been adjusted to the budgetary basis. The budgets of the governmental type funds are prepared on a modified accrual basis. Obligations of the City are budgeted as expenditures, but revenue is recognized only when it has actually been received. The Comprehensive Annual Financial Report of the City ("CAFR") presents expenditures and revenues on both a GAAP basis and a budget basis for comparison.

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities. A fund is a separate, self-balancing accounting entity and in the City there are three categories of funds: governmental, proprietary and fiduciary. Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds) and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the City not accounted for in some other fund. Other major funds include Special Revenue Funds, Debt Service Funds, Enterprise Funds (water, sewer, and parking) and Pension Trust Funds.

The Enterprise Funds (water and sewer) are budgeted on a full accrual basis. Expenses are recognized when a commitment is made (through a purchase order), and revenues are recognized when they are obligated to the City (for example, water user fees are recognized as revenue when bills are produced).

The City reports financial results based on GAAP as promulgated by the Governmental Accounting Standards Board. The accounts of the City are divided into separate self-balancing funds comprised of its assets, liabilities, fund equity, revenues and expenditures, as appropriate.

The City's expenditures are monitored on a regular basis by the Finance Department. Disbursements are made only if an expenditure is within the authorized Budget.

The City annually presents its Budget to the Government Finance Officers Association (“GFOA”) for review against that organization’s standards for government budgeting. The City received a Distinguished Budget Award from the GFOA for the fiscal year 2012 Budget and has previously received the award for over 16 successive years.

### **Financial Statements and Independent Audits**

The City annually presents its CAFR to the GFOA for review against that organization’s standards for governmental accounting and financial reporting. The City received a certificate of achievement for excellence in financial reporting from the GFOA for the fiscal year ended December 31, 2015.

The City’s financial statements are audited annually as required by State law. Sikich LLP, Certified Public Accountants and Advisors, Naperville, Illinois, audited the financial statements for fiscal year ended December 31, 2016. Copies of the City’s audited financial statements are available at the City’s website. Excerpts of the audited financial statements for the fiscal year ended December 31, 2016, are included as APPENDIX A to this Official Statement. Sikich LLP, has neither reviewed nor approved this Official Statement or its appendices.

The City has covenanted in connection with the issuance of the Bonds to file its audited annual financial statements and certain additional financial and operating data within 270 days after the close of the City’s fiscal year. See APPENDIX C to this Official Statement.

### **Cash Management**

The City invests available funds to the extent not needed for immediate expenditures in interest bearing securities. Money Market Funds make up 100% of General Fund investments. Cash amounts held in bank accounts are collateralized by United States government or agency obligations.

The City’s investment policy is in compliance with the Illinois Municipal Investment Act and limits investments to those that are insured or which are registered (or for which the securities are held by the City or its agent) in the City’s name. Bond funds are invested separately.

### **Revenues**

The City receives revenue from a wide variety of sources. These include a real property tax, municipal shares of State sales and income taxes, a home rule sales tax, utility taxes and federal grants, as well as various use charges, licenses and permits. The largest revenue source for the City is the property tax. See “*REAL PROPERTY TAXATION*” for a description of the property tax. Other major revenue sources are described below.

#### ***Sales Taxes***

The City’s share of the State sales tax and a separate City home rule sales tax are the second largest source of revenue to the City. A portion of the State’s sales tax receipts from sales within Evanston are statutorily allocated to the City. The amount so received by the City equals about 1.0% of those sales subject to the State tax. In addition, the City imposes a City-wide home rule sales tax, as permitted by State law, presently at a rate of 1.0%. Sales of vehicles, groceries and medicine, among other items, are exempted by State law from this home rule sales tax. The Illinois Department of Revenue collects both the State sales tax and the City’s sales tax. As illustrated on the following table, the State sales tax produced \$10.2 million, and the home rule sales tax produced \$6.2 million for the fiscal year ended December 31, 2016. The State sales taxes payable to the City have grown at an average compound rate of approximately 1.6 percent between fiscal years ended February 28, 2007 and December 31, 2016.

### Ten Year History State Sales Tax Receipts

<u>FY Ended</u>	<u>Home Rule Annual</u>	<u>12-Month Increase / (Decrease)</u>	<u>Sales Tax Annual</u>	<u>12-Month Increase / (Decrease)</u>
12/31/2016	\$ 6,156,529	0.89%	\$ 10,216,966	2.17%
12/31/2015	6,102,128	(0.01%)	9,999,482	2.00%
12/31/2014	6,102,969	2.32%	9,803,582	0.89%
12/31/2013	5,964,747	4.51%	9,717,393	7.86%
12/31/2012	5,707,112	n.a.	9,008,956	n.a.
12/31/2011	4,902,429	n.a.	7,671,007	n.a.
2/28/2011	5,724,904	4.78%	8,791,573	2.87%
2/28/2010	5,463,561	(1.96%)	8,546,173	(3.52%)
2/28/2009	5,572,880	(5.73%)	8,857,994	(4.11%)
2/29/2008	5,911,796	4.61%	9,237,337	6.24%
2/28/2007	5,651,328	0.70%	8,695,104	2.48%

#### ***Replacement Taxes***

Replacement taxes are revenues collected by the state of Illinois and paid to local governments to replace money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were taken away. Below are five years of replacement tax data for the City.

#### **Replacement Taxes**

<u>FY Ended</u>	<u>Amount</u>
12/31/2016	\$ 1,425,178
12/31/2015	1,358,443
12/31/2014	1,448,645
12/31/2013	1,422,673
12/31/2012	1,243,473

#### ***Utility Taxes***

The City collects utility taxes on natural gas, electricity and telephone charges. Utility taxes generated \$6.7 million for the fiscal year ended December 31, 2016, as compared to the \$7.1 million for the fiscal year ended December 31, 2015.

#### **FY 2016/ 2017 Budgets**

##### ***Overview of Budget for Fiscal Year 2016 and 2017***

The total budget of the City for the fiscal year ending December 31, 2017 is \$308.8 million. The General Fund portion of the total budget for fiscal year ending December 31, 2017 is \$118.7 million.

The total budget of the City for the fiscal year ending December 31, 2016 is \$304.5 million. The General Fund portion of the total budget for fiscal year ending December 31, 2016 is \$111.7 million.

## Summary of Financial Information

The following summary of financial information is taken from audited financial statements of the City for fiscal years ended December 31, 2013 through December 31, 2016. This summary does not purport to be complete. Reference should be made to excerpts of the audited financial statements for fiscal year ended December 31, 2016 included as APPENDIX A of this Official Statement. Sikich LLP, Certified Public Accountants and Advisors, have neither reviewed nor approved this summary.

<b>General Fund Balance Sheet</b>				
<b>Fiscal Years Ended</b>				
<b>Assets:</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>12/31/2016</b>
Cash and Investments	\$ 10,885,387	\$ 5,070,897	\$ 2,168,922	\$ 6,324,402
Property Taxes Receivable	12,031,386	11,387,119	27,177,454	28,177,453
Due From Other Governments	7,247,146	6,876,727	8,567,535	7,066,670
Due From Other Funds	3,029,567	3,868,070	2,497,033	3,430,218
All Other Assets	2,983,910	3,454,712	1,340,477	2,879,876
Total Assets	<u>36,177,396</u>	<u>30,657,525</u>	<u>41,751,421</u>	<u>47,878,619</u>
<b>Liabilities:</b>				
Vouchers Payable	1,760,323	2,245,334	2,187,056	3,042,151
Accrued Payroll	2,317,172	293,472	600,834	839,121
Compensated Absences Payable	207,027	302,311	--	--
Due To Other Funds/Governments	4,546,512	2,882,454	--	3,368,372
All Other Liabilities	506,188	420,885	1,042,031	783,589
Total Liabilities	<u>9,337,222</u>	<u>6,144,456</u>	<u>3,829,921</u>	<u>8,033,233</u>
Deferred Revenue	10,477,223	9,530,103	27,216,664	28,177,453
<b>Fund Balances:</b>				
Nonspendable	--	--	118,433	--
Restricted	--	--	--	--
Committed	--	--	--	--
Assigned	6,361,490	5,347,110	5,671,992	5,045,638
Unassigned	10,001,461	9,635,856	4,914,411	6,622,295
Total Fund Balance	<u>16,362,951</u>	<u>14,982,966</u>	<u>10,704,836</u>	<u>11,667,933</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$36,177,396</u>	<u>\$30,657,525</u>	<u>\$41,751,421</u>	<u>\$47,878,619</u>

Sources: City of Evanston, Illinois; CAFR for fiscal year ended 12/31/2013 through 12/31/2016.

**General Fund  
Statement of Fund Operations  
Fiscal Years Ended**

<b>Revenues:</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>12/31/2016</b>
Taxes	\$38,709,390	\$38,222,153	\$52,628,569	\$54,336,773
Licenses and Permits	10,617,414	14,503,168	12,184,303	17,933,413
Intergovernmental	18,382,644	17,964,980	18,998,689	18,445,108
Charges for Services	7,722,937	7,792,469	8,224,155	8,694,803
Fines and Forfeits	3,448,523	3,357,965	3,554,188	3,611,901
Investment Income	26,907	13,037	6,573	30,285
Miscellaneous	1,418,949	1,138,650	950,964	1,338,381
Total	<u>80,326,764</u>	<u>82,992,422</u>	<u>96,547,441</u>	<u>104,390,664</u>
<b>Expenditures:</b>				
General Management and Support	14,147,518	11,642,286	11,753,081	15,929,441
Public Safety	40,650,660	43,013,173	58,461,316	60,939,168
Public Works	8,797,497	17,398,563	16,866,953	13,240,692
Health & Human Resource Dev.	3,601,469	3,836,705	3,140,999	3,021,327
Recreation & Cultural Opportunities	14,744,293	10,486,537	11,079,855	11,893,837
Housing & Economic Dev.	2,536,209	2,627,187	2,359,753	2,455,754
Debt Service - Principal	--	--	--	--
Debt Service - Interest	--	--	--	--
Total	<u>84,477,646</u>	<u>89,004,451</u>	<u>103,661,957</u>	<u>107,480,219</u>
Transfers In	6,826,313	7,233,511	7,769,334	8,099,626
Transfers Out	(3,345,967)	(2,601,467)	(3,169,989)	(4,046,974)
Fund Balance, Beginning of Year	17,033,487	16,362,951	14,982,966	10,704,836
Prior period adjustment	--	--	(1,762,959)	--
Fund Balance, End of Year	<u>\$16,362,951</u>	<u>\$14,982,966</u>	<u>\$10,704,836</u>	<u>\$11,667,933</u>

## Pension Fund Obligations

The City participates in three defined benefit pension plans which cover substantially all employees. Retirement benefits are provided for employees who meet certain age and service requirements. Payments are generally correlated with the employee's length of service and earnings. Legal requirements of the plans (including contributions, vesting benefit and fund deficit provisions) are governed by State law. The plans are funded by employee and employer contributions and investment earnings.

All employees, other than police officers, firefighters and those working fewer than 1,000 hours per year, are covered by the Illinois Municipal Retirement Fund ("IMRF") which is a Statewide multi-employer plan governed by a state board of trustees.

The IMRF determines the contribution rate for the City to provide for all full funding of prior service costs, as determined actuarially, over a future period of not more than 40 years. The City funds its contributions through the property tax levy.

City police officers are covered by the Police Pension Fund and City firefighters are covered by the Firefighters' Pension Fund. These funds are governed by separate boards of trustees comprised of City officials and police or fire employee representatives. As required by State of Illinois statute, the City intends to annually fund its police and fire pension plans by the actuarially required contribution as determined by an enrolled actuary.

The following table shows the funding level, actual funding requirement, unfunded pension liability and funding ratio for the various pension funds for City employees.

### Combined Pension Funding

	<u>Asset Value</u>	<u>Liability</u>	<u>Unfunded</u>	<u>Funded Ratio</u>
Fire <sup>1</sup>	\$70,599,998	\$163,143,565	\$92,543,567	43.27%
Police <sup>1</sup>	106,191,545	218,496,352	112,304,807	48.60%
IMRF <sup>2</sup>	<u>211,199,130</u>	<u>230,426,570</u>	<u>19,227,440</u>	<u>91.66%</u>
All Funds Combined	<u>\$387,990,673</u>	<u>\$612,066,487</u>	<u>\$224,075,814</u>	<u>63.39%</u>

(1) Valuation date of 1/1/2016 (City of Evanston CAFR for year ended December 31, 2016)

(2) Valuation date of 12/31/2015 (City of Evanston CAFR for year ended December 31, 2016)

## Insurance Coverage

The City maintains commercial all-risk property insurance with regard to City facilities, subject to a deductible of \$75,000 per occurrence. The City maintains general liability insurance for claims in excess of \$2.0 million per occurrence.

## GENERAL OBLIGATION BONDED INDEBTEDNESS

### Outstanding General Obligation Debt

The below table provides the City's outstanding general obligation debt issues as of the issuance of the Bonds.

#### General Obligation Debt by Issue

Date of Issue	Type of Obligation	Amount Issued	Final Maturity	Interest Rates Outstanding	Principal Outstanding
05/24/2007	Ref. Bonds, Series 2007*	\$ 30,385,000	12/01/2027	4.00% - 5.00%	\$ 1,400,000
05/07/2008	Ref. Bonds, Series 2008A	3,800,000	12/01/2021	3.75% - 5.00%	1,810,000
05/07/2008	Ref. Bonds, Series 2008B	27,755,000	12/01/2018	3.75% - 5.00%	4,245,000
05/07/2008	Bonds, Series 2008C	12,395,000	12/01/2028	3.75% - 5.00%	8,615,000
08/15/2010	Bonds, Series 2010A	6,500,000	12/01/2029	2.00% - 3.625%	5,040,000
08/15/2010	Taxable Bonds, Series 2010B	8,000,000	12/01/2019	2.50% - 3.30%	3,180,000
08/01/2011	Bonds, Series 2011A	19,240,000	12/01/2031	2.00% - 4.50%	13,785,000
07/26/2012	Bonds, Series 2012	15,720,000	12/01/2032	3.00% - 3.25%	11,065,000
08/15/2013	Bonds, Series 2013A	12,565,000	12/01/2033	2.00% - 4.75%	11,430,000
11/20/2013	Ref. Bonds, Series 2013B	28,875,000	12/01/2025	2.00% - 3.00%	18,545,000
08/21/2014	Bonds, Series 2014	12,045,000	12/01/2034	1.25% - 5.00%	11,230,000
11/10/2015	Bonds, Series 2015A	13,095,000	12/01/2035	2.00% - 4.00%	12,650,000
11/10/2015	Ref. Bonds, Series 2015B	11,075,000	12/01/2022	2.00% - 3.00%	10,075,000
09/28/2016	Bonds, Series 2016A	13,715,000	12/01/2036	2.00% - 4.00%	13,715,000
09/28/2016	Ref. Bonds, Series 2016B	7,635,000	12/01/2026	2.00% - 3.00%	7,635,000
	Existing Total				\$ 134,420,000
10/16/2017	Bonds, Series 2017A	13,990,000	12/01/2037	3.00% - 4.00%	13,990,000
10/16/2017	Ref. Bonds, Series 2017B	9,225,000	12/01/2027	2.00% - 4.00%	9,225,000
10/16/2017	Taxable Bonds, Series 2017C	5,000,000	12/01/2035	2.05% - 4.00%	5,000,000
	The Bonds				\$ 28,215,000
	Total				\$ 162,635,000

\* Principal Outstanding reflects the scheduled December 1, 2017 payment.

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The below table provides the City's outstanding general obligation debt service as of the issuance of the Bonds.

**Total General Obligation Debt Service**

Year <u>Ending</u>	Outstanding G.O. Debt		The Bonds		Total <u>Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
12/31/2017	\$ 16,135,000	\$ 5,063,598	--	--	\$ 21,198,598
12/31/2018	13,525,000	4,026,748	\$ 1,445,000	\$ 995,518	19,992,266
12/31/2019	10,110,000	3,625,600	1,560,000	851,405	16,147,005
12/31/2020	9,495,000	3,317,883	1,605,000	809,605	15,227,488
12/31/2021	9,775,000	3,023,395	1,660,000	766,490	15,224,885
12/31/2022	9,380,000	2,704,433	1,710,000	721,220	14,515,653
12/31/2023	7,925,000	2,378,839	1,765,000	674,163	12,743,001
12/31/2024	7,130,000	2,091,976	1,820,000	616,263	11,658,239
12/31/2025	7,340,000	1,831,326	1,885,000	556,158	11,612,484
12/31/2026	6,290,000	1,551,576	1,945,000	493,468	10,280,044
12/31/2027	5,475,000	1,300,901	2,015,000	428,458	9,219,359
12/31/2028	5,670,000	1,100,501	1,000,000	347,858	8,118,359
12/31/2029	4,920,000	891,831	1,040,000	314,758	7,166,589
12/31/2030	4,585,000	722,463	1,075,000	281,933	6,664,395
12/31/2031	4,750,000	561,819	1,110,000	247,983	6,669,801
12/31/2032	3,680,000	391,631	1,145,000	212,908	5,429,539
12/31/2033	3,220,000	266,950	1,180,000	176,733	4,843,683
12/31/2034	2,465,000	152,731	1,220,000	139,243	3,976,974
12/31/2035	1,705,000	75,625	1,260,000	99,241	3,139,866
12/31/2036	845,000	23,238	870,000	57,688	1,795,925
12/31/2037	--	--	905,000	29,413	934,413
Total	<u>134,420,000</u>	<u>35,103,063</u>	<u>28,215,000</u>	<u>8,820,499</u>	<u>206,558,562</u>

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A portion of the debt service on the City's outstanding general obligation bonds is expected to be paid from sources other than general property taxes levied throughout the City. These sources include incremental taxes in tax increment areas, special service area taxes and revenues from various enterprise funds including sewer services fees (the "Other Debt Service Sources"). The City's total general obligation debt service schedule and portion expected to be paid from Other Debt Service Sources is presented in the table below, however, no assurance is given that such Other Debt Service Sources will be available or will be so applied.

**Total and Scheduled for Abatement General Obligation Debt Service**

Year <u>Ending</u>	Outstanding G.O. Debt		Expected to be Paid From Other Debt Service Sources		Net <u>Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
12/31/2017	\$ 16,135,000	\$ 5,063,598	(6,199,800)	(1,210,438)	\$ 13,788,360
12/31/2018	14,970,000	5,022,266	(5,319,520)	(1,147,145)	13,525,600
12/31/2019	11,670,000	4,477,005	(2,230,420)	(911,254)	13,005,331
12/31/2020	11,100,000	4,127,488	(1,372,500)	(833,878)	13,021,110
12/31/2021	11,435,000	3,789,885	(1,424,580)	(786,388)	13,013,917
12/31/2022	11,090,000	3,425,653	(1,472,840)	(735,289)	12,307,524
12/31/2023	9,690,000	3,053,001	(1,531,100)	(680,339)	10,531,562
12/31/2024	8,950,000	2,708,239	(1,569,360)	(622,334)	9,466,545
12/31/2025	9,225,000	2,387,484	(1,598,800)	(564,411)	9,449,273
12/31/2026	8,235,000	2,045,044	(1,603,240)	(503,181)	8,173,623
12/31/2027	7,490,000	1,729,359	(1,642,680)	(441,909)	7,134,770
12/31/2028	6,670,000	1,448,359	(1,598,300)	(381,925)	6,138,134
12/31/2029	5,960,000	1,206,589	(1,425,000)	(324,145)	5,417,444
12/31/2030	5,660,000	1,004,395	(1,480,000)	(279,976)	4,904,419
12/31/2031	5,860,000	809,801	(1,530,000)	(233,064)	4,906,738
12/31/2032	4,825,000	604,539	(1,575,000)	(183,333)	3,671,206
12/31/2033	4,400,000	443,683	(1,325,000)	(131,345)	3,387,337
12/31/2034	3,685,000	291,974	(1,225,000)	(85,999)	2,665,975
12/31/2035	2,965,000	174,866	(1,070,000)	(45,773)	2,024,094
12/31/2036	1,715,000	80,925	(285,000)	(10,063)	1,500,863
12/31/2037	905,000	29,413	(60,000)	(1,950)	872,463
<b>Total</b>	<b>162,635,000</b>	<b>43,923,562</b>	<b>(37,538,140)</b>	<b>(10,114,136)</b>	<b>158,906,286</b>

**Overlapping Debt**

**Overlapping General Obligation Bonded Debt**

(As of December 31, 2016)

<u>Taxing Body</u> <sup>(1)</sup>	Total	Percent	Amount
	<u>Outstanding Debt</u>	<u>Allocable</u>	<u>Allocable</u>
Cook County	\$ 3,213,141,750	1.86%	\$ 59,800,786
Cook County Forest Preserve District	159,490,000	1.86%	2,968,318
Metropolitan Water Reclamation District	2,926,998,000	1.90%	55,532,275
Skokie Park District	40,635,000	0.63%	256,072
Community Consolidated School District No. 65	77,526,208	90.20%	69,930,911
Township High School District No. 202	24,800,000	90.20%	22,370,327
Community College District No. 535	30,895,000	12.00%	3,707,393
<b>Total Overlapping General Obligation Bonded Debt</b>			<b>\$ 214,566,083</b>

Source: Cook County Clerk's Offices

<sup>(1)</sup> Does not include Alternate Revenue Bonds.

## Debt Ratios

<u>Metric</u>	<u>Value</u>
True Value (2016)	\$ 8,011,235,307
EAV (2016)	2,670,411,769
Population (2010)	75,549
Direct Debt (Property Tax Supported)	\$ 125,096,860
Direct Debt (Supported by Other Sources)	37,538,140
Total Direct Debt	\$ 162,635,000
Total Overlapping Debt	\$ 214,566,083

<u>Debt Ratio</u>	<u>All General Obligation Debt</u>	<u>General Obligation Debt (Less Self Supporting Debt)</u>
Direct Debt Per True Value	2.03%	1.56%
Direct Debt Per EAV	6.09%	4.68%
Direct Debt Per Capita	\$ 2,153	\$ 1,656
Direct and Overlapping Debt Per True Value	4.71%	4.24%
Direct and Overlapping Debt Per EAV	14.13%	12.72%
Direct and Overlapping Debt Per Capita	\$ 4,993	\$ 4,496

## General Obligation Debt Trends

<u>Year Ending</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Library Component Unit</u>	<u>Total General Obligation</u>
12/31/2016	\$ 112,107,778	\$ 29,902,079	\$ 1,970,143	\$ 143,980,000
12/31/2015	114,683,721	30,957,894	1,643,381	147,284,996
12/31/2014	116,836,839	29,787,840	2,125,321	148,750,000
12/31/2013	117,531,511	30,411,358	2,767,131	150,710,000
12/31/2012	120,938,742	33,221,258	--	154,160,000
12/31/2011	122,579,206	35,115,794	--	157,695,000
2/28/2011	117,322,439	36,212,561	--	153,535,000
2/28/2010	111,233,880	40,236,120	--	151,470,000
2/28/2009	118,126,135	55,983,865	--	174,110,000
2/29/2008	118,005,000	66,530,000	--	184,535,000
2/28/2007	113,990,000	76,825,000	--	190,815,000

## Future Financings

The City does not plan on issuing additional debt during this calendar year.

## REAL PROPERTY TAXATION

As a home rule municipality, the City has the ability to levy real property taxes on the taxable property in the City without limitation as to rate or amount. The City levies real property taxes for general government purposes, pension contributions and general obligation debt service. Real property taxes are applied to taxable property based on its assessed value (less various exemptions), as equalized among counties by the Illinois Department of Revenue. This is referred to as the equalized assessed valuation or “EAV.” See “Real Property Assessment, Tax Levy and Collections Procedures.”

Taxable property is reassessed every three years. The most recent reassessment period was tax year 2016. The following table shows the City’s EAV in recent years. The taxes collected in 2016 were payable with respect to the EAV for tax year 2015. The EAV of property for tax year 2015 was approximately \$2.2 billion which does not include approximately \$154.8 million of EAV included in TIF districts (see “Tax Increment Financing” herein.)

### Historic Equalized Assessed Valuation <sup>(1)</sup>

<u>Tax Year</u>	<u>Total</u>	<u>% Change</u>
2016	\$ 2,670,411,769	21.60%
2015	2,196,021,525	-2.16%
2014	2,244,569,975	1.95%
2013	2,201,697,038	-12.44%
2012	2,514,621,552	-7.80%
2011	2,727,367,573	-10.34%
2010	3,041,884,087	-7.99%
2009	3,305,989,369	12.51%
2008	2,938,397,892	5.99%
2007	2,772,340,028	23.44%
2006	2,245,892,746	0.14%

(1) Incremental EAV in Tax Increment Districts not included.  
Source: Cook County Clerk’s Office

Property owned by not-for-profit colleges, universities and hospitals is not subject to real property taxation. Northwestern University, the City’s largest employer, does not pay property taxes on educational properties. The University does pay its share of water and sewer charges, utilities taxes, permit fees and other charges for services.

### Equalized Assessed Valuation by Classification of Property <sup>(1)</sup>

	<u>2013</u>		<u>2014</u>		<u>2015</u>	
Residential	\$1,653,524,481	75.10%	\$1,792,383,435	79.85%	\$1,751,252,888	79.75%
Farm	15,956	0.00%	15,467	0.00%	15,467	0.00%
Commercial	452,108,891	20.53%	416,165,953	18.54%	410,670,248	18.70%
Industrial	94,820,879	4.31%	34,726,327	1.55%	32,549,681	1.48%
Railroad	1,226,831	0.06%	1,278,793	0.06%	1,533,241	0.07%
Total EAV	\$2,201,697,038	100.00%	\$2,244,569,975	100.00%	\$2,196,021,525	100.00%

(1) Does not include incremental EAV in redevelopment project areas. See “Tax Incremental Financing” below. The incremental 2015 EAV in redevelopment project areas was \$154,808,491.

\* Percentages may not add to 100% because of rounding.

Source: Cook County Clerk’s Office

## Tax Increment Financing

Under Illinois law, municipalities may designate particular areas as redevelopment project areas and may provide for tax increment financing for redevelopment project costs in those “TIF” areas. In a TIF area, collections of real property taxes levied by all taxing bodies, to the extent attributed to increases in the EAV of the TIF area over its EAV when the TIF area was so designated, are deposited in a special tax allocation fund of the municipality and are available for use by the municipality to pay qualified redevelopment costs with respect to the TIF area. Qualified redevelopment costs include, among other items, costs of construction of public works or improvements, costs of rehabilitation of public or private buildings and costs of land acquisition. Amounts in the special tax allocation fund for a TIF area also may be used to pay debt service on bonds issued by the municipality for qualified redevelopment costs of that area (“TIF bonds”). To the extent that the tax collections in respect of a TIF area are deposited in the special tax allocation fund and used for qualified redevelopment costs or related debt service, they are not available for other governmental purposes, including paying unrelated General Obligation Bonds of the municipality.

As of tax year 2016 the City has designated six TIF areas. The total EAV increment of these areas for this tax year totaled \$158,901,401. The EAV for these areas at the time the areas were so designated (the base or “frozen” value) was \$91,489,225.

### Equalized Assessed Valuation of Tax Increment Financing Areas

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Frozen Value	\$ 77,225,187	\$ 99,531,184	\$ 99,927,882	\$ 99,927,882	\$ 91,489,225
Incremental	<u>74,957,701</u>	<u>63,217,143</u>	<u>57,097,912</u>	<u>54,880,609</u>	<u>67,412,176</u>
TOTAL EAV	\$152,182,888	\$162,748,327	\$157,025,794	\$154,808,491	\$158,901,401

TIF bonds may, in some cases, also be general obligations of the municipality. In that case general obligation bonds, in addition to their other claims for payment, may have a claim for payment from the amounts on deposit in the special tax allocation fund for that TIF area.

## Special Service Areas

Under Illinois law, municipalities may establish special service areas and may levy real property taxes with respect to taxable real property within the special service area to pay costs of special municipal services for the area or to pay debt service on bonds of the municipality issued to provide those special services.

The City has established a number of special service areas for the upgrade of streets and sidewalks in its central business district. Taxes levied and collected with respect to special service areas are not shown as general revenues of the City.

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## City Property Taxes

The following table shows the collection history for real property taxes levied by the City.

### Tax Extensions and Collections

<u>Levy Year</u>	<u>Collection Year</u>	<u>Taxes Extended</u>	<u>Taxes</u>	
			<u>Collected and Distributed</u>	<u>Percent Collected</u>
2015	2016	\$ 46,394,914	\$ 44,974,845	96.94%
2014	2015	45,557,079	44,280,493	97.20%
2013	2014	43,869,798	42,762,685	97.48%
2012	2013	43,330,121	41,776,375	96.41%
2011	2012	43,397,590	42,064,756	96.93%
2010	2011	41,479,398	39,412,004	95.02%
2009	2010	39,779,364	38,018,159	95.57%
2008	2009	38,044,671	36,246,629	95.27%
2007	2008	35,550,694	34,061,461	95.81%
2006	2007	34,399,146	33,249,612	96.66%

The following table shows the ten largest real property taxpayers in the City.

### Ten Largest Real Property Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2015 Equalized Assessed Values</u>	<u>Percentage of Total City EAV</u>
Rotary International	Non-profit organization	\$ 25,179,949	1.15%
FSP 909 Davis Street	Commercial buildings	19,966,576	0.91%
Lowe Enterprises	Commercial building	17,461,023	0.80%
McCaffery Interests	Commercial buildings	15,310,340	0.70%
Evanston Hotel Assoc.	Hotel	9,784,205	0.45%
Inland	Commercial, retail	9,759,474	0.44%
North Shore University Health	Commercial, healthcare	9,556,069	0.44%
Azzuri of Evanston	Real Estate	8,476,109	0.39%
Target Proptax T927	Commercial, retail	7,336,363	0.33%
1007 Church St. LLC	Commercial, retail,	7,279,722	0.33%
Top Ten Total		<u>\$ 130,109,831</u>	<u>5.92%</u>
City Total 2015 EAV		<u>2,196,021,525</u>	

Source: City of Evanston CAFR for fiscal year ended December 31, 2016.

Property tax rates for City purposes, as well as rates for governmental bodies that substantially overlap the City are shown below.

**Historic City Tax Rates**  
(Per \$100 EAV)

<u>Fund</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Corporate	\$ 0.3887	\$ 0.4351	\$ 0.3939	\$ 0.3896	\$ 0.2954
Bond & Interest	0.4788	0.5468	0.5298	0.4990	0.4234
Police Pension	0.3274	0.3740	0.3810	0.4208	0.3788
Fire Pension	0.2460	0.2809	0.2756	0.3286	0.3007
IMRF	0.1097	0.1225	0.1238	0.1238	0.1018
General Assistance	--	--	0.0613	--	--
<b>TOTAL</b>	<u>\$ 1.551</u>	<u>\$ 1.759</u>	<u>\$ 1.765</u>	<u>\$ 1.762</u>	<u>\$ 1.501</u>

**Tax Rates for Overlapping Taxing Agencies**  
(Taxes Billed in 2016 – Per \$1,000 EAV)

<u>Taxing Agency</u>	<u>2016 Rate</u>
<b>City of Evanston</b>	\$ 1.501
Cook County	0.533
Cook County Forest Preserve District	0.063
Consolidated Elections	--
City of Evanston Library Fund	0.241
General Assistance	0.035
Elementary School District No. 65	3.676
Evanston Township High School District No. 202	2.332
Oakton Community College District No. 535	0.231
Metropolitan Water Reclamation District	0.406
North Shore Mosquito Abatement District	0.010
Total - property not in park or special purpose district	<u>\$ 9.028</u>

Source: Cook County Clerk's Office

**Real Property Assessment, Tax Levy and Collection Procedures**

The following is a summary of general property tax assessment, levy and collection procedures in Cook County, Illinois.

**Real Property Assessment.** The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within Cook County (the "County"), including such property located within the boundaries of the City, except for certain railroad property, pollution control facilities and low sulfur dioxide emission coal-fueled devices, which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The City is located in the North Tri and was reassessed for the 2016 tax levy year.

In response to the downturn of the real estate market, the Assessor reduced the 2009 assessed value on suburban residential properties (specifically, those properties located in the South Tri and the North Tri) not originally scheduled for reassessment in 2009. For tax year 2009, each suburban township received an adjustment percentage for tax year 2009, lowering the existing assessed values of all residential properties in such township within a range of 4% to 15%, beginning with the second-installment tax bills payable in the fall of 2010.

Real property in the County is separated into classes for assessment purposes. After the Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. Such classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed (beginning with the 2009 tax levy year) at various percentages of fair market value as follows: Class 1 - unimproved real estate (10%); Class 2 - residential (10%); Class 3 - rental-residential (16% in tax year 2009, 13% in tax year 2010, and 10% in tax year 2011 and subsequent years); Class 4 - not-for-profit (25%); Class 5a - commercial (25%); and Class 5b - industrial (25%). In addition, property may be temporarily classified into one of eight additional assessment classification categories. Upon expiration of such classification, property so classified will revert to one of the basic six assessment classifications described above.

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review (the "Board of Review"), which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of residential property having six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County (the "Circuit Court") or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The procedure under this alternative is similar to the judicial review procedure described in the immediately preceding paragraph, however, the standard of proof differs. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

**Equalization.** After the Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Department of Revenue is required by statute to review the Assessed Valuations. The Department of Revenue establishes an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county to make all valuations uniform among the 102 counties in the State of Illinois (the "State"). Under State law, the aggregate of the assessments within each county is equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in the County, regardless of its assessment category, except for certain farmland property and wind energy assessable property, which are not subject to equalization.

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the "EAV") of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body's jurisdiction, plus the valuation of property assessed directly by the Department of Revenue, constitute the total real estate tax base for the taxing body, which is used to calculate tax rates (the "Assessment Base").

**Exemptions.** The Illinois Property Tax Code, as amended (the "Property Tax Code"), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions.

**Tax Levy.** As part of the annual budgetary process of governmental units (the "Units") with power to levy taxes in the County, the designated body for each Unit annually adopts proceedings to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit.

**Extensions.** The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends

the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the “Warrant Books”) along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector’s authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

**Collections.** Property taxes are collected by the County Collector, who also serves as the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. Beginning with the first installment payable in 2010, the first installment is equal to 55% of the prior year’s tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead based on the certain percentage of the corrected prior year’s tax bill. The second installment covers the balance of the current year’s tax bill, and is based on the then current tax year levy, Assessed Valuation and Equalization Factor, and reflects any changes from the prior year in those factors. The following table sets forth the second installment penalty date for the last 10 tax levy years in Cook County; the first installment penalty date has been March 1 for all such years.

<u>Tax Levy Year</u>	<u>Second Installment Penalty Date</u>
2007	November 3, 2008
2008	December 1, 2009
2009	December 13, 2010
2010	November 1, 2011
2011	August 1, 2012
2012	August 1, 2013
2013	August 1, 2014
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. The County may provide for tax bills to be payable in four installments instead of two. However, the County has not required payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the City promptly credits the taxes received to the funds for which they were levied.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the “Annual Tax Sale”) of unpaid taxes shown on that year’s Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any “automated means.” Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The Scavenger Sale (the “Scavenger Sale”), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which two or more years’ taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

**Truth in Taxation Law.** Legislation known as the Truth in Taxation Law (the “Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

## **TAX TREATMENT**

### **Series A and Series B Bonds (the “Tax-Exempt” Bonds)**

Federal tax law contains a number of requirements and restrictions which apply to the Tax-Exempt Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Tax-Exempt Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause the interest on the Tax-Exempt Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds.

Subject to the City’s compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Tax-Exempt Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Tax-Exempt Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City’s knowledge. Bond Counsel’s opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion, and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the “Code”), includes provisions for an alternative minimum tax (“AMT”) for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would include certain tax-exempt interest, including interest on the Tax-Exempt Bonds.

Ownership of the Tax-Exempt Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Tax-Exempt Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the “OID Issue Price”) for each maturity of the Tax-Exempt Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Tax-Exempt Bonds may be different from the prices set forth, or the prices corresponding to the yields set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity;

(c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Tax-Exempt Bonds who dispose of Tax-Exempt Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Tax-Exempt Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Tax-Exempt Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Tax-Exempt Bond is purchased at any time for a price that is less than the Tax-Exempt Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Tax-Exempt Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Tax-Exempt Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Tax-Exempt Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Tax-Exempt Bonds.

An investor may purchase a Tax-Exempt Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Tax-Exempt Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Tax-Exempt Bond. Investors who purchase a Tax-Exempt Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Tax-Exempt Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Tax-Exempt Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Tax-Exempt Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Tax-Exempt Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Tax-Exempt Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Tax-Exempt Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Tax-Exempt Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Tax-Exempt Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Tax-Exempt Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Tax-Exempt Bonds is not exempt from present State of Illinois income taxes. Ownership of the Tax-Exempt Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

### **Not Qualified Tax-Exempt Obligations**

The City will not designate the Tax-Exempt Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income, for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

### **Series C Bonds**

Interest on the Series C Bonds is includible in gross income for federal income purposes. Ownership of the Series C Bonds may result in other federal income tax consequences to certain taxpayers. Series C Bondholders should consult their tax advisors with respect to the inclusion of interest on the Series C Bonds in gross income for federal income tax purposes and any collateral tax consequences. Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Series C Bonds may result in other state and local tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such consequences arising with respect to the Series C Bonds.

The City may deposit moneys or securities in escrow in such amount and manner as to cause the Series C Bonds to be deemed to be no longer outstanding under the Bond Ordinance (a “defeasance”). A defeasance of the Series C Bonds may be treated as an exchange of the Series C Bonds by the holders thereof and may therefore result in gain or loss to the holders. Series C Bondholders should consult their own tax advisors about the consequences if any of such a defeasance. The City is required to provide notice of defeasance of the Series C Bonds as a material event under the Undertaking.

### **BOND RATINGS**

The Bonds are rated “Aa2” by Moody’s Investors Service, Inc. and “AA+” by Fitch Ratings. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody’s Investors Service, 99 Church Street, New York, New York 10007; Fitch Ratings, 70 West Madison Street, Chicago, Illinois 60602. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Such ratings are not to be construed as recommendations of the rating agencies to buy, sell or hold the Bonds, and the ratings assigned by the rating agencies should be evaluated independently.

### **UNDERWRITING**

Bids for the Bonds were received at a competitive public sale on September 28, 2017.

Robert W. Baird & Co., Inc. has agreed, subject to the conditions of closing set forth in the Series A Bonds Notice of Sale, to purchase the Series A Bonds at a purchase price of \$14,331,857.65 (consisting of the par amount of the Series A Bonds, plus net original issue premium of \$548,210.15, less an underwriter's discount of \$206,352.50), plus accrued interest, if any.

Fifth Third Securities, Inc. has agreed, subject to the conditions of closing set forth in the Series B Bonds Notice of Sale, to purchase the Series B Bonds at a purchase price of \$9,573,623.59 (consisting of the par amount of the Series B Bonds, plus an original issue premium of \$436,847.80, less an underwriter's discount of \$88,224.21), plus accrued interest, if any.

Robert W. Baird & Co., Inc. has agreed, subject to the conditions of closing set forth in the Series C Bonds Notice of Sale, to purchase the Series C Bonds at a purchase price of \$5,000,000.00 (consisting of the par amount of



**AUDITED ANNUAL FINANCIAL REPORT OF THE CITY OF EVANSTON, IL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Selected Sections of the Comprehensive Annual Financial Report**

**The City's Comprehensive Annual Financial Report for the year ended December 31, 2016,  
is available from EMMA and is hereby incorporated by reference.**

The independent auditor has not been engaged to perform, and has not performed since the date of its report (a portion of which is included herein), any procedures on the financial statements addressed in the report nor on this Official Statement, nor has the independent auditor been asked to give consent to the inclusion of this appendix in this Official Statement.

# City of Evanston, Illinois

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City of  
**Evanston**<sup>™</sup>

*Comprehensive Annual Financial Report  
For the Year Ended December 31, 2016*

**CITY OF EVANSTON, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
December 31, 2016

Prepared by Administrative Services Department

**CITY OF EVANSTON, ILLINOIS**  
**TABLE OF CONTENTS**

---

	<u>Page(s)</u>
<b>INTRODUCTORY SECTION</b>	
Principal Officials .....	i
Organization Chart.....	ii
Certificate of Achievement for Excellence in Financial Reporting .....	iii
Letter of Transmittal .....	iv-xi
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR’S REPORT .....	1-3
<b>GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS</b>	
Management’s Discussion and Analysis.....	MD&A 1-8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	4-5
Statement of Activities .....	6-7
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	8-9
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	10
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	11
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	12

**CITY OF EVANSTON, ILLINOIS**  
**TABLE OF CONTENTS (Continued)**

---

Page(s)

**FINANCIAL SECTION (Continued)**

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Proprietary Funds

Statement of Net Position .....	13-14
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	15
Statement of Cash Flows .....	16-17

Fiduciary Funds

Statement of Fiduciary Net Position .....	18
Statement of Changes in Plan Net Position .....	19

Notes to Financial Statements .....	20-79
-------------------------------------	-------

Required Supplementary Information

Schedule of Funding Progress and Employer Contributions	
Other Postemployment Benefits .....	80
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund .....	81
Police Pension Fund .....	82
Firefighters' Pension Fund .....	83
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	
Illinois Municipal Retirement Fund .....	84
Police Pension Fund .....	85
Firefighters' Pension Fund .....	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	87

**CITY OF EVANSTON, ILLINOIS**  
**TABLE OF CONTENTS (Continued)**

---

Page(s)

**FINANCIAL SECTION (Continued)**

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Required Supplementary Information (Continued)

Schedule of Investment Returns	
Police Pension Fund .....	88
Firefighters' Pension Fund .....	89
Notes to Required Supplementary Information.....	90

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

Schedule of Revenues - Budget and Actual - General Fund .....	91-94
Schedule of Expenditures - Budget and Actual - General Fund.....	95
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Obligation Debt Fund .....	96

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet .....	97-100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	101-104
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund.....	105
Economic Development Fund .....	106
Emergency Telephone System Fund .....	107
Neighborhood Improvement Fund .....	108
Affordable Housing Fund.....	109
HOME Fund .....	110
Community Development Block Grant Fund.....	111
Schedule of Expenditures - Budget and Actual (Budgetary Basis)	
Community Development Block Grant Fund.....	112
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Community Development Loan Fund .....	113
Neighborhood Stabilization Program 2 Fund.....	114
Special Service District No. 4 Fund .....	115

**CITY OF EVANSTON, ILLINOIS**  
**TABLE OF CONTENTS (Continued)**

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Page(s)

**FINANCIAL SECTION (Continued)**

COMBINING AND INDIVIDUAL FUND

FINANCIAL STATEMENTS AND SCHEDULES (Continued)

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Good Neighbor Fund .....	116
General Assistance Fund .....	117
Capital Improvements Fund .....	118
Special Assessment Capital Projects Fund .....	119

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Funds.....	120-121
---	---------

ENTERPRISE FUNDS

Water Fund	
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual .....	122
Water Fund - Operation and Maintenance Account	
Schedule of Operating Revenues - Budget and Actual.....	123

INTERNAL SERVICE FUNDS

Combining Statement of Net Position.....	124
Combining Statement of Revenues, Expenses, and Changes in Net Position .....	125
Combining Statement of Cash Flows .....	126

COMPONENT UNIT - PUBLIC LIBRARY

All Governmental Funds	
Combining Balance Sheet/Statement of Net Position .....	127
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities.....	128

Major Governmental Funds

Library Operating Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual .....	129

**CITY OF EVANSTON, ILLINOIS**  
**TABLE OF CONTENTS (Continued)**

---

	<u>Page(s)</u>
<b>STATISTICAL SECTION</b>	
Net Position by Component .....	130
Changes in Net Position.....	131-132
Fund Balances, Governmental Funds .....	133
Changes in Fund Balances, Governmental Funds.....	134-135
Equalized Assessed Value and Actual Value of Taxable Property.....	136
Principal Property Taxpayers.....	137
Property Tax Levies and Collections .....	138
Ratios of General Bonded Debt Outstanding.....	139
Ratios of Outstanding Debt by Type.....	140
Direct and Overlapping Governmental Activities Debt.....	141
Legal Debt Margin .....	142
Pledged-Revenue Coverage .....	143
Demographic and Economic Statistics .....	144
Principal Employers.....	145
Full-Time Equivalent City Government Employees by Function.....	146
Property Tax Rates per \$100 - Direct and Overlapping Governments .....	147
Water Sold by Type of Customer (in 100 cubic feet) .....	148
Water Sold by Major Customers.....	149
Operating Indicators by Function/Program.....	150
Capital Assets Statistics by Function .....	151
<b>COMPLIANCE SECTION</b>	
<b>INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE</b>	
<b>WITH STATE OF ILLINOIS PUBLIC ACT 85-1142.....</b>	<b>152</b>

## **INTRODUCTORY SECTION**

**CITY OF EVANSTON, ILLINOIS**

Principal Officials

December 31, 2016

---

LEGISLATIVE

Elizabeth B. Tisdahl, Mayor

Judy Fiske	Alderman – 1 <sup>st</sup> Ward
Peter Braithwaite	Alderman – 2 <sup>nd</sup> Ward
Melissa A. Wynne	Alderman – 3 <sup>rd</sup> Ward
Donald N. Wilson	Alderman – 4 <sup>th</sup> Ward
Delores A. Holmes	Alderman – 5 <sup>th</sup> Ward
Mark Tendam	Alderman – 6 <sup>th</sup> Ward
Eleanor Revelle	Alderman – 7 <sup>th</sup> Ward
Ann Rainey	Alderman – 8 <sup>th</sup> Ward
Brian Miller	Alderman – 9 <sup>th</sup> Ward

Rodney Greene, City Clerk

EXECUTIVE

Wally Bobkiewicz, City Manager

Martin Lyons, City Treasurer/Assistant City Manager

ADMINISTRATIVE

Budget and Finance Manager  
Ashley King

Health and Human Services  
Director  
Evonda Thomas-Smith

Police and Fire Chief  
Richard Eddington

City Attorney  
Grant Farrar

Administrative Services Director  
Erika Storlie

Library Director  
Karen Danczak Lyons

Community Development  
Director  
Mark Muenzer

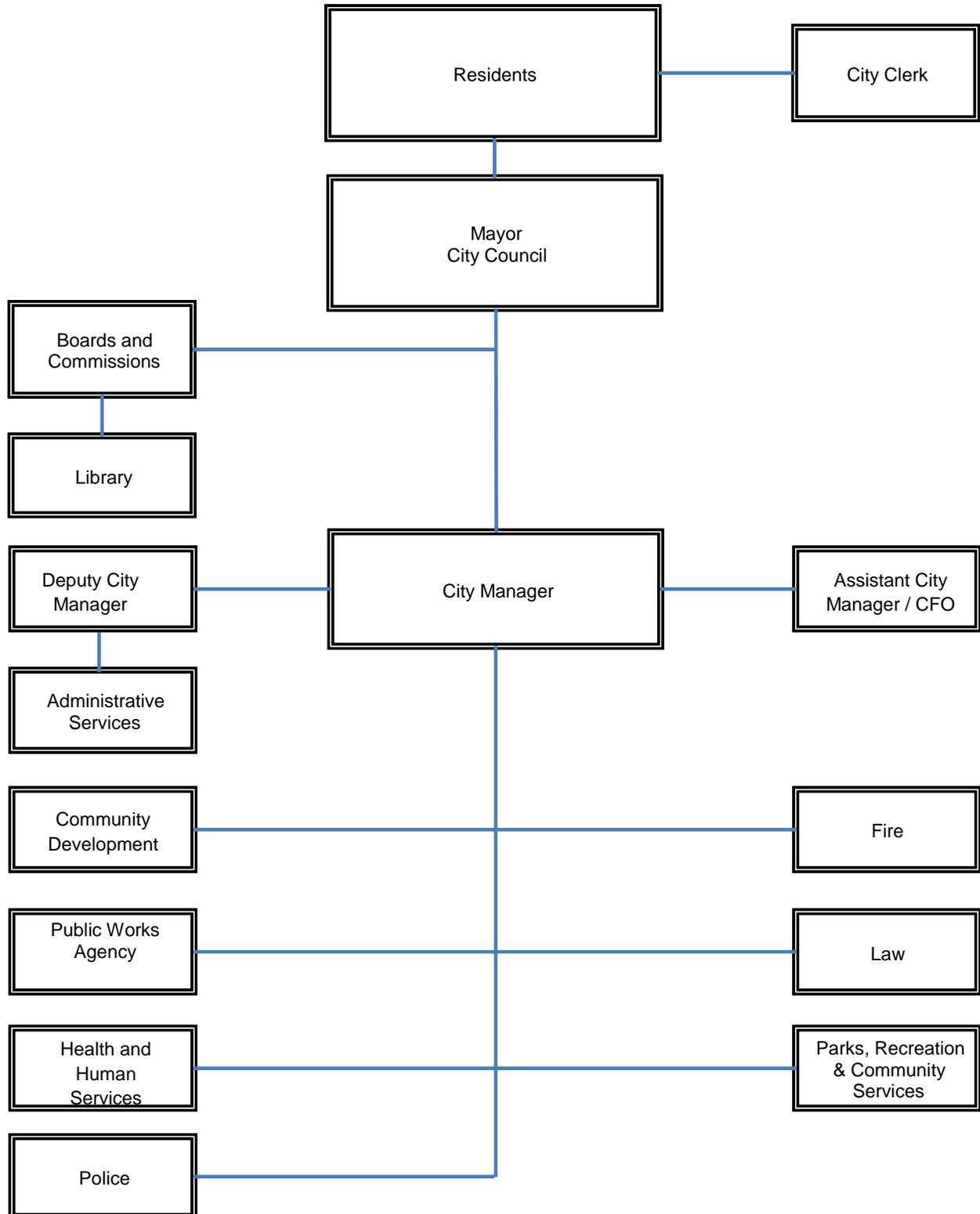
Parks, Recreation, & Community  
Services Director  
Lawrence Hemingway

Public Works Agency Director  
Dave Stoneback



# City of Evanston

## Organizational Chart





Government Finance Officers Association

**Certificate of  
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in Financial  
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Presented to

**City of Evanston  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO



City Manager's Office  
2100 Ridge Avenue  
Evanston, Illinois 60201-2798  
T 847.866.2936  
TTY 847.448.8064  
[www.cityofevanston.org](http://www.cityofevanston.org)

July 31, 2017

The Honorable Mayor Stephen H. Hagerty,  
Members of the City Council  
City of Evanston, Illinois

## **INTRODUCTION**

The Comprehensive Annual Financial Report (CAFR) of the City of Evanston (City) for the fiscal year ended December 31, 2016 is hereby submitted. The CAFR is prepared by the City's Finance Division in accordance with the financial reporting principles and standards set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and capital assets of the City. All disclosures needed to enable the reader to understand the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City of Evanston for the period of January 1, 2016 to December 31, 2016. 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, City management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City of Evanston's financial statements in conformity with generally accepted accounting principles (GAAP) within the United States of America. Because the cost of internal controls should not outweigh their benefits, the City'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 is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on the internal control

structure and compliance with applicable laws and regulations, is to be presented in a separate single audit report.

This report includes all the funds and capital assets of the City and its component unit, the Evanston Library. The Town of the City of Evanston (the Township) has been previously presented as a separate legal entity which administered General Assistance for food, shelter and medical needs. Effective 12:00 a.m. May 1, 2014, the City of Evanston assumed all rights, powers, assets, property, obligations and duties of the Evanston Township, including the responsibility of providing the services that were previously provided by the Township. Beginning May 1, 2014, the functions of the Township are reported along with the City.

Library activity numbers are shown separately as a discrete component unit based on an ordinance passed by the City Council March 10, 2012 giving Library independence in running day to day operations. The Library has a separate Board whose members are appointed by the Mayor.

The City's financial statements have been audited by Sikich, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Evanston 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 financial statements, assessing the accounting principles used and significant estimates by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this 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's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE CITY OF EVANSTON**

**The City:** The City of Evanston constitutes many communities, perspectives, and qualities as a Chicago suburb with a major university, urban center, and lakefront; It has apartments, condominiums, and student housing; Its residents are commuters and locally employed workers; Its downtown is prospering, and neighborhood commercial centers are also strong and developing. It is a part of the Chicago land economy and

has a vigorous commercial and professional economy of its own. A population of approximately 75,000 is diverse by race, religion, age, education, economics, and occupation. With 8,700 people per square mile, Evanston has double the population density of the average North and Northwest suburb, and approximately half the density of Chicago. The City has over 260 acres in 75 parks and 5 beaches.

Evanston is contiguous with Chicago, and only 13 miles by rapid transit, commuter rail, expressway, or parkway from downtown Chicago. It borders the north shore communities of Skokie and Wilmette.

In 1863, the Village of Evanston was incorporated as a town, and after several annexations in 1892, the town became a city. The City's southern boundary of approximately eight square miles was established with the City of Chicago and the present City limits. The City also has four miles of shoreline along Lake Michigan.

Evanston is the home of Northwestern University, aptly named to serve the Northwest Territory. The University first platted the village which surrounded it. The continued vitality of the University and the cooperative relationship between the City and University adds to the total Evanston community.

**The Government:** The City is a home rule municipality under the Illinois Constitution. As such, it has no tax rate or debt limits imposed by Illinois statute, nor is it required to conduct a referendum to authorize the increase of debt or the imposition of real estate property taxes.

The City has a Council/Manager form of government with an elected Mayor. The Mayor is elected to a four-year term. The Aldermen each represent one of nine wards and are elected to terms of four years. The City Council is organized into four standing committees: Administration and Public Works, Human Services, Planning and Development, and Rules. The City Council has also established several special committees, commissions and advisory boards.

The City Manager is the Chief Executive Officer of the City and is responsible for the management of all City operations under the direction of the City Council. The City Manager appoints and supervises the directors of the City's 11 departments. The Assistant City Manager acts as Chief Financial Officer/Treasurer and is responsible for the central financial functions of the City.

The City provides a broad range of municipal services, including police and fire protection, streets and parking, water and sewer service, public libraries, health services, lakefront beaches, parks and recreation activities, cultural events, and community and economic development activities.

Schools are provided by separate school districts which are governed by elected school boards. A portion of the City is served by the Skokie Park District. Wastewater treatment is provided by the Metropolitan Water Reclamation District.

**Budget Process:** The City's fiscal year 2017 began on January 1, 2017. The City Manager submitted to the City Council a proposed operating budget in October for the fiscal year 2017 commencing the following January 1. The City staff will start a budget process for fiscal year 2018 in July 2017. The Council is expected to adopt the budget by November, 2017.

The City Manager is authorized to transfer budgeted amounts between departments within any fund (such as the General Fund). However, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. For purposes of preparing the General Fund schedule of revenues (budget and actual), GAAP revenue and expenditures have been adjusted to the budgetary basis. The budgets of the governmental type funds are prepared on a cash basis. The Comprehensive Annual Financial Report (CAFR) of the City presents expenditures and revenues on both a GAAP basis and a budgetary basis for comparison.

The City uses funds to report on both its financial position and results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid in financial management by segregating transactions related to certain City functions or activities. Each fund is a separate, self-balancing accounting entity. In the City, there are three categories of funds: governmental, proprietary and fiduciary. Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the City not accounted for in other funds. In the fiscal year 2016, the City projects that 38.74% (\$118.7 million-including transfers) of all City expenditures will occur in the General Fund. Other major funds include the Capital Improvement, General Obligation Debt, Parking, Water, and Sewer Funds.

The Enterprise Funds (Water, Parking, Solid Waste Fund and Sewer) are operated and budgeted on a full accrual basis. Expenditures are recognized when a commitment is made, and revenues are recognized when they are obligated to the City (For example, water user fees are recognized as revenue when bills are produced).

**Financial Control Procedures:** The City reports financial results based on generally accepted accounting principles as promulgated by the GASB. The accounts of the City are divided into separate self-balancing funds comprised of its assets, liabilities, fund equity, revenues, and expenditures, as appropriate.

The City's expenditures are monitored on a regular basis by the Finance Department. Disbursements are made by fund and only if expenditures are within the authorized budget.

## **MAJOR INITIATIVES – FISCAL YEAR 2017**

The City Manager's Office will: Continue to focus on five areas for City economic development activities: 1) Attraction and retention of retailers; 2) Workforce development partnerships; 3) Support of arts and entertainment-focused businesses and ventures; 4) Entrepreneurship, and; 5) Support of the City's Quality of Place initiative that define the City's attractiveness to residents and businesses. The City of Evanston's livability initiative also aims to support people through all stages of life and connect them to housing, transportation, and recreation opportunities. Evanston has joined the World Health Organization's "Age-Friendly Cities" project to provide a system to educate, encourage, promote, and recognize improvements. This will make Evanston more user-friendly, not only for senior residents but for residents of all ages. Under this project, the City is in the final stages of developing a three-year City-wide action plan for ongoing improvement of "age-friendliness."

Evanston works to measure performance and drive continuous improvement around creating a livable, sustainable city by participating in the STAR Community Rating System. STAR assesses a community's ability to provide for the health and well-being of people, a strong local economy, and environmental stewardship. Evanston was one of the first 50 communities to complete the self-assessment and received a 4-STAR Certification for National Excellence in Sustainability. Evanston uses the STAR framework on an on-going basis to evaluate and enhance the City's performance. This includes engaging residents, providing quality services, supporting transparent city ordinances and good planning, and developing and maintaining inclusive and equitable infrastructure. This holistic view of community fits with Evanston's long-standing leadership in sustainability and its mission of creating the most livable city in America. Evanston's participation in STAR Communities is coordinated by the Sustainability Manager under the City Manager's Office.

The Law Department will: Continue to provide legal support to all City departments including but not limited to the preparation of ordinances, resolutions and agreements and contracts as needed to effectively operate the City. The department will continue

representation in City labor contracts negotiations, evaluate possible revisions to zoning and planning regulations, evaluate and pursue legal strategies for revenue enhancements, and evaluate new risk management strategies for City departments.

The Administrative Services Department will: Include facilities and a new group, Digital Services, effective 2016. The Department will then consist of Digital Services, Information Technology, Human Resources, Facilities, and Parking/Fleet. The Facilities Management Division supports all City departments by providing a functional work environment, including power, lights, HVAC and plumbing. Staff completes over 3,000 work orders and provides over 2,000 hours in preventive maintenance annually. They maintain over 2.1 million sq. ft. of property including 1,129 plumbing fixtures; 294 electrical panels; 3,068 exterior lighting fixtures; 2,294 lock sets and 96 drinking fountains, as well as conduct an annual inspection of 89 RPZ's (backflow prevention valves, such as in drinking fountains, to prevent contamination of the City's water supply).

The Community Development Department will: Continue neighborhood revitalization and affordable housing. The department will continue to have a special emphasis on the acquisition and rehab of multi-family homes and foreclosed properties as part of housing activity. The department will work to improve connections and expand options for addressing first/last mile networks to transit within Evanston for all community members: residents, commuters, and visitors. The Department will also implement the DIVVY Bike Share.

The Police Department will: Strengthen community engagement efforts with commitment to the Law and Your Community Program, a program that reaches both the school and church groups. The Police will attend and participate in Black Male and Black Female summits hosted at Evanston Township High School and participate in all block parties, festivals, holiday events, and sporting events.

The Fire Department will: Initiate an "After the Fire Assistance" program through the Fire Prevention Bureau. The Fire Department's Emergency Management will also work city-wide to prepare all Departments to act, continue to function, and recover, should natural or man-made events adversely affect the city.

The Health and Human Services Department will: Learn more about the availability of affordable housing in Evanston. The department will host a job fair for General Assistant clients in partnership with external organizations, recruit 1,000 women for the annual Women Out Walking event, and host the first inaugural Men's Health Fair. The Department will work with the State of Illinois to re-certify.

The Public Works Agency: Was solidified with funding during the adoption of the 2016 Budget. This group will include the former Public Works Department and Utilities

Department functions under four new bureaus: Water Production, Environmental Services, Capital Planning & Engineering, and Infrastructure Maintenance.

The Parks, Recreation and Community Services will: Expand recreation opportunities through program development and special events at the Gibbs-Morrison Cultural Center. It will also expand the nature-oriented programming at the Ecology Center, as a result of the new room addition to the facility. The Parks' Department administers the Mayor's Summer Youth Program with a 2017 goal to employ 1,000 Evanston youth. To accomplish this goal, the City is soliciting grant support and hiring participation from key stakeholders among Evanston's business, education, philanthropic and faith-based communities, notable agencies and local citizens.

Library operations are shown separately in the City Comprehensive Annual Financial Report as a discrete component unit. The Evanston Public Library promotes the development of independent, self-confident, and literate citizens through the provision of open access to cultural, intellectual, and informational resources for all ages.

The Library will: Further develop partnerships with schools, community organizations, business and City recreation centers to deliver services throughout Evanston. The Library will expand programs and expand print, in-person, and virtual readers' advisory services to children, teens, and adults throughout Evanston in order to foster a love of reading and learning.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The following are factors which give a broader context to the financial information contained in this CAFR report.

**Local Economy:** The global economy showed signs of steady recovery in 2016 with leading economic indicators showing moderate increases compared to 2015. Most of the economically sensitive revenues such as Sales Tax, Home Rule Sales Tax, Local Motor Fuel Tax and Use Tax revenues met projections. The City of Evanston continues to worry about the State of Illinois' financial position. A State budget was passed during 2017 after multiple years of functioning without one. The true impacts of these budgeted changes have not yet been seen.

## **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2015. In order to be awarded a Certificate of Achievement, the government published an easily readable

and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

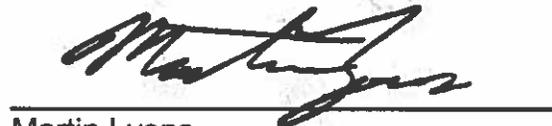
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual 2016 budget. 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.

We acknowledge the contributions and excellent work of accountants Melita Roque, Nazmeen Ali, Anna Guthman, Andy Villamin and Ashley King, Finance and Budget Division Manager, in preparing the financial statements. Appreciation is also extended to all other Finance Division and City Staff who contributed to the preparation of this report. We also express gratitude to the Mayor's Office and Members of City Council for their interest and support in planning and conducting the City's financial affairs.

Respectfully submitted,

  
Wally Bobkiewicz  
City Manager

  
Martin Lyons  
Assistant City Manager/Treasurer

## **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 Elizabeth B. Tisdahl, Mayor  
and Members of the City Council  
City of Evanston, Illinois

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 Evanston, Illinois (the City), as of and for the year ended December 31, 2016, and the related notes to the 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 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 Evanston, Illinois, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

The City adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

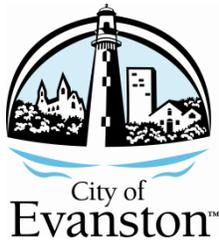
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes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

*Sikich LLP*

Naperville, Illinois  
July 20, 2017

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

The City of Evanston (the City) Discussion and Analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 4 of this report.

### FINANCIAL HIGHLIGHTS

The City changed the treatment of property taxes and included the net pension liabilities associated with Illinois Municipal Retirement, Police and Fire Pension Funds per Government Accounting Standards Board (GASB) Statements 67/68 beginning in 2015 fiscal year, which reduced property taxes receivables and increased liabilities and resulted in a restatement of net position.

- A. The City's net position as originally stated in the 2015 Comprehensive Annual Financial Report (CAFR) was \$206,762,149 for Governmental and Business Type Activities. The restated net position for 2015 is \$173,801,411. The 2016 net position increased by \$13,818,666 or 8%.
  - a. The change in accounting principle amount for Governmental Activities was a decrease of \$34,398,328.
  - b. The change in accounting principle amount for Business-type Activities was an increase of \$1,437,590.
- B. The governmental activities revenue increased by \$9,590,200 or 7.6% from the prior period principally due to increase in Building Permits. The expenses increased by \$8,057,474 or 6.6% principally due to restatement of prior period affecting pension expense and increase in construction projects.
- C. The business-type activities revenue increased by \$1,272,386 or 3.3%. The expenses increased by \$1,264,435 or 3.4% from the prior period.
- D. The total cost of all City programs increased by \$9,321,967 or 6.1%. This increase was attributable to the effects of the implementation of GASB 67/68 and increase in capital projects.

### USING THIS ANNUAL REPORT

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison and enhance the City's accountability.

The City's financial reporting includes the funds of the City (primary government) and additionally, organizations for which the City is accountable (component unit - the Library). Effective May 1, 2014 the City of Evanston assumed all rights, powers, assets, properties and duties of the Evanston Township, including the responsibility of providing the services that were previously provided by the Township. The functions of the Township are reported along with the City, while the Library financials are shown as a discrete component unit beginning in 2013.

## **REPORTING THE CITY AS A WHOLE**

### **Government-wide Financial Statements**

The City's annual report includes two government-wide financial statements. These statements provide both short-term and long-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities (e.g., the City's Fleet Maintenance Fund).

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all the City's assets and liabilities, with the difference reported as net position. Beginning in 2013, this statement also includes separate presentation of Library assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* - which reports how the City's net position changed during the current fiscal period. All current period revenues and expenses for the city and Library are included regardless of when the cash was received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by all government-wide sources.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public service, fleet service, insurance fund, and culture and recreation. Business-type activities include water and sewer utilities, parking, and garages. Fiduciary activities, such as employee pension plans and agency funds, are not included in the government-wide statements since these assets are not available to fund City programs.

The government-wide financial statements are presented on pages 4 - 7 of this report.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds, rather than the City as a whole. Major funds are separately reported, while all others are combined into a single aggregated presentation. Individual fund data for non-major funds is provided in the form of combining schedules in a later section of this report.

The City has three kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the period. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of the short-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements for General Fund are included in the required supplementary section of this report. Budgetary comparison schedules for various special revenue funds and the debt service funds are also included in the supplementary information section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

The basic government fund financial statements are presented on pages 8 – 12 of this report.

*Proprietary funds* reported in the fund financial statements generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services such as the water utilities and the parking garages are provided to customers external to the City organization. Internal service funds provide services and charge fees to customers within the City organization, such as equipment services (repair and maintenance of city vehicles) and the insurance fund. Because the City's internal service funds primarily serve governmental functions, they are included within the governmental activities of the government-wide financial statements.

Proprietary fund statements and statements for discretely presented component units (reporting is similar to proprietary funds) provide both short-term and long-term financial information consistent with the focus provided by the government-wide financial statements. Individual fund information for internal service funds is found in combining schedules in a later section of this report.

The basic proprietary fund financial statements are presented on pages 13 - 17 of this report.

*Fiduciary funds* such as the Police and Firefighter's pension plans are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. These financial statements report similarly to proprietary funds.

The basic fiduciary fund financial statements are presented on pages 18 - 19 of this report.

#### *Notes to the financial statements*

The accompanying notes to financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 20 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 City's progress in funding its obligations to provide pension benefits to its employees. Other supplementary information includes detail by fund and component unit for receivables, payables, transfers, and payments within the reporting entity. Required supplementary information can be found on pages 80 – 90 of this report.

Major funds and component units are reported in the basic financial statements, as discussed. Combining statements, individual statements and schedules for nonmajor and internal service funds are presented in a subsequent section of this report beginning on page 91. Additional information on capital assets and long-term debt can be found on page 37 and 47, respectively.

### Financial Analysis of the City as a Whole

The City's combined net position increased by \$13,818,666 from \$173,801,411, as restated, to \$187,620,077.

#### STATEMENT OF POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015 (as restated)	2016	2015 (as restated)	2016	2015 (as restated)
Current and Other Assets	\$ 103,939,418	\$ 97,534,216	\$ 24,450,701	\$ 26,300,743	\$ 128,390,119	\$ 123,834,959
Capital Assets	167,678,799	166,110,310	344,972,099	339,354,708	512,650,898	505,465,018
Total Assets	271,618,217	263,644,526	369,422,800	365,655,451	641,041,017	629,299,977
Deferred Outflows	39,709,489	30,868,712	3,882,555	3,224,853	43,592,044	34,093,565
	311,327,706	294,513,238	373,305,355	368,880,304	684,633,061	663,393,542
Long-Term Liabilities	359,259,565	317,577,205	80,634,320	88,226,770	439,893,885	405,803,975
Other Liabilities	10,206,291	7,167,732	4,891,775	2,246,641	15,098,066	9,414,373
Total Liabilities	369,465,856	324,744,937	85,526,095	90,473,411	454,991,951	415,218,348
Deferred Inflows	42,021,032	41,413,045	-	-	42,021,032	41,413,045
Net Investment in Capital Assets	51,587,637	47,952,870	268,851,203	255,621,565	320,438,840	303,574,435
Restricted	18,523,340	16,408,973	-	-	18,523,340	16,408,973
Unrestricted (Deficit)	(170,270,160)	(136,006,587)	18,928,057	22,785,328	(151,342,103)	(113,221,259)
Restatement	-	(34,398,328)	-	1,437,590	-	(32,960,738)
Total Net Position	\$ (100,159,183)	\$ (106,043,072)	\$ 287,779,260	\$ 279,844,483	\$ 187,620,077	\$ 173,801,411

The City's increase in Net Position after consideration of the increased Pension liability principally comes from a decrease in Loan and Bonded Debt from \$222,070,541 to \$217,364,154. The increase in Police and Fire Pension liability was the result of an increase in these Pension assets of \$11.4 million or 7.0% compared to an increase in liabilities of \$13.6 million.

The City's total revenues increased by \$10,862,699 or 6.6%. The City's total expenses for all programs increased by \$9,321,967 or 6.1%. Business-type activity revenues increased by \$1,272,386 in the current fiscal period mainly due to seasonal revenues from Water and Sewer Funds and increased revenues in the Solid Waste fund. Business-type activity expenses increased by \$1,264,435, while Governmental activity expense experienced an increase of \$8,057,532. The list of expenses can be found in the table below.

The governmental activities experienced an increase of \$5,883,889 in the net position balance. This is due to net revenue of \$5,450,405 and a net transfer in of \$433,484 from business activities to the government fund.

The business-type activities experienced an increase of \$7,934,777 in the net position balance is primarily due to the increase in net position in the Sewer Fund in the amount of \$5,788,316 and Water Fund of \$1,386,951. The increase is the result operating surplus.

The following table provides a summary of the City's changes in net position:

**STATEMENT OF CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenue						
Program Revenues:						
Charges for services	\$ 31,393,403	\$ 25,469,276	\$ 40,187,376	\$ 38,400,344	\$ 71,580,779	\$ 63,869,620
Operating grants and contributions	6,808,596	5,534,565	-	-	6,808,596	5,534,565
Capital grants and contributions	368,000	275,000	-	-	368,000	275,000
General Revenues:						
Sales taxes	17,932,528	17,758,320	-	-	17,932,528	17,758,320
Property taxes	45,610,041	45,840,494	-	-	45,610,041	45,840,494
Utility taxes	6,661,934	7,081,574	-	-	6,661,934	7,081,574
Income taxes	7,155,930	8,266,906	-	-	7,155,930	8,266,906
Other	19,399,072	15,601,822	(245,486)	301,360	19,153,586	15,903,182
Investment income	118,340	29,574	59,146	26,946	177,486	56,520
Total Revenue	<u>135,447,844</u>	<u>125,857,531</u>	<u>40,001,036</u>	<u>38,728,650</u>	<u>175,448,880</u>	<u>164,586,181</u>
Expenses						
General management and support	18,162,579	12,493,241	-	-	18,162,579	12,493,241
Public safety	55,625,369	57,442,662	-	-	55,625,369	57,442,662
Public works	13,668,315	20,011,068	-	-	13,668,315	20,011,068
Health and human resources development	3,319,396	2,910,927	-	-	3,319,396	2,910,927
Recreation and cultural opportunities	14,379,964	10,531,792	-	-	14,379,964	10,531,792
Housing and economic development	21,062,983	14,793,647	-	-	21,062,983	14,793,647
Interest	3,778,833	3,756,570	-	-	3,778,833	3,756,570
Water	-	-	11,450,783	10,748,028	11,450,783	10,748,028
Sewer	-	-	6,683,233	6,608,184	6,683,233	6,608,184
Solid Waste	-	-	4,966,872	5,150,448	4,966,872	5,150,448
Motor vehicle parking system	-	-	8,531,887	7,861,680	8,531,887	7,861,680
Total Expense	<u>129,997,439</u>	<u>121,939,907</u>	<u>31,632,775</u>	<u>30,368,340</u>	<u>161,630,214</u>	<u>152,308,247</u>
Increase (decrease) in net position before transfers	5,450,405	3,917,624	8,368,261	8,360,310	13,818,666	12,277,934
Transfers	433,484	631,410	(433,484)	(631,410)	-	-
Increase/(Decrease) in Net Position	5,883,889	4,549,034	7,934,777	7,728,900	13,818,666	12,277,934
Net Position - Beginning	<u>(106,043,072)</u>	<u>(76,193,778)</u>	<u>279,844,483</u>	<u>270,677,993</u>	<u>173,801,411</u>	<u>194,484,215</u>
Net Position - Ending	<u>\$ (100,159,183)</u>	<u>\$ (71,644,744)</u>	<u>\$ 287,779,260</u>	<u>\$ 278,406,893</u>	<u>\$ 187,620,077</u>	<u>\$ 206,762,149</u>

## **Financial Analysis of the City's Funds**

### ***Governmental Funds***

As discussed, governmental funds are reported in the fund statement with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the period in comparison with upcoming financing requirements. Governmental funds reported fund balances of \$40,603,375 as of December 31, 2016 which includes \$18,523,340 restricted, \$2,996,226 committed, \$12,714,096 assigned and \$6,369,713 unassigned fund balance. The restricted fund balance consists of amounts required to be set aside by external authorities.

Fund Balance Amounts reported for governmental activities are different than the statement of net position because of the treatment of capital assets, liabilities, payables and most importantly pension liabilities. This reporting difference is clearly stated on page 10 of this report.

### ***Major Governmental Funds***

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund reported an increase of \$963,097. The increase is due to inter-fund transfers to the General Fund in the amount of \$4,052,652 offset by excess of expenditures over revenues in the amount of \$3,089,555.

The 2015 Annual Budget did not include the change in treatment of Police and Firefighter Pension employer contributions, which are now included in the General Fund. 2016 was the first time that these transfers were included in the Adopted Budget documents. These had previously been reported in a separate fund. This increase involved the inclusion of Property tax and Personal Property Replacement Taxes formerly included in the Police and Firefighter Pension funds. These revenues are now included in the General Fund and then transferred to the respective pension fund both in budget and in practice.

The fund balance of the General Obligation Debt Fund had a decrease of \$1,850,120, from \$2,596,116 to \$745,996 principally due to changing of bond maturity dates from 1/1 to 12/1 for certain bond issues.

The Employer Pension Contribution Fund has been eliminated in 2015 with the implementation of GASB 67/68 Statements. These expenditures and revenues are now included in the General Fund.

### ***Combined Nonmajor Governmental Funds***

Combined nonmajor fund balances totaled \$28,189,445, an increase of \$4,367,337 from prior period of \$23,822,108. Non-major funds with surpluses for the fiscal year include Economic Development, Affordable Housing, Community Development Block Grant, Community Development Loan, General Assistance, Howard Ridge TIF, Capital Improvements and Special Assessment Capital Projects. Nonmajor funds with deficits for the period include Motor Fuel, Emergency Telephone System, Home Fund, SSD #4, SSD #5, Chicago Main TIF, Howard Hartrey TIF, Washington National TIF, Dempster Dodge TIF and West Evanston TIF.

### ***Proprietary Funds***

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

The proprietary funds operated by the City are the Water, Sewer, Solid Waste and Parking Funds. These funds have a combined increase of \$7,934,777 in the net position. The Sewer Fund reported the highest increase in the amount of \$5,788,316. This increase is mainly due to the operating surplus and reduced debt service expense. The Water, Solid Waste and Parking Funds added \$1,386,951, \$120,503 and \$639,007 respectively to the net position during the year. Although net position in these proprietary funds showed an overall healthy increase, it is important to keep in mind that the Sewer Fund carries a substantial debt level followed by Parking and Water Funds with lesser debts.

### ***Internal Service Funds***

The City's combined internal service fund's net position decreased by \$2,443,514 from \$9,318,153, as of January 1, 2016 to \$6,874,639 as of December 31, 2016. Fleet Fund and Equipment Replacement reported a combined net increase in net position of \$189,015. The net deficit in the Insurance Fund increased by \$2,632,529 mainly due to increase in potential claim liabilities.

### ***General Fund Budgetary Highlights***

Total budgetary basis revenues for the General Fund were \$104,390,664 while total expenditures were \$107,480,219. Overall General Fund revenue came in higher than budget by \$1,094,318. Total expenditures in the General Fund were lower than budgeted amounts by \$980,898. The actual net deficiency of \$3,089,555 was offset by \$4,052,652 in net transfers in from other funds.

### ***Capital Assets***

The City's Capital Asset policy generally includes capitalizing assets or properties with \$20,000 or more in value (with the exception of vehicles to the \$20,000 threshold). The City's capital assets (net of depreciation) for governmental and business-type activities as of December 31, 2016, were \$512,650,898. The governmental funds capital assets had a net increase of \$1,567,565, while business type capital assets increased by \$5,617,391. Overall, capital assets increased by 1.4% for the City as a whole. The net increase in governmental funds capital assets were principally due to an increase in capital projects for the year. Readers desiring more detailed information on capital asset activity should refer to Note 5 in the Notes to the Financial Statements.

### ***Long-Term Debt***

As of December 31, 2016, the City had outstanding total general obligation bonded debt of \$142,009,856 of which \$29,902,078 was for business type activities to be paid for by the City's Parking, Water, Solid Waste and Sewer Funds. This represents a \$3,631,759 decrease from 2015. The City's general obligation debt service principal payments for 2016 totaled \$15,491,759. During the current year, the City issued \$20,700,000 and refunded \$8,840,000 in general obligation bonds. As a home rule government under Illinois law, there is no legal debt limit for the City. Readers desiring more detailed information on long-term debt should refer to Note 8 in the Notes to the Financial Statements.

### ***Bond Ratings***

The City's general obligation bonds are rated Aa1 by Moody's Investor Rating Service and AA+ by Fitch Ratings. The City's water revenue bonds are rated Aaa and AA for uninsured issues.

### ***Economic Factors***

Evanston is a diverse community consisting primarily of residential homes, several nonprofit organizations including a very well-known private university, two hospitals, and many smaller scale retail shops and restaurants as well as some popular big box retailers. In general, economically sensitive revenues such as Income Tax, Sales Tax, and Real Estate Transfer Tax came in higher than budgeted revenues while Utility Taxes were below budget. New and Redevelopment construction remains strong at the University and in the City's downtown which has added another major hotel, and mixed use multiunit housing structures.

The unemployment rate in Evanston has stayed slightly below same level as many other cities in the State due in part to the stable economy that includes Northwestern University. The City continues to maintain its lower unemployment rate compared to state and federal unemployment levels. The primary employers in the City include Northwestern University, two hospitals, the local high school, and elementary school district, Rotary International, several not-for-profit organizations, and numerous retail businesses and restaurants. The City's equalized assessed value for real property remained stable as of the end of fiscal year 2016. As of mid-2017 Cook County has reported that the City's Equalized Assessed Valuation has increase from \$2,196,021,525 to \$2,670,411,769 or a 21.6% increase.

### ***Contacting the City's Financial Management***

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Manager's Office, Finance Division at the City of Evanston, 2100 Ridge Avenue, Evanston, Illinois 60201, Telephone 847-866-2934, or access the website at [www.cityofevanston.org](http://www.cityofevanston.org).

**CITY OF EVANSTON, ILLINOIS**

Statement of Net Position

December 31, 2016

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Evanston Public
	Activities	Activities		Library
<b>ASSETS</b>				
Cash and equivalents	\$ 18,901,196	\$ 18,542,749	\$ 37,443,945	\$ 5,190,836
Investments	20,845,279	-	20,845,279	-
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	40,496,906	-	40,496,906	6,630,313
Utility taxes	810,741	-	810,741	-
Accounts	-	5,056,758	5,056,758	-
Notes	8,143,355	219,000	8,362,355	-
Special assessments	236,596	-	236,596	-
Other	2,019,471	119,285	2,138,756	8,160
Due from other governments	8,099,813	-	8,099,813	310,018
Due from component unit	843,954	-	843,954	-
Due from fiduciary funds	5,000	-	5,000	-
Internal balances	217,508	(217,508)	-	-
Inventories	881,649	730,417	1,612,066	-
Prepaid items	2,437,950	-	2,437,950	-
Capital assets				
Capital assets not being depreciated	26,043,940	8,884,874	34,928,814	311,380
Capital assets being depreciated, net	141,634,859	336,087,225	477,722,084	12,024,018
<b>Total Assets</b>	<b>271,618,217</b>	<b>369,422,800</b>	<b>641,041,017</b>	<b>24,474,725</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Items - Police	13,132,006	-	13,132,006	-
Pension Items - Fire	8,498,842	-	8,498,842	-
Pension Items - IMRF	18,078,641	3,882,555	21,961,196	1,920,319
<b>Total Deferred Outflows of Resources</b>	<b>39,709,489</b>	<b>3,882,555</b>	<b>43,592,044</b>	<b>1,920,319</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>311,327,706</b>	<b>373,305,355</b>	<b>684,633,061</b>	<b>26,395,044</b>

(This statement is continued on the following page.)

**CITY OF EVANSTON, ILLINOIS**

Statement of Net Position

December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Evanston Public Library
<b>LIABILITIES</b>				
Vouchers payable	\$ 6,966,964	\$ 4,460,998	\$ 11,427,962	\$ 164,839
Retainage payable	-	95,991	95,991	-
Accrued payroll	839,121	-	839,121	-
Accrued interest	340,667	334,730	675,397	-
Due to other governments	442,788	-	442,788	843,954
Due to component unit	309,962	56	310,018	-
Due to fiduciary fund	60,757	-	60,757	-
Unearned revenue	1,246,032	-	1,246,032	-
Noncurrent liabilities				
Due within one year	21,946,797	12,224,813	34,171,610	459,899
Due in more than one year	337,312,768	68,409,507	405,722,275	3,560,190
<b>Total Liabilities</b>	<b>369,465,856</b>	<b>85,526,095</b>	<b>454,991,951</b>	<b>5,028,882</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension items - Police Pension	1,524,126	-	1,524,126	-
Unavailable property taxes	40,496,906	-	40,496,906	6,630,313
<b>Total Deferred Inflows of Resources</b>	<b>42,021,032</b>	<b>-</b>	<b>42,021,032</b>	<b>6,630,313</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>411,486,888</b>	<b>85,526,095</b>	<b>497,012,983</b>	<b>11,659,195</b>
<b>NET POSITION</b>				
Net investment in capital assets	51,587,637	268,851,203	320,438,840	10,365,258
Restricted for				
Highway maintenance	1,413,678	-	1,413,678	-
Emergency telephone system	163,061	-	163,061	-
HUD approved projects	277,404	-	277,404	-
Neighborhood improvements	4,570,319	-	4,570,319	-
Capital improvements	3,915,000	-	3,915,000	-
Debt service	7,597,490	-	7,597,490	29,709
General assistance	586,388	-	586,388	-
Endowment	-	-	-	3,819,857
Unrestricted	(170,270,160)	18,928,057	(151,342,103)	521,025
<b>Total Net Position</b>	<b>\$ (100,159,183)</b>	<b>\$ 287,779,260</b>	<b>\$ 187,620,077</b>	<b>\$ 14,735,849</b>

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General management and support	\$ 18,162,579	\$ 10,094,107	\$ 5,637	\$ -
Public safety	55,625,369	3,430,478	265,435	-
Public works	13,668,315	1,010,818	3,424,375	243,000
Health and human resource development	3,319,396	820,210	298,193	-
Recreational and cultural opportunities	14,379,964	5,559,734	419,161	-
Housing and economic development	21,062,983	10,478,056	2,395,795	125,000
Interest	3,778,833	-	-	-
Total governmental activities	129,997,439	31,393,403	6,808,596	368,000
Business-Type Activities				
Water	11,450,783	16,418,680	-	-
Sewer	6,683,233	13,048,759	-	-
Solid waste	4,966,872	4,031,408	-	-
Motor vehicles parking system	8,531,887	6,688,529	-	-
Total business-type activities	31,632,775	40,187,376	-	-
Total Primary Government	\$ 161,630,214	\$ 71,580,779	\$ 6,808,596	\$ 368,000
Evanston Public Library				
Community Services	\$ 8,460,262	\$ 477,426	\$ 89,668	\$ -
Interest	48,654	-	-	-
Total Evanston Public Library	\$ 8,508,916	\$ 477,426	\$ 89,668	\$ -

	Net (Expense) Revenue and Change in Net Position			
	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
			Primary Government	Evanston Public Library
	\$ (8,062,835)	\$ -	\$ (8,062,835)	\$ -
	(51,929,456)	-	(51,929,456)	-
	(8,990,122)	-	(8,990,122)	-
	(2,200,993)	-	(2,200,993)	-
	(8,401,069)	-	(8,401,069)	-
	(8,064,132)	-	(8,064,132)	-
	(3,778,833)	-	(3,778,833)	-
	(91,427,440)	-	(91,427,440)	-
	-	4,967,897	4,967,897	-
	-	6,365,526	6,365,526	-
	-	(935,464)	(935,464)	-
	-	(1,843,358)	(1,843,358)	-
	-	8,554,601	8,554,601	-
	(91,427,440)	8,554,601	(82,872,839)	-
	-	-	-	(7,893,168)
	-	-	-	(48,654)
	-	-	-	(7,941,822)
General Revenues				
Taxes				
Property tax	45,610,041	-	45,610,041	6,501,075
Other taxes	4,558,031	-	4,558,031	-
Personal property replacement taxes	1,421,037	-	1,421,037	4,141
Sales and home rule tax	17,932,528	-	17,932,528	-
Utility tax	6,661,934	-	6,661,934	-
Liquor tax	2,647,321	-	2,647,321	-
Parking tax	2,616,846	-	2,616,846	-
Real estate transfer tax	3,527,714	-	3,527,714	-
Income tax	7,155,930	-	7,155,930	-
Investment income	118,340	59,146	177,486	297,849
Gain (loss) on sale of capital assets	-	(245,486)	(245,486)	-
Miscellaneous	4,628,123	-	4,628,123	85,943
Transfers	433,484	(433,484)	-	-
Total	97,311,329	(619,824)	96,691,505	6,889,008
Change in Net Position	5,883,889	7,934,777	13,818,666	(1,052,814)
Net Position, January 1	(71,644,744)	278,406,893	206,762,149	15,077,630
Change in accounting principle	(34,398,328)	1,437,590	(32,960,738)	711,033
Net Position, January 1, Restated	(106,043,072)	279,844,483	173,801,411	15,788,663
Net Position, December 31	\$ (100,159,183)	\$ 287,779,260	\$ 187,620,077	\$ 14,735,849

See accompanying notes to financial statements.

**CITY OF EVANSTON, ILLINOIS**

Balance Sheet  
 Governmental Funds

December 31, 2016

	General	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 1,230,734	\$ -	\$ 15,649,885	\$ 16,880,619
Investments	5,093,668	1,528,279	14,223,332	20,845,279
Receivables				
Property taxes	28,177,453	10,879,993	1,439,460	40,496,906
Utility	810,741	-	-	810,741
Notes	200,000	-	7,943,355	8,143,355
Special assessments	-	-	236,596	236,596
Other	1,548,313	-	456,275	2,004,588
Due from other governments	7,066,670	-	1,033,143	8,099,813
Due from component unit	193,159	-	650,484	843,643
Due from other funds	3,430,218	1,905	3,259,796	6,691,919
Advances to fiduciary funds	5,000	-	-	5,000
Advances to other funds	122,663	-	39,741	162,404
<b>Total Assets</b>	<b>\$ 47,878,619</b>	<b>\$ 12,410,177</b>	<b>\$ 44,932,067</b>	<b>\$ 105,220,863</b>

(This statement is continued on the following page.)

**CITY OF EVANSTON, ILLINOIS**

Balance Sheet  
Governmental Funds

December 31, 2016

	General	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>LIABILITIES</b>				
Vouchers payable	\$ 3,042,151	\$ 7,050	\$ 3,304,252	\$ 6,353,453
Accrued payroll	839,121	-	-	839,121
Due to other governments	-	-	442,788	442,788
Due to other funds	3,368,372	467,175	2,213,767	6,049,314
Due to component unit	-	309,962	-	309,962
Due to fiduciary funds	60,757	-	-	60,757
Advances from other funds	476,800	-	162,404	639,204
Unearned revenue	246,032	-	1,000,000	1,246,032
<b>Total Liabilities</b>	<b>8,033,233</b>	<b>784,187</b>	<b>7,123,211</b>	<b>15,940,631</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Long-term loans	-	-	8,179,951	8,179,951
Deferred property taxes	28,177,453	10,879,993	1,439,460	40,496,906
<b>Total Deferred Inflows of Resources</b>	<b>28,177,453</b>	<b>10,879,993</b>	<b>9,619,411</b>	<b>48,676,857</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>36,210,686</b>	<b>11,664,180</b>	<b>16,742,622</b>	<b>64,617,488</b>
<b>FUND BALANCES</b>				
<b>Restricted</b>				
Highway maintenance	-	-	1,413,678	1,413,678
Emergency telephone system	-	-	163,061	163,061
HUD approved projects	-	-	277,404	277,404
Neighborhood improvements	-	-	4,570,319	4,570,319
Capital improvements	-	-	3,915,000	3,915,000
Debt service	-	745,997	6,851,493	7,597,490
Township	-	-	586,388	586,388
Committed - economic development	-	-	2,996,226	2,996,226
<b>Assigned</b>				
Capital improvements	-	-	7,668,458	7,668,458
Other	5,045,638	-	-	5,045,638
Unassigned	6,622,295	-	(252,582)	6,369,713
<b>Total Fund Balances</b>	<b>11,667,933</b>	<b>745,997</b>	<b>28,189,445</b>	<b>40,603,375</b>
<b>Total Liabilities, Inflows of Resources, and Fund Balances</b>	<b>\$ 47,878,619</b>	<b>\$ 12,410,177</b>	<b>\$ 44,932,067</b>	<b>\$ 105,220,863</b>

See accompanying notes to financial statements.

**CITY OF EVANSTON, ILLINOIS**

Reconciliation of Fund Balances of Governmental Funds to the  
Governmental Activities in the Statement of Net Position

December 31, 2016

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Fund Balances of Governmental Funds	\$	40,603,375
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 governmental funds		
Total governmental capital assets	\$ 167,678,799	
Less internal service fund portion	<u>8,223,587</u>	159,455,212
OPEB liability payable is not due and payable in the current period and, therefore, is not reported in the governmental funds		(2,348,788)
Interest payable is not due and payable in the current period and, therefore, not reported in the governmental funds		(340,667)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds		
General obligation bonds payable		(112,107,778)
Bonds premium liability		(3,983,384)
First Bank loan		(5,128,812)
Compensated absences payable		(10,144,477)
Net pension liability is shown as a liability on the statement of net position		
Illinois Municipal Retirement Fund		(14,555,442)
Police Pension Fund		(112,304,807)
Firefighters' Pension Fund		(92,543,567)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources on the statement of net position		
Illinois Municipal Retirement Fund		18,078,641
Police Pension Fund		11,607,880
Firefighters' Pension Fund		8,498,842
Deferred inflows for long-term loans are not available and, therefore, not revenue in fund financial statements		8,179,951
The net position of the internal service fund is included in the governmental activities on the statement of net position		<u>6,874,639</u>
Net Position of Governmental Funds	\$	<u>(100,159,182)</u>

See accompanying notes to financial statements.

**CITY OF EVANSTON, ILLINOIS**

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds

For the Fiscal Year Ended December 31, 2016

	General	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 54,336,773	\$ 10,438,928	\$ 11,271,229	\$ 76,046,930
Licenses and permits	17,933,413	-	-	17,933,413
Special assessments	-	-	168,571	168,571
Intergovernmental	18,445,108	80,089	6,360,510	24,885,707
Charges for services	8,694,803	-	96,586	8,791,389
Fines and forfeits	3,611,901	-	-	3,611,901
Investment income	30,285	24,264	63,791	118,340
Miscellaneous	1,338,381	-	2,553,212	3,891,593
<b>Total Revenues</b>	<b>104,390,664</b>	<b>10,543,281</b>	<b>20,513,899</b>	<b>135,447,844</b>
<b>Expenditures</b>				
<b>Current</b>				
General management and support	15,929,441	138,088	996,692	17,064,221
Public safety	60,939,168	-	1,313,253	62,252,421
Public works	13,240,692	-	235,759	13,476,451
Health and human resource development	3,021,327	-	-	3,021,327
Recreational and cultural opportunities	11,893,837	-	-	11,893,837
Housing and economic development	2,455,754	-	8,021,413	10,477,167
Capital outlay	-	-	9,953,056	9,953,056
<b>Debt service</b>				
Principal	-	19,255,943	405,000	19,660,943
Interest	-	4,198,920	77,398	4,276,318
Fiscal charges	-	11,525	2,000	13,525
<b>Total Expenditures</b>	<b>107,480,219</b>	<b>23,604,476</b>	<b>21,004,571</b>	<b>152,089,266</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(3,089,555)</b>	<b>(13,061,195)</b>	<b>(490,672)</b>	<b>(16,641,422)</b>
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	7,635,000	9,450,000	17,085,000
Issuance of loans	-	-	1,580,000	1,580,000
Premium (discount) on bonds issued	-	576,196	411,032	987,228
Transfers in	8,099,626	2,999,879	4,911,555	16,011,060
Transfers in (Component Unit)	-	-	-	-
Transfers (out)	(4,046,974)	-	(11,494,578)	(15,541,552)
<b>Total Other Financing Sources (Uses)</b>	<b>4,052,652</b>	<b>11,211,075</b>	<b>4,858,009</b>	<b>20,121,736</b>
<b>Net Change in Fund Balances</b>	<b>963,097</b>	<b>(1,850,120)</b>	<b>4,367,337</b>	<b>3,480,314</b>
<b>Fund Balances, January 1</b>	<b>10,704,836</b>	<b>2,596,116</b>	<b>23,822,108</b>	<b>37,123,060</b>
<b>Fund Balances, December 31</b>	<b>\$ 11,667,933</b>	<b>\$ 745,996</b>	<b>\$ 28,189,445</b>	<b>\$ 40,603,374</b>

See accompanying notes to financial statements.

**CITY OF EVANSTON, ILLINOIS**

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

For the Fiscal Year Ended December 31, 2016

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Net Change in Fund Balances -	
Total Governmental Funds	\$ 3,480,314
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and and depreciated in the statement of activities	10,845,704
Some expenses in the statement of net assets (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds Depreciation	(9,440,078)
The loss on disposal of capital assets increases the expense on the statement of activities	(21,224)
The issuance of long-term debt is reported as an other financing sources in governmental funds, but as an increase of principal outstanding in the statement of activities	(19,652,228)
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	19,660,943
The amortization of premium on long-term debt is reported as a reduction of interest expense on the statement of activities	477,563
Changes in net other postemployment benefits obligations are reported only in the statement of activities	(472,069)
The change in compensated absences payable is shown as an expense on the statement of activities	(1,153,096)
The change in the accrual of interest is reported as interest expense on the statement of activities	33,447
The change in the net pension liability is reported only in the statement of activities	
Illinois Municipal Retirement Fund	(10,819,895)
Police Pension Fund	(7,415,176)
Firefighters' Pension Fund	(6,141,403)
The change in deferred inflows and outflows of resources is reported only in the statement of activities	
Illinois Municipal Retirement Fund	7,188,434
Police Pension Fund	13,640,046
Firefighters' Pension Fund	8,498,842
The changed in deferred inflows for long-term loans is not expense on the statement of activities	(382,721)
Internal service funds are reported separately in the fund financial statements	<u>(2,443,514)</u>
Change in Net Position of Governmental Activities	<u>\$ 5,883,889</u>

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Net Position  
Proprietary Funds

December 31, 2016

	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	Governmental Activities - Internal Service Funds
<b>Current Assets</b>						
Cash and cash equivalents	\$ 7,631,931	\$ 1,952,787	\$ -	\$ 8,958,031	\$ 18,542,749	\$ 2,020,577
Receivables						
Accounts - water and sewerage charges						
Accounts - billed	1,043,065	202,540	131,458	-	1,377,063	-
Accounts - unbilled	1,082,780	2,014,950	581,965	-	3,679,695	-
Other	2,218	60,042	44,740	12,285	119,285	14,883
Inventories	581,144	149,272	-	-	730,416	881,649
Prepaid items	-	-	-	-	-	2,437,950
Due from other funds	1,171,215	1,456,315	-	29,131	2,656,661	444,750
Due from component unit	-	-	-	-	-	311
Advances to other funds	-	-	-	476,800	476,800	-
<b>Total Current Assets</b>	<b>11,512,353</b>	<b>5,835,906</b>	<b>758,163</b>	<b>9,476,247</b>	<b>27,582,669</b>	<b>5,800,120</b>
<b>Noncurrent Assets</b>						
Capital assets						
Capital assets not being depreciated	1,293,200	629,820	-	6,961,854	8,884,874	-
Capital assets being depreciated	109,509,667	253,931,461	-	86,862,889	450,304,017	24,263,091
Accumulated depreciation	(25,142,763)	(57,853,833)	-	(31,220,196)	(114,216,792)	(16,039,504)
<b>Total Capital Assets</b>	<b>85,660,104</b>	<b>196,707,448</b>	<b>-</b>	<b>62,604,547</b>	<b>344,972,099</b>	<b>8,223,587</b>
Other assets						
Notes receivable	-	-	-	219,000	219,000	-
<b>Total Noncurrent Assets</b>	<b>85,660,104</b>	<b>196,707,448</b>	<b>-</b>	<b>62,823,547</b>	<b>345,191,099</b>	<b>8,223,587</b>
<b>Total Assets</b>	<b>97,172,457</b>	<b>202,543,354</b>	<b>758,163</b>	<b>72,299,794</b>	<b>372,773,768</b>	<b>14,023,707</b>
<b>Deferred Outflows of Resources</b>						
Pension items - IMRF	2,357,058	554,907	365,332	605,258	3,882,555	-
<b>Total Deferred Outflows of Resources</b>	<b>2,357,058</b>	<b>554,907</b>	<b>365,332</b>	<b>605,258</b>	<b>3,882,555</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>99,529,515</b>	<b>203,098,261</b>	<b>1,123,495</b>	<b>72,905,052</b>	<b>376,656,323</b>	<b>14,023,707</b>

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Statement of Net Position  
Proprietary Funds

December 31, 2016

	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	Governmental Activities - Internal Service Funds
<b>Current Liabilities</b>						
Vouchers payable	\$ 2,278,252	\$ 874,313	\$ 211,243	\$ 1,097,190	\$ 4,460,998	\$ 613,511
Retainage payable	-	9,132	-	86,859	95,991	-
Interest payable - restricted	61,877	249,095	-	-	310,972	-
Interest payable	-	-	153	23,605	23,758	-
Notes payable - IEPA	110,787	6,553,398	-	-	6,664,185	-
Current portion of GO bonds payable	913,045	396,366	19,206	4,048,509	5,377,126	-
Claims payable	-	-	-	-	-	2,269,750
Due to other funds	1,233,656	-	1,454,116	663,196	3,350,968	393,047
Due to component unit	40	-	-	16	56	-
Compensated absences payable	124,707	26,135	5,870	26,790	183,502	26,580
<b>Total Current Liabilities</b>	<b>4,722,364</b>	<b>8,108,439</b>	<b>1,690,588</b>	<b>5,946,165</b>	<b>20,467,556</b>	<b>3,302,888</b>
<b>Noncurrent Liabilities</b>						
Notes payable - IEPA	1,792,233	36,799,819	-	-	38,592,052	-
General obligation bonds payable	19,909,693	2,435,885	42,486	3,161,161	25,549,225	-
OPEB liability	238,261	68,734	45,588	55,722	408,305	81,742
Net pension liability - IMRF	1,897,710	446,765	294,135	487,304	3,125,914	-
Claims payable	-	-	-	-	-	3,658,120
Compensated absences payable	498,830	104,541	23,481	107,159	734,011	106,318
<b>Total Long-Term Liabilities</b>	<b>24,336,727</b>	<b>39,855,744</b>	<b>405,690</b>	<b>3,811,346</b>	<b>68,409,507</b>	<b>3,846,180</b>
<b>Total Liabilities</b>	<b>29,059,091</b>	<b>47,964,183</b>	<b>2,096,278</b>	<b>9,757,511</b>	<b>88,877,063</b>	<b>7,149,068</b>
<b>Net Position (Deficit)</b>						
Net investment in capital assets	62,934,346	150,521,980	-	55,394,877	268,851,203	8,223,587
Unrestricted	7,536,078	4,612,098	(972,783)	7,752,664	18,928,057	(1,348,948)
<b>Total Net Position (Deficit)</b>	<b>\$ 70,470,424</b>	<b>\$ 155,134,078</b>	<b>\$ (972,783)</b>	<b>\$ 63,147,541</b>	<b>\$ 287,779,260</b>	<b>\$ 6,874,639</b>

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds

For the Fiscal Year Ended December 31, 2016

	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	Governmental Activities - Internal Service Funds
<b>Operating Revenues</b>						
Charges for services	\$ 15,771,371	\$ 13,027,159	\$ 4,020,050	\$ 6,526,741	\$ 39,345,321	\$ 21,910,336
Miscellaneous	647,309	21,600	11,358	161,788	842,055	19,564
<b>Total Operating Revenues</b>	<b>16,418,680</b>	<b>13,048,759</b>	<b>4,031,408</b>	<b>6,688,529</b>	<b>40,187,376</b>	<b>21,929,900</b>
<b>Operating Expenses Excluding Depreciation</b>						
Administration	1,287,200	1,530,718	1,008,326	1,968,368	5,794,612	-
Operations	7,536,931	358,134	3,956,295	3,356,819	15,208,179	22,776,930
<b>Total Operating Expenses Excluding Depreciation</b>	<b>8,824,131</b>	<b>1,888,852</b>	<b>4,964,621</b>	<b>5,325,187</b>	<b>21,002,791</b>	<b>22,776,930</b>
<b>Operating Income (Loss) Before Depreciation</b>	<b>7,594,549</b>	<b>11,159,907</b>	<b>(933,213)</b>	<b>1,363,342</b>	<b>19,184,585</b>	<b>(847,030)</b>
Depreciation	1,973,593	3,461,103	-	2,836,672	8,271,368	1,624,108
<b>Operating Income (Loss)</b>	<b>5,620,956</b>	<b>7,698,804</b>	<b>(933,213)</b>	<b>(1,473,330)</b>	<b>10,913,217</b>	<b>(2,471,138)</b>
<b>Non-Operating Revenue (Expenses)</b>						
Investment income	16,537	4,450	-	38,159	59,146	218
Interest expense	(653,059)	(1,333,278)	(2,251)	(370,028)	(2,358,616)	-
Gain (loss) on disposal of capital assets	(227,924)	-	-	(17,562)	(245,486)	63,430
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(864,446)</b>	<b>(1,328,828)</b>	<b>(2,251)</b>	<b>(349,431)</b>	<b>(2,544,956)</b>	<b>63,648</b>
<b>Income (Loss) Before Transfers</b>	<b>4,756,510</b>	<b>6,369,976</b>	<b>(935,464)</b>	<b>(1,822,761)</b>	<b>8,368,261</b>	<b>(2,407,490)</b>
<b>Transfers</b>						
Transfers in	-	-	1,055,967	3,711,768	4,767,735	-
Transfers (out)	(3,369,559)	(581,660)	-	(1,250,000)	(5,201,219)	(36,024)
<b>Total Transfers</b>	<b>(3,369,559)</b>	<b>(581,660)</b>	<b>1,055,967</b>	<b>2,461,768</b>	<b>(433,484)</b>	<b>(36,024)</b>
<b>Net Income</b>	<b>1,386,951</b>	<b>5,788,316</b>	<b>120,503</b>	<b>639,007</b>	<b>7,934,777</b>	<b>(2,443,514)</b>
<b>Net Position (Deficit), January 1</b>	<b>68,210,727</b>	<b>149,140,298</b>	<b>(1,228,557)</b>	<b>62,284,425</b>	<b>278,406,893</b>	<b>9,318,153</b>
Change in accounting principle	872,746	205,464	135,271	224,109	1,437,590	-
<b>Net Position (Deficit), January 1, Restated</b>	<b>69,083,473</b>	<b>149,345,762</b>	<b>(1,093,286)</b>	<b>62,508,534</b>	<b>279,844,483</b>	<b>9,318,153</b>
<b>Net Position (Deficit), December 31</b>	<b>\$ 70,470,424</b>	<b>\$ 155,134,078</b>	<b>\$ (972,783)</b>	<b>\$ 63,147,541</b>	<b>\$ 287,779,260</b>	<b>\$ 6,874,639</b>

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Cash Flows  
Proprietary Funds

For the Fiscal Year Ended December 31, 2016

	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	Governmental Activities - Internal Service Funds
<b>Cash Flows from Operating Activities</b>						
Receipts from customers and users	\$ 16,066,716	\$ 13,011,723	\$ 3,973,581	\$ 6,694,529	\$ 39,746,549	\$ 13,297,160
Receipts from/(payments for) interfund services provided	134,940	(1,567,296)	(53,856)	239,090	(1,247,122)	9,820,745
Payments to suppliers	(7,427,304)	(213,983)	(4,034,014)	(2,452,155)	(14,127,456)	(6,178,905)
Payments to employees	(812,423)	(1,415,643)	(921,444)	(1,827,474)	(4,976,984)	(2,916,171)
Payments for insurance premiums	-	-	-	-	-	(12,474,198)
<b>Net Cash Provided from Operating Activities</b>	<b>7,961,929</b>	<b>9,814,801</b>	<b>(1,035,733)</b>	<b>2,653,990</b>	<b>19,394,987</b>	<b>1,548,631</b>
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers in (out)	(3,369,559)	(581,660)	1,055,967	2,461,768	(433,484)	(36,024)
<b>Net Cash from Noncapital Financing Activities</b>	<b>(3,369,559)</b>	<b>(581,660)</b>	<b>1,055,967</b>	<b>2,461,768</b>	<b>(433,484)</b>	<b>(36,024)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Sale of capital assets	5,204,141	4,930	-	-	5,209,071	65,654
Acquisition and construction of capital assets	(13,290,981)	(1,260,988)	-	(3,215,230)	(17,767,199)	(1,810,418)
Proceeds from general obligation bonds	3,615,000	-	-	-	3,615,000	-
Principal paid on general obligation bonds	(671,413)	(383,570)	(17,945)	(3,527,329)	(4,600,257)	-
Interest paid on general obligation bonds	(645,123)	(1,374,939)	(2,289)	(379,753)	(2,402,104)	-
Principal paid on IEPA loans	(109,936)	(6,534,999)	-	-	(6,644,935)	-
<b>Net Cash from Capital and Related Financing Activities</b>	<b>(5,898,312)</b>	<b>(9,549,566)</b>	<b>(20,234)</b>	<b>(7,122,312)</b>	<b>(22,590,424)</b>	<b>(1,744,764)</b>
<b>Cash Flows from Investing Activities</b>						
Interest income	16,537	4,450	-	38,159	59,146	218
<b>Net Cash from Investing Activities</b>	<b>16,537</b>	<b>4,450</b>	<b>-</b>	<b>38,159</b>	<b>59,146</b>	<b>218</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,289,405)</b>	<b>(311,975)</b>	<b>-</b>	<b>(1,968,395)</b>	<b>(3,569,775)</b>	<b>(231,939)</b>
<b>Cash and Cash Equivalents</b>						
Beginning	8,921,336	2,264,762	-	10,926,426	22,112,524	2,252,516
Ending	\$ 7,631,931	\$ 1,952,787	\$ -	\$ 8,958,031	\$ 18,542,749	\$ 2,020,577

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Statement of Cash Flows  
Proprietary Funds

For the Fiscal Year Ended December 31, 2016

	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided from Operating Activities						
Operating income (loss)	\$ 5,620,956	\$ 7,698,804	\$ (933,213)	\$ (1,473,330)	\$ 10,913,217	\$ (2,471,138)
Adjustments to reconcile operating income (loss) to net cash provided from operating activities						
Depreciation	1,973,593	3,461,103	-	2,836,672	8,271,368	1,624,108
Changes in assets and liabilities						
Accounts receivable	(351,964)	(37,036)	(57,827)	1,000	(445,827)	(8,645)
Notes receivable	-	-	-	5,000	5,000	-
Interfund receivable	377,670	(1,456,315)	-	119,200	(959,445)	1,306,594
Prepaid expenses	-	-	-	-	-	(572,531)
Inventories	(44,327)	12,601	-	-	(31,726)	(74,773)
Compensated absences	(20,401)	(4,155)	(1,584)	16,316	(9,824)	37,263
OPEB liability	21,715	7,766	15,084	3,002	47,567	9,411
Pension items - IMRF	429,011	111,464	73,382	121,576	735,433	-
Vouchers payable	153,954	122,418	(77,719)	869,016	1,067,669	116,429
Retainage payable	-	9,132	-	35,648	44,780	-
Interfund payable	(198,278)	(110,981)	(53,856)	119,890	(243,225)	(118,589)
Claims payable	-	-	-	-	-	1,700,502
Net Cash Provided from Operating Activities	\$ 7,961,929	\$ 9,814,801	\$ (1,035,733)	\$ 2,653,990	\$ 19,394,987	\$ 1,548,631

See accompanying notes to financial statements.

**CITY OF EVANSTON, ILLINOIS**

Statement of Fiduciary Net Position  
Fiduciary Funds

December 31, 2016

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	<u>Pension Trust</u>
Assets	
Investments at fair value	
Cash and cash equivalents	\$ 5,483,608
U.S. Treasury obligations	13,765,989
U.S. agency obligations	13,970,458
Corporate bonds	27,079,664
Common stock	30,967,565
Equity mutual funds	85,019,707
Receivables	
Accrued interest	449,697
Due from other governments	60,757
Other	<u>55,276</u>
Total Assets	<u>176,852,721</u>
Liabilities	
Accounts payable	<u>61,178</u>
Total Liabilities	<u>61,178</u>
Net Position Restricted For Pensions	<u><u>\$ 176,791,543</u></u>

See accompanying notes to financial statements.

**CITY OF EVANSTON, ILLINOIS**

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

For the Fiscal Year Ended December 31, 2016

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Additions	
Contributions - employer	\$ 16,833,964
Contributions - plan members	2,728,938
Miscellaneous income	13,501
	<hr/>
Total Contributions	19,576,403
	<hr/>
Investment income	
Net appreciation in fair value of investments	7,613,446
Interest on investments	4,273,085
Less investment expenses	(446,906)
	<hr/>
Total Investment Income	11,439,625
	<hr/>
Total Additions	31,016,028
	<hr/>
Deductions	
Administration	209,550
Benefit payments	19,263,994
Refunds of contributions	50,862
	<hr/>
Total Deductions	19,524,406
	<hr/>
Net Increase	11,491,622
	<hr/>
Net Position Restricted For Pensions	
January 1	165,299,921
	<hr/>
December 31	\$ 176,791,543
	<hr/> <hr/>

See accompanying notes to financial statements.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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	<u>Page(s)</u>
Note 1	Summary of Significant Accounting Policies
A.	Reporting Entity 23-24
B.	Government-Wide and Fund Financial Statements 24
C.	Fund Accounting 25
D.	Measurement Focus, Basis of Accounting, and Financial Statement Presentation 26-28
E.	Cash and Cash Equivalents 28
F.	Investments 28
G.	Inventories and Prepaid Items 28
H.	Capital Assets 29
I.	Compensated Absences 29
J.	Long-Term Obligations 29
K.	Self-Insurance 30
L.	Deferred Inflows of Resources 30
M.	Property Taxes 30
N.	Fund Equity 31
O.	Interfund Transactions 31
P.	Use of Estimates 32
Q.	Conduit Debt 32
Note 2	Stewardship, Compliance, and Accountability
A	Deficit Fund Equity 33
Note 3	Deposits With Financial Institutions and Investments
A.	Types of Accounts and Securities 34
B.	Pooling Cash and Investments 34
C.	Types of Investments 35
D.	Deposits 35
Note 4	Receivables
A.	Summary of Receivables 36
B.	Notes Receivable - Special Revenue Funds 36

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

---

	<u>Page(s)</u>
(Continued from the previous page)	
Note 5 Capital Assets	
A. Capital Asset Activity	37-39
B. Construction Commitments	39
Note 6 Interfunds	
A. Interfund Accounts	40
B. Interfund Advances	41
C. Interfund Transfers	42-45
Note 7 Operating Leases	46
Note 8 Long-Term Debt	
A. Changes in Long-Term Debt	47-48
B. General Obligation Bonds Payable	49
C. Notes Payable - IEPA Loans	50
D. Loan with First Bank and Trust, Evanston	50
E. Postemployment Benefits other than Pensions (Defined Benefit Plan)	50-52
Note 9 Fund Equity	
A. Restricted Net Position - Fiduciary Funds	53
B. Assigned Fund Balances	53
Note 10 Individual Fund Activities	
A. General Obligation Debt Service Fund	54
B. Water Fund	54
C. Special Service District No. 4	54
Note 11 Risk Management - Claims and Judgements	55
Note 12 Contingencies	56
Note 13 Joint Ventures	
A. Solid Waste Agency of Northern Cook County	56-57
B. Evanston Housing Corporation	57

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

---

	<u>Page(s)</u>
(Continued from the previous page)	
Note 14 Employee Retirement Systems	
A. Plan Descriptions	58-73
Note 15 Pension Trust Funds	
A. Schedule of Net Position	74
B. Changes in Plan Net Position	75
Note 16 Evanston Library Component Unit	
A. Types of Accounts and Securities	76
B. Reconciliation of Cash and Investments	77
C. Summary Receivables	77
D. Capital Assets Activity	77
E. Long-Term Debt	78
Note 17 Prior Period Adjustment	79

## CITY OF EVANSTON, ILLINOIS

### Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

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#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Evanston, Illinois (the City) and Evanston Public Library (the Library or EPL) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City's and the Library's accounting policies are described below.

##### A. Reporting Entity

This report includes all of the funds of the City and the Library. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists; (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit; (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens; or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

##### Blended Component Unit:

The Town of the City of Evanston, Illinois (the Township) has been previously presented as a separate legal entity which administers General Assistance, a public welfare program assigned by Illinois law to townships. Eligible clients received General Assistance for food, shelter, and medical needs. Through the town fund levy, the Township also supported a number of community action programs, which provided direct services to welfare recipients. The Township was governed by a Township Board of Trustees and provided services within the same geographic boundaries of the City. The Township Board of Trustees were the same individuals as the City Council. The Township board levied taxes and was responsible for adopting the Township budget and approving payment of bills. On April 30, 2014, the Township was discontinued and dissolved following the March 18, 2014 general election vote taken by the registered voters of the Township. Pursuant to 60 ILCS 1/27-15 and 1/27-20, effective 12:00 am May 1, 2014, the City assumed all rights, powers, assets, property, obligations, and duties of the Township, including the responsibility of providing the services that were previously provided by the Township. Beginning May 1, 2014, the functions of the Township are reported along with the City.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**A. Reporting Entity - Continued**

Discrete Component Unit:

The EPL promotes the development of independent, self-confident, and literate citizens through the provision of open access to cultural, intellectual, and informational resources for all ages. Beginning FY 2013, the Library financials are shown separately as a discrete component unit of the City. However, the Library does not issue its own independent set of financial statements. The Library Debt Service Fund was created as a part of FY2014 budget. The Library is governed by the Library Board of Trustees. The Board members are appointed by the Mayor of the City.

The Library Director submits a proposed budget to the EPL Board of Trustees for the upcoming calendar year. This budget is included in the budget documents submitted by the City Manager to the City Council. The Library budget is legally enacted through passage of a resolution by the EPL Board of Trustees.

The EPL serves the community through three branches. The EPL partners with Northwestern University and other agencies to implement digitally based science, technology, and math learning opportunities for teens. The EPL is continually focused on expanding summer reading programs to serve the patrons of all ages. The Library has also expanded community outreach by promoting library services at various local places and events.

Joint Ventures:

The City participates in one joint venture, which is reported as non-equity governmental joint venture and is described in Footnote 13. The joint venture is Solid Waste Agency of Northern Cook County (SWANCC). During 2015, the Evanston Housing Corporation, a joint venture, ceased operations after a resolution to dissolve the corporation was approved by the members.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and the Library. The effect of interfund activity has been removed from these statements excluding interfund services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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) 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 requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in the supplementary information.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Fund Accounting**

The City and the Library use funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted, or assigned for the acquisition or construction of general capital assets (capital projects funds), and the funds restricted, committed, or assigned for the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the City not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the City (internal service funds). Internal service funds are included with the governmental funds on the government-wide financial statements.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. When these assets are held under the terms of a formal trust agreement, a permanent fund is used. Agency funds generally are used to account for assets that the City holds on behalf of others as their agent. The pension trust fund accounts for the activities of the Police and Firefighters' Pension Funds, which accumulate resources for pension benefit payments to retired police and fire personnel.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The City's and the Library's 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. A six-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded when payment is due or when amounts have been accumulated in the debt service fund for payment to be made early in the following year.

The following revenues 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.

- |                                      |   |
|--------------------------------------|---|
| 1.) Taxes                            | 6.) Fines                                   |
| Property *                           | Traffic fines                               |
| Sales (home rule)                    |   |
| Utility                              | 7.) Intergovernmental                       |
| Personal property                    | Motor fuel tax allotments                   |
|                                      | Grants                                      |
| 2.) Licenses                         | Supplemental Security income reimbursements |
|                                      | Income taxes                                |
| 3.) Franchise fees                   | Sales taxes                                 |
|                                      | Use tax                                     |
| 4.) Charges for services             |   |
|                                      | 8.) Investment income                       |
| 5.) Recycling program fees and sales |   |

\* Property taxes are defined as available if collected within at most 60 days after fiscal year end.

All other revenue items are considered to be measurable and available only when cash is received by the City and the Library.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *General Obligation Debt Fund* is a debt service fund which accumulate monies for the principal and interest payments on general obligation debt.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

The City reports the following major proprietary funds:

The *Water Fund* accounts for the provision of water services to the residents of the City and the sale of water to the Village of Skokie, Illinois and the Northwest Water Commission. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service, and billing and collection.

The *Sewer Fund* accounts for the provision of sewer repair and improvement services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, financing, and billing and collection.

The *Solid Waste Fund* accounts for the recycling, refuse, and yard waste removal services related fees and expenses. Refuse and yard waste are contracted out, while recycling is handled by the City staff.

The *Motor Vehicle Parking System* accounts for the provision of the public and residential parking facility on Church Street, Maple Avenue, and Sherman Avenue, as well as all the City's parking lots and meters. All activities are accounted for including administration, operations, financing, and revenue collection.

Additionally, the City reports the following fund types:

*Internal Service Funds* account for the fleet management and insurance services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

*Pension Trust Funds* account for the activities of the Police and Firefighters' Pension Funds, which accumulate resources for pension benefit payments to qualified public safety employees.

The Library reports the Operating Fund, Endowment Fund, and Debt Service Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

When both restricted and unrestricted resources are available for use, it is the City and Library's policy to use restricted resources first, then unrestricted resources as they are needed.

The City and Library report unearned revenue and unavailable/deferred revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period, under the modified accrual basis of accounting. Deferred revenues arise when property tax levies are intended to finance the next fiscal year. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the City and Library before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the issuance of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City and Library have a legal claim to the resources, the liability and deferred inflows of resource for unearned and unavailable/deferred revenue are removed from the financial statements and revenue is recognized.

**E. Cash and Equivalents**

Cash and equivalents represent cash on hand, cash deposited in interest-bearing and non-interest-bearing checking accounts, and investments in money markets, certificates of deposit, and treasury obligations with maturities of three months or less at the date of acquisition, and cash deposited with Illinois Funds.

**F. Investments**

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

**G. Inventories and Prepaid Items**

Inventories in the Water, Sewer, and Fleet Service Funds are valued at the lower of cost (first-in/first-out) or market. Inventory amounts are recorded on the basis of a physical count.

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. In governmental funds, prepaid items are recorded based on consumption method.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**H. Capital Assets**

A capital asset is property, such as equipment, buildings, land, utility infrastructure, roads, bridges with a cost or value equal to or greater than \$20,000 (per asset) at the date of acquisition and an expected useful life of more than one year (12 months or longer). Acquisition of motor vehicles is an exception to the \$20,000 threshold. Also additional cost of less than \$20,000 associated with an asset may be capitalized if the expense is necessary to put the asset in service or its intended use; and/or if it extends the service life of the asset. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Infrastructure acquired prior to the February 28, 2003 implementation of GASB Statement No. 34 has been reported.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated, and intangible assets are amortized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Years</u>	<u>Description</u>	<u>Years</u>
Land improvements	10-100	Buildings and improvements	10-50
Leasehold improvements	10-100	Office equipment and furniture	5-15
Plant	20-100	Machinery and equipment	3-15
Transmission and distribution system	5-100	Infrastructure	30-100
Sewer system and underground lines	75-100	Library collections	7
Parking meters	15	Intangible assets	5-10

**I. Compensated Absences**

It is the City's and the Library's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All payments due in the event of termination are accrued when incurred in the government-wide and proprietary fund financial statements. The General Fund has been used in prior years to liquidate the liability for compensated absences of governmental funds.

**J. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds. 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 received 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.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**K. Self-Insurance**

The City and the Library are self-insured to certain limits for general liability claims and for workers' compensation insurance. A liability is recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims liabilities are based on estimates of the ultimate cost of reported claims including future claims adjustment expenses. General liability and workers' compensation claims are paid out of the Insurance Fund.

**L. Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of financial 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/expenditure) 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.

**M. Property Taxes**

Property taxes are collected by the Cook County Collector and are remitted periodically to all taxing bodies, including the City and Library. Distributions are made more often during the two main collection periods. Property taxes are levied on a calendar year basis by passage of a tax levy ordinance.

The property tax calendar for Cook County is as follows:

<u>Description</u>	<u>Date</u>
Lien date	January 1 of levy year
Levy date	December of levy year
First installment due date (55% of prior bill)	March 1/April 1 of year following levy year
Second installment due date (balance of total bill)	September 1/October 1 of year following levy year

Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). On this basis, property tax revenue includes all cash distributions of property tax related to the 2015 tax levy received during the fiscal period between January 1, 2016 and December 31, 2016. A 2% allowance for loss is reflected in the City and the Library financial statements.

The 2016 tax levy collections are intended to finance the 2017 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable/deferred revenue.

## CITY OF EVANSTON, ILLINOIS

### Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

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#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

##### N. Fund Equity

Governmental fund equity is classified as fund balance. In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional notes disclosures regarding fund balance classification policies and procedures. The City Council may, by an ordinance, establish, modify, or remove a fund balance commitment. In accordance with GASB Statement No. 54, the City and the Library classifies governmental fund balance as follows:

1. Nonspendable - Includes fund balance amounts that can not be spent either because they are not in spendable form or because legal or contractual stipulations require them to be maintained intact.

2. Restricted - Consists of fund balances with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

3. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action of the City. This formal action must occur prior to the end of the reporting period, but the amount of commitment, which will be subject to constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.

4. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: (1) Council may take official action to assign amounts, (2) all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.

5. Unassigned - Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those purposes.

Assignments may not create unassigned deficits in any fund. However, nonspendable, restricted, or committed fund balance may create an unassigned deficit. Also, restricted, committed, and assigned balances themselves may not be negative.

The City has established a policy requiring a minimum of 16.6% or two months of operating expenditures to be maintained as a reserve. This is reported as unassigned fund balance.

The City and the Library consider restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City and the Library would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

##### O. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**P. Use of Estimates**

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Q. Conduit Debt**

The City approved the issuance of \$5,000,000 Series 2010 Revenue Bonds during the fiscal year 2010-2011 to provide financial assistance to Chiravalle Montessori School, deemed to be in public interest. The use of proceeds includes the property purchase from the City, improvement to the existing building, refinancing existing debt, and payment of miscellaneous costs. The bonds are secured by the property or mortgages financed and are payable from the monies, securities, and other revenues pledged under the indenture by the school. The City is not obligated in any manner for the repayment of bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of December 31, 2016, outstanding bond balance was \$4,315,000.

The City approved the issuance of \$13,590,000 Series 2011 Revenue Bonds during the fiscal period ended December 31, 2011 to provide financial assistance to Roycemore School, deemed to be in public interest. The use of proceeds includes the property purchase and renovation of 1201 Davis, the new location of the school, and payment of miscellaneous costs. The bonds are secured by the property or mortgages financed and are payable from the moneys, securities, and other revenues pledged under the indenture by the school. The City is not obligated in any manner for the repayment of bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of December 31, 2016, outstanding bond balance was \$12,855,000.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Equity**

The Insurance Fund, an internal service fund, had a net deficit of \$2,297,025 as of December 31, 2016. The City plans to use current resources to pay for future liabilities.

The Solid Waste Fund had a net deficit of \$972,783 as of December 31, 2016. The City plans to use current resources to pay for future liabilities.

The Special Service District No. 4 had a net deficit of \$192,276 as of December 31, 2016. The City plans to use current resources to pay for future liabilities.

The Howard Ridge Tax Increment District Fund had a net deficit of \$84 as of December 31, 2016. The City plans to use current resources to pay for future liabilities.

The Dempster-Dodge Tax Increment District Fund had a net deficit of \$29,415 as of December 31, 2016. The City plans to use current resources to pay for future liabilities.

## CITY OF EVANSTON, ILLINOIS

### Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

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#### NOTE 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The City and pension funds categorize the 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.

##### A. Types of Accounts and Securities

Illinois Statutes and the City's investment policies authorize the City to invest in obligations of the U.S. Treasury, in Government Sponsored Enterprises (GSE) such as Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), and Fannie Mae (FNMA); bankers acceptances as well as commercial paper rated only in the highest tier; repurchase agreements of the highest grade; collateralized certificates of deposit issued by FDIC insured financial institutions, money market mutual funds with portfolios limited to securities guaranteed by the United States Government, the Illinois Metropolitan Investment Fund (IMET), and Illinois Funds.

It is the policy of the City to invest public funds in a manner whereby its investment objectives are prioritized in the following order: safety of principal, liquidity, and rate of return. The City also seeks to maintain diversification of investments to avoid overconcentration of any one specific issuer or business sector. To mitigate interest rate risk, the City tries to structure the investment portfolio to meet daily cash flow needs so as to avoid needing to sell securities on the open market. The City seeks to attain market rates of return consistent with constraints imposed by safety and cash flow needs. The City invests to conform to all state and local statutes governing the investment of public funds. More detail is available in the City's investment policy.

The Firefighters' and Police Pension Funds are set up for the exclusive purpose of providing retirement and other benefits to plan participants and beneficiaries. All investments are governed and authorized by the respective Fire and Police Pension Boards. The investment objectives and parameters mirror those listed above for the City. However, unlike the City's public funds, the Firefighters' and Police Pension Funds may invest in various equity accounts up to a limit of 65% of the aggregate value of each respective fund's assets. The pension funds invest to conform to all state and local statutes governing pension funds. Additional detail is available in each pension fund's investment policies.

##### B. Pooling of Cash and Investments

Except for cash and investments in certain restricted and special accounts, the City pools the cash of various funds to maximize interest earnings. Interest income is allocated to the various funds based upon their respective participation.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – Continued**

**C. Types of Investments**

*Interest Rate Risk.* The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The objective is to maintain a core portfolio with maturities primarily in the three month to three years range.

*Credit Risk.* State law limits investments in commercial paper, corporate bonds, and mutual bonds funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not impose further limits on investment choices. The Police and Firefighters' Pension Funds have investments in corporate bonds with S&P ratings ranging from BBB- to AAA. Illinois Funds and money markets were rated AAA by Standard & Poor's. IMET exclusively invests in AAA Standard & Poor's securities, such as treasury and agency obligations. IMET's Convenience Fund collateralizes all of its deposits 110%. Illinois Funds and IMET are an investment pools managed by the State of Illinois, Office of the Treasurer, and a Board of Trustees, which allows governments within the State to pool their funds for investment purposes. They are not registered with the SEC as an investment company, but do operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The investments in the securities of the U.S. government agencies were all rated AAA or Aaa by the Standard & Poor's and by Moody's Investor's Services. The following investments of the City in Illinois Funds, PMA, and IMET are valued at the funds' share price, the price for which the investments could be sold.

Illinois Funds	\$ 9,749,652
PMA	22,084,539
IMET money market	<u>1,583,351</u>
Total	<u>\$ 33,417,542</u>

The City has the following recurring fair value measurements as of December 31, 2016. The investments in U.S. agency obligations, corporate fixed income and corporate common stocks are valued using quoted matrix pricing models (Level 2 inputs). Mutual funds are measured based on the net asset value of the shares in the fund, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the City's investments were insured, registered, or held by the counterparty's trust department in the City's name.

On September 29, 2014, IMET was informed of defaults on certain loans believed to be guaranteed in its Convenience Fund caused by fraud on the part of First Farmer's Financial (FFF), a USDA approved lender. This resulted in a decrease in the value of the City's IMET investment in the amount of \$552,862 and leaving an impairment on the remaining balance of \$636,088. The City believes that it will recover the remaining value of the investment.

*Concentration of Credit Risk.* It is the policy of the City to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting from overconcentration in a security, maturity, issuer, or class of securities. At December 31, 2016, the City had 66.09% of investments held at PMA.

**D. Deposits**

*Custodial Credit Risk.* For a deposit, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. All of the City's deposits were insured, collateralized, or filed by the counterparty's trust department in the City's name.

Deposits consist of deposits in interest-bearing and non-interest-bearing checking accounts. At December 31, 2016, the carrying amount of the City's deposits, including cash on hand of \$12,813 was \$26,842,696. The financial institutions' balances totaled \$27,240,882.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 4. RECEIVABLES**

**A. Summary of Receivables**

Receivables as of December 31, 2016 for the government’s individual major funds, nonmajor, internal service funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental	General	
	Activities	Business-Type	Total
	Activities	Activities	Total
Receivables (net, where applicable, of allowances for uncollectibles):			
Property taxes	\$ 40,496,906	\$ -	\$ 40,496,906
Utility taxes	810,741	-	810,741
Accounts	-	5,056,758	5,056,758
Notes	8,143,355	219,000	8,362,355
Special assessments	236,596	-	236,596
Other	<u>2,019,471</u>	<u>119,254</u>	<u>2,138,725</u>
Net Total Receivables	<u>\$ 51,707,069</u>	<u>\$ 5,395,012</u>	<u>\$ 57,102,081</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**B. Notes Receivable - Special Revenue Funds**

The City makes loans to city residents for the rehabilitation of single-family and multi-family housing. Initial funding for these loans was from Community Development Block Grant (CDBG) and Housing and Urban Development (HUD) Funds. Three types of loans are made: (1) title transfer loans which are due in full when the housing unit is sold, (2) amortizing loans which are due in monthly installments over varying lengths of time, and (3) forgivable loans which are forgiven over varying lengths of time based on occupancy requirements. Repayments of principal and any interest earned on these receivables, which are recorded in the respective Special Revenue Funds, are used to make additional rehabilitation loans. An allowance of \$78,000 exists in the Special Revenue Funds due to doubtful accounts. Loan activity for the current period is summarized as follows:

Interest		Loans	Loan	
Rates	Beginning	Made	Repayments	Ending
0% - 8%	<u>\$ 8,562,672</u>	<u>\$ 166,768</u>	<u>\$ 786,085</u>	<u>\$ 7,943,355</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

**NOTE 5. CAPITAL ASSETS**

**A. Capital Asset Activity**

Capital asset activity for the fiscal year ended December 31, 2016 was as follows:

	Beginning	Additions	Deletions	Transfers	Ending
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 7,212,044	\$ -	\$ 19,000	\$ -	\$ 7,193,044
Right of way	18,695,896	-	-	-	18,695,896
Artwork	155,000	-	-	-	155,000
Construction in progress	138,465	-	138,465	-	-
<b>Total Capital Assets, not being Depreciated</b>	<b>26,201,405</b>	<b>-</b>	<b>157,465</b>	<b>-</b>	<b>26,043,940</b>
Capital Assets, being Depreciated/Amortized:					
Buildings and improvements	80,526,167	1,650,957	-	-	82,177,124
Office equipment and furniture	5,466,241	390,702	-	-	5,856,943
Intangible assets	7,268,052	343,995	-	-	7,612,047
Machinery and equipment	26,117,468	1,887,943	1,238,946	-	26,766,465
Infrastructure	171,798,010	8,517,843	-	-	180,315,853
Capitalized leases	502,532	-	-	-	502,532
<b>Total Capital Assets being Depreciated/Amortized</b>	<b>291,678,470</b>	<b>12,791,440</b>	<b>1,238,946</b>	<b>-</b>	<b>303,230,964</b>
Less Accumulated Depreciation/Amortization for:					
Buildings and improvements	34,618,824	1,719,662	-	-	36,338,486
Office equipment and furniture	3,496,339	292,933	-	-	3,789,272
Intangible assets	5,955,267	222,150	-	-	6,177,417
Machinery and equipment	17,409,051	1,755,925	1,236,722	-	17,928,254
Infrastructure	89,817,891	7,069,608	-	-	96,887,499
Capitalized leases	471,269	3,908	-	-	475,177
<b>Total Accumulated Depreciation/Amortization</b>	<b>151,768,641</b>	<b>11,064,186</b>	<b>1,236,722</b>	<b>-</b>	<b>161,596,105</b>
<b>Total Capital Assets being Depreciated/Amortized, Net</b>	<b>139,909,829</b>	<b>1,727,254</b>	<b>2,224</b>	<b>-</b>	<b>141,634,859</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 166,111,234</b>	<b>\$ 1,727,254</b>	<b>\$ 159,689</b>	<b>\$ -</b>	<b>\$ 167,678,799</b>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 5. CAPITAL ASSETS - Continued

A. Capital Asset Activity - Continued

	Beginning	Additions	Deletions	Transfers	Ending
<b>Business-Type activities:</b>					
Capital Assets, not being Depreciated:					
Land	\$ 4,644,510	\$ -	\$ -	\$ -	\$ 4,644,510
Construction in progress	5,537,601	3,552,081	5,209,070	-	3,880,612
Artwork	359,752	-	-	-	359,752
Total Capital Assets, not being Depreciated	10,541,863	3,552,081	5,209,070	-	8,884,874
Capital Assets, being Depreciated/Amortized:					
Land improvements	4,911,144	-	-	-	4,911,144
Buildings and improvements	77,282,216	619,520	-	-	77,901,736
Leasehold improvements	304,052	-	-	-	304,052
Plant	42,685,862	2,335,288	719,885	(201,134)	44,100,131
Transmission and distribution system	53,473,085	11,441,588	91,190	201,134	65,024,617
Sewer system and underground lines	250,735,084	1,312,134	-	-	252,047,218
Intangible assets	1,260,258	-	-	-	1,260,258
Equipment	2,832,642	82,703	19,512	-	2,895,833
Parking meters	1,859,028	-	-	-	1,859,028
Total Capital Assets being Depreciated/Amortized	435,343,371	15,791,233	830,587	-	450,304,017
Less Accumulated Depreciation/Amortization for:					
Land improvements	1,773,245	180,141	-	-	1,953,386
Buildings and improvements	24,660,147	2,333,135	-	-	26,993,282
Leasehold improvements	282,531	6,674	-	-	289,205
Plant	15,857,464	1,228,545	491,960	(42,960)	16,551,089
Transmission and distribution system	7,570,716	692,955	91,190	42,960	8,215,441
Sewer system and underground lines	52,993,597	3,387,865	-	-	56,381,462
Intangible assets	421,956	147,412	-	-	569,368
Equipment	2,159,532	162,250	1,951	-	2,319,831
Parking meters	811,338	132,390	-	-	943,728
Total Accumulated Depreciation/Amortization	106,530,526	8,271,367	585,101	-	114,216,792
Total Capital Assets being Depreciated/Amortized, Net	328,812,845	7,519,866	245,486	-	336,087,225
Governmental Activities Capital Assets, Net	\$ 339,354,708	\$ 11,071,947	\$ 5,454,556	\$ -	\$ 344,972,099

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 5. CAPITAL ASSETS - Continued**

**A. Capital Asset Activity - Continued**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General management and support	\$ 524,077
Public safety	601,877
Public works	6,404,605
Housing and economic development	9,303
Recreation and cultural opportunities	1,899,395
Internal service funds	<u>1,624,929</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 11,064,186</u>
Business-Type Activities:	
Water	\$ 1,973,593
Sewer	3,461,103
Motor vehicle parking	<u>2,836,672</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 8,271,368</u>

**B. Construction Commitments**

The value of construction contracts signed, where the work has not yet been performed at December 31, 2016 is as follows:

Capital Improvement Fund	\$ 5,209,337
Water Fund	1,980,028
Sewer Fund	<u>363,646</u>
Total Construction Commitments	<u>\$ 7,553,011</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 6. INTERFUNDS**

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**A. Interfund Accounts**

At December 31, 2016, interfund receivables and payables consist of the following:

Funds	Due From	Due To
General Fund	\$ 3,623,264	\$ 3,368,372
Debt Service Fund	1,905	777,080
Water Fund	1,171,215	1,233,657
Sewer Fund	1,456,315	-
Solid Waste Fund	-	1,454,116
Motor Vehicle Parking System Fund	29,130	663,196
Nonmajor Governmental Funds	3,910,280	2,213,767
Internal Service Funds	<u>445,061</u>	<u>393,047</u>
Total	<u>\$ 10,637,170</u>	<u>\$ 10,103,235</u>

Funds	Due From	Due To
Library		
Library Funds		
General	\$ -	\$ 193,159
Insurance	-	311
Economic Development		484
Water Fund	40	-
Motor Vehicle Parking System	<u>16</u>	<u>-</u>
Total Library Funds	<u>56</u>	<u>193,954</u>
Library Debt Service		
General	309,962	
Nonmajor Governmental Funds		650,000
Total Library Debt Service	<u>309,962</u>	<u>650,000</u>
Total Library	<u>\$ 310,018</u>	<u>\$ 843,954</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 6. INTERFUNDS - Continued**

**B. Interfund Advances**

At December 31, 2016, interfund advances consist of the following:

Funds	Advances To	Advances From
Governmental Funds		
General Fund		
Motor Vehicle Parking System	\$ -	\$ 476,800
Emergency Telephone System	108,325	-
Howard Ridge Tax Increment District	14,338	-
Fire Pension	5,000	-
Total General Fund	<u>\$ 127,663</u>	<u>\$ 476,800</u>
Enterprise Funds		
Motor Vehicle Parking System		
General Fund	476,800	-
Total Motor Vehicle Parking System	<u>476,800</u>	<u>-</u>
Special Revenue Funds		
Emergency Telephone System	-	108,325
Neighborhood Stabilization	39,741	-
Total Special Revenue Funds	<u>39,741</u>	<u>108,325</u>
Debt Service		
Howard Ridge Tax Increment District	-	54,079
Total Debt Service Funds	<u>-</u>	<u>54,079</u>
Fiduciary Funds		
Fire Pension	-	5,000
Total Fiduciary Funds	<u>-</u>	<u>5,000</u>
Grand Total	<u>\$ 644,204</u>	<u>\$ 644,204</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 6. INTERFUNDS - Continued**

**C. Interfund Transfers**

Transfers are used to (1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts, (3) move restricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorization, including amounts provided as subsidies or matching funds for various grant programs.

At December 31, 2016, transfers in (out) consist of the following:

Funds	Transfers In	Transfers Out
<b>Governmental Funds</b>		
<b>General Fund</b>		
Emergency Telephone System	\$ 129,729	\$ -
Neighborhood Stabilization Program 2	13,279	-
Washington National TIF Debt Service	350,000	-
Howard Hartrey TIF	152,450	-
SSD5	91,445	-
Capital Improvement Fund	490,000	575,000
Water	3,369,559	-
Sewer	330,167	-
Motor Vehicle Parking System	900,000	-
Solid Waste	-	1,055,968
Howard/Ridge TIF	60,000	-
Motor Fuel Tax	833,000	-
West Evanston TIF	30,000	-
General Obligation Debt Service Fund	-	2,416,005
Good Neighbor	500,000	-
Economic Development	849,996	-
<b>Total General Fund</b>	<u>8,099,625</u>	<u>4,046,973</u>
<b>General Obligation Debt Service Fund</b>		
General	2,416,005	-
Insurance	9,262	-
Fleet	26,762	-
Sewer	251,493	-
Economic Development	3,515	-
Community Development Block Grant	12,478	-
Motor Fuel Tax	4,344	-
Special Assessment	260,698	-
Home	15,322	-
<b>Total General Obligation Debt Service Fund</b>	<u>2,999,879</u>	<u>-</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 6. INTERFUNDS - Continued**

**C. Interfund Transfers - Continued**

Funds	Transfers In	Transfers Out
Nonmajor Governmental Funds		
Economic Development		
Howard/Ridge TIF	\$ 47,500	\$ -
General Obligation Debt Service Fund	-	15,322
General	-	849,996
Total Economic Development	<u>47,500</u>	<u>865,318</u>
Howard Hartrey TIF		
General	-	152,450
Capital Improvements	-	1,589,307
Total Howard Hartrey TIF	<u>-</u>	<u>1,741,757</u>
Howard/Ridge TIF		
Economic Development	-	47,500
General	-	60,000
Total Howard/Ridge TIF	<u>-</u>	<u>107,500</u>
Washington National TIF Debt Service		
General	-	350,000
Capital Improvements	-	393,747
Motor Vehicle Parking System	-	3,711,768
Total Washington National TIF Debt Service	<u>-</u>	<u>4,455,515</u>
West Evanston Tax Increment District		
General	-	30,000
SSD5		
General	-	91,445
Capital Improvements		
Good Neighbor Fund	500,000	-
Motor Fuel Tax	1,356,000	-
Washington National TIF Debt Service	393,748	-
Howard Hartrey	1,589,307	-
Special Assessment	100,000	-
Motor Vehicle Parking System	350,000	-
General	575,000	490,000
Total Capital Improvement	<u>4,864,055</u>	<u>490,000</u>
Special Assessment		
General Obligation Debt Service	-	260,698
Capital Improvements	-	100,000
Total Special Assessment	<u>-</u>	<u>360,698</u>
Neighborhood Stabilization Program 2		
General Obligation Debt Service	-	4,344
General	-	13,279
Total Neighborhood Stabilization Program 2	<u>-</u>	<u>17,623</u>
Emergency Telephone System		
General Obligation Debt Service	-	12,478
General	-	129,729
Total Emergency Telephone System	<u>-</u>	<u>142,207</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 6. INTERFUNDS - Continued**

**C. Interfund Transfers - Continued**

Funds	Transfers In	Transfers Out
Nonmajor Governmental Funds - Continued		
Motor Fuel Tax		
General	\$ -	\$ 833,000
Capital Improvements	-	1,356,000
Total Motor Fuel Tax	<u>-</u>	<u>2,189,000</u>
Community Development Block Grant		
General Obligation Debt Service	-	3,515
Total Community Development Block Grant	<u>-</u>	<u>3,515</u>
Good Neighbor		
Capital Improvements	-	500,000
General	-	500,000
Total Good Neighbor	<u>-</u>	<u>1,000,000</u>
Home Fund		
General	<u>-</u>	<u>-</u>
Health and Human Services		
General	<u>-</u>	<u>-</u>
 Total Nonmajor Governmental Funds	 <u>4,911,555</u>	 <u>11,494,578</u>
 Total Governmental Funds	 <u>16,011,059</u>	 <u>15,541,551</u>
Enterprise Funds		
Water		
General	-	3,369,559
Total Water	<u>-</u>	<u>3,369,559</u>
Sewer		
General	-	330,167
General Obligation Debt Service Fund	-	251,493
Total Sewer	<u>-</u>	<u>581,660</u>
Motor Vehicle Parking System		
General	-	900,000
Capital Improvements	-	350,000
Washington National TIF Debt Service	3,711,768	-
Total Motor Vehicle Parking System	<u>3,711,768</u>	<u>1,250,000</u>
Solid Waste		
General	<u>1,055,967</u>	<u>-</u>
 Total Enterprise Funds	 <u>4,767,735</u>	 <u>5,201,219</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 6. INTERFUNDS - Continued**

**C. Interfund Transfers - Continued**

Funds	Transfers In	Transfers Out
Internal Service Funds		
Fleet Fund		
Debt Service Fund	\$ -	\$ 26,762
Total Fleet Fund	<u>-</u>	<u>26,762</u>
Insurance Fund		
Debt Service Fund	-	9,262
Total Insurance Fund	<u>-</u>	<u>9,262</u>
Total Internal Service Funds	<u>-</u>	<u>36,024</u>
Total Primary Government	<u>20,778,794</u>	<u>20,778,794</u>
Total	<u>\$ 20,778,794</u>	<u>\$ 20,778,794</u>

Note - Transfers between the primary government and component unit have been reclassified on the statement of activities.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 7. OPERATING LEASES**

The City entered into a lease agreement for a postage machine with Neopost during the 2012 fiscal year. The machine is located on the first floor in the Civic Center. The lease term is 63 months with the first payment due in February 2013.

<u>Leasing Co.</u>	<u>Expiration</u>	<u>Number of Machines</u>	<u>Monthly Payment</u>	<u>Annual Lease Payment</u>	<u>Type of Machines</u>
Mail Finance	4/30/2018	1	375	\$ 4,500	Postage Machine

Minimum annual lease payments are as follows:

Year ending 12/31/2017	\$ 4,500
Year ending 12/31/2018	<u>1,500</u>
Toal	<u>\$ 6,000</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 8. LONG-TERM DEBT

A. Changes in Long-Term Debt

	Interest Rate	Final Maturity Date	Balance 12/31/2015	Issued	Restated/Refunded	Payments	Balance 12/31/2016	Due Within One Year
<b>G.O. Debt Governmental Activities</b>								
Series 2006	3.85%-5.00%	12/1/2026	\$ 8,840,000	\$ -	\$ 8,840,000	\$ -	\$ -	\$ -
Series 2006B	4.00%-4.25%	12/1/2023	1,880,000	-	-	1,880,000	-	-
Series 2007	4.00%-5.00%	12/1/2016	10,734,679	-	-	1,063,055	9,671,624	882,160
Series 2008A	3.00%-5.00%	12/1/2021	2,115,000	-	-	305,000	1,810,000	310,000
Series 2008C	3.00%-5.00%	12/1/2028	7,352,580	-	-	426,120	6,926,460	442,200
Series 2008D	3.25%-5.00%	12/1/2016	195,520	-	-	195,520	-	-
Series 2010A	2.00%-3.625%	12/1/2029	5,350,000	-	-	310,000	5,040,000	320,000
Series 2010B	1.00%-3.30%	12/1/2019	3,428,905	-	-	772,652	2,656,253	826,947
Series 2011A	2.00%-4.50%	12/1/2031	11,100,420	-	-	550,432	10,549,988	563,230
Series 2012A (SSA#5)	2.00%-3.25%	12/1/2032	405,000	-	-	405,000	-	-
Series 2012A	2.00%-3.25%	12/1/2032	7,575,000	-	-	285,000	7,290,000	660,000
Series 2013A	2.00%-4.75%	12/1/2033	10,095,000	-	-	455,000	9,640,000	465,000
Series 2013B	2.00%-3.00%	12/1/2025	17,861,617	-	-	2,538,164	15,323,453	2,589,327
Series 2014	1.25%-5.00%	12/1/2034	9,070,000	-	-	370,000	8,700,000	375,000
Series 2015A	2.00%-4.00%	12/1/2035	7,605,000	-	-	265,000	7,340,000	285,000
Series 2015B	2.00%-3.00%	12/1/2022	11,075,000	-	-	1,000,000	10,075,000	1,750,000
Series 2016A	2.00%-4.00%	12/1/2036	-	9,450,000	-	-	9,450,000	340,000
Series 2016B	2.00%-3.00%	12/1/2026	-	7,635,000	-	-	7,635,000	655,000
Subtotal Governmental Activities			<u>114,683,721</u>	<u>17,085,000</u>	<u>8,840,000.00</u>	<u>10,820,943</u>	<u>112,107,778</u>	<u>10,463,864</u>
Bonds premium			3,473,719	987,229	-	477,564	3,983,384	-
OPEB liability - City			1,876,719	472,069	-	-	2,348,788	-
OPEB liability - Internal Service Funds			72,331	9,411	-	-	81,742	-
Net pension liability - IMRF			3,735,547	10,819,895	-	-	14,555,442	-
Net pension liability - Police Pension			104,889,631	7,415,176	-	-	112,304,807	-
Net pension liability - Firefighters' Pension			86,402,164	6,141,403	-	-	92,543,567	-
Compensated absences payable - City			8,991,381	4,659,735	-	3,506,639	10,144,477	4,057,791
Compensated absences payable - Internal Service Funds			95,635	56,390	-	19,127	132,898	26,580
First Bank loan			3,548,812	1,580,000	-	-	5,128,812	5,128,812
Claims payable			4,227,368	1,861,250	-	860,748	5,227,870	2,274,750
Subtotal Other Governmental Activities Liabilities			<u>217,313,307</u>	<u>34,002,558</u>	<u>-</u>	<u>4,864,078</u>	<u>246,451,787</u>	<u>11,487,933</u>
Total Governmental Activities Debt and Liabilities			<u>\$ 331,997,028</u>	<u>\$ 51,087,558</u>	<u>\$ 8,840,000.00</u>	<u>\$ 15,685,021</u>	<u>\$ 358,559,565</u>	<u>\$ 21,951,797</u>
<b>G.O. Debt Business-Type Activities</b>								
Series 2007 Sewer	4.00%-5.00%	12/1/2016	\$ 460,000	\$ -	\$ -	\$ 225,000	\$ 235,000	\$ 235,000
Series 2007 Parking	4.00%-5.00%	12/1/2016	330,000	-	-	160,000	170,000	170,000
Series 2008B Sherman Garage	3.00%-5.00%	12/1/2018	6,340,000	-	-	2,095,000	4,245,000	2,600,000
Series 2008C Sewer	3.00%-5.00%	12/1/2028	1,792,420	-	-	103,880	1,688,540	107,800
Series 2010B W/S/San/Pkg	1.00%-3.30%	12/1/2019	676,094	-	-	152,347	523,747	163,053
Series 2011A W/S	2.00%-4.50%	12/1/2031	3,404,578	-	-	169,569	3,235,009	171,770
Series 2012A	2.00%-3.25%	12/1/2032	3,955,000	-	-	180,000	3,775,000	185,000
Series 2013A - Water	2.00%-4.75%	12/1/2033	1,870,000	-	-	80,000	1,790,000	80,000
Series 2013B	2.00%-3.00%	12/1/2025	4,009,802	-	-	1,225,020	2,784,782	1,249,502
Series 2014	1.25%-5.00%	12/1/2034	2,630,000	-	-	100,000	2,530,000	100,000
Series 2015A	2.00%-4.00%	12/1/2035	5,490,000	-	-	180,000	5,310,000	195,000
Series 2016A	2.00%-4.00%	12/1/2036	-	3,615,000	-	-	3,615,000	120,000
Subtotal Business-Type Activities			<u>30,957,894</u>	<u>3,615,000</u>	<u>-</u>	<u>4,670,816</u>	<u>29,902,078</u>	<u>5,377,125</u>
IEPA loans	2.535%-3.59%	Various	51,901,172	620,560	-	7,265,495	45,256,237	6,664,185
Bonds premium			953,714	143,179	-	72,621	1,024,272	-
Compensated absences payable - City			927,337	175,644	-	185,468	917,513	183,503
Net pension liability - IMRF			802,243	2,323,672	-	-	3,125,915	-
OPEB liability			360,738	47,567	-	-	408,305	-
Subtotal Other Business-Type Activities Liabilities			<u>3,044,032</u>	<u>2,690,062</u>	<u>-</u>	<u>258,089</u>	<u>5,476,005</u>	<u>183,503</u>
Total Business-Type Activities Debt and Liabilities			<u>\$ 85,903,098</u>	<u>\$ 6,925,622</u>	<u>\$ -</u>	<u>\$ 12,194,400</u>	<u>\$ 80,634,320</u>	<u>\$ 12,224,813</u>
Total Governmental and Business-Type Activities Debt and Liabilities			<u>\$ 417,900,126</u>	<u>\$ 58,013,180</u>	<u>\$ 8,840,000.00</u>	<u>\$ 27,879,421</u>	<u>\$ 439,193,885</u>	<u>\$ 34,176,610</u>

Note: Sewer Fund, Water Fund, Solid Waste Fund, Parking Fund, and General Fund have been used to liquidate IMRF pension liability. General Fund, Fleet Fund, Water Fund, Parking Fund, Solid Waste Fund, and Sewer Fund have been used to liquidate other postemployment benefit obligations.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 8. LONG-TERM DEBT - Continued**

**A. Changes in Long-Term Debt - Continued**

Business-Type Activities - IEPA Loans

Business-type activities IEPA loans are payable from revenues derived from Sewer and Water service fees. The City has pledged future revenues, net of operating expenses, to repay principal totaling \$121,489,100 in IEPA loans issued in 1994 through 2016. Proceeds from the loans provided financing for the Long-Term Sewer and Water Improvement Program. The IEPA loans, payable from operating revenues, are payable through 2036. Annual principal and interest on the loans are expected to require \$7,735,647 of net revenues for the fiscal year 2017. The total principal and interest remaining to be paid on the loans is \$50,616,046. Principal and interest paid for the current period and total customer net revenues were \$8,519,109 and \$11,584,142, respectively.

IEPA loans payable consist of the following:

Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance
Various	Various	Various	\$ 121,489,100	<u>\$ 45,256,237</u>
Total Business-Type Activities - IEPA Loan Debt				<u>\$ 45,256,237</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 8. LONG-TERM DEBT - Continued**

**B. General Obligation Bonds Payable**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

In September 2016, the City issued Series 2016A General Obligation Bonds for a total of \$13,715,000 with interest rates ranging from 2.0% to 4.0%. The bonds were issued to provide financing for certain public improvement projects for both governmental and business-type activities.

Also in September 2016, the City issued Series 2016B General Obligation Refunding Bonds for a total of \$7,635,000 with interest rates ranging from 2.0% to 3.0%. The bonds were issued to currently refund \$8,840,000 of the currently outstanding General Obligation Bonds, Series 2006.

The following schedule illustrates the annual debt service requirements to maturity for general obligation bonds.

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 10,463,864	\$ 3,880,836	\$ 5,377,126	\$ 1,109,487
2018	9,964,234	3,521,053	4,356,935	869,953
2019	9,779,112	3,235,021	1,219,134	722,268
2020	9,116,738	2,932,974	1,072,483	680,556
2021	9,388,018	2,647,104	1,112,768	641,778
2022-2026	35,995,725	8,846,207	6,215,386	2,536,328
2027-2031	19,338,089	3,299,882	6,898,247	1,289,887
2032-2036	<u>8,065,000</u>	<u>616,188</u>	<u>3,650,000</u>	<u>277,836</u>
Total	<u>\$ 112,110,780</u>	<u>\$ 28,979,265</u>	<u>\$ 29,902,079</u>	<u>\$ 8,128,093</u>

**Current Refunding**

On September 28, 2016, the City issued \$7,635,000 in General Obligation Refunding Bonds, Series 2016B, due in annual installments of \$655,000 to \$865,000 plus interest at 2% to 3% through December 1, 2026 to advance refund a portion of the General Obligation Bonds, Series 2006 in the amount of \$8,840,000. The net proceeds of \$8,840,000 (after payment of \$119,278 in underwriting fees, insurance, and other issuance costs) were used to call the 2006 bonds. This transition resulted in a reduction of total debt service payments decrease in future debt payments of \$1,625,279, which results in an economic gain (difference between present value of the debt service payments of the refunded and refunding bonds) of \$1,497,647.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 8. LONG-TERM DEBT - Continued**

**C. Notes Payable - IEPA Loans**

As of December 31, 2016, the City currently has 23 outstanding loans from the IEPA. The City will repay the loans solely from revenues derived from the sewer and water system; the loans do not constitute a full faith and credit obligation of the City. They will be repaid with equal installments consisting of principal plus simple interest, on unpaid principal balances, over a period of 20 years. Initial principal balances will consist of disbursements and interest accrued during construction. Repayments begin not later than six months after completion of construction.

Notes payable - IEPA debt service requirements to maturity are as follows:

For the Fiscal Year Ending	Business-Type Activities	
	Principal	Interest
2017	\$ 6,664,185	\$ 1,071,462
2018	6,226,668	905,468
2019	5,269,650	748,130
2020	4,919,418	619,200
2021	4,424,086	494,597
2022-2026	13,442,053	1,251,852
2027-2031	3,301,118	232,818
2032-2036	1,009,059	36,282
Total	<u>\$ 45,256,237</u>	<u>\$ 5,359,809</u>

**D. Loan with First Bank and Trust, Evanston**

During 2016, the City drew \$1,580,000 from loan/line of credit with First Bank and Trust, Evanston. The loan term was renewed to mature on June 12, 2017. As of December 31, 2016, the City had drawn \$5,128,812 for capital projects funded out of TIF funds. The interest rate will be calculated based on 1.00 percentage point over one month "LIBOR" rate index.

**E. Postemployment Benefits other than Pensions (Defined Benefit Plan)**

The City's and the Library's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy. The group health insurance plan does not issue a publicly available financial report.

Contribution requirements are established through Illinois State laws. The City and the Library implicitly contributes the difference between retiree's contributions and unblended rates. Retirees pay 100% of the blended premiums to cover themselves and their covered dependents ranging from \$493 for single coverage to \$1,891 for family coverage. The City pays 100% of health care premiums for police officers and firefighters, their dependents and their surviving spouses and dependent children if they were injured or killed in the line of duty during an emergency, ranging from \$493 for single coverage to \$1,891 for family coverage. For the year ended December 31, 2016, the City and Library's estimated contribution to the plan is \$767,139. The City's and the Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 8. LONG-TERM DEBT - Continued**

**E. Postemployment Benefits other than Pensions (Defined Benefit Plan) - Continued**

Membership

At December 31, 2016 (date of last actuarial valuation), membership consisted of:

Retirees and beneficiaries current receiving benefits	87
Terminated employees entitles to benefits but not yet receiving them	-
Active employees	<u>729</u>
 Total	 <u><u>816</u></u>

The following table shows the components of the City's and the Library's annual OPEB cost for the year ended December 31, 2016, the estimated contributions to the plan and changes in the City's and the Library's net OPEB obligation to the retiree health plan.

	<u>City</u>	<u>Library</u>
Annual required contribution	\$ 1,271,450	\$ 24,890
Interest on net OPEB obligation	103,940	3,275
Adjustment to annual required contribution	<u>(88,205)</u>	<u>(2,779)</u>
 Annual Pension Cost	 1,287,185	 25,386
Contributions made	<u>(758,138)</u>	<u>(9,001)</u>
 Increase (Decrease) in Net Pension Obligation	 529,047	 16,385
Net OPEB Obligation - Beginning	<u>2,309,788</u>	<u>72,769</u>
 Net OPEB Obligation - Ending	 <u><u>\$ 2,838,835</u></u>	 <u><u>\$ 89,154</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two years prior were as follows.

Fiscal Period Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2014	\$ 1,085,542	85.12%	\$ 2,225,756
12/31/2015	1,086,641	92.27%	2,309,788
12/31/2016	1,287,185	58.89%	2,838,835

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 8. LONG-TERM DEBT - Continued**

**E. Postemployment Benefits other than Pensions (Defined Benefit Plan) - Continued**

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two years prior were as follows.

Fiscal Period Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2014	\$ 17,446	7.93%	\$ 56,716
12/31/2015	17,555	8.56%	72,769
12/31/2016	25,386	35.46%	89,154

The funded status of the City and the Library plan based on the projected valuation results as of December 31, 2016 was as follows:

	City	Library
Actuarial accrued liability (AAL)	\$ 14,506,212	\$ 221,722
Actuarial value of plan assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 14,506,212</u>	<u>\$ 221,722</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%
Covered payroll (active plan members)	\$ 59,573,207	\$ 2,287,385
UAAL as a percentage of covered payroll	24.35%	9.69%

Actuarial valuations of an ongoing plan involve estimates for 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 health care trend. Amounts determined regarding the funded status of the plan and 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 multi-year 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is 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 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 calculations.

In the actuarial valuation as of December 31, 2016, the entry-age normal cost method was used. The actuarial assumptions include a 4.5% discount rate and an annual health care cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 4.5%. Both rates include a 2.5% price inflation assumption. The actuarial value of retiree health plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. Retiree health plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2016 was 30 years.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

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**NOTE 9. FUND EQUITY**

**A. Restricted Net Position - Fiduciary Funds**

Fiduciary Funds	
Firefighters' Pension Fund restriction for employee pension benefits	\$ 70,599,998
Police Pension Fund restriction for employee pension benefits	<u>106,191,545</u>
Total Fiduciary Funds	<u>\$ 176,791,543</u>

**B. Assigned Fund Balances**

The following are the assigned fund balances:

General Fund	
Assigned for Arts Council	\$ 20,948
Assigned for private elm trees	134,483
Assigned for Dutch elm inoculation	499,973
Assigned for parkway trees	65,371
Assigned for Butterfield sculpture	30,883
Assigned for scholarship contributions	11,607
Assigned for Noyes Center	337,086
Assigned for recreation group activities	207,123
Assigned for youth initiative	42,151
Assigned for parks and recreation	467,468
Assigned for Mayor's programs	93,179
Assigned for IMRF - Pension	1,462,892
Assigned for compensated absences	1,547,027
Other assignments	<u>125,447</u>
Total General Fund	5,045,638
Capital Improvement Fund	
Assigned for capital projects	<u>10,933,458</u>
Total Assigned Fund Balances	<u>\$ 15,979,096</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 10. INDIVIDUAL FUND ACTIVITIES**

**A. General Obligation Debt Service Fund**

The City usually adopts several resolutions abating portions of the property tax debt service levies. The amount of property taxes abated is derived from principal and interest payments by private assessments on street paving projects; additional water/sewer service fees related to the citywide water/sewer improvement project; tax increment revenues in the Washington National and Howard Hartrey Tax Increment Districts; revenues from the Motor Vehicle Parking System Fund associated with the Maple Garage, Sherman Garage, and Church Street Self-Park Garage; and General Obligation Debt Service Fund interest income.

**B. Water Fund**

On January 28, 1997, the City executed a long-term water supply contract with the Village of Skokie, Illinois, to replace an expiring contract. The contract took effect on March 1, 1997 and continues in effect for a period of 20 years until February 28, 2017. The contract is renewable at ten-year intervals thereafter. Under the terms of the contract, the City is to supply the Village of Skokie sufficient potable Lake Michigan water to satisfy the maximum 24-hour demand for Lake Michigan water of the Village of Skokie system.

The City also provides potable Lake Michigan water to the Northwest Water Commission (NWWC) under a long-term water supply contract. Sale of potable water under this contract began on February 28, 1985 and continues until February 28, 2030. Under the terms of the current contract, the City is to supply NWWC sufficient potable Lake Michigan water to satisfy NWWC's maximum 24-hour demands for Lake Michigan water for resale to NWWC's customers.

**C. Special Service District No. 4**

On August 13, 2007, the City Council adopted Ordinance No. 37-R-07 which extended the life of Special Service District No. 4 until December 31, 2019. Special Service District No. 4 comprises the central business district of the City. The special district was established for the purpose of providing funds for special maintenance and repair and for promotion and advertisement. The annual property tax levy for 2016 was \$329,592 which includes an estimated allowance amount of \$6,592.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 11. RISK MANAGEMENT - CLAIMS AND JUDGMENTS**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to the City's employees. The City maintains commercial all-risk property insurance to cover damage to city facilities and contents and other losses including business interruption and loss of rents. The coverage is subject to a deductible of \$50,000 (except \$100,000 for flood and earthquake) for each loss and each location. The City also maintains crime and fidelity insurance coverage with a \$25,000 deductible to a limit of \$2,000,000. In addition, coverage is maintained for ambulance/paramedic liability.

For workers' compensation, specific excess coverage in excess of \$750,000 per occurrence is purchased from a commercial insurance company. For general liability claims, the City retains risk of loss of \$1,250,000 to a limit of \$10,000,000.

Workers' compensation and general liability risks are accounted for in the Insurance Fund. The fund was established on March 1, 1994 to administer general liability claims and workers' compensation programs on a cost-reimbursement basis. The fund accounts for the aforementioned liabilities of the City, but does not constitute a transfer of risk from the City.

The City records estimated liabilities for workers' compensation and for general claims. Claims liabilities are based on estimates of the ultimate cost of reported claims including future claim adjustment expenses.

The changes in the balances of claims liabilities during the past two fiscal periods are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
<b>December 31, 2014</b>	\$ 2,176,000	\$ 2,766,965	\$ 4,942,965
New claims and/or estimate revisions	339,385	(390,867)	(51,482)
Claims payments	<u>(588,265)</u>	<u>(75,850)</u>	<u>(664,115)</u>
<b>December 31, 2015</b>	1,927,120	2,300,248	<u>4,227,368</u>
New claims and/or estimate revisions	347,299	<b>2,798,000</b>	3,145,299
Claims payments	<u>(29,549)</u>	<u>(1,415,248)</u>	<u>(1,444,797)</u>
<b>December 31, 2016</b>	<u>\$ 2,244,870</u>	<u>\$ 3,683,000</u>	<u>\$ 5,927,870</u>

For its health insurance coverages, the City participates through a sub-pool in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established in 1979 by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental, and nonprofit public service entities. Management consists of a Board of Directors comprised of one appointed representative from each member. The officers of IPBC are chosen by the Board of Directors from among their membership. The City does not exercise any control over the activities of IPBC beyond its representation on the Board of Directors of the sub-pool. To obtain IPBC's financial statements, contact the administrative offices of IPBC at 301 East Irving Park Road, Streamwood, Illinois 60107.

## **CITY OF EVANSTON, ILLINOIS**

### **Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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#### **NOTE 12. CONTINGENCIES**

There are various claims and legal actions pending against the City for which provision has been made in the financial statements. At the present time, the City believes that the reserves established are sufficient so that the expected liability for these claims and legal actions will not materially exceed the amounts recorded in the financial statements. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

#### **NOTE 13. JOINT VENTURES**

##### **A. Solid Waste Agency of Northern Cook County**

On March 28, 1988, the Evanston City Council authorized agreements providing for the City's participation in the Solid Waste Agency of Northern Cook County (Agency) and in the interim financing of that Agency. The Agency was planned and developed by the Northwest Municipal Conference, of which the City is a member. The agency is empowered to plan, finance, construct, and operate a solid waste disposal system.

The Agency is a municipal joint action agency created as of May 2, 1988 under the provisions of the Intergovernmental Cooperation Act (the Act), 5 ILCS 220/3.2. The Agency consists of 23 municipalities. The Agency is governed by a Board of Directors consisting of one official selected by each member community who serves a two-year term. Each director has one vote. The Board of Directors determines the general policies of the Agency. The Executive Committee of the Agency consists of seven persons elected by the Board of Directors. Each person is entitled to one vote. The Executive Committee may take action not specifically reserved to the Board of Directors by the Act, the Agency agreement, or the by-laws.

The authority to designate management, influence operations, and formulate budgets rests with the Board of Directors and Executive Committee. No one member has the ability to significantly influence operations; therefore, the Agency is not a component unit of any other governmental reporting entity.

Under the 1992 project use agreement executed by the City with the Agency, the City's share of project costs, including debt service and disposal, is based on its share of deliveries to the Wheeling Transfer Station for each year. The City does not control the Agency's fiscal management or operations nor is the City legally responsible for any more than its share of the Agency's debt or operating deficits, if any.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 13. JOINT VENTURES - Continued**

**A. Solid Waste Agency of Northern Cook County - Continued**

Summary of Financial Position as of April 30, 2016:

Current assets	\$ 2,218,610
Capital assets, net of depreciation	<u>9,159,887</u>
Total Assets	<u>11,378,497</u>
Current liabilities	<u>2,264,201</u>
Total Liabilities	<u>2,264,201</u>
Deferred inflows of resources	
Deferred rent	<u>144,000</u>
Net investment in capital assets	9,159,887
Restricted, revenue bonds	-
Unrestricted deficit	<u>(189,591)</u>
Net Position	<u>\$ 8,970,296</u>

Summary of Revenues and Expenses for the Year Ended April 30, 2016:

Total revenues	\$ 12,537,220
Total expenses	<u>(13,151,141)</u>
Net Income	<u>\$ (613,921)</u>

Complete financial statements for the Agency can be obtained at 2700 Patriot Blvd., Glenview, IL 60026.

**B. Evanston Housing Corporation**

During 2016, the Evanston Housing Corporation ceased operations after a resolution to dissolve the corporation was approved by the members.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS**

**A. Plan Descriptions**

**Illinois Municipal Retirement Fund**

The City contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois (other than those covered by the Police or Firefighters' Pension Plan). The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

*Plan Administration*

All employees hired in positions that meet 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.

*Plan Membership*

At December 31, 2015, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	651
Inactive employees entitled to but not yet receiving benefits	389
Active employees	<u>512</u>
Total	<u><u>1,552</u></u>

The IMRF Data included in the table above includes membership of both the City and the Library.

*Benefits Provided*

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. 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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Illinois Municipal Retirement Fund - Continued**

*Contributions*

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary to IMRF. The member rate is established by state statute. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended December 31, 2015 was 10.66% of covered payroll.

*Actuarial Assumptions*

The City's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Illinois Municipal Retirement Fund - Continued**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.49%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the City's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.49% used to determine the total pension liability.

*Changes in Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balances at January 1, 2015	\$ 220,476,485	\$ 215,541,904	\$ 4,934,581
Changes for the period			
Service cost	3,910,996	-	3,910,996
Interest	16,235,086	-	16,235,086
Difference between expected and actual experience	1,465,442	-	1,465,442
Changes in assumptions	266,906	-	266,906
Employer contributions	-	4,018,268	(4,018,268)
Employee contributions	-	1,767,523	(1,767,523)
Net investment income	-	1,062,353	(1,062,353)
Benefit payments and refunds	(11,928,345)	(11,928,345)	-
Administrative expense	-	-	-
Other (net transfer)	-	737,427	(737,427)
Net Changes	9,950,085	(4,342,774)	14,292,859
Balances at December 31, 2015	\$ 230,426,570	\$ 211,199,130	\$ 19,227,440

The table presented above includes amounts for both the City and the Library. The City's proportionate share of the net pension liability at January 1, 2015, the employer contributions, and the net pension liability at December 31, 2015 was \$4,537,790, \$3,688,783, and \$17,681,357, respectively. The Library's proportionate share of the net pension liability at January 1, 2015, the employer contributions and the net pension liability at December 31, 2015 was \$396,791, \$329,485, and \$1,546,083, respectively.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Illinois Municipal Retirement Fund - Continued**

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended December 31, 2015, the City recognized pension expense of \$5,543,149. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ 2,222,568	\$ -
Changes in assumption	3,435,063	-
Net difference between projected and actual earnings on pension plan investments	12,583,562	-
Employer contributions after the measurement date	<u>3,720,003</u>	<u>                    </u>
Total	<u>\$ 21,961,196</u>	<u>\$ -</u>

The deferred outflows presented in the table above include amounts for both the City and the Library. The City's proportionate share of the deferred outflows and inflows of resources at December 31, 2015 was \$21,961,196. The Library's proportionate share of the deferred outflows of resources at December 31, 2015 was \$1,920,319.

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

Year Ending December 31,	
<u>                    </u>	
2016	\$ 7,085,134
2017	5,921,087
2018	3,849,669
2019	2,980,119
Thereafter	<u>-</u>
Total	<u>\$ 19,836,009</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Illinois Municipal Retirement Fund - Continued**

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the City calculated using the discount rate of 7.49% as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.49%) or 1 percentage point higher (8.49%) than the current rate:

	1% Decrease (6.49%)	Current Discount Rate (7.49%)	1% Increase (8.49%)
City	\$ 44,213,500	\$ 17,681,357	\$ (4,178,950)
Library	3,865,556	1,546,083	(365,363)
Total	<u>\$ 48,079,056</u>	<u>\$ 19,227,440</u>	<u>\$ (4,544,313)</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Police and Firefighters' Pension Plans**

*Plan Administration*

The Police Pension Plan and Firefighters' Pension Plan are contributory, defined benefit public employee retirement plans administered by the City and a Board of Trustees for each fund. All sworn City police officers and firefighters are participants in the plans. The plans do not issue stand-alone financial reports and they are not included in the report of a public employee retirement system or another entity. The City accounts for the Police Pension and Firefighters' Pension Plans as pension trust funds.

The plans are governed by a five-member pension board. Two members appointed by the City's Council, one elected by retired pension members, and two elected by active members, constitute the pension board.

The Police and Firefighters' Pension Plans are 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 on an expense and liability when due and payable.

For employer contributions, the City's budget policy is to fund pension plans at the funding level recommended annually by the actuary. The General Fund is used to liquidate the net pension liability.

*Plan Membership*

At January 1, 2016, plan membership consisted of:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Inactive plan members or beneficiaries		
currently receiving benefits	179	142
Inactive plan members entitled to		
but not yet receiving benefits	16	4
Active plan members	<u>158</u>	<u>105</u>
Total	353	251

*Benefits Provided*

As provided for in the Illinois Compiled Statutes, the Police and Firefighters' Pension Funds provide retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police and Firefighters' Pension Funds as provided for in Illinois Compiled Statutes.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS – Continued**

**A. Plan Descriptions - Continued**

**Police and Firefighters' Pension Plans - Continued**

*Benefits Provided - Continued*

Police Pension Plan

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension 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 paid upon reaching at least age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police officer shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the consumer price index (CPI), whichever is less.

Firefighters' Pension Plan

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a firefighter shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

*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 plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2016, the City's contribution was 54.08% of covered payroll.

Participants contribute a fixed percentage of their base salary to the Firefighters' Pension Plan. At December 31, 2016, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2016, the City's contribution was 70.13% of covered payroll.

*Investment Policy*

Police Pension Fund

Permitted Deposits and Investments - Statutes and the Police Pension Fund's (the Fund) investment policy authorize the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, IMET, certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds and equity securities (not to exceed 65% of the total net position of the Fund), and corporate bonds. During the year, no changes to the investment policy were approved by the Board of Trustees.

The Fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The Fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

<u>Police Pension Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Large Cap	52.00%	4.75%
Domestic Small Cap	5.00%	5.00%
International Developed Foreign	5.00%	5.50%
Fixed Income	32.00%	1.50%
REITS	3.00%	3.75%
Cash	<u>3.00%</u>	0.00%
Total	<u>100.00%</u>	

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Police and Firefighters' Pension Plans - Continued**

*Investment Policy - Continued*

Police Pension Fund - Continued

The long-term expected rate of return on the Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of 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.

Firefighters' Pension Fund

The Firefighters' Pension Fund (the Fund) allows funds to be invested in any type of security authorized by the Illinois Pension Code. During the year, no changes to the investment policy were approved by the Board of Trustees. The Fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Firefighters' Pension Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.30%	1.00%
U.S. Fixed Income	39.20%	2.70%
High Yield	1.60%	6.50%
U.S. Large Cap Growth Equity	12.60%	8.00%
U.S. Large Cap Value Equity	16.50%	7.70%
U.S. Mid Cap Growth Equity	3.20%	9.00%
U.S. Mid Cap Value Equity	3.20%	8.30%
U.S. Small Cap Growth Equity	2.60%	9.90%
U.S. Small Cap Value Equity	2.60%	9.00%
Europe Equity	5.10%	7.50%
Japan Equity	0.90%	7.40%
Emerging Market Equity	0.50%	9.50%
Real Estate	2.60%	7.00%
Infrastructure	3.30%	6.20%
Equity Hedge Assets	1.80%	3.40%
Equity Return Assets	<u>3.00%</u>	4.70%
Total	<u>100.00%</u>	

The long-term expected rate of return on the Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Police and Firefighters' Pension Plans - Continued**

*Investment Valuations*

All investments in the Police and Firefighters' Pension Plans are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at December 31 for debt securities, equity securities and mutual funds, and contract values for any insurance contracts. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date.

*Investment Rate of Return*

For the year ended December 31, 2016, the Police Pension Plan annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 6.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

For the year ended December 31, 2016, the Firefighters' Pension Plan annual money weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Funds' deposits may not be returned to them. The Funds' investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Funds' deposits with financial institutions.

*Interest Rate Risk*

The following table presents the investments and maturities of the Funds' debt securities as of December 31, 2016:

Police and Firefighters' Pension Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
Corporate bonds	\$ 27,079,664	\$ 1,770,001	\$ 14,870,376	\$ 9,232,411	\$ 1,206,876
U.S. Treasuries	13,765,989	1,084,897	2,823,503	1,927,024	7,930,565
Federal Home Loan Bank	1,867,487	670,840	1,185,069	11,578	-
Federal Home Loan Mortgage Corp	4,516,294	112,637	731,327	1,948,116	1,724,214
Fannie Mae	7,397,353	118,553	1,457,406	2,283,310	3,538,084
Ginnie Mae	189,324	-	5,921	36,832	146,571
Total Police and Firefighters' Investment	<u>\$ 54,816,111</u>	<u>\$ 3,756,928</u>	<u>\$ 21,073,602</u>	<u>\$ 15,439,271</u>	<u>\$ 14,546,310</u>

In accordance with its investment policy, the Funds' limit exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds not needed within a one-year period. The investment policies does not limit the maximum maturity length of investments in the Funds.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Police and Firefighters' Pension Plans - Continued**

*Interest Rate Risk (Continued)*

The Police and Firefighters' Pension Funds categorize the 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; and Level 3 inputs are significant unobservable inputs.

The City's Police Pension Fund has the following recurring fair value measurements as of December 31, 2016. The U.S. Treasury Obligations, Domestic and International Equity securities are valued using quoted market prices (Level 1 inputs). Corporate bonds, municipal bonds, and U.S. agency obligations are valued using matrix pricing models (Level 2 inputs).

The City's Firefighters' Pension Fund has the following recurring fair value measurements as of December 31, 2016. The U.S. Treasury Obligations, Domestic and International Equity securities are valued using quoted market prices (Level 1 inputs). Corporate bonds, municipal bonds, and U.S. agency obligations are valued using matrix pricing models (Level 2 inputs).

*Credit Risk*

The Funds' limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government bonds and investment grade bonds. The U.S. Treasury and agency obligations are rated by Moody's Aaa, the corporate bonds are rated between Baa3 and Aaa, and the municipal bonds are rated between Aa3 and Aaa. Illinois Funds is rated Aaa by Standard and Poor's.

*Custodial Credit Risk - Investments*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Funds will not be able to recover the value of their investments that are in possession of an outside party. To limit its exposure, the 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 Funds' agent separate from where the investment was purchased in the Funds' name. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of Credit Risk - Illinois Compiled Statutes (ILCS) limits the Funds' investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The Police Pension Trust Fund had no significant investments (other than U.S. Treasuries and corporate bonds) in any one organization that represented 5% or more of net position available for benefits. The only exception to the aforementioned are investments in Federal Home Loan Mortgage Corp. (7.4%).

The Firefighters' Pension Trust Fund had no significant investments (other than corporate bonds) in any one organization that represented 5% or more of net position available for benefits.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Police and Firefighters' Pension Plans - Continued**

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed using the following actuarial methods and assumptions.

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial valuation date	December 31, 2016	December 31, 2016
Actuarial cost method	Entry-age normal	Entry-age normal
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Projected salary increases graded by age	From 7.69% to 3.62%	From 7.36% to 3.62%
Inflation	2.50%	2.50%
Interest rate	6.50%	6.50%
Cost-of-living adjustments	From 3.00% to 1.25%	From 3.00% to 1.25%

Mortality rates were based on the RP-2000 Combined Healthy Mortality table with a Blue Collar Adjustment; disabled mortality rate is based on RP-2000 Disabled Retiree Mortality table.

*Discount Rate*

The discount rate used to measure the total police pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the police pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The discount rate used to measure the total firefighters' pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the firefighter pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Police and Firefighters' Pension Plans - Continued**

*Discount Rate (Continued)*

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Police Pension Fund:			
Discount rate	5.50%	6.50%	7.50%
Net pension liability	\$ 142,019,936	\$ 112,304,807	\$ 87,933,861
Firefighters' Pension Fund:			
Discount rate	5.50%	6.50%	7.50%
Net pension liability	\$ 114,406,313	\$ 92,543,567	\$ 74,593,645
Total Net Pension Liability	<u>\$ 256,426,249</u>	<u>\$ 204,848,374</u>	<u>\$ 162,527,506</u>

*Changes in the Net Pension Liability*

Police Pension Fund

	<u>(a) Total Pension Liability</u>	<u>(b) Plan Fiduciary Net Position</u>	<u>(a) - (b) Net Pension Liability</u>
Balances at January 1, 2016	<u>\$ 204,770,550</u>	<u>\$ 98,558,837</u>	<u>\$ 106,211,713</u>
Changes for the period			
Service cost	3,679,212	-	3,679,212
Interest	13,192,680	-	13,192,680
Difference between expected and actual experience	(3,214,201)	-	(3,214,201)
Changes in assumptions	11,039,027	-	11,039,027
Employer contributions	-	9,450,824	(9,450,824)
Employee contributions	-	1,731,740	(1,731,740)
Net investment income	-	7,544,856	(7,544,856)
Benefit payments and refunds	(10,970,916)	(10,970,916)	-
Administrative expense	-	(123,796)	123,796.00
Other (net transfer)	-	-	-
Net Changes	<u>13,725,802</u>	<u>7,632,708</u>	<u>6,093,094</u>
Balances at December 31, 2016	<u>\$ 218,496,352</u>	<u>\$ 106,191,545</u>	<u>\$ 112,304,807</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Police and Firefighters' Pension Plans - Continued**

*Changes in the Net Pension Liability - Continued*

Firefighters' Pension Fund

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balances at January 1, 2016	\$ 154,100,886	\$ 66,741,084	\$ 87,359,802
Changes for the period			
Service cost	2,731,257	-	2,731,257
Interest	9,922,911	-	9,922,911
Difference between expected and actual experience	(3,239,221)	-	(3,239,221)
Changes in assumptions	7,971,672	-	7,971,672
Employer contributions	-	7,396,641	(7,396,641)
Employee contributions	-	997,198	(997,198)
Net investment income	-	3,894,765	(3,894,765)
Benefit payments and refunds	(8,343,940)	(8,343,940)	-
Administrative expense	-	(85,750)	85,750
Other (net transfer)	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Changes	9,042,679	3,858,914	5,183,765
Balances at December 31, 2016	<u>\$ 163,143,565</u>	<u>\$ 70,599,998</u>	<u>\$ 92,543,567</u>

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

Police Pension Fund

For the year ended December 31, 2016, the City recognized police pension expense of \$5,258,120. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	3,273,733	-
Changes in assumption	4,826,160	-
Net difference between projected and actual earnings on pension plan investments	5,032,113	1,524,126
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 13,132,006</u>	<u>\$ 1,524,126</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Police and Firefighters' Pension Plans - Continued**

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - Continued*

Police Pension Fund - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan will be recognized in pension expense as follows:

Year Ending December 31,	
2017	\$ 2,369,965
2018	2,369,964
2019	2,369,965
2020	2,878,007
2021	1,619,979
Thereafter	<u>-</u>
Total	<u>\$ 11,607,880</u>

Firefighters' Pension Fund

For the year ended December 31, 2016, the City recognized firefighters' pension expense of \$5,039,202. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	987,175	-
Changes in assumption	3,532,726	-
Net difference between projected and actual earnings on pension plan investments	<u>3,978,941</u>	<u>-</u>
Total	<u>\$ 8,498,842</u>	<u>\$ -</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

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**NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued**

**A. Plan Descriptions - Continued**

**Police and Firefighters' Pension Plans - Continued**

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - Continued*

Firefighters' Pension Fund - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension Plan will be recognized in pension expense as follows:

	Year Ending December 31,	
2017		\$ 1,940,158
2018		1,940,157
2019		1,940,157
2020		1,774,390
2021		903,980
Thereafter		<u>-</u>
Total		<u>\$ 8,498,842</u>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 15. PENSION TRUST FUNDS**

Fiduciary Funds Summary Financial Information

The following is summary financial information for the Police Pension Plan and the Firefighters' Pension Plan:

**A. Schedule of Net Position**

	Firefighters' Pension	Police Pension	Total
Assets			
Cash and cash equivalents	\$ 1,917,349	\$ 3,566,259	\$ 5,483,608
Investments at fair value			
U.S. Treasury obligations	1,776,772	11,989,217	13,765,989
U.S. agency obligations	2,833,757	11,136,701	13,970,458
Corporate bonds	13,964,559	13,115,105	27,079,664
Common stock	5,463,352	25,504,213	30,967,565
Equity mutual funds	44,504,544	40,515,163	85,019,707
Receivables			
Accrued interest	149,246	300,451	449,697
Due from other governments	18,038	42,719	60,757
Other	5,138	50,138	55,276
<b>Total Assets</b>	<b>70,632,755</b>	<b>106,219,966</b>	<b>176,852,721</b>
Liabilities			
Accounts payable	32,757	28,421	61,178
<b>Total Liabilities</b>	<b>32,757</b>	<b>28,421</b>	<b>61,178</b>
<b>Net Position Held in Trust For Pension Benefits</b>	<b>\$ 70,599,998</b>	<b>\$ 106,191,545</b>	<b>\$ 176,791,543</b>

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 15. PENSION TRUST FUNDS - Continued**

Fiduciary Funds Summary Financial Information - Continued

**B. Changes in Plan Net Position**

	Firefighters' Pension	Police Pension	Total
Additions			
Contributions			
Employer	\$ 7,396,641	\$ 9,437,323	\$ 16,833,964
Plan members	997,198	1,731,740	2,728,938
Miscellaneous income	-	13,501	13,501
Total Contributions	<u>8,393,839</u>	<u>11,182,564</u>	<u>19,576,403</u>
Investment income			
Net appreciation			
in fair value of investments	2,509,144	5,104,302	7,613,446
Interest on investments	1,559,737	2,713,348	4,273,085
Less investment expenses	<u>(174,111)</u>	<u>(272,795)</u>	<u>(446,906)</u>
Total Investment Income	<u>3,894,770</u>	<u>7,544,855</u>	<u>11,439,625</u>
Total Additions	<u>12,288,609</u>	<u>18,727,419</u>	<u>31,016,028</u>
Deductions			
Administrative	85,755	123,795	209,550
Benefits payments	8,339,703	10,924,291	19,263,994
Refunds of contributions	<u>4,237</u>	<u>46,625</u>	<u>50,862</u>
Total Deductions	<u>8,429,695</u>	<u>11,094,711</u>	<u>19,524,406</u>
Net Increase	3,858,914	7,632,708	11,491,622
Net Position Held in Trust For Pension Benefits			
Januay 1	<u>66,741,084</u>	<u>98,558,837</u>	<u>165,299,921</u>
December 31	<u>\$ 70,599,998</u>	<u>\$ 106,191,545</u>	<u>\$ 176,791,543</u>

## CITY OF EVANSTON, ILLINOIS

### Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

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#### NOTE 16. EVANSTON LIBRARY COMPONENT UNIT

##### A. Types of Accounts and Securities

Illinois Statutes authorize the Library to invest in obligations of the U.S. Treasury, in Government Sponsored Enterprises (GSE) such as Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), and Fannie Mae (FNMA); bankers acceptances as well as commercial paper rated only in the highest tier; repurchase agreements of the highest grade; collateralized certificates of deposit issued by FDIC insured financial institutions, money market mutual funds with portfolios limited to securities guaranteed by the United States Government, IMET, and Illinois Funds.

Library investments consists of equities, ETFs, money market funds, mutual funds, corporate bonds, and U.S. Treasuries. Investments are reported at fair value, except that non-negotiable certificate of deposits are stated at cost. The Library has a formal investment policy adopted by its governing board to handle endowment funds. The funds will be invested and administered by a three-member committee. It is the general policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds using "prudent person" standard for managing the overall portfolio. It may be noted though that the Library has investments in equities which is not permissible under the state statutes.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The exposure to interest rate risk can be limited by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in shorter term securities.

Credit Risk is the risk that the issuer of the debt security will not pay its par value upon maturity. The Library's investment policy has several guidelines to minimize the potential losses on individual investment by diversifying the investment portfolio, not permitting the investment in certain high risk securities. State law limits investments in commercial paper, corporate bonds, and mutual bonds funds to the top two ratings issued by nationally recognized statistical rating organizations. Illinois Funds and IMET are an investment pools managed by the State of Illinois, Office of the Treasurer, and a Board of Trustees, which allows governments within the State to pool their funds for investment purposes. They are not registered with the SEC as an investment company, but do operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The investments in the securities of the United States Government agencies were all rated AAA or Aaa by the Standard & Poor's and by Moody's Investor's Services. The investments in Illinois Funds and IMET are valued at the fund's share price, the price for which the investments could be sold.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Illinois Funds are not subject to custodial credit risk.

Concentration of Credit Risk is the risk that the Library has a high percentage of its investments invested in one type of investments. Currently, the Library has diversified its investments in various types of investments. The Library investment policy provides the high/low limits for various type of investments like equity, fixed income securities, and cash.

*Custodial Credit Risk.* For a deposit, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. At December 31, 2016, all of the Library's deposits were insured or collateralized.

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

**NOTE 16. EVANSTON LIBRARY COMPONENT UNIT - Continued**

**B. Reconciliation of Cash and Investments**

Cash and Equivalents	\$ 1,379,044
Investments	3,811,792
Total per Statement of Position	<u>\$ 5,190,836</u>

Cash in bank	\$ 1,379,044
Vanguard Money Market	319,574
Vanguard Equity Mutual Funds	3,492,218
Total Cash and Investments	<u>\$ 5,190,836</u>

**C. Summary of Receivables**

Receivables:	
Property taxes	<u>\$ 6,630,313</u>

**D. Capital Assets Activity**

	Beginning	Additions	Deletions	Ending
Capital Assets, not being Depreciated:				
Land	\$ 311,380	\$ -	\$ -	\$ 311,380
Capital Assets, being Depreciated/Amortized:				
Buildings and improvements	18,800,168	194,063	-	18,994,231
Office equipment and furniture	2,285,009	-	-	2,285,009
Infrastructure	230,006	-	-	230,006
Library collections	9,061,359	-	(451,218)	8,610,141
Capitalized leases	266,191	-	-	266,191
Total capital assets being depreciated/amortized	<u>30,642,733</u>	<u>194,063</u>	<u>(451,218)</u>	<u>30,385,578</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and improvements	7,715,345	393,554	-	8,108,899
Office equipment and furniture	2,285,009	-	-	2,285,009
Infrastructure	95,961	14,757	-	110,718
Library collections	7,768,992	272,970	(451,218)	7,590,744
Capitalized leases	266,190	-	-	266,190
Total Accumulated Depreciation/Amortization	<u>18,131,497</u>	<u>681,281</u>	<u>(451,218)</u>	<u>18,361,560</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>12,511,236</u>	<u>(487,218)</u>	<u>-</u>	<u>12,024,018</u>
Library Activities Capital Assets, Net	<u>\$ 12,822,616</u>	<u>(487,218)</u>	<u>-</u>	<u>12,335,398</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT - Continued

E. Long-Term Debt

	Interest Rate	Final Maturity Date	Balance 12/31/2015	Issued	Payments	Balance 12/31/2016	Due Within One Year
General Obligations Debt							
Series 2007	4.00%-5.00%	12/1/2027	\$ 1,010,321	\$ -	\$ 126,945	\$ 883,376	\$ 112,840
Series 2008D	3.25%-5.00%	12/1/2016	39,480	-	39,480	-	-
Series 2013B	2.00%-3.00%	12/1/2025	593,580	-	156,816	436,764	161,171
Series 2016A	2.00%-4.00%	12/1/2036	-	650,000	-	650,000	20,000
			1,643,381	650,000	323,241	1,970,140	294,011
OPEB liability			72,769	16,385	-	89,154	-
Compensated absences payable - City			348,806	65,906	-	414,712	165,888
IMRF pension contributions			396,791	1,149,292	-	1,546,083	-
Total Long-Term Debt			\$ 2,461,747	\$ 1,881,583	\$ 323,241	\$ 4,020,089	\$ 459,899

The following schedule illustrates the annual debt service requirements to maturity for Library General Obligation Bonds.

Year Ending December 31,	Principal	Interest
2017	\$ 294,011	\$ 73,277
2018	191,831	60,663
2019	131,755	53,832
2020	115,778	49,073
2021	119,215	44,804
2022-2026	653,890	150,506
2027-2031	263,660	42,746
2032-2036	200,000	16,150
Total	\$ 1,970,140	\$ 491,051

**CITY OF EVANSTON, ILLINOIS**

**Notes to the Financial Statements**

For the Fiscal Year Ended December 31, 2016

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**NOTE 17. PRIOR PERIOD ADJUSTMENT**

The City has restated fund balances/net position as of January 1, 2016 as follows:

	Governmental Activities	Business-Type Activities	Enterprise Funds
Fund Balances (Deficit)/Net Position, January 1 (as Previously Reported)	\$ (71,644,744)	\$ 278,406,893	\$ 278,406,893

With the implementation of GASB Statement No. 68, the City is required to retroactively record the net pension liability and write off the net pension obligation. The City recorded the following changes in accounting principle during the year ended December

Change in Accounting Principle	10,819,895	2,323,671	2,323,671
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With the implementation of GASB Statement No. 71, the City is required to retroactively record a deferred outflow of resources for contributions subsequent to the measurement date for the Police and Fire Pension Funds. The City recorded the following changes in accounting principle during the year ended December 31, 2016:

Change in Accounting Principle	(4,125,930)	(886,082)	(886,082)
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With the restatement of the Police and Firefighters' Pension Fund Net Pension Liability to the balance per the actuarial valuation dated December 31, 2016, the City is required to adjust the beginning balance of the Net Pension liability to the balance at December 31, 2015, and remove deferred outflows related to the

Change in Accounting Principle	(41,092,293)	-	-
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Fund Balances (Deficit)/Net Position January 1, Restated	\$ (106,043,072)	\$ 279,844,482	\$ 279,844,482
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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF EVANSTON, ILLINOIS**

Required Supplementary Information  
Other Postemployment Benefits

December 31, 2016

Schedule of Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2011*	\$ -	\$ 16,994,544	\$ -	\$ 16,994,544	\$ 48,101,372	35.33%
2012	-	17,294,689	-	17,294,689	49,784,920	34.74%
2013	-	16,018,745	-	16,018,745	47,024,745	34.06%
2014	-	15,789,873	-	15,789,873	53,652,399	29.43%
2015	-	16,003,826	-	16,003,826	55,530,233	28.82%
2016	-	14,727,934	-	14,727,934	61,860,592	23.81%

\* The City changed to a December 31 year end for the fiscal year ended December 31, 2011.

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2011*	\$ 804,013	\$ 939,268	85.60%
2012	872,419	1,128,615	77.30%
2013	919,845	1,101,611	83.50%
2014	925,407	1,102,988	83.90%
2015	1,004,111	1,104,196	90.94%
2016	766,541	1,312,571	58.40%

\* The City changed to a December 31 year end for the fiscal year ended December 31, 2011.

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Schedule of Employer Contributions  
Illinois Municipal Retirement Fund

Last Two Fiscal Years

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<u>FISCAL YEAR ENDED DECEMBER 31,</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 3,977,718	\$ 3,882,629
Contributions in relation to the actuarially determined contribution	<u>4,018,268</u>	<u>3,963,856</u>
Contribution Deficiency (Excess)	<u>(40,550)</u>	<u>(81,227)</u>
Percentage contributed	101.0%	102.1%
Covered-employee payroll	37,703,487	37,477,116
Contributions as a percentage of covered-employee payroll	10.7%	10.6%

Notes to the Required Supplemental Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was market; and the significant actuarial assumptions were an investment rate of return at 7.49% annually, projected salary increases assumption of 3.75% to 14.50% annually and postretirement benefit increases of 3.00% compounded annually.

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

**CITY OF EVANSTON, ILLINOIS**

Schedule of Employer Contributions  
Police Pension Fund

Last Two Fiscal Years

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<u>FISCAL YEAR ENDED DECEMBER 31,</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 8,257,475	\$ 9,380,940	\$ 10,237,200
Contributions in relation to the actuarially determined contribution	<u>8,746,427</u>	<u>8,804,264</u>	<u>9,450,824</u>
Contribution Deficiency (Excess)	<u>(488,952)</u>	<u>576,676</u>	<u>786,376</u>
Percentage contributed	105.9%	93.9%	92.3%
Covered-employee payroll	13,537,726	14,921,328	17,474,672
Contributions as a percentage of covered-employee payroll	64.6%	59.0%	54.1%

Notes to the Required Supplemental Information

The information presented was determined as part of the actuarial valuations as of January 1. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 25 years; the asset valuation method was market and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.62% to 7.36% annually and postretirement benefit increases of 3.00% compounded annually.

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

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Schedule of Employer Contributions  
Firefighters' Pension Fund

Last Two Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016
Actuarially determined contribution	\$ 5,903,483	\$ 7,350,865	\$ 8,148,709
Contributions in relation to the actuarially determined contribution	6,527,697	6,385,244	7,396,641
Contribution Deficiency (Excess)	\$ (624,214)	\$ 965,621	\$ 752,068
Percentage contributed	110.6%	86.9%	90.8%
Covered-employee payroll	\$ 9,520,925	\$ 10,396,357	\$ 10,546,779
Contributions as a percentage of covered-employee payroll	68.6%	61.4%	70.1%

Notes to the Required Supplemental Information

The information presented was determined as part of the actuarial valuations as of January 1. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 25 years; the asset valuation method was market; and the significant actuarial assumptions were an investment rate of return at 6.50% annually, projected salary increases assumption of 3.62% to 7.36% annually and postretirement benefit increases of 3.00% compounded annually.

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

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Schedule of Changes in the Employer's  
Net Pension Liability and Related Ratios  
Illinois Municipal Retirement Fund

Last Two Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015
Total Pension Liability		
Service Cost	\$ 3,898,440	\$ 3,910,996
Interest	14,880,724	16,235,086
Changes in benefit terms	-	-
Differences between expected and actual experience	3,043,895	1,465,442
Changes of assumptions	7,927,038	266,906
Benefit payments, including refunds of member contributions	(11,468,097)	(11,928,345)
Net Change in Total Pension Liability	18,282,000	9,950,085
Total Pension Liability - Beginning	202,194,485	220,476,485
Total Pension Liability - Ending	<u>\$ 220,476,485</u>	<u>\$ 230,426,570</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 3,963,983	\$ 4,018,268
Contributions - member	1,710,168	1,767,523
Net investment income	12,425,190	1,062,353
Benefit payments, including refunds of member contributions	(11,468,097)	(11,928,345)
Administrative expense	2,322,043	737,427
Net Change in Plan Fiduciary Net Position	8,953,287	(4,342,774)
Plan Fiduciary Net Position - Beginning	206,588,617	215,541,904
Plan Fiduciary Net Position - Ending	<u>\$ 215,541,904</u>	<u>\$ 211,199,130</u>
Employer's Net Pension Liability	<u>\$ 4,934,581</u>	<u>\$ 19,227,440</u>
Plan fiduciary net position as a percentage of the total pension liability	97.76%	91.66%
Covered-employee payroll	\$ 35,171,426	\$ 37,703,487
Employer's net pension liability as a percentage of covered-employee payroll	14.03%	51.00%

There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the current actuarial valuation, dated December 31, 2015, is 7.49%. The discount rate used in the prior actuarial valuations, dated December 31, 2014 was 7.50%.

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

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Schedule of Changes in the Employer's  
Net Pension Liability and Related Ratios  
Police Pension Fund

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016
<b>Total Pension Liability</b>			
Service Cost	\$ 3,439,223	\$ 3,488,385	\$ 3,679,212
Interest	12,284,036	12,663,010	13,192,680
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	3,928,479	(3,214,201)
Changes of assumptions	-	5,791,392	11,039,027
Benefit payments, including refunds of member contributions	(9,891,045)	(10,424,955)	(10,970,916)
<b>Net Change in Total Pension Liability</b>	<b>5,832,214</b>	<b>15,446,311</b>	<b>13,725,802</b>
<b>Total Pension Liability - Beginning</b>	<b>183,492,025</b>	<b>189,324,239</b>	<b>204,770,550</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 189,324,239</b>	<b>\$ 204,770,550</b>	<b>\$ 218,496,352</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 8,644,196	\$ 8,804,264	\$ 9,450,824
Contributions - member	1,565,053	1,454,720	1,731,740
Net investment income	8,675,133	430,756	7,544,856
Benefit payments, including refunds of member contributions	(9,891,045)	(10,424,955)	(10,970,916)
Administrative expense	(68,938)	(71,408)	(123,796)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>8,924,399</b>	<b>193,377</b>	<b>7,632,708</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>90,763,143</b>	<b>99,687,542</b>	<b>98,558,837</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>(1,322,082)</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Beginning, restated</b>	<b>90,763,143</b>	<b>98,365,460</b>	<b>98,558,837</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 99,687,542</b>	<b>\$ 98,558,837</b>	<b>\$ 106,191,545</b>
<b>Employer's Net Pension Liability</b>	<b>\$ 89,636,697</b>	<b>\$ 106,211,713</b>	<b>\$ 112,304,807</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>52.65%</b>	<b>48.13%</b>	<b>48.60%</b>
<b>Covered-employee payroll</b>	<b>\$ 13,537,726</b>	<b>\$ 14,921,328</b>	<b>\$ 17,474,672</b>
<b>Employer's net pension liability as a percentage of covered-employee payroll</b>	<b>662.13%</b>	<b>711.81%</b>	<b>642.67%</b>

There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the prior actuarial valuation, dated December 31, 2015, is 6.50%. The discount rate used in the valuation dated, dated December 31, 2014 was 6.75%.

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

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Schedule of Changes in the Employer's  
Net Pension Liability and Related Ratios  
Fire Pension Fund

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 2,326,092	\$ 2,431,680	\$ 2,731,257
Interest	9,391,253	9,656,198	9,922,911
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	1,184,609	(3,239,221)
Changes of assumptions	-	4,239,272	7,971,672
Benefit payments, including refunds of member contributions	(7,727,683)	(8,067,965)	(8,343,940)
Net Change in Total Pension Liability	3,989,662	9,443,794	9,042,679
Total Pension Liability - Beginning	140,667,430	144,657,092	154,100,886
Total Pension Liability - Ending	\$ 144,657,092	\$ 154,100,886	\$ 163,143,565
Plan Fiduciary Net Position			
Contributions - employer	\$ 6,527,697	\$ 6,385,244	\$ 7,396,641
Contributions - member	919,874	956,092	997,198
Net investment income	3,549,131	228,236	3,894,765
Benefit payments, including refunds of member contributions	(7,727,683)	(8,067,965)	(8,343,940)
Administrative expense	(52,248)	(44,597)	(85,750)
Net Change in Plan Fiduciary Net Position	3,216,771	(542,990)	3,858,914
Plan Fiduciary Net Position - Beginning	65,024,941	68,241,712	66,741,084
Prior period adjustment	-	(957,638)	-
Plan Fiduciary Net Position - Beginning, restated	65,024,941	67,284,074	66,741,084
Plan Fiduciary Net Position - Ending	\$ 68,241,712	\$ 66,741,084	\$ 70,599,998
Employer's Net Pension Liability	\$ 76,415,380	\$ 87,359,802	\$ 92,543,567
Plan fiduciary net position as a percentage of the total pension liability	47.17%	43.31%	43.27%
Covered-employee payroll	\$ 9,520,925	\$ 10,396,357	10546779
Employer's net pension liability as a percentage of covered-employee payroll	802.60%	840.29%	877.46%

There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the prior actuarial valuation, dated December 31, 2015, is 6.50%. The discount rate used in the actuarial valuation dated December 31, 2014 was 6.75%.

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

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

General Fund

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

For the Fiscal Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Taxes	\$ 55,017,707	\$ 55,017,707	\$ 54,336,773	\$ (680,934)
Licenses and permits	14,731,627	14,731,627	17,933,413	3,201,786
Intergovernmental	19,220,377	19,220,377	18,445,108	(775,269)
Charges for services	8,301,251	8,301,251	8,694,803	393,552
Fines	4,609,825	4,609,825	3,611,901	(997,924)
Investment income	50,000	50,000	30,285	(19,715)
Miscellaneous	1,365,559	1,365,559	1,338,381	(27,178)
<b>Total Revenues</b>	<b>103,296,346</b>	<b>103,296,346</b>	<b>104,390,664</b>	<b>1,094,318</b>
<b>Expenditures</b>				
General management and support	15,836,565	15,836,565	15,929,444	92,879
Public safety	60,183,847	60,183,847	60,939,168	755,321
Public works	14,732,178	13,732,178	13,240,692	(491,486)
Health and human services development	4,172,060	4,238,613	3,021,327	(1,217,286)
Recreation and cultural opportunities	11,716,670	11,741,670	11,893,837	152,167
Housing and economic development	2,685,379	2,728,244	2,455,754	(272,490)
<b>Total Expenditures</b>	<b>109,326,699</b>	<b>108,461,117</b>	<b>107,480,222</b>	<b>(980,895)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(6,030,353)</b>	<b>(5,164,771)</b>	<b>(3,089,558)</b>	<b>2,075,213</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	9,727,159	9,727,159	8,099,626	(1,627,533)
Transfers (out)	(4,238,650)	(4,238,650)	(4,046,971)	191,679
<b>Total Other Financing Sources (Uses)</b>	<b>5,488,509</b>	<b>5,488,509</b>	<b>4,052,655</b>	<b>(1,435,854)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (541,844)</b>	<b>\$ 323,738</b>	<b>963,097</b>	<b>\$ 639,359</b>
<b>Fund Balances</b>				
Beginning of Year			<u>10,704,836</u>	
End of Year			<u>\$ 11,667,933</u>	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Schedule of Investment Returns

Police Pension Fund

Last Three Fiscal Years

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<u>FISCAL YEAR ENDED DECEMBER 31,</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	9.54%	1.45%	6.90%

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

**CITY OF EVANSTON, ILLINOIS**

Schedule of Investment Returns  
Firefighters' Pension Fund

Last Three Fiscal Years

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<b>FISCAL YEAR ENDED DECEMBER 31,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Annual money-weighted rate of return, net of investment expense	5.47%	0.36%	5.90%

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

**CITY OF EVANSTON, ILLINOIS**

**Notes to Required Supplementary Information**

December 31, 2016

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**Budgetary Information**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Because of a calendar year, the City Manager will submit to the City Council a proposed operating budget for the upcoming fiscal year commencing January 1, 2016. The operating budget includes proposed expenditures and the means of financing them.
2. Public budget hearings are conducted. Taxpayer comments are received and noted.
3. The budget is legally enacted through passage of a resolution.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. There were budget allocations within General Fund.
5. Budgets are legally adopted on a basis consistent with GAAP except that property taxes are budgeted as revenue in the year they are levied. For purposes of preparing the General Fund - budget and actual (budgetary basis) schedule of revenues, expenditures, and changes in fund balance, GAAP revenues and expenditures have been adjusted to the budgetary basis. The Dempster Dodge TIF Fund was not budgeted.

**Discrete Component Unit:**

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Because of a calendar year, the Library Director submits a proposed operating budget for the upcoming fiscal year commencing January 1, 2016 to the EPL Board of Trustees. Upon approval of the budget proposal by the EPL Board, the Library's proposed budget is submitted to the City Manager. The Library's budget is included in the budget documents which the City Manager will submit to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. A series of public Library Board meetings are conducted as the EPL Board considers the budget proposal. Taxpayer comments are received and noted.
3. The budget is legally enacted through passage of a resolution by the Library Board of Trustees.
4. The Library Director is authorized to transfer budgeted amounts between library departments within any library fund; however, any revisions that alter the total expenditures of any library fund must be approved by the EPL Board of Trustees. There were budget allocations within the Library Fund but the total did not change.
5. Budgets are legally adopted on a basis consistent with GAAP except that property taxes are budgeted as revenue in the year they are levied. For purposes of preparing the Library Operating Fund - budget and actual (budgetary basis) schedule of revenues, expenditures, and changes in fund balance, GAAP revenues and expenditures have been adjusted to the budgetary basis.

The level of control (level at which expenditures may not exceed budget) is the fund. All unencumbered annual appropriations lapse at the end of the fiscal year.

The following funds had an excess of actual budgetary expenditures over original and final budget for the fiscal year ended December 31, 2016:

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Special Service District No. 4	\$ 323,000	\$ 320,000	\$ 3,000
Motor Fuel Tax Fund	130,789	-	130,789
Chicago-Main TIF Fund	1,756,993	43,500	1,713,493

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

## **MAJOR GOVERNMENTAL FUNDS**

General Fund - to account for all financial resources of the City except those accounted for in another fund.

General Obligation Debt Fund - to account for non-abated, general obligation payments on the principal and interest related to bonds and/or other city debt.

**CITY OF EVANSTON, ILLINOIS**

General Fund  
Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues				
Taxes				
Property				
Current year levy	\$ 27,167,407	\$ 27,167,407	\$ 27,298,982	\$ 131,575
Prior year levy	250,000	250,000	3,706	(246,294)
Total Property Taxes	27,417,407	27,417,407	27,302,688	(114,719)
Personal Property Replacement Tax	1,451,300	1,451,300	1,421,037	1,421,037
Other Taxes				
State use tax	1,600,000	1,600,000	1,809,147	209,147
Sales tax - home rule	6,489,000	6,489,000	6,156,529	(332,471)
Auto rental tax	50,000	50,000	57,375	7,375
Athletic contest tax	1,000,000	1,000,000	918,370	(81,630)
Utility tax	7,210,000	7,210,000	6,661,934	(548,066)
Cigarette tax	200,000	200,000	420,074	220,074
Evanston motor fuel tax	700,000	700,000	796,485	96,485
Medical Cannabis tax	50,000	50,000	1,255	(48,745)
Liquor tax	3,000,000	3,000,000	2,647,321	(352,679)
Parking tax	2,850,000	2,850,000	2,616,846	(233,154)
Real estate transfer tax	3,000,000	3,000,000	3,527,712	527,712
Total Other Taxes	26,149,000	26,149,000	25,613,048	(535,952)
Total Taxes	55,017,707	55,017,707	54,336,773	(680,934)
Licenses and Permits				
Vehicle licenses	2,850,300	2,850,300	2,609,917	(240,383)
Business licenses	50,000	50,000	89,205	39,205
Bed and breakfast licenses	75	75	205	130
Collection box license	2,500	2,500	2,100	(400)
Pet licenses	28,000	28,000	20,115	(7,885)
Contractor licenses	77,302	77,302	164,682	87,380
Rooming house licenses	200,000	200,000	163,899	(36,101)
Liquor licenses	475,000	475,000	525,139	50,139
One-day liquor licenses	12,000	12,000	10,130	(1,870)
Farmer's market licenses	41,500	41,500	48,763	7,263
Rental building register	100,000	100,000	44,260	(55,740)
Other licenses	20,000	20,000	-	(20,000)
Long-term care license	98,400	98,400	94,180	(4,220)
Seasonal foot ESTB	19,500	19,500	10,938	(8,562)
Mobile food vehicle license	1,000	1,000	1,514	514
Hen coop license	800	800	1,000	200
Resident care home license	600	600	1,120	520
Building permits	7,500,000	7,500,000	8,485,571	985,571
Plumbing permits	200,000	200,000	172,363	(27,637)
Electrical permits	305,000	305,000	193,234	(111,766)
Signs and awnings	8,330	8,330	10,519	2,189
Other/miscellaneous permits	250,920	250,920	503,239	252,319
Elevator permits	32,000	32,000	42,010	10,010
Heating vent/AC permits	350,000	350,000	705,303	355,303
Right of way permits	400,000	400,000	669,806	269,806

(This schedule is continued on the following pages.)

**CITY OF EVANSTON, ILLINOIS**

General Fund  
 Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues - Continued				
Licenses and Permits - Continued				
Property cleaning permit	\$ -	\$ -	\$ 492	\$ 492
Residents parking permit	128,000	128,000	104,144	(23,856)
Visitor parking permit	12,300	12,300	15,431	3,131
Fire suppression/alarm permit	90,000	90,000	111,027	21,027
Annual sign fees	25,000	25,000	24,593	(407)
Moving van permit	50,000	50,000	30,310	(19,690)
Plat PR. and Sign approval HRG fees	2,100	2,100	1,750	(350)
IL Bell franchise fee	-	-	243,623	243,623
Alarm panel franchise fee	6,000	6,000	1,680	(4,320)
Cable franchise fee	1,200,000	1,200,000	1,307,634	107,634
PEG fees - Comcast	130,000	130,000	200,892	70,892
Nicor franchise fee	65,000	65,000	59,379	(5,621)
Transfer Station fees	-	-	1,263,246	1,263,246
<b>Total Licenses and Permits</b>	<b>14,731,627</b>	<b>14,731,627</b>	<b>17,933,413</b>	<b>3,201,786</b>
Intergovernmental - Revenue from Other Agencies				
Retailer and service occupation tax	10,779,950	10,779,950	10,216,966	(562,984)
State income tax	7,650,000	7,650,000	7,155,930	(494,070)
State highway maintenance	68,000	68,000	82,491	14,491
Health Department Basic Service Grant	76,000	76,000	76,181	181
Summer food inspections	400	400	1,050	650
Illinois tobacco free community	31,027	31,027	21,039	(9,988)
IL HIV Surveillance Grant	4,000	4,000	267	(3,733)
Childhood Lead Poisoning Grant	1,000	1,000	2,484	1,484
Other State/County Grant	11,000	11,000	137,588	126,588
Tanning parlor inspection	300	300	-	(300)
Fire Department training	6,000	6,000	-	(6,000)
CRI Grant	44,000	44,000	45,075	1,075
PEHP Grant	62,000	62,000	71,526	9,526
Evanston Township - Housing	-	-	1,426	1,426
Leadbase Paint Control Grant	100,000	100,000	-	(100,000)
Federal Grant/Aid	8,000	8,000	345,150	337,150
Commission on Aging Grant - Advocate	87,150	87,150	98,598	11,448
IL Vacant Property Grant	71,000	71,000	5,575	(65,425)
Civil Devence Grants (F.E.M.A.)	17,000	17,000	38,613	21,613
Police training	8,000	8,000	250	(7,750)
HUD Emergency Shelter Grant	135,550	135,550	106,218	(29,332)
Other Federal Aid	-	-	2,016	2,016
Youth Organization Umbrella Grant	40,000	40,000	36,665	(3,335)
RTA Grant	20,000	20,000	-	(20,000)
<b>Total Intergovernmental - Revenue from Other Agencies</b>	<b>19,220,377</b>	<b>19,220,377</b>	<b>18,445,108</b>	<b>(775,269)</b>
Charges for Services				
Recreation				
Recreation - program	5,374,751	5,374,751	5,394,237	19,486
Recreation - charges	-	-	3,909	3,909
Recreation - deferral	-	-	3,417	3,417
Recreation - unreconciled	25,000	25,000	27,341	2,341
<b>Total Recreation Revenue</b>	<b>5,399,751</b>	<b>5,399,751</b>	<b>5,428,904</b>	<b>29,153</b>

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

General Fund  
 Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues - Continued				
Charges for Services (Continued)				
Other Charges for Services				
Health Clinic Fees - food establishment	\$ 190,000	\$ 190,000	\$ 230,129	\$ 40,129
Temporary license fee	7,500	7,500	10,765	3,265
Food delivery vehicle	5,500	5,500	5,100	(400)
Beverage snack vending machine	28,000	28,000	36,275	8,275
Tobacco license	19,000	19,000	11,922	(7,078)
Beekeeper license	-	-	100	100
Birth certificate	75,000	75,000	119,141	44,141
Death certificate	36,000	36,000	21,004	(14,996)
Funeral director license	6,000	6,000	4,787	(1,213)
Temp funeral director licenses	4,200	4,200	3,124	(1,076)
Parking meter fee increase	640,000	640,000	640,000	-
Parking enforcement Reimbursement	-	-	47,835	47,835
Weights and exact measures examinations	1,200	1,200	80	(1,120)
Senior Taxi coupon sales	100,000	100,000	82,067	(17,933)
Fire cost recovery charge	10,000	10,000	1,920	(8,080)
Other services charges	-	-	-	-
Historic preservation	7,200	7,200	46,873	39,673
Tree preservation revenue	3,500	3,500	15,926	12,426
Ambulance service	1,500,000	1,500,000	1,645,173	145,173
Towing charges	1,000	1,000	-	(1,000)
Police report fees	20,000	20,000	25,705	5,705
Wood recycling	40,000	40,000	27,514	(12,486)
Zoning fees	55,000	55,000	63,745	8,745
Fire building inspections	-	-	60	60
Fire report fee	8,000	8,000	13,655	5,655
Passport processing Fee	-	-	15,364	15,364
Alarm panel subscription fees	111,000	111,000	97,065	(13,935)
Skokie animal board fee	8,000	8,000	-	(8,000)
Background check daycare providers	400	400	450	50
New pavement degradation	10,000	10,000	97,387	87,387
I Heart Evanston Trees project	10,000	10,000	(50)	(10,050)
Plan review	5,000	5,000	2,783	(2,217)
<b>Total Other Service Charges</b>	<b>2,901,500</b>	<b>2,901,500</b>	<b>3,265,899</b>	<b>364,399</b>
<b>Total Charges for Services</b>	<b>8,301,251</b>	<b>8,301,251</b>	<b>8,694,803</b>	<b>393,552</b>
Fines				
Ticket fines - parking	3,594,500	3,594,500	2,815,728	(778,772)
Regular fines	100,000	100,000	110,906	10,906
Building code violations	-	-	335	335
Animal ordinance penalties	-	-	1,310	1,310
Boot release fee	45,000	45,000	53,450	8,450
Fire false alarm fines	140,000	140,000	57,155	(82,845)
Police CTA detail	400,000	400,000	278,392	(121,608)
Police false alarm fines	-	-	38,760	38,760

(This schedule is continued on the following page.)

**CITY OF EVANSTON, ILLINOIS**

General Fund  
 Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues - Continued				
Fines - Continued				
Housing code violation fines	\$ 60,000	\$ 60,000	\$ 57,680	\$ (2,320)
Permit penalty fees	7,500	7,500	8,841	1,341
Administrative adjudication fee	262,825	262,825	189,344	(73,481)
<b>Total Fines</b>	<b>4,609,825</b>	<b>4,609,825</b>	<b>3,611,901</b>	<b>(997,924)</b>
Investment Income	50,000	50,000	30,285	(19,715)
Other Revenues				
Police equipment reimbursement	-	-	8,033	8,033
Reimbursements	46,716	46,716	36,284	(10,432)
Holiday food drive	-	-	9,205	9,205
Women Out Walking	5,000	5,000	6,446	1,446
Forfeited FSA	-	-	30,327	30,327
Property sales and rentals	51,543	51,543	93,379	41,836
Donation	37,000	37,000	18,725	(18,275)
Damage to City signage	2,000	2,000	-	(2,000)
Damage to City traffic signal	20,000	20,000	-	(20,000)
Damage to street lights	10,000	10,000	-	(10,000)
Miscellaneous revenue	156,300	156,300	117,004	(39,296)
Market Link vouchers	20,000	20,000	23,398	3,398
Sale of other assets	70,000	70,000	230,310	160,310
Reimbursements - serve and protect	2,000	2,000	37,460	35,460
Reimbursements - sale use	75,000	75,000	36,619	(38,381)
Reimbursements - fire department	25,000	25,000	93,997	68,997
Payment in lieu of taxes	267,000	267,000	61,500	(205,500)
Fund balance applied	516,000	516,000	111,075	(404,925)
Chargeback revenue	-	-	360,235	360,235
Private Elm Trees Insurance	41,000	41,000	38,710	(2,290)
Citizens CPR class fees	6,000	6,000	8,798	2,798
Parking permits - Ryan Field	15,000	15,000	16,876	1,876
Component unit receipts	-	-	-	-
<b>Total Other Revenues</b>	<b>1,365,559</b>	<b>1,365,559</b>	<b>1,338,381</b>	<b>(27,178)</b>
<b>Total Revenues</b>	<b>\$ 103,296,346</b>	<b>\$ 103,296,346</b>	<b>\$ 104,390,664</b>	<b>\$ 1,094,318</b>

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

General Fund  
Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance
<b>Expenditures</b>				
<b>General Management and Support</b>				
City Council	\$ 422,754	\$ 422,754	\$ 431,394	\$ 8,640
City Manager and Budget Management	4,528,062	4,528,062	5,127,932	599,870
City Clerk	259,300	259,300	290,762	31,462
Law Department	1,111,823	1,111,823	1,033,953	(77,870)
Administrative Services	9,514,626	9,514,626	9,045,400	(469,226)
<b>Total General Management and Support</b>	<b>15,836,565</b>	<b>15,836,565</b>	<b>15,929,441</b>	<b>92,876</b>
<b>Public Safety</b>				
Police	37,587,918	37,587,918	37,709,267	121,349
Fire	22,595,929	22,595,929	23,229,901	633,972
<b>Total Public Safety</b>	<b>60,183,847</b>	<b>60,183,847</b>	<b>60,939,168</b>	<b>755,321</b>
<b>Public Works</b>				
Public Works Director	3,919,103	3,919,103	3,911,412	(7,691)
Municipal Service Center	1,798,017	1,798,017	2,015,117	217,100
City Engineer	368,547	368,547	345,139	(23,408)
Traffic Engineer	3,445,906	3,445,906	3,446,747	841
Streets	4,992,893	3,992,893	3,320,426	(672,467)
Sanitation	207,712	207,712	201,851	(5,861)
<b>Total Public Works</b>	<b>14,732,178</b>	<b>13,732,178</b>	<b>13,240,692</b>	<b>(491,486)</b>
<b>Health and Human Services Development</b>				
Health and Human Services Director	313,460	313,460	317,802	4,342
Health Department	1,691,250	1,757,803	1,608,892	(148,911)
Mental Health and Community Purchased Services	2,079,821	2,079,821	1,093,606	(986,215)
Human Relations	87,529	87,529	1,027	(86,502)
<b>Total Health and Human Services Development</b>	<b>4,172,060</b>	<b>4,238,613</b>	<b>3,021,327</b>	<b>(1,217,286)</b>
<b>Recreation and Cultural Opportunities</b>				
Recreation	10,587,636	10,612,636	10,680,259	67,623
Ecology Center	460,046	460,046	519,384	59,338
Cultural Arts	668,988	668,988	693,914	24,926
Library	-	-	280	280
<b>Total Recreation and Cultural Opportunities</b>	<b>11,716,670</b>	<b>11,741,670</b>	<b>11,893,837</b>	<b>152,167</b>
<b>Housing and Economic Development</b>				
Community Development Administration	302,490	302,490	341,020	38,530
Planning and Zoning	637,452	680,317	608,194	(72,123)
Housing Rehabilitation and Property Standards	-	-	3,149	3,149
Building Code Compliance	1,745,437	1,745,437	1,503,391	(242,046)
<b>Total Housing and Economic Development</b>	<b>2,685,379</b>	<b>2,728,244</b>	<b>2,455,754</b>	<b>(272,490)</b>
<b>Total Expenditures</b>	<b>\$ 109,326,699</b>	<b>\$ 108,461,117</b>	<b>\$ 107,480,219</b>	<b>\$ (980,898)</b>

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

General Obligation Debt Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues		
Taxes		
Property taxes		
Current year levy, net	\$ 10,879,993	\$ 10,438,928
Prior year levy, net	-	-
Investment income	1,500	24,264
Miscellaneous	-	-
Total Revenues	<u>10,881,493</u>	<u>10,463,192</u>
Expenditures		
General management and support	195,520	138,088
Debt Service		
Principal	12,784,557	19,255,943
Interest	4,431,802	4,198,920
Fiscal agent fees	120,250	11,525
Total Expenditures	<u>17,532,129</u>	<u>23,604,476</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,650,636)</u>	<u>(13,141,284)</u>
Other Financing Sources (Uses)		
Issuance of bonds	-	7,635,000
Premium on bond issuances	-	576,196
Transfers in	2,646,291	2,999,879
Transfers in From Component Unit	-	-
Total Other Financing Sources (Uses)	<u>2,646,291</u>	<u>11,211,075</u>
Net Changes in Fund Balances	<u>\$ (4,004,345)</u>	(1,930,209)
Fund Balances		
Beginning of Year		<u>2,596,116</u>
End of Year		<u>\$ 665,907</u>

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

Motor Fuel Tax - to account for the operation of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided by the City's share of gasoline taxes.

Economic Development - to account for the cost associated with economic development activities of the City. Financing is provided primarily by Hotel Tax revenues.

Emergency Telephone System - to account for revenues and expenditures for 911 emergency telephone service. Financing provided by network connection surcharges.

Neighborhood Improvement - to account for a portion of the sales tax revenues derived from retail sales of the Home Depot U.S.A. Inc. store in the City. Sales tax revenues allocated to this fund are to be expended on public projects that will benefit the immediate neighborhood of the store.

Affordable Housing - to account for costs associated with housing-related programs of the City.

HOME - to account for the activity of the HOME program. Financing is provided by the federal government. Expenditures are made in accordance with the requirements of federal law.

Community Development Block Grant - to account for revenues and expenditures of the Community Block Grant program. Financing is provided by the federal government on a reimbursement basis in accordance with federal formula. Expenditures are made in accordance with the requirements of federal law.

Community Development Loan - to account for residential rehabilitation loans to residents.

Neighborhood Stabilization Program 2 - funded by the American Recovery and Reinvestment Act of 2009 to stabilize neighborhoods that have been negatively impacted by high numbers of foreclosed and vacant homes.

Special Service District No. 4 - to account for promotion, advertisement, and street maintenance costs of the area located in the City's central business district. Financing is provided by the City through an annual property tax levy.

General Assistance - to account for the assistance given to persons and/or families to meet their basic living expenses.

Good Neighbor - to account for the resources provided by Northwestern University to assist City functions and increase programming.

## **Capital Projects Funds**

Capital Improvement - To account for capital projects not funded through special revenue, tax increment financing, or enterprise funds. Capital projects include, but are not limited to: long-term improvements to public buildings, the paving of city streets, and the improvement and development of recreation facilities. Financing is provided primarily by grants and general obligation bond proceeds.

Special Assessment - To account for capital improvements (primarily alley paving) financed by both special assessments on property owners and City contributions.

## **Debt Service Funds**

Debt Service Funds are used to account for the servicing of general long-term debt.

Special Service Area No. 5 - To account for principal and interest payments on debt issued for this special taxing district.

Chicago Main TIF - To account for principal and interest payments on debt proceeds issued and allocated to this tax increment financing district.

Southwest TIF - To account for principal and interest payments on debt proceeds issued and allocated to this tax increment financing district.

Dempster-Dodge TIF - To account for principal and interest payments on debt proceeds issued and allocated to this tax increment financing district.

Howard Hartrey TIF - To account for principal and interest payments on debt proceeds issued and allocated to this tax increment financing district.

Washington National TIF - To account for principal and interest payments on debt proceeds issued and allocated to this tax increment financing district.

Howard/Ridge TIF - To account for principal and interest payments on debt proceeds issued and allocated to this tax increment financing district.

West Evanston TIF - To account for principal and interest payments on debt proceeds issued and allocated to this tax increment financing district.

Special Service Area No. 6 Fund - to account for promotion, advertisement, and street maintenance costs of the area located in the City's commercial district surrounding Dempster, Chicago, and Main. Financing is provided by the City through an annual special service area property tax levy.

CITY OF EVANSTON, ILLINOIS

Combining Balance Sheet  
 Nonmajor Governmental Funds

December 31, 2016

	Special Revenue				
	Motor Fuel Tax	Economic Development	Emergency Telephone System	Neighborhood Improvement	Affordable Housing
<b>Assets</b>					
Cash and equivalents	\$ -	\$ 272,027	\$ -	\$ 169,915	\$ 1,020,021
Investments	1,236,977	393,669	648,393	-	364,998
<b>Receivables</b>					
Property tax	-	-	-	-	-
Notes	-	-	-	-	961,657
Special assessments	-	-	-	-	-
Other	-	451,994	-	-	-
Due from other governments	176,701	-	325,472	-	-
Due from component unit	-	484	-	-	-
Due from other funds	-	1,947,920	-	-	21,211
Advances to other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,413,678</b>	<b>\$ 3,066,094</b>	<b>\$ 973,865</b>	<b>\$ 169,915</b>	<b>\$ 2,367,887</b>
<b>Liabilities</b>					
Vouchers payable	\$ -	\$ 69,868	\$ 54,086	\$ -	\$ 5,042
Due to other governments	-	-	-	-	-
Due to other funds	-	-	648,393	-	-
Advances from other funds	-	-	108,325	-	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>69,868</b>	<b>810,804</b>	<b>-</b>	<b>5,042</b>
<b>Deferred Inflows of Resources</b>					
Long-term notes receivable	-	-	-	-	961,657
Unavailable revenue - property taxes	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>961,657</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>-</b>	<b>69,868</b>	<b>810,804</b>	<b>-</b>	<b>966,699</b>
<b>Fund Balances</b>					
<b>Restricted for</b>					
Highway Maintenance	1,413,678	-	-	-	-
Emergency Telephone System	-	-	163,061	-	-
HUD Approved Projects	-	-	-	-	-
Neighborhood Improvements	-	-	-	169,915	1,401,188
Capital outlay	-	-	-	-	-
Debt Service	-	-	-	-	-
Township	-	-	-	-	-
Committed	-	2,996,226	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>1,413,678</b>	<b>2,996,226</b>	<b>163,061</b>	<b>169,915</b>	<b>1,401,188</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,413,678</b>	<b>\$ 3,066,094</b>	<b>\$ 973,865</b>	<b>\$ 169,915</b>	<b>\$ 2,367,887</b>

Special Revenue								
HOME	Community Development Block Grant	Community Development Loan	Neighborhood Stabilization Program 2	Special Service District No. 4	Good Neighbor	General Assistance	Total Special Revenue	
\$ -	\$ -	\$ 208,504	\$ 99,472	\$ -	\$ 1,000,000	\$ 591,211	\$ 3,361,150	
-	-	-	-	-	-	14,822	2,658,859	
-	-	-	-	329,460	-	900,000	1,229,460	
4,890,677	196,352	1,894,669	-	-	-	-	7,943,355	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	451,994	
20,072	421,403	1,316	-	-	-	-	944,964	
-	-	-	-	-	-	-	484	
1,071	8,741	81,164	-	-	-	-	2,060,107	
-	-	-	39,741	-	-	-	39,741	
\$ 4,911,820	\$ 626,496	\$ 2,185,653	\$ 139,213	\$ 329,460	\$ 1,000,000	\$ 1,506,033	\$ 18,690,114	
\$ 10,025	\$ 120,989	\$ 79,254	\$ -	\$ 80,750	\$ -	\$ 2,710	\$ 422,724	
-	-	-	132,410	-	-	-	132,410	
8,741	245,049	809	6,803	111,526	-	16,935	1,038,256	
-	-	-	-	-	-	-	108,325	
-	-	-	-	-	1,000,000	-	1,000,000	
18,766	366,038	80,063	139,213	192,276	1,000,000	19,645	2,701,715	
4,890,677	196,352	1,894,669	-	-	-	-	7,943,355	
-	-	-	-	329,460	-	900,000	1,229,460	
4,890,677	196,352	1,894,669	-	329,460	-	900,000	9,172,815	
4,909,443	562,390	1,974,732	139,213	521,736	1,000,000	919,645	11,874,530	
-	-	-	-	-	-	-	1,413,678	
-	-	-	-	-	-	-	163,061	
2,377	64,106	210,921	-	-	-	-	277,404	
-	-	-	-	-	-	-	1,571,103	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	586,388	586,388	
-	-	-	-	-	-	-	2,996,226	
-	-	-	-	-	-	-	-	
-	-	-	-	(192,276)	-	-	(192,276)	
2,377	64,106	210,921	-	(192,276)	-	586,388	6,815,584	
\$ 4,911,820	\$ 626,496	\$ 2,185,653	\$ 139,213	\$ 329,460	\$ 1,000,000	\$ 1,506,033	\$ 18,690,114	

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

Combining Balance Sheet  
 Nonmajor Governmental Funds

December 31, 2016

	Debt Service			
	Special Service District No. 5	Chicago Main Tax Increment District	Special Service Area No. 6	Howard Hartrey Tax Increment District
<b>Assets</b>				
Cash and equivalents	\$ -	\$ 135,077	\$ 165,699	\$ -
Investments	-	-	-	726,204
Receivables				
Property tax	-	-	210,000	-
Notes	-	-	-	-
Special assessments	-	-	-	-
Other	-	-	-	-
Due from other governments	-	-	-	85,305
Due from component unit	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 135,077</b>	<b>\$ 375,699</b>	<b>\$ 811,509</b>
<b>Liabilities</b>				
Vouchers payable	\$ -	\$ -	\$ 87,405	\$ 81,587
Due to other governments	-	-	-	-
Due to other funds	-	-	-	86,249
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>87,405</b>	<b>167,836</b>
<b>Deferred Inflows of Resources</b>				
Long-term notes receivable	-	-	-	-
Unavailable revenue - property taxes	-	-	210,000	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>210,000</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>297,405</b>	<b>167,836</b>
<b>Fund Balances</b>				
Restricted for				
Highway Maintenance	-	-	-	-
Emergency Telephone System	-	-	-	-
HUD Approved Projects	-	-	-	-
Neighborhood Improvements	-	-	-	-
Capital outlay	-	-	-	-
Debt Service	-	135,077	-	643,673
Township	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	78,294	-
Unassigned (deficit)	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>-</b>	<b>135,077</b>	<b>78,294</b>	<b>643,673</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 135,077</b>	<b>\$ 375,699</b>	<b>\$ 811,509</b>

Debt Service				Capital Projects				Total
Washington National	Dempster-Dodge	Howard Ridge	West Evanston	Total	Capital	Special	Total	Total
Tax	Tax	Tax	Tax	Debt	Improvements	Assessment	Capital	Nonmajor
Increment	Increment	Increment	Increment	Service		Capital	Projects	Governmental
District	District	District	District			Projects	Projects	Funds
\$ 1,532,723	\$ -	\$ 65,070	\$ -	\$ 1,898,569	\$ 7,620,462	\$ 2,769,704	\$ 10,390,166	\$ 15,649,885
4,721,659	-	1,726	510,839	5,960,428	5,382,522	221,523	5,604,045	14,223,332
-	-	-	-	210,000	-	-	-	1,439,460
-	-	-	-	-	-	-	-	7,943,355
-	-	-	-	-	-	236,596	236,596	236,596
-	-	-	-	-	-	4,281	4,281	456,275
-	-	-	-	85,305	-	2,874	2,874	1,033,143
-	-	-	-	-	650,000	-	650,000	650,484
788,972	-	14,699	1,028	804,699	393,747	1,243	394,990	3,259,796
-	-	-	-	-	-	-	-	39,741
\$ 7,043,354	\$ -	\$ 81,495	\$ 511,867	\$ 8,959,001	\$ 14,046,731	\$ 3,236,221	\$ 17,282,952	\$ 44,932,067
\$ 1,024,931	\$ -	\$ 26,472	\$ -	\$ 1,220,395	\$ 1,660,791	\$ 342	\$ 1,661,133	\$ 3,304,252
-	-	-	-	-	310,378	-	310,378	442,788
393,747	29,415	1,028	94,607	605,046	570,398	67	570,465	2,213,767
-	-	54,079	-	54,079	-	-	-	162,404
-	-	-	-	-	-	-	-	1,000,000
1,418,678	29,415	81,579	94,607	1,879,520	2,541,567	409	2,541,976	7,123,211
-	-	-	-	-	-	236,596	236,596	8,179,951
-	-	-	-	210,000	-	-	-	1,439,460
-	-	-	-	210,000	-	236,596	236,596	9,619,411
1,418,678	29,415	81,579	94,607	2,089,520	2,541,567	237,005	2,778,572	16,742,622
-	-	-	-	-	-	-	-	1,413,678
-	-	-	-	-	-	-	-	163,061
-	-	-	-	-	-	-	-	277,404
-	-	-	-	-	-	2,999,216	2,999,216	4,570,319
-	-	-	-	-	3,915,000	-	3,915,000	3,915,000
5,624,676	-	30,807	417,260	6,851,493	-	-	-	6,851,493
-	-	-	-	-	-	-	-	586,388
-	-	-	-	-	-	-	-	2,996,226
-	-	-	-	78,294	7,590,164	-	7,590,164	7,668,458
-	(29,415)	(30,891)	-	(60,306)	-	-	-	(252,582)
5,624,676	(29,415)	(84)	417,260	6,869,481	11,505,164	2,999,216	14,504,380	28,189,445
\$ 7,043,354	\$ -	\$ 81,495	\$ 511,867	\$ 8,959,001	\$ 14,046,731	\$ 3,236,221	\$ 17,282,952	\$ 44,932,067

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds

For the Fiscal Year Ended December 31, 2016

	Special Revenue				
	Motor Fuel Tax	Economic Development	Emergency Telephone System	Neighborhood Improvement	Affordable Housing
<b>Revenues</b>					
Taxes	\$ -	\$ 2,257,692	\$ 1,038,331	\$ -	\$ 106,780
Special assessments	-	-	-	-	-
Intergovernmental	1,896,461	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	6,613	8,761	2,472	-	1,392
Miscellaneous					
Contributions	-	-	-	-	125,000
Other	-	271,359	-	-	323,343
<b>Total Revenues</b>	<b>1,903,074</b>	<b>2,537,812</b>	<b>1,040,803</b>	<b>-</b>	<b>556,515</b>
<b>Expenditures</b>					
Current					
General management and support	-	-	-	-	-
Public safety	-	-	1,287,253	-	-
Public works	130,789	-	-	-	-
Housing and economic development	-	1,279,750	-	-	149,207
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-
<b>Total Expenditures</b>	<b>130,789</b>	<b>1,279,750</b>	<b>1,287,253</b>	<b>-</b>	<b>149,207</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,772,285</b>	<b>1,258,062</b>	<b>(246,450)</b>	<b>-</b>	<b>407,308</b>
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	-	-	-	-
Issuance of loans	-	-	-	-	-
Premium (discount) on bonds issued	-	-	-	-	-
Transfers in	-	47,500	-	-	-
Transfers (out)	(2,189,000)	(865,318)	(142,207)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,189,000)</b>	<b>(817,818)</b>	<b>(142,207)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(416,715)</b>	<b>440,244</b>	<b>(388,657)</b>	<b>-</b>	<b>407,308</b>
<b>Fund Balances (Deficit), January 1</b>	<b>1,830,393</b>	<b>2,555,982</b>	<b>551,718</b>	<b>169,915</b>	<b>993,880</b>
<b>Fund Balances (Deficit), December 31</b>	<b>\$ 1,413,678</b>	<b>\$ 2,996,226</b>	<b>\$ 163,061</b>	<b>\$ 169,915</b>	<b>\$ 1,401,188</b>

Special Revenue							
HOME	Community Development Block Grant	Community Development Loan	Neighborhood Stabilization Program 2	Special Service District No. 4	Good Neighbor	General Assistance	Total Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ 321,266	\$ -	\$ 827,615	\$ 4,551,684
-	-	-	-	-	-	-	-
178,211	2,016,478	-	91,446	-	-	-	4,182,596
-	-	-	-	-	-	-	-
14	-	4,656	-	2	-	801	24,711
-	-	-	-	-	1,000,000	-	1,125,000
27,259	10,197	208,541	-	-	-	49,590	890,289
205,484	2,026,675	213,197	91,446	321,268	1,000,000	878,006	10,774,280
-	-	-	-	-	-	804,857	804,857
-	-	-	-	-	-	-	1,287,253
-	-	-	-	-	-	-	130,789
207,877	2,018,936	160,641	73,823	323,000	-	-	4,213,234
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
207,877	2,018,936	160,641	73,823	323,000	-	804,857	6,436,133
(2,393)	7,739	52,556	17,623	(1,732)	1,000,000	73,149	4,338,147
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	47,500
-	(3,515)	-	(17,623)	-	(1,000,000)	-	(4,217,663)
-	(3,515)	-	(17,623)	-	(1,000,000)	-	(4,170,163)
(2,393)	4,224	52,556	-	(1,732)	-	73,149	167,984
4,770	59,882	158,365	-	(190,544)	-	513,239	6,647,600
\$ 2,377	\$ 64,106	\$ 210,921	\$ -	\$ (192,276)	\$ -	\$ 586,388	\$ 6,815,584

(This schedule is continued on the following pages.)

**CITY OF EVANSTON, ILLINOIS**

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds

For the Fiscal Year Ended December 31, 2015

	Debt Service				
	Special Service District No. 5	Chicago Main Tax Increment District	Special Service Area No. 6	Howard Hartrey Tax Increment District	Washington National Tax Increment District
<b>Revenues</b>					
Taxes	\$ (180)	\$ -	\$ 223,296	\$ 1,233,675	\$ 4,729,649
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	35	-	2	2,319	14,012
Miscellaneous					
Contributions	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Revenues</b>	<b>(145)</b>	<b>-</b>	<b>223,298</b>	<b>1,235,994</b>	<b>4,743,661</b>
<b>Expenditures</b>					
<b>Current</b>					
General management and support	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Housing and economic development	5,653	1,740,437	145,004	131,679	1,105,900
Capital outlay	-	-	-	-	-
<b>Debt service</b>					
Principal	405,000	-	-	-	-
Interest	23,186	16,556	-	-	-
Fiscal agent fees	-	-	-	-	-
<b>Total Expenditures</b>	<b>433,839</b>	<b>1,756,993</b>	<b>145,004</b>	<b>131,679</b>	<b>1,105,900</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(433,984)</b>	<b>(1,756,993)</b>	<b>78,294</b>	<b>1,104,315</b>	<b>3,637,761</b>
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	-	-	-	-
Issuance of loans	-	1,580,000	-	-	-
Premium (discount) on bonds issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	(91,445)	-	-	(1,741,757)	(4,455,515)
<b>Total Other Financing Sources (Uses)</b>	<b>(91,445)</b>	<b>1,580,000</b>	<b>-</b>	<b>(1,741,757)</b>	<b>(4,455,515)</b>
<b>Net Change in Fund Balances</b>	<b>(525,429)</b>	<b>(176,993)</b>	<b>78,294</b>	<b>(637,442)</b>	<b>(817,754)</b>
<b>Fund Balances (Deficit), January 1</b>	<b>525,429</b>	<b>312,070</b>	<b>-</b>	<b>1,281,115</b>	<b>6,442,430</b>
<b>Fund Balances (Deficit), December 31</b>	<b>\$ -</b>	<b>\$ 135,077</b>	<b>\$ 78,294</b>	<b>\$ 643,673</b>	<b>\$ 5,624,676</b>

Dempster- Dodge Tax Increment District	Debt Service			Capital Projects			Total Nonmajor Governmental Funds
	Howard Ridge Tax Increment District	West Evanston Tax Increment District	Total Debt Service	Capital Improvements	Special Assessment Capital Projects	Total Capital Projects	
\$ -	\$ 533,105	\$ -	\$ 6,719,545	\$ -	\$ -	\$ -	\$ 11,271,229
-	-	-	-	-	168,571	168,571	168,571
-	-	-	-	2,177,914	-	2,177,914	6,360,510
-	-	-	-	96,586	-	96,586	96,586
-	374	1,684	18,426	16,690	3,964	20,654	63,791
-	-	-	-	243,000	-	243,000	1,368,000
-	282,307	11,311	293,618	1,305	-	1,305	1,185,212
-	815,786	12,995	7,031,589	2,535,495	172,535	2,708,030	20,513,899
-	-	-	-	183,084	8,751	191,835	996,692
-	-	-	-	26,000	-	26,000	1,313,253
-	-	-	-	104,970	-	104,970	235,759
971	679,056	(521)	3,808,179	-	-	-	8,021,413
-	-	-	-	9,953,056	-	9,953,056	9,953,056
-	-	-	405,000	-	-	-	405,000
28,444	693	8,519	77,398	-	-	-	77,398
-	-	-	-	2,000	-	2,000	2,000
29,415	679,749	7,998	4,290,577	10,269,110	8,751	10,277,861	21,004,571
(29,415)	136,037	4,997	2,741,012	(7,733,615)	163,784	(7,569,831)	(490,672)
-	-	-	-	8,990,000	460,000	9,450,000	9,450,000
-	-	-	1,580,000	-	-	-	1,580,000
-	-	-	-	357,683	53,349	411,032	411,032
-	-	-	-	4,864,055	-	4,864,055	4,911,555
-	(107,500)	(30,000)	(6,426,217)	(490,000)	(360,698)	(850,698)	(11,494,578)
-	(107,500)	(30,000)	(4,846,217)	13,721,738	152,651	13,874,389	4,858,009
(29,415)	28,537	(25,003)	(2,105,205)	5,988,123	316,435	6,304,558	4,367,337
-	(28,621)	442,263	8,974,686	5,517,041	2,682,781	8,199,822	23,822,108
\$ (29,415)	\$ (84)	\$ 417,260	\$ 6,869,481	\$ 11,505,164	\$ 2,999,216	\$ 14,504,380	\$ 28,189,445

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Motor Fuel Tax Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Intergovernmental allotments	\$ 1,710,000	\$ 1,896,461	\$ 186,461
Interest	1,000	6,613	5,613
<b>Total Revenues</b>	<b>1,711,000</b>	<b>1,903,074</b>	<b>192,074</b>
<b>Expenditures</b>			
Public Works	-	130,789	130,789
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,711,000</b>	<b>1,772,285</b>	<b>61,285</b>
<b>Other Financing Sources (Uses)</b>			
Transfers (out)	(2,189,000)	(2,189,000)	-
<b>Net Change in Fund Balance</b>	<b>\$ (478,000)</b>	<b>(416,715)</b>	<b>\$ 61,285</b>
<b>Fund Balances</b>			
Beginning of Year		1,830,393	
End of Year		\$ 1,413,678	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Economic Development Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Taxes and special assessments	\$ 2,165,000	\$ 2,257,692	\$ 92,692
Interest	100	8,761	8,661
Miscellaneous	50,000	271,359	221,359
<b>Total Revenues</b>	<b>2,215,100</b>	<b>2,537,812</b>	<b>322,712</b>
<b>Expenditures</b>			
Housing and economic development	1,933,377	1,279,750	(653,627)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>			
	<b>281,723</b>	<b>1,258,062</b>	<b>976,339</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	47,500	47,500	-
Transfers (out)	(615,322)	(865,318)	(249,996)
<b>Other Financing Sources (Uses) - Net</b>	<b>(567,822)</b>	<b>(817,818)</b>	<b>(249,996)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (286,099)</b>	<b>440,244</b>	<b>\$ 726,343</b>
<b>Fund Balances</b>			
Beginning of Year		2,555,982	
End of Year		\$ 2,996,226	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Emergency Telephone System Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Taxes and special assessments	\$ 1,018,000	\$ 1,038,331	\$ 20,331
Interest	1,000	2,472	1,472
Total Revenues	1,019,000	1,040,803	21,803
Expenditures			
Public safety	1,374,436	1,287,253	(87,183)
Excess (Deficiency) of Revenues Over Expenditures	(355,436)	(246,450)	108,986
Other Financing Sources (Uses)			
Transfers (out)	(142,207)	(142,207)	-
Net Change in Fund Balance	<u>\$ (497,643)</u>	<u>(388,657)</u>	<u>\$ 108,986</u>
Fund Balance			
Beginning of Year		<u>551,718</u>	
End of Year		<u>\$ 163,061</u>	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Neighborhood Improvement Fund

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

For the Fiscal Year Ended December 31, 2016

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	Original and Final Budget	Actual	Variance
Revenues			
Taxes and special assessments	\$ 20,000	\$ -	\$ (20,000)
Expenditures			
Housing and economic development	100,000	-	(100,000)
Net Change in Fund Balance	<u>\$ (80,000)</u>	-	<u>\$ 80,000</u>
Fund Balances			
Beginning of Year		<u>169,915</u>	
End of Year		<u>\$ 169,915</u>	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Affordable Housing Fund

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

For the Fiscal Year Ended December 31, 2016

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	Original and Final Budget	Actual	Variance
Revenues			
Affordable housing demo tax	\$ 30,000	\$ 106,780	\$ 76,780
Developer contributions	125,000	125,000	-
Interest	228	1,392	1,164
Miscellaneous	5,400	323,343	317,943
Total Revenues	160,628	556,515	395,887
Expenditures			
Housing and economic development	929,347	149,207	(780,140)
Net Change in Fund Balance	<u>\$ (768,719)</u>	407,308	<u>\$ 1,176,027</u>
Fund Balance			
Beginning of Year		<u>993,880</u>	
End of Year		<u>\$ 1,401,188</u>	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

HOME Fund

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

For the Fiscal Year Ended December 31, 2016

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	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 393,868	\$ 178,211	\$ (215,657)
Interest	-	14	14
Miscellaneous	8,300	27,259	18,959
	<hr/>	<hr/>	<hr/>
Total Revenues	402,168	205,484	(196,684)
Expenditures			
Housing and economic development	402,168	207,877	(194,291)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	<u>\$ -</u>	(2,393)	<u>\$ (2,393)</u>
Fund Balance			
Beginning of Year		<hr/> 4,770	
End of Year		<hr/> <u>\$ 2,377</u>	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Community Development Block Grant Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Intergovernmental allotments grant from U.S. Department of Housing and Urban Development	\$ 2,595,000	\$ 2,016,478	\$ (578,522)
Miscellaneous	-	10,197	10,197
<b>Total Revenues</b>	<b>2,595,000</b>	<b>2,026,675</b>	<b>(568,325)</b>
<b>Expenditures</b>			
Housing and economic development	1,753,284	2,018,936	265,652
<b>Total Expenditures</b>	<b>1,753,284</b>	<b>2,018,936</b>	<b>265,652</b>
Excess (Deficiency) of Revenues Over Expenditures	841,716	7,739	(833,977)
<b>Other Financing Sources (Uses)</b>			
Transfers (out)	(841,341)	(3,515)	837,826
<b>Other Financing Sources (Uses) - Net</b>	<b>(841,341)</b>	<b>(3,515)</b>	<b>837,826</b>
<b>Net Change in Fund Balance</b>	<b>\$ 375</b>	<b>4,224</b>	<b>\$ 3,849</b>
<b>Fund Balance</b>			
Beginning of Year		59,882	
End of Year		\$ 64,106	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Community Development Block Grant Fund  
 Schedule of Expenditures - Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Administration/Planning			
CDBG administration	\$ 320,645	\$ 317,116	\$ (3,529)
Total Administration/Planning	320,645	317,116	(3,529)
Economic Development			
Evanston Community Development Corporation	14,492	147,500	133,008
Total Economic Development	14,492	147,500	133,008
Housing			
Rehab construction administration	234,505	182,854	(51,651)
Targeted housing code enforcement	325,000	308,422	(16,578)
Total Housing	559,505	491,276	(68,229)
Neighborhood Revitalization			
Street resurfacing	168,436	216,488	48,052
Accessible Curb Ramp Program ADA	-	95,265	95,265
Street light upgrade	-	59,777	59,777
Snap lighting	-	4,324	4,324
Foster Field Light FJ	211,479	230,569	19,090
Alley improvement/paving program	-	2,406	2,406
Weissbourd/Fam Focus	80,000	56,900	(23,100)
Howard St. enhancement	4,000	-	(4,000)
YOU	64,443	113,031	48,588
Special assessments	10,000	-	(10,000)
Hill Arboretum	50,000	-	(50,000)
Peer-Windows	-	14,000	14,000
Graffiti removal program	41,900	41,900	-
Total Neighborhood Revitalization	630,258	834,660	204,402
Public Services			
Moran/Defender	25,000	25,000	-
Evanston Legal Services	7,250	7,250	-
Youth Job Center of Evanston	31,817	31,817	-
City/Cert. of Rehab & Records	30,000	30,000	-
Summer youth	22,000	22,000	-
YWCA Domestic Violence	31,817	31,817	-
Family Focus	20,000	20,000	-
Meals at Home	15,000	15,000	-
North Shore Senior Center	13,000	13,000	-
Open Studio Art	5,000	5,000	-
Interfaith Housing Program - Homeshare	10,000	10,000	-
Iwork/hous options	17,500	17,500	-
Total Public Services	228,384	228,384	-
Total Expenditures	\$ 1,753,284	\$ 2,018,936	\$ 265,652

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Community Development Loan Fund

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

For the Fiscal Year Ended December 31, 2016

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	Original and Final Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 4,656	\$ 4,656
Miscellaneous	350,000	208,541	(141,459)
Total Revenues	350,000	213,197	(136,803)
Expenditures			
Housing and economic development	350,000	160,641	(189,359)
Net Change in Fund Balance	<u>\$ -</u>	52,556	<u>\$ 52,556</u>
Fund Balances			
Beginning of Year		<u>158,365</u>	
End of Year		<u>\$ 210,921</u>	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Neighborhood Stabilization Program 2 Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Intergovernmental allotments	\$ 198,651	\$ 91,446	\$ (107,205)
Total Revenues	198,651	91,446	(107,205)
<b>Expenditures</b>			
Housing and economic development	194,610	73,823	(120,787)
Total Expenditures	194,610	73,823	(120,787)
Excess (Deficiency) of Revenues Over Expenditures	4,041	17,623	13,582
<b>Other Financing Sources (Uses)</b>			
Transfers (out)			
Transfers to General Fund	-	(13,279)	(13,279)
Transfers to Debt Service Fund	(4,344)	(4,344)	-
Total Other Financing Sources (Uses)	(4,344)	(17,623)	(13,279)
Net Change in Fund Balance	<u>\$ (303)</u>	-	<u>\$ 303</u>
<b>Fund Balances</b>			
Beginning of Year		-	
Ending of Year		<u>\$ -</u>	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Special Service District No. 4 Fund

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

For the Fiscal Year Ended December 31, 2016

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	Original and Final Budget	Actual	Variance
Revenues			
Property taxes			
Current year	\$ 320,000	\$ 321,266	\$ 1,266
Investment income	-	2	2
	<hr/>		
Total Revenues	320,000	321,268	1,268
Expenditures			
Housing and economic development	320,000	323,000	3,000
	<hr/>		
Net Change in Fund Balance	<u>\$ -</u>	(1,732)	<u>\$ (1,732)</u>
Fund Balance			
Beginning of Year		<u>(190,544)</u>	
End of Year		<u>\$ (192,276)</u>	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Good Neighbor Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Miscellaneous	\$ 1,000,000	\$ 1,000,000	\$ -
Total Revenues	1,000,000	1,000,000	-
<b>Expenditures</b>			
Housing and economic development	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	1,000,000	1,000,000	-
<b>Other Financing Sources (Uses)</b>			
Transfers (out)	(1,000,000)	(1,000,000)	-
Other Financing Sources (Uses) - Net	(1,000,000)	(1,000,000)	-
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance</b>			
Beginning of Year		<u>-</u>	
End of Year		<u>\$ -</u>	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

General Assistance Fund

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

For the Fiscal Year Ended December 31, 2016

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	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	\$ 800,000	\$ 827,615	\$ 27,615
Investment income	1,000	801	(199)
Miscellaneous	25,000	49,590	24,590
Total Revenues	826,000	878,006	52,006
Expenditures			
General management and support	987,833	804,857	(182,976)
Net Change in Fund Balance	<u>\$ (161,833)</u>	73,149	<u>\$ 234,982</u>
Fund Balance			
Beginning of Year		<u>513,239</u>	
Ending		<u>\$ 586,388</u>	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Capital Improvements Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Intergovernmental allotments	\$ 4,841,615	\$ 2,177,914	\$ (2,663,701)
Charges for services	-	96,586	96,586
Investment income	-	16,690	16,690
Miscellaneous	-	1,305	1,305
Contributions	-	243,000	243,000
<b>Total Revenues</b>	<b>4,841,615</b>	<b>2,535,495</b>	<b>(2,306,120)</b>
<b>Expenditures</b>			
General management and support	-	183,084	183,084
Public safety	-	26,000	26,000
Public works	22,279,615	104,970	(22,174,645)
Capital outlay	-	9,953,056	9,953,056
Debt service			
Fiscal agent fees	-	2,000	2,000
<b>Total Expenditures</b>	<b>22,279,615</b>	<b>10,269,110</b>	<b>(12,010,505)</b>
Excess (Deficiency) of Revenues Over Expenditures	(17,438,000)	(7,733,615)	9,704,385
<b>Other Financing Sources (Uses)</b>			
Issuance of bonds	9,248,000	8,990,000	(258,000)
Premium on issuance of bonds	-	357,683	357,683
Transfers in	6,471,000	4,864,055	(1,606,945)
Transfers (out)	(490,000)	(490,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>15,229,000</b>	<b>13,721,738</b>	<b>(1,507,262)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (2,209,000)</b>	<b>5,988,123</b>	<b>\$ 8,197,123</b>
<b>Fund Balances</b>			
Beginning of Year		5,517,041	
End of Year		\$ 11,505,164	

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Special Assessment Capital Projects Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Special assessments	\$ 230,000	\$ 168,571	\$ (61,429)
Investment income	1,200	3,964	2,764
<b>Total Revenues</b>	<b>231,200</b>	<b>172,535</b>	<b>(58,665)</b>
<b>Expenditures</b>			
Current			
General management and support	-	8,751	8,751
<b>Total Expenditures</b>	<b>-</b>	<b>8,751</b>	<b>8,751</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>231,200</b>	<b>163,784</b>	<b>(67,416)</b>
<b>Other Financing Sources (Uses)</b>			
Issuance of bonds	250,000	460,000	210,000
Premium on issuance of bonds	-	53,349	53,349
Transfers (out)	(382,250)	(360,698)	21,552
<b>Other Financing Sources (Uses) - Net</b>	<b>(132,250)</b>	<b>152,651</b>	<b>284,901</b>
<b>Net Change in Fund Balance</b>	<b>\$ 98,950</b>	<b>316,435</b>	<b>\$ 217,485</b>
<b>Fund Balance</b>			
Beginning of Year		<u>2,682,781</u>	
End of Year		<u>\$ 2,999,216</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Debt Service Funds  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended December 31, 2016

	Special Service District No. 5		Chicago Main Tax Increment District		Special Service Area No. 6		Howard Hartrey Tax Increment District	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
	Revenues							
Taxes								
Property taxes	\$ -	\$ (180)	\$ 75,000	\$ -	\$ 210,000	\$ 223,296	\$ 1,300,000	\$ 1,233,675
Investment income	300	35	-	-	500	2	2,000	2,319
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	300	(145)	75,000	-	210,500	223,298	1,302,000	1,235,994
Expenditures								
Housing and economic development	51,399	5,653	-	1,740,437	200,000	145,004	200,000	131,679
Debt Service								
Principal	405,000	405,000	-	-	-	-	-	-
Interest	11,872	23,186	43,500	16,556	-	-	-	-
Total Expenditures	468,271	433,839	43,500	1,756,993	200,000	145,004	200,000	131,679
Excess (Deficiency) of Revenues Over Expenditures	(467,971)	(433,984)	31,500	(1,756,993)	10,500	78,294	1,102,000	1,104,315
Other Financing Sources (Uses)								
Issuance of bonds	-	-	-	-	-	-	-	-
Issuance of loans	-	-	-	1,580,000	-	-	-	-
Transfers in (out)								
General	-	-	-	-	-	-	(152,450)	(152,450)
Capital improvement	-	-	-	-	-	-	(1,600,000)	(1,589,307)
Other	-	(91,445)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(91,445)	-	1,580,000	-	-	(1,752,450)	(1,741,757)
Net Changes in Fund Balances	<u>\$ (467,971)</u>	<u>(525,429)</u>	<u>\$ 31,500</u>	<u>(176,993)</u>	<u>\$ 10,500</u>	<u>78,294</u>	<u>\$ (650,450)</u>	<u>(637,442)</u>
Fund Balances (Deficit)								
Beginning of Year		<u>525,429</u>		<u>312,070</u>		<u>-</u>		<u>1,281,115</u>
End of Year		<u>\$ -</u>		<u>\$ 135,077</u>		<u>\$ 78,294</u>		<u>\$ 643,673</u>

Washington National Tax Increment District		Dempster-Dodge Tax Increment District		Howard Ridge Tax Increment District		West Evanston Tax Increment District		Total	
Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
\$ 5,145,000	\$ 4,729,649	\$ -	\$ -	\$ 550,000	\$ 533,105	\$ -	\$ -	\$ 7,280,000	\$ 6,719,545
2,000	14,012	-	-	100	374	150	1,684	5,050	18,426
-	-	-	-	120,000	282,307	-	11,311	120,000	293,618
5,147,000	4,743,661	-	-	670,100	815,786	150	12,995	7,405,050	7,031,589
1,500,000	1,105,900	-	971	1,538,000	679,056	-	(521)	3,489,399	3,808,179
-	-	-	-	-	-	-	-	405,000	405,000
-	-	40,000	28,444	600	693	10,000	8,519	105,972	77,398
1,500,000	1,105,900	40,000	29,415	1,538,600	679,749	10,000	7,998	4,000,371	4,290,577
3,647,000	3,637,761	(40,000)	(29,415)	(868,500)	136,037	(9,850)	4,997	3,404,679	2,741,012
-	-	50,000	-	1,000,000	-	-	-	1,050,000	-
-	-	-	-	-	-	-	-	-	1,580,000
(350,000)	(350,000)	-	-	(60,000)	(60,000)	(30,000)	(30,000)	(592,450)	(592,450)
(2,330,000)	(393,747)	-	-	-	-	-	-	(3,930,000)	(1,983,054)
(3,607,683)	(3,711,768)	-	-	(47,500)	(47,500)	-	-	(3,655,183)	(3,850,713)
(6,287,683)	(4,455,515)	50,000	-	892,500	(107,500)	(30,000)	(30,000)	(7,127,633)	(4,846,217)
<u>\$ (2,640,683)</u>	<u>(817,754)</u>	<u>\$ 10,000</u>	<u>(29,415)</u>	<u>\$ 24,000</u>	<u>28,537</u>	<u>\$ (39,850)</u>	<u>(25,003)</u>	<u>\$ (3,722,954)</u>	<u>(2,105,205)</u>
	<u>6,442,430</u>		<u>-</u>		<u>(28,621)</u>		<u>442,263</u>		<u>8,974,686</u>
	<u>\$ 5,624,676</u>		<u>\$ (29,415)</u>		<u>\$ (84)</u>		<u>\$ 417,260</u>		<u>\$ 6,869,481</u>

(See independent auditor's report.)

## **ENTERPRISE FUNDS**

Water Fund - To account for all activity related to providing water to the City's residents, as well as the Village of Skokie and the Northwest Water Commission. All activities necessary to provide such services are accounted for in this fund, including, but not limited to: administration, operation, maintenance, debt service, and billing/collection.

Sewer Fund - To account for all activity related to providing sewer service to the City's residents and businesses. Activities necessary to provide such service include, but are not limited to: administration, operations, financing, capital improvements/maintenance, and billing/collection.

Parking Fund - To account for all city-owned parking facilities/garages, lots, and metered spaces. Maple Avenue and Sherman Plaza Garage activities have been included in this fund beginning in FY09-10. All activities are accounted for including administration, operations, financing, and revenue collection.

Solid Waste Fund - To account for all activity related to refuse, recycling, and yard waste collection and disposal. Activities necessary to provide such service include, but are not limited to: administration, operations, and revenue collection.

**CITY OF EVANSTON, ILLINOIS**

Water Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual
Operating Revenues		
Charges for services	\$ 15,083,000	\$ 15,771,371
Miscellaneous	510,400	647,309
Total Operating Revenues	<u>15,593,400</u>	<u>16,418,680</u>
Operating Expenses Excluding Depreciation		
Administration	823,215	1,287,200
Operations		
Pumping	2,418,793	2,533,997
Filtration	2,587,823	2,426,838
Distribution	2,173,093	1,763,624
Meter maintenance	-	408
Other	28,699,484	812,064
Total Operating Expenses Excluding Depreciation	<u>36,702,408</u>	<u>8,824,131</u>
Operating Income (Loss) Before Depreciation	(21,109,008)	7,594,549
Depreciation	-	1,973,593
Operating Income (Loss)	<u>(21,109,008)</u>	<u>5,620,956</u>
Non-Operating Revenue (Expenses)		
Investment income	1,600	16,537
Interest expense	(395,115)	(653,059)
Net book value of fixed assets disposed	-	(227,924)
Total Non-Operating Revenues (Expenses)	<u>(393,515)</u>	<u>(864,446)</u>
Income (Loss) Before Transfers	<u>(21,502,523)</u>	<u>4,756,510</u>
Transfers		
Transfers (out)	<u>(3,369,559)</u>	<u>(3,369,559)</u>
Total Transfers	<u>(3,369,559)</u>	<u>(3,369,559)</u>
Net Income (Loss)	<u>\$ (24,872,082)</u>	<u>1,386,951</u>
Net Position		
Beginning of Year		68,210,727
Change in accounting principle		<u>872,746</u>
Beginning of Year, Restated		<u>69,083,473</u>
End of Year		<u>\$ 70,470,424</u>

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Water Fund - Operation and Maintenance Account  
Schedule of Operating Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2016

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	Original and Final Budget	Actual
Charges for Services, Net		
Water Sales		
Evanston	\$ 6,848,000	\$ 7,133,647
Skokie	2,915,000	2,941,912
Northwest Water Commission	5,320,000	5,695,812
	<hr/>	<hr/>
Total Charges for Services	15,083,000	15,771,371
	<hr/>	<hr/>
Miscellaneous		
Fees and outside work	39,000	51,737
Fees, merchandise, and other	471,400	595,572
	<hr/>	<hr/>
Total Miscellaneous	510,400	647,309
	<hr/>	<hr/>
Total Operating Revenues	\$ 15,593,400	\$ 16,418,680

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(See independent auditor's report.)

## **INTERNAL SERVICE FUNDS**

Fleet Services Fund - To account for the cost of operating the municipal service center maintenance facility for transportation vehicles/equipment used by City departments. Such costs are billed to the user departments.

Equipment Replacement Fund - To account for the costs associated with the purchase of vehicles and equipment.

Insurance Fund - To account for all costs related to general liability and workers' compensation claims. Beginning with FY10-11, health insurance premiums are also accounted for in this Fund. This internal service fund uses "funding premium" payments from City operating funds to pay claim and premium costs incurred.

**CITY OF EVANSTON, ILLINOIS**

Internal Service Funds  
Combining Statement of Net Position

December 31, 2016

	Equipment Replacement	Fleet Services	Insurance	Total
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,591,306	\$ 296,922	\$ 132,349	\$ 2,020,577
Receivables - other	8,645	6,238	-	14,883
Inventories	-	881,649	-	881,649
Prepaid items	-	-	2,437,950	2,437,950
Due from component unit	-	-	311	311
Due from other funds	22,248	-	422,502	444,750
<b>Total Current Assets</b>	<b>1,622,199</b>	<b>1,184,809</b>	<b>2,993,112</b>	<b>5,800,120</b>
<b>Capital Assets</b>				
Capital assets being depreciated	23,645,539	617,552	-	24,263,091
Accumulated depreciation	(15,422,057)	(617,447)	-	(16,039,504)
<b>Total Capital Assets</b>	<b>8,223,482</b>	<b>105</b>	<b>-</b>	<b>8,223,587</b>
<b>Total Assets</b>	<b>9,845,681</b>	<b>1,184,914</b>	<b>2,993,112</b>	<b>14,023,707</b>
<b>Current Liabilities</b>				
Vouchers payable	366,963	218,729	27,819	613,511
Due to other funds	369,903	23,144	-	393,047
Compensated absences payable	-	19,690	6,890	26,580
Claims payable	-	-	2,269,750	2,269,750
<b>Total Current Liabilities</b>	<b>736,866</b>	<b>261,563</b>	<b>2,304,459</b>	<b>3,302,888</b>
<b>Long-Term Liabilities</b>				
Compensated absences payable	-	78,760	27,558	106,318
OPEB liability	-	81,742	-	81,742
Claims payable	-	-	3,658,120	3,658,120
<b>Total Long-Term Liabilities</b>	<b>-</b>	<b>160,502</b>	<b>3,685,678</b>	<b>3,846,180</b>
<b>Total Liabilities</b>	<b>736,866</b>	<b>422,065</b>	<b>5,990,137</b>	<b>7,149,068</b>
<b>Net Position (Deficit)</b>				
Net investment in capital assets	8,223,482	105	-	8,223,587
Unrestricted (deficit)	885,333	762,744	(2,997,025)	(1,348,948)
<b>Total Net Position (Deficit)</b>	<b>\$ 9,108,815</b>	<b>\$ 762,849</b>	<b>\$ (2,997,025)</b>	<b>\$ 6,874,639</b>

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Internal Service Funds  
Combining Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended December 31, 2016

	Equipment Replacement	Fleet Services	Insurance	Total
<b>Operating Revenues</b>				
Charges for services				
General Fund	\$ 1,243,191	\$ 2,711,059	\$ 2,681,872	\$ 6,636,122
Sewer Fund	-	192,213	269,988	462,201
Solid Waste	177,131	322,362	-	499,493
Water Fund	-	132,754	468,503	601,257
Motor Vehicle Parking System Fund	30,000	23,783	319,648	373,431
Library Fund	4,743	5,440	-	10,183
Emergency Telephone System	-	-	17,448	17,448
Economic Development	-	-	13,962	13,962
Community Development Block Grant	108	69	18,466	18,643
Claims reimbursements	-	-	96,283	96,283
Health insurance contributions	-	-	13,181,313	13,181,313
Miscellaneous	-	14,415	5,149	19,564
<b>Total Operating Revenues</b>	<b>1,455,173</b>	<b>3,402,095</b>	<b>17,072,632</b>	<b>21,929,900</b>
<b>Operating Expenses</b>				
General support	-	1,072,796	546,211	1,619,007
Major maintenance	102,765	1,905,252	-	2,008,017
General liability claims	-	-	4,182,715	4,182,715
Workers' compensation claims	-	-	1,492,491	1,492,491
Health insurance premiums	-	-	13,474,700	13,474,700
<b>Total Operating Expenses</b>	<b>102,765</b>	<b>2,978,048</b>	<b>19,696,117</b>	<b>22,776,930</b>
<b>Operating Income (Loss) Before Depreciation</b>	<b>1,352,408</b>	<b>424,047</b>	<b>(2,623,485)</b>	<b>(847,030)</b>
Depreciation	1,624,064	44	-	1,624,108
<b>Operating Income (Loss)</b>	<b>(271,656)</b>	<b>424,003</b>	<b>(2,623,485)</b>	<b>(2,471,138)</b>
<b>Non-Operating Revenue (Expenses)</b>				
Investment income	-	-	218	218
Gain on sale of property	63,430	-	-	63,430
<b>Total Non-Operating Revenues (Expenses)</b>	<b>63,430</b>	<b>-</b>	<b>218</b>	<b>63,648</b>
<b>Income (Loss) Before Transfers</b>	<b>(208,226)</b>	<b>424,003</b>	<b>(2,623,267)</b>	<b>(2,407,490)</b>
<b>Transfers</b>				
Transfers (out)	-	(26,762)	(9,262)	(36,024)
<b>Total Transfers</b>	<b>-</b>	<b>(26,762)</b>	<b>(9,262)</b>	<b>(36,024)</b>
<b>Change in Net Position</b>	<b>(208,226)</b>	<b>397,241</b>	<b>(2,632,529)</b>	<b>(2,443,514)</b>
<b>Net Position (Deficit) - Beginning</b>	<b>9,317,041</b>	<b>365,608</b>	<b>(364,496)</b>	<b>9,318,153</b>
<b>Net Position (Deficit) - Ending</b>	<b>\$ 9,108,815</b>	<b>\$ 762,849</b>	<b>\$ (2,997,025)</b>	<b>\$ 6,874,639</b>

(See independent auditor's report.)

**CITY OF EVANSTON, ILLINOIS**

Internal Service Funds  
 Combining Statement of Cash Flows

For the Fiscal Year Ended December 31, 2016

	Equipment Replacement	Fleet Services	Insurance	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ -	\$ 14,415	\$ 13,282,745	\$ 13,297,160
Receipts from/(payments for) interfund services provided	1,944,561	3,269,091	4,607,093	9,820,745
Payments to suppliers	322,106	(3,000,979)	(3,500,032)	(6,178,905)
Payments to employees	-	41,157	(2,957,328)	(2,916,171)
Payments for insurance premiums	-	-	(12,474,198)	(12,474,198)
<b>Net Cash Provided from Operating Activities</b>	<b>2,266,667</b>	<b>323,684</b>	<b>(1,041,720)</b>	<b>1,548,631</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers (out)	-	(26,762)	(9,262)	(36,024)
<b>Net Cash from Noncapital Financing Activities</b>	<b>-</b>	<b>(26,762)</b>	<b>(9,262)</b>	<b>(36,024)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Sale of capital assets	65,654	-	-	65,654
Acquisition and construction of capital assets	(1,810,418)	-	-	(1,810,418)
<b>Net Cash from Capital and Related Financing Activities</b>	<b>(1,744,764)</b>	<b>-</b>	<b>-</b>	<b>(1,744,764)</b>
<b>Cash Flows from Investing Activities</b>				
Interest income	-	-	218	218
<b>Net Cash from Investing Activities</b>	<b>-</b>	<b>-</b>	<b>218</b>	<b>218</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>521,903</b>	<b>296,922</b>	<b>(1,050,764)</b>	<b>(231,939)</b>
<b>Cash and Equivalents</b>				
Beginning	1,069,403	-	1,183,113	2,252,516
Ending	\$ 1,591,306	\$ 296,922	\$ 132,349	\$ 2,020,577
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>				
Provided from Operating Activities				
Operating Income (loss)	\$ (271,656)	\$ 424,003	\$ (2,623,485)	\$ (2,471,138)
Adjustments to reconcile operating income to net cash provided from operating activities				
Depreciation	1,624,064	44	-	1,624,108
Changes in assets and liabilities				
Increase/decrease in accounts receivable miscellaneous	(8,645)	-	-	(8,645)
Interfund receivable	489,388	-	817,206	1,306,594
Prepaid expenses	395,071	-	(967,602)	(572,531)
Inventories	-	(74,773)	-	(74,773)
Compensated absences	-	31,746	5,517	37,263
OPEB liability	-	9,411	-	9,411
Vouchers payable	38,445	51,842	26,142	116,429
Interfund payable	-	(118,589)	-	(118,589)
Claims payable	-	-	1,700,502	1,700,502
<b>Net Cash Provided from Operating Activities</b>	<b>\$ 2,266,667</b>	<b>\$ 323,684</b>	<b>\$ (1,041,720)</b>	<b>\$ 1,548,631</b>

(See independent auditor's report.)

**COMPONENT UNIT - PUBLIC LIBRARY**

**CITY OF EVANSTON LIBRARY COMPONENT UNIT  
EVANSTON, ILLINOIS**

Combining Balance Sheet/Statement of Net Position

December 31, 2016

	Operating	Endowment	Debt Service	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash and investments	\$ 1,008,869	\$ 3,811,792	\$ 370,175	\$ 5,190,836	\$ -	\$ 5,190,836
Property taxes receivable	6,284,358	-	345,955	6,630,313	-	6,630,313
Other receivables	95	8,065	-	8,160	-	8,160
Due from other governments	-	-	310,018	310,018	-	310,018
Capital assets not being depreciated	-	-	-	-	311,380	311,380
Capital assets net of accumulated depreciation	-	-	-	-	12,024,018	12,024,018
<b>Total Assets</b>	<b>7,293,322</b>	<b>3,819,857</b>	<b>1,026,148</b>	<b>12,139,327</b>	<b>12,335,398</b>	<b>24,474,725</b>
<b>Deferred Outflows of Resources</b>						
Pension items - IMRF	-	-	-	-	1,920,319	1,920,319
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 7,293,322</b>	<b>\$ 3,819,857</b>	<b>\$ 1,026,148</b>	<b>\$ 12,139,327</b>	<b>\$ 14,255,717</b>	<b>\$ 26,395,044</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 164,355	\$ -	\$ 484	\$ 164,839	\$ -	\$ 164,839
Due to Primary Government	193,954	-	650,000	843,954	-	843,954
<b>Total Current Liabilities</b>	<b>358,309</b>	<b>-</b>	<b>650,484</b>	<b>1,008,793</b>	<b>-</b>	<b>1,008,793</b>
<b>Noncurrent Liabilities</b>						
Due within one year	-	-	-	-	459,899	459,899
Due in more than one year	-	-	-	-	3,560,190	3,560,190
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,020,089</b>	<b>4,020,089</b>
<b>Total Liabilities</b>	<b>358,309</b>	<b>-</b>	<b>650,484</b>	<b>1,008,793</b>	<b>4,020,089</b>	<b>5,028,882</b>
<b>Deferred Inflows of Resources</b>						
Unavailable Property Taxes	6,284,358	-	345,955	6,630,313	-	6,630,313
<b>Total Deferred Inflows of Resources</b>	<b>6,284,358</b>	<b>-</b>	<b>345,955</b>	<b>6,630,313</b>	<b>-</b>	<b>6,630,313</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>6,642,667</b>	<b>-</b>	<b>996,439</b>	<b>7,639,106</b>	<b>4,020,089</b>	<b>11,659,195</b>
<b>Fund Balances/Net Position</b>						
Net investment in capital assets	-	-	-	-	10,365,258	10,365,258
Restricted for debt service	-	-	29,709	29,709	-	29,709
Restricted for endowment	-	3,819,857	-	3,819,857	-	3,819,857
Unassigned/unrestricted	650,655	-	-	650,655	(129,630)	521,025
<b>Total Fund Balances/Net Position</b>	<b>650,655</b>	<b>3,819,857</b>	<b>29,709</b>	<b>4,500,221</b>	<b>10,235,628</b>	<b>14,735,849</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances/Net Position</b>	<b>\$ 7,293,322</b>	<b>\$ 3,819,857</b>	<b>\$ 1,026,148</b>	<b>\$ 12,139,327</b>	<b>\$ 14,255,717</b>	<b>\$ 26,395,044</b>

(See independent auditor's report.)

**CITY OF EVANSTON LIBRARY COMPONENT UNIT  
EVANSTON, ILLINOIS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities  
Governmental Fund

For Fiscal Year Ended December 31, 2016

	Operating	Endowment	Debt Service	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 6,136,248	\$ -	\$ 364,827	\$ 6,501,075	\$ -	\$ 6,501,075
<b>Intergovernmental</b>						
Personal property replacement tax	4,141	-	-	4,141	-	4,141
Grant revenue	89,668	-	-	89,668	-	89,668
Charges for services	324,776	-	113	324,889	-	324,889
Fines and forfeits	152,537	-	-	152,537	-	152,537
<b>Other</b>						
Investment income	4,717	293,132	-	297,849	-	297,849
Donations	67,943	18,000	-	85,943	-	85,943
<b>Total Revenues</b>	<b>6,780,030</b>	<b>311,132</b>	<b>364,940</b>	<b>7,456,102</b>	<b>-</b>	<b>7,456,102</b>
<b>Expenditures</b>						
<b>Current</b>						
Community services	6,785,260	-	-	6,785,260	1,025,002	7,810,262
<b>Debt Service</b>						
Payment Primary Government	-	-	650,000	650,000	-	650,000
Principal	-	-	323,241	323,241	(323,241)	-
Interest and fiscal charges	-	-	74,804	74,804	(26,150)	48,654
<b>Total Expenditures</b>	<b>6,785,260</b>	<b>-</b>	<b>1,048,045</b>	<b>7,833,305</b>	<b>675,611</b>	<b>8,508,916</b>
<b>Excess (Deficiency) or Revenues Over Expenditures</b>	<b>(5,230)</b>	<b>311,132</b>	<b>(683,105)</b>	<b>(377,203)</b>	<b>(675,611)</b>	<b>(1,052,814)</b>
<b>Other Financing Sources (Uses)</b>						
Issuance of bonds	-	-	650,000	650,000	(650,000)	-
Premium on bond issuances	-	-	26,150	26,150	(26,150)	-
Transfer in	235,800	-	-	235,800	(235,800)	-
Transfer (out)	-	(235,800)	-	(235,800)	235,800	-
<b>Total Other Financing Sources (Uses)</b>	<b>235,800</b>	<b>(235,800)</b>	<b>676,150</b>	<b>676,150</b>	<b>(676,150)</b>	<b>-</b>
<b>Change in Fund Balance/Net Position</b>	<b>230,570</b>	<b>75,332</b>	<b>(6,955)</b>	<b>298,947</b>	<b>(1,351,761)</b>	<b>(1,052,814)</b>
<b>Fund Balances/Net Position</b>						
Beginning of Year	420,085	3,744,525	36,664	4,201,274	10,876,356	15,077,630
Change in accounting principle	-	-	-	-	711,033	711,033
Beginning of Year, Restated	420,085	3,744,525	36,664	4,201,274	11,587,389	15,788,663
End of Year	\$ 650,655	\$ 3,819,857	\$ 29,709	\$ 4,500,221	\$ 10,235,628	\$ 14,735,849

(See independent auditor's report.)

**CITY OF EVANSTON LIBRARY COMPONENT UNIT  
EVANSTON, ILLINOIS**

Library Operating Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Taxes			
Property taxes	\$ 6,104,180	\$ 6,136,248	\$ 32,068
Intergovernmental			
Personal property replacement tax	50,200	4,141	(46,059)
Grant revenue	114,177	89,668	(24,509)
Charges for services	313,300	324,776	11,476
Fines and forfeits	160,000	152,537	(7,463)
Other			
Investment income	2,000	4,717	2,717
Donations	87,500	67,943	(19,557)
Total Revenues	<u>6,831,357</u>	<u>6,780,030</u>	<u>(51,327)</u>
Expenditures			
General management and support	<u>6,667,053</u>	<u>6,785,260</u>	<u>118,207</u>
Total Expenditures	<u>6,667,053</u>	<u>6,785,260</u>	<u>118,207</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>164,304</u>	<u>(5,230)</u>	<u>(169,534)</u>
Other Financing Sources (Uses)			
Transfers in	185,000	235,800	50,800
Transfers (out)	<u>(330,089)</u>	<u>-</u>	<u>330,089</u>
Total Other Financing Sources (Uses)	<u>(145,089)</u>	<u>235,800</u>	<u>380,889</u>
Net Changes in Fund Balances	<u>\$ 19,215</u>	<u>230,570</u>	<u>\$ 211,355</u>
Fund Balances			
Beginning of Year		<u>420,085</u>	
End of Year		<u>\$ 650,655</u>	

(See independent auditor's report.)

## STATISTICAL SECTION

This part of the City of Evanston, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information displays about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have been changed over time.	130-135
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	136-138
<b>Debt Capacity</b> 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.	139-143
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	144-145
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	146-151

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

**CITY OF EVANSTON, ILLINOIS**

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015**	2016
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 31,542	\$ 37,278	\$ 41,109	\$ 49,483	\$ 57,663	\$ 60,105	\$ 47,214	\$ 46,633	\$ 47,953	\$ 51,588
Restricted	23,168	26,238	23,645	23,187	31,559	31,754	24,720	25,446	16,409	18,523
Unrestricted	28,231	17,539	10,400	4,072	(24,033)	(23,729)	(13,846)	(11,436)	(136,007)	(170,270)
<b>Total Governmental Activities Net Position</b>	<b>\$ 82,941</b>	<b>\$ 81,055</b>	<b>\$ 75,154</b>	<b>\$ 76,742</b>	<b>\$ 65,189</b>	<b>\$ 68,130</b>	<b>\$ 58,088</b>	<b>\$ 60,643</b>	<b>\$ (71,645)</b>	<b>\$ (100,159)</b>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 159,185	\$ 172,399	\$ 192,921	\$ 207,162	\$ 215,755	\$ 228,738	\$ 239,243	\$ 246,382	\$ 255,622	\$ 268,851
Restricted	1,986	1,987	3,378	1,624	1,034	710	712	649	-	-
Unrestricted	23,589	27,586	25,417	19,141	25,385	26,363	25,484	23,563	22,785	18,928
<b>Total Business-Type Activities Net Position</b>	<b>\$ 184,760</b>	<b>\$ 201,972</b>	<b>\$ 221,716</b>	<b>\$ 227,927</b>	<b>\$ 242,174</b>	<b>\$ 255,811</b>	<b>\$ 265,439</b>	<b>\$ 270,594</b>	<b>\$ 278,407</b>	<b>\$ 287,779</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 190,727	\$ 209,677	\$ 234,030	\$ 256,645	\$ 273,418	\$ 288,843	\$ 286,457	\$ 293,015	\$ 303,575	\$ 320,439
Restricted	25,154	28,225	27,023	24,811	32,593	32,464	25,432	26,095	16,409	18,523
Unrestricted	51,820	45,125	35,817	23,213	1,352	2,634	11,638	12,127	(113,222)	(151,342)
<b>Total Primary Government Net Position</b>	<b>\$ 267,701</b>	<b>\$ 283,027</b>	<b>\$ 296,870</b>	<b>\$ 304,669</b>	<b>\$ 307,363</b>	<b>\$ 323,941</b>	<b>\$ 323,527</b>	<b>\$ 331,237</b>	<b>\$ 206,762</b>	<b>\$ 187,620</b>

\* The City changed its fiscal year end to December 31, 2011.

\*\* The City implemented GASB Statement No. 68 which resulted in a decrease in unrestricted net position

Source: City Finance Division

**CITY OF EVANSTON, ILLINOIS**

Changes in Net Position

Last Ten Fiscal Years

(amounts expressed in thousands)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 20,072	\$ 18,017	\$ 19,773	\$ 17,517	\$ 17,911	\$ 22,508	\$ 18,892	\$ 13,811	\$ 12,493	\$ 18,163
Public safety	48,763	49,484	50,488	53,226	43,465	52,740	57,090	58,795	57,443	55,625
Public works	21,566	21,628	18,509	15,626	12,399	11,099	13,782	25,825	20,011	13,668
Health and human resource development	4,982	4,546	4,760	4,541	3,547	3,200	3,601	3,837	2,911	3,319
Housing and economic development	7,090	6,965	20,066	10,857	11,630	19,101	11,123	12,443	10,532	21,063
Culture and recreation	20,634	20,002	9,120	20,142	15,607	17,438	16,433	9,358	14,794	14,380
Interest on long-term debt	5,522	4,041	4,396	5,595	3,114	1,786	377	3,919	3,757	3,779
<b>Total governmental activities expenses</b>	<b>128,629</b>	<b>124,683</b>	<b>127,112</b>	<b>127,504</b>	<b>107,673</b>	<b>127,872</b>	<b>121,298</b>	<b>127,988</b>	<b>121,941</b>	<b>129,997</b>
<b>Business-Type Activities</b>										
Water	8,668	9,391	9,133	8,713	7,450	10,172	11,193	11,977	10,748	11,450
Sewer	8,972	8,726	8,779	8,784	7,083	7,872	7,649	7,293	6,608	6,683
Solid waste	-	-	-	-	4,317	4,612	4,732	4,856	5,150	4,967
Motor vehicle parking system	2,403	8,896	8,841	8,425	6,673	8,297	8,369	7,856	7,862	8,532
Sherman garage	4,270	-	-	-	-	-	-	-	-	-
Maple avenue garage	2,682	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>26,995</b>	<b>27,013</b>	<b>26,753</b>	<b>25,922</b>	<b>25,523</b>	<b>30,953</b>	<b>31,943</b>	<b>31,982</b>	<b>30,368</b>	<b>31,632</b>
<b>Total primary government expenses</b>	<b>\$ 155,625</b>	<b>\$ 151,696</b>	<b>\$ 153,865</b>	<b>\$ 153,426</b>	<b>\$ 133,196</b>	<b>\$ 158,825</b>	<b>\$ 153,241</b>	<b>\$ 159,970</b>	<b>\$ 152,309</b>	<b>\$ 161,629</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<b>Charges for services</b>										
General government	\$ 12,639	\$ 13,348	\$ 13,087	\$ 12,796	\$ 9,219	\$ 9,478	\$ 8,917	\$ 9,374	\$ 8,629	\$ 10,094
Culture and recreation	4,521	4,637	4,902	5,265	4,587	9,934	5,236	5,360	5,572	5,560
Other activities	14,518	10,289	7,946	9,377	8,523	11,349	12,179	15,253	11,268	15,739
Operating grants and contributions	5,982	5,117	5,898	9,851	9,861	13,453	10,102	7,151	5,535	6,809
Capital grants and contributions	118	113	4,037	8,026	3,941	2,017	2,956	501	275	368
<b>Total Governmental Activities Program Revenues</b>	<b>37,778</b>	<b>33,504</b>	<b>35,870</b>	<b>45,315</b>	<b>36,131</b>	<b>46,231</b>	<b>39,390</b>	<b>37,639</b>	<b>31,279</b>	<b>38,570</b>

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
<b>Business-Type Activities</b>										
Charges for services										
Water	\$ 13,239	\$ 13,685	\$ 12,694	\$ 13,738	\$ 12,369	\$ 14,967	\$ 14,658	\$ 15,052	\$ 15,722	\$ 16,419
Sewer	14,239	13,774	13,243	13,393	11,377	14,115	13,510	12,785	12,511	13,049
Sherman garage	1,950	-	-	-	-	-	-	-	-	-
Solid waste	-	-	-	-	2,900	3,490	3,651	3,971	4,004	4,031
Motor vehicle parking system	3,084	6,719	6,772	5,987	4,928	6,663	6,255	6,080	6,164	6,688
Maple avenue garage fund	1,430	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	395	939	15	-	-
<b>Total Business-Type Activities Program Revenues</b>	<b>33,942</b>	<b>34,178</b>	<b>32,709</b>	<b>33,118</b>	<b>31,574</b>	<b>39,630</b>	<b>39,013</b>	<b>37,903</b>	<b>38,401</b>	<b>40,187</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 71,720</b>	<b>\$ 67,682</b>	<b>\$ 68,579</b>	<b>\$ 78,433</b>	<b>\$ 67,705</b>	<b>\$ 85,861</b>	<b>\$ 78,403</b>	<b>\$ 75,542</b>	<b>\$ 69,680</b>	<b>\$ 78,757</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (90,851)	\$ (91,179)	\$ (91,242)	\$ (82,189)	\$ (71,542)	\$ (81,641)	\$ (81,908)	\$ (90,349)	\$ (90,662)	\$ (91,427)
Business-Type Activities	6,946	7,165	5,956	7,196	6,051	8,677	7,070	5,921	8,033	8,555
<b>Total Primary Government Net Expense</b>	<b>\$ (83,905)</b>	<b>\$ (84,014)</b>	<b>\$ (85,286)</b>	<b>\$ (74,993)</b>	<b>\$ (65,491)</b>	<b>\$ (72,964)</b>	<b>\$ (74,838)</b>	<b>\$ (84,428)</b>	<b>\$ (82,629)</b>	<b>\$ (82,872)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Taxes										
Property taxes	\$ 46,947	\$ 56,217	\$ 58,839	\$ 47,040	\$ 33,399	\$ 47,874	\$ 46,349	\$ 48,579	\$ 45,840	\$ 45,610
Sales taxes	16,172	15,500	14,880	15,577	13,495	15,888	16,965	17,362	17,758	17,932
Investment earnings	3,653	360	721	557	32	398	79	(258)	30	118
Miscellaneous	25,799	26,684	24,601	27,501	21,244	25,348	27,369	26,612	30,950	33,217
Transfers	(5,116)	(9,469)	(13,700)	(99)	(8,180)	(4,926)	(2,586)	610	631	434
<b>Total Governmental Activities</b>	<b>87,455</b>	<b>89,292</b>	<b>85,341</b>	<b>90,576</b>	<b>59,990</b>	<b>84,582</b>	<b>88,176</b>	<b>92,905</b>	<b>95,209</b>	<b>97,311</b>
Business-Type Activities										
Investment earnings	1,287	606	87	23	16	34	33	(156)	27	59
Miscellaneous	-	(28)	-	-	-	-	(61)	-	301	(245)
Transfers	5,116	9,469	13,700	99	8,180	4,926	2,586	(610)	(631)	(434)
<b>Total Business-Type Activities</b>	<b>6,403</b>	<b>10,047</b>	<b>13,787</b>	<b>122</b>	<b>8,196</b>	<b>4,960</b>	<b>2,558</b>	<b>(766)</b>	<b>(303)</b>	<b>(620)</b>
<b>Changes in Net Position</b>										
Governmental Activities	(3,396)	(1,887)	(5,901)	8,387	(11,552)	2,941	6,268	2,556	4,547	5,884
Business-Type Activities	13,349	17,212	19,743	7,318	14,247	13,637	9,628	5,155	7,730	7,935
<b>Total Primary Government</b>	<b>\$ 9,953</b>	<b>\$ 15,325</b>	<b>\$ 13,842</b>	<b>\$ 15,705</b>	<b>\$ 2,695</b>	<b>\$ 16,578</b>	<b>\$ 15,896</b>	<b>\$ 7,711</b>	<b>\$ 12,277</b>	<b>\$ 13,819</b>

\* The City changed its fiscal year end to December 31, 2011.

Source: City Finance Division

**CITY OF EVANSTON, ILLINOIS**

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(amounts expressed in thousands)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
<b>General Fund</b>										
Nonspendable	-	-	-	-	-	-	-	-	118	\$ -
Reserved/Restricted	1,108	1,275	1,585	1,995	-	-	-	-	-	-
Unreserved/Restricted	24,840	19,752	18,603	20,009	-	-	-	-	-	-
Assigned	-	-	-	-	7,590	6,848	6,362	5,347	5,672	5,046
Unassigned	-	-	-	-	10,803	10,186	10,001	9,636	4,914	6,622
<b>Total General Fund</b>	<b>\$ 25,948</b>	<b>\$ 21,027</b>	<b>\$ 20,188</b>	<b>\$ 22,004</b>	<b>\$ 18,393</b>	<b>\$ 17,034</b>	<b>\$ 16,363</b>	<b>\$ 14,983</b>	<b>\$ 10,586</b>	<b>\$ 11,668</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 29,739	\$ 31,757	\$ 28,953	\$ 28,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special Revenue Funds	6,649	10,356	10,807	10,907	-	-	-	-	-	-
Capital Projects Funds	25,620	20,899	9,276	9,665	-	-	-	-	-	-
Nonspendable	-	-	-	-	1,419	-	407	1,430	2,158	-
Restricted	-	-	-	-	32,353	32,431	25,359	26,003	16,409	18,523
Committed	-	-	-	-	806	2,150	3,507	3,540	2,556	2,996
Assigned	-	-	-	-	10,074	5,307	8,372	10,467	5,517	7,668
Unassigned	-	-	-	-	(175)	1,105	(149)	(153)	(221)	(252)
<b>Total All Other Governmental Funds</b>	<b>\$ 62,008</b>	<b>\$ 63,012</b>	<b>\$ 49,036</b>	<b>\$ 49,310</b>	<b>\$ 44,477</b>	<b>\$ 40,993</b>	<b>\$ 37,496</b>	<b>\$ 41,287</b>	<b>\$ 26,419</b>	<b>\$ 28,935</b>

\* The City changed its fiscal year end to December 31, 2011.

Notes: Fund balances for debt service have been included in the reserved amounts.

1. Fund balances for debt service have been included in the reserved amounts.
2. Starting fiscal year ending December 31, 2011, financials are presented per the new reporting standards of GASB 54.

Source: City Finance Division

**CITY OF EVANSTON, ILLINOIS**

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(amounts expressed in thousands)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
<b>Revenues</b>										
Taxes	\$ 75,767	\$ 84,035	\$ 84,726	\$ 73,559	\$ 56,466	\$ 79,331	\$ 78,254	\$ 77,933	\$ 75,747	\$ 76,047
Licenses, fees and permits	10,276	8,820	7,279	8,661	6,776	10,470	10,617	14,503	12,184	17,933
Fines and penalties	4,660	4,442	4,151	4,003	3,280	3,470	3,449	3,358	148	3,612
Charges for services	7,732	8,399	8,680	9,786	6,283	7,763	7,723	7,793	23,834	8,791
Special assessments	520	516	240	429	235	293	275	167	8,312	169
Intergovernmental	22,625	21,013	20,696	26,456	23,183	29,252	27,844	24,300	3,554	24,886
Investment earnings	3,402	272	714	555	22	397	94	89	30	118
Other Revenues	5,116	4,679	4,642	6,390	4,133	2,915	1,906	1,791	1,722	3,892
<b>Total Revenues</b>	<b>130,098</b>	<b>132,176</b>	<b>131,128</b>	<b>129,839</b>	<b>100,378</b>	<b>133,891</b>	<b>130,162</b>	<b>129,934</b>	<b>125,531</b>	<b>135,448</b>
<b>Expenditures</b>										
General government	18,190	16,498	16,184	23,463	13,594	18,532	17,611	13,314	13,444	17,064
Public safety	42,466	49,999	48,970	50,352	42,140	54,611	56,431	59,425	59,654	62,252
Public works	18,868	18,913	16,062	14,053	7,574	9,380	11,982	19,821	19,815	13,477
Recreation and cultural opportunities	19,118	18,942	18,100	17,399	16,192	14,309	14,775	10,524	11,087	11,894
Health and human development	4,982	4,546	4,760	4,541	3,588	3,200	3,601	3,837	3,141	3,021
Housing and economic development	7,089	6,963	9,120	11,345	11,999	19,095	11,305	9,348	13,292	10,477
Pensions	-	-	-	-	-	-	-	-	-	-
Capital outlay	12,416	8,209	7,960	7,112	5,832	8,523	5,948	6,286	9,151	9,953
Debt service									-	-
Interest	5,128	5,143	4,953	4,878	4,384	5,175	4,996	4,411	4,413	4,276
Fiscal agent fees	42	28	5	12	79	76	127	43	16	14
Principal	10,815	9,885	7,524	7,650	10,106	13,055	34,259	10,040	20,833	19,661
<b>Total Governmental Activities Expenditure</b>	<b>139,114</b>	<b>139,126</b>	<b>133,638</b>	<b>140,805</b>	<b>115,488</b>	<b>145,956</b>	<b>161,035</b>	<b>137,049</b>	<b>154,846</b>	<b>152,089</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(9,016)	(6,950)	(2,510)	(10,966)	(15,110)	(12,065)	(30,873)	(7,115)	(29,315)	(16,641)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	\$ 31,444	\$ 24,340	\$ -	\$ 13,393	\$ 15,420	\$ 12,618	\$ 34,982	\$ 9,989	\$ 22,377	\$ 19,652
Capitalized interest income	-	839	-	120	-	-	-	-	-	-
Capitalized interest expense	-	-	-	-	-	-	-	-	-	-
Escrow funding	(15,590)	(13,280)	-	-	-	-	-	-	-	-
Transfers in	8,975	5,927	11,019	5,727	5,839	9,271	8,182	9,202	10,308	16,011
Transfers (out)	(15,344)	(14,794)	(23,324)	(6,184)	(14,593)	(14,668)	(11,879)	(9,665)	(9,315)	(15,542)
<b>Total Other Financing Sources (Uses)</b>	<b>9,485</b>	<b>3,032</b>	<b>(12,305)</b>	<b>13,056</b>	<b>6,666</b>	<b>7,221</b>	<b>31,285</b>	<b>9,526</b>	<b>23,370</b>	<b>20,121</b>
<b>Net Changes in Fund Balance</b>	<b>\$ 469</b>	<b>\$ (3,917)</b>	<b>\$ (14,815)</b>	<b>\$ 2,090</b>	<b>\$ (8,444)</b>	<b>\$ (4,844)</b>	<b>\$ 412</b>	<b>\$ 2,411</b>	<b>\$ (5,945)</b>	<b>\$ 3,480</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>12.58%</b>	<b>11.48%</b>	<b>9.93%</b>	<b>9.36%</b>	<b>13.29%</b>	<b>13.26%</b>	<b>25.31%</b>	<b>11.05%</b>	<b>17.62%</b>	<b>16.84%</b>

\* The City changed its fiscal year end to December 31, 2011.

Source: City Finance Division

**CITY OF EVANSTON, ILLINOIS**

Equalized Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

Levy Year Ended	Residential Property	Farm Property	Commercial Property	Industrial Property	Railroad Property	Total Equalized Assessed Value	Total Actual Value	Total Tax Rate
2006	\$ 1,707,669,215	\$ 16,895	\$ 476,821,737	\$ 60,920,888	\$ 464,011	\$ 2,245,892,746	\$ 6,737,678,238	\$ 1.527
2007	2,149,123,958	16,895	560,536,782	62,154,048	508,346	2,772,340,029	8,317,020,087	1.283
2008	2,324,551,100	16,895	560,106,493	53,168,671	554,733	2,938,397,892	8,815,193,676	1.295
2009	2,564,394,619	15,956	615,808,511	125,104,411	665,872	3,305,989,369	9,917,968,107	1.204
2010	2,233,194,054	15,956	623,156,869	184,687,438	829,769	3,041,884,086	9,125,652,258	1.364
2011	2,100,690,657	15,956	513,880,731	111,899,205	881,024	2,727,367,573	8,182,102,719	1.591
2012	1,944,932,067	15,956	462,671,239	106,007,084	995,206	2,514,621,552	7,543,864,656	1.551
2013	1,653,524,481	15,956	452,108,891	94,820,879	1,226,831	2,201,697,038	6,605,091,114	1.760
2014	1,792,383,435	15,467	416,165,953	34,726,327	1,278,793	2,244,569,975	6,733,709,925	1.856
2015	1,751,252,888	15,467	410,670,248	32,549,681	1,533,241	2,196,021,525	6,588,064,575	1.766

Note: Property is reassessed once every three years. Equalized Assessed value is approximately 1/3 of actual value. Tax rates are per \$100 of equalized assessed value.

Source:

**CITY OF EVANSTON, ILLINOIS**

Principal Property Taxpayers

Current Year and Nine Years Ago

2015 Levy				2006 Levy			
Tax Payer	Total Equalized Assessed Value (EAV)	Rank	Percentage of Total City Taxable EAV	Tax Payer	Total Equalized Assessed Value (EAV)	Rank	Percentage of Total City Taxable EAV
Rotary International	\$ 25,179,949	1	1.15%	Golub & Company	\$ 28,624,653	1	1.28%
FSP 909 Davis Street	19,966,576	2	0.91%	REP CBRE	21,727,776	2	0.97%
Lowe Enterprises	17,461,023	3	0.80%	Rotary International	21,523,423	3	0.96%
McCaffery Interests	15,310,340	4	0.70%	Church Street Plaza	17,921,581	4	0.80%
Evanston Hotel Assoc.	9,784,205	5	0.45%	Church & Chicago Ltd Partnership	15,878,114	5	0.71%
Inland	9,759,474	6	0.44%	Omni Orrington Hotel	13,391,021	6	0.60%
Northshore University Health	9,556,069	7	0.44%	Evanston Plaza Freed	13,300,351	7	0.59%
Azurri of Evanston	8,476,109	8	0.39%	Evanstone Hotel Assoc.	12,361,644	8	0.55%
Target Proptax T927	7,336,363	9	0.33%	Albertson's (Jewel & Osco)	10,650,893	9	0.47%
1007 Chruch St LLC	7,279,722	10	0.33%	Kap Sum Properties LLC	9,792,045	10	0.44%
Total	<u>\$ 130,109,831</u>		<u>5.92%</u>	Total	<u>\$ 165,171,501</u>		<u>7.36%</u>
Total EAV	<u>\$ 2,196,021,525</u>			Total EAV	<u>\$ 2,242,753,022</u>		

Source: Cook County

**CITY OF EVANSTON, ILLINOIS**

Property Tax Levies and Collections

Last Ten Levy Years

Tax Levy Year	Taxes Levied for the Fiscal Year	Collected Receipts		Collections in Subsequent Years	Total Collected to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 34,399,146	\$ 33,249,612	96.66%	\$ 437,287	\$ 33,686,899	97.93%
2007	35,550,694	34,061,461	95.81%	400,850	34,462,311	96.94%
2008	38,044,671	36,246,629	95.27%	358,214	36,604,843	96.22%
2009	39,779,364	38,018,159	95.57%	464,506	38,482,665	96.74%
2010	41,479,398	39,412,004	95.02%	764,463	40,176,467	96.86%
2011	43,397,590	42,064,756	96.93%	348,189	42,412,945	97.73%
2012	43,330,121	41,776,375	96.41%	559,130	42,335,505	97.70%
2013	43,869,798	42,762,685	97.48%	338,420	43,101,105	98.25%
2014	45,557,079	44,280,493	97.20%	270,619	44,551,112	97.79%
2015	46,394,914	44,974,845	96.94%	205,607	45,180,452	97.38%
2016	47,538,529	See Note	See Note	See Note	See Note	See Note

Note: Levy Year 2016 is collected beyond fiscal year end 2016 through December 31, 2017.

Source: City Finance Division

**CITY OF EVANSTON, ILLINOIS**

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended	Population	(1) Equalized Assessed Valuation	(2) Gross General Obligation Bonded Debt	Debt Service Monies Available	(3) Debt Payable From Other Revenues	Net General Obligation Debt	Total Personal Income	Net Debt to Equalized Assessed Valuation	Net Debt to Total Personal Income	Net General Obligation Bonded Debt Per Capita
2007	74,239	\$ 2,242,753,022	\$ 187,745,000	\$ 6,504,507	\$ 96,780,000	\$ 84,460,493	\$ 2,902,967,617	3.77%	2.91%	\$ 1,137.68
2008	74,239	2,245,892,746	181,750,000	6,146,567	81,455,000	94,148,433	2,902,967,617	4.19%	3.24%	1,268.18
2009	74,239	2,772,340,029	171,945,001	7,317,930	62,079,183	102,547,888	2,902,967,617	3.70%	3.53%	1,381.32
2010	74,239	2,938,397,892	149,315,000	5,989,400	46,882,320	96,443,280	2,902,967,617	3.28%	3.32%	1,299.09
2011	74,486	3,305,989,369	151,695,000	5,309,064	50,097,260	96,288,676	3,157,759,484	2.91%	3.05%	1,292.71
2011*	74,486	3,041,884,087	155,855,000	2,629,020	47,111,060	106,114,920	3,197,311,550	3.49%	3.32%	1,424.63
2012	74,486	2,727,367,573	152,644,999	16,085,747	44,899,176	91,660,076	3,176,902,386	3.36%	2.89%	1,230.57
2013	74,619	2,514,621,552	149,534,997	12,520,761	40,042,921	96,971,315	3,113,477,775	3.86%	3.11%	1,299.55
2014	75,570	2,201,697,038	150,421,841	12,209,139	34,614,357	103,598,345	3,262,734,750	4.71%	3.18%	1,370.89
2015	75,570	2,244,569,975	150,069,048	438,453	37,651,325	111,979,270	3,124,063,800	4.99%	3.58%	1,481.80
2016	75,603	2,196,021,525	147,069,822	-	39,345,321	107,724,501	3,235,052,370	4.91%	3.33%	1,424.87

\* The City changed its fiscal year end to December 31, 2011.

Notes: (1) Equalized assessed values do not include tax increment financing district incremental equalized assessed values.

(2) Excludes limited purpose special service district bonds.

(3) These amounts include the general obligation bonds that are being repaid from the Water Fund, Solid Waste Fund, Sewer Fund, Motor Vehicle Parking System Fund, Howard Hartrey Tax Increment District, Washington National Tax Increment District, and Special Assessment Fund.

Source: Cook County and City Finance Division

**CITY OF EVANSTON, ILLINOIS**

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	(1) Per Capita
	General Obligation Bonds	Special Service District Bonds	Capital Lease	General Obligation Bonds	Water Revenue Bonds	IEPA Loans			
2007	\$ 110,920,000	\$ 3,070,000	\$ -	\$ 76,825,000	\$ 3,240,000	\$ 99,490,921	\$ 293,545,921	10.11%	\$ 3,954
2008	115,220,000	2,785,000	-	66,530,000	2,755,000	103,410,887	290,700,887	10.01%	3,916
2009	115,961,136	2,165,000	1,035,370	55,983,865	2,245,000	101,775,223	279,165,594	9.62%	3,760
2010	109,078,880	2,155,000	708,552	40,236,120	1,720,000	95,370,544	249,269,096	8.59%	3,358
2011	115,482,439	1,840,000	363,759	36,212,561	1,170,000	87,059,150	242,127,909	7.67%	3,251
2011*	120,739,206	1,840,000	-	35,115,794	1,170,000	79,081,272	237,946,272	7.44%	3,195
2012	119,423,742	1,515,000	-	33,221,257	595,000	70,375,368	225,130,367	7.09%	3,022
2013	119,123,639	1,175,000	-	30,411,358	305,000	64,658,382	215,673,379	6.93%	2,890
2014	119,060,744	795,000	-	30,566,097	-	58,412,659	208,834,500	6.40%	2,763
2015	117,752,440	405,000	-	31,911,608	-	51,901,172	209,138,551	6.69%	2,767
2016	116,143,472	-	-	30,926,350	-	45,256,237	192,326,059	5.95%	2,544

\* The City changed its fiscal year end to December 31, 2011.

Notes: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
 (2) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Source: City Finance Division

**CITY OF EVANSTON, ILLINOIS**

Direct and Overlapping Governmental Activities Debt

As of December 31, 2016

	Total Outstanding	Percentage of Debt Applicable to the City	The City's Share of Debt (1)
Direct debt - bonds, notes, and contracts outstanding	\$ 112,107,778	100.00%	\$ 112,107,778
Other bonded debt by taxing body			
County of Cook	3,511,877,504	1.71%	60,152,294
Cook County Forest Preserve District	168,670,000	1.71%	2,889,021
Metropolitan Water Reclamation District	2,769,608,000	1.69%	46,676,090
Community College District 535	33,175,000	11.44%	3,796,025
High School District 202	26,640,464	90.18%	24,024,035
School District 65	80,168,206	90.18%	72,294,678
Skokie Park District	6,862,000	63.00%	4,323,060
Total Overlapping Debt	6,597,001,174		214,155,204
	\$ 6,709,108,952		\$ 326,262,982

Note: Overlapping debt calculated based on the pro rata EAV.

Source: Cook County Clerk's Offices

**CITY OF EVANSTON, ILLINOIS**

Legal Debt Margin

December 31, 2016

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The City is a home rule municipality.

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

To date, the Illinois General Assembly has set no limits for home rule municipalities.

**CITY OF EVANSTON, ILLINOIS**

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Resources	Debt Service		Coverage
				Principal	Interest	
2008	\$ 13,787,014	\$ 7,138,056	\$ 6,648,958	\$ 485,000	\$ 128,713	10.83
2009	13,878,833	7,866,909	6,011,924	510,000	110,913	9.68
2010	12,742,603	7,756,760	4,985,843	525,000	91,556	8.09
2011	13,752,681	7,191,577	6,561,104	550,000	71,269	10.56
2011*	12,368,533	6,146,652	6,221,881	-	24,672	252.18
2012	14,967,204	8,430,599	6,536,605	575,000	37,687	10.67
2013	14,657,748	8,175,707	6,482,041	290,000	19,688	20.93
2014	15,051,732	7,938,838	7,112,894	305,000	6,672	22.82
2015	NA	NA	NA	-	-	NA
2016	NA	NA	NA	-	-	NA

N/A - The City has no revenue bonds outstanding after December 31, 2014.

\* The City changed its fiscal year end to December 31, 2011.

Note: Detail regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expense.

Source: Various City departments

**CITY OF EVANSTON, ILLINOIS**

Demographic and Economic Statistics

Last Ten Years

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Calendar Year	Population	Total Personal Income	Per Capita Personal Income	Median Age	Education % of Population with HS Diploma or Higher	School Enrollment	Unemployment Rate
2007	74,239	\$ 2,902,967,617	\$ 39,103	32.5	94.0%	9,550	4.4%
2008	74,239	2,902,967,617	39,103	32.5	94.0%	9,550	4.6%
2009	74,239	2,902,967,617	39,103	32.5	94.0%	9,550	4.7%
2010	74,486	3,157,759,484	42,394	34.3	94.0%	9,550	7.9%
2011	74,486	3,197,311,550	42,925	34.3	94.0%	11,369	7.3%
2012	74,486	3,176,902,386	42,651	35.1	93.6%	11,418	6.8%
2013	74,619	3,113,477,775	41,725	34.4	93.9%	10,293	6.7%
2014	75,570	3,262,734,750	43,175	34.4	93.9%	10,429	4.2%
2015	75,570	3,124,063,800	41,340	34.4	93.9%	11,088	4.5%
2016	75,603	3,235,052,370	42,790	35.2	94.0%	12,104	4.3%

Source: Various Government agencies

**CITY OF EVANSTON, ILLINOIS**

Principal Employers

Current Year and Nine Years Ago

2016				2007			
Employer	Employees	%	Rank	Employer	Employees	%	Rank
Northwestern University	7,333	44%	1	Northwestern University	5,325	36%	1
Northshore University Healthcare	4,114	25%	2	Evanston Northwestern Healthcare	3,780	26%	2
Evanston School District 65	1,137	7%	3	St. Francis Hospital	1,649	11%	3
St. Francis Hospital	1,000	6%	4	City of Evanston	865	6%	4
City of Evanston	824	5%	5	Evanston School District 65	700	5%	5
Presbyterian Homes/McGaw Care	490	3%	6	Evanston Township High School	566	4%	6
School District 202	575	3%	7	Presbyterian Homes/McGaw Care	533	4%	7
Rotary International	533	2%	8	Rotary International	460	3%	8
C.E. Neifhoff & Co.	350	2%	9	Jewel/Osco Food Store	455	3%	9
Whole Foods	300	2%	10	Mather LifeWays Retirement	430	3%	10
Total	<u>16,656</u>			Total	<u>14,763</u>		

Source: City Economic Development Division

**CITY OF EVANSTON, ILLINOIS**

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
<u>Function/Program</u>										
<b>General Government</b>										
City Clerk	2.00	2.00	2.00	2.00	3.00	2.80	2.20	2.20	2.00	2.00
City Manager's Office	13.70	31.53	27.70	22.00	8.00	12.00	12.00	14.00	13.00	19.00
MBIS / IT	25.50	-	-	13.00	12.00	11.50	9.00	11.00	12.00	11.00
Legal	7.00	7.00	6.00	7.00	7.00	7.00	8.00	7.00	8.00	8.00
Human Resources	8.00	8.00	8.00	5.00	5.00	7.50	8.00	8.50	6.50	6.50
Finance	26.50	29.50	28.50	19.50	19.00	17.10	17.00	17.50	20.50	18.00
Parking Systems	-	-	-	13.00	12.00	12.00	9.00	12.00	12.00	12.00
Facilities Management	-	-	-	-	19.00	20.20	16.00	-	-	20.20
Community Development	36.00	35.00	33.00	28.00	27.00	27.00	24.00	21.00	19.00	21.50
Community College District 535										
Police	220.75	220.75	218.50	219.00	222.00	225.00	220.00	227.00	227.00	230.80
Fire	111.00	112.00	111.00	107.00	108.00	110.00	106.00	110.00	110.00	110.00
Human and Health Services	29.68	24.90	26.40	15.90	17.00	17.70	20.00	21.10	22.10	21.10
Public Works	108.45	105.45	83.25	58.80	49.00	49.25	97.00	108.45	107.45	84.25
Recreation, Parks, and Forestry	115.90	112.75	131.75	132.00	105.00	105.21	69.00	69.64	74.23	77.13
<b>Total General Government</b>	<b>704.48</b>	<b>688.88</b>	<b>676.10</b>	<b>642.20</b>	<b>613.00</b>	<b>624.26</b>	<b>617.20</b>	<b>629.39</b>	<b>633.78</b>	<b>641.48</b>
Library	66.69	69.35	67.50	52.00	52.00	56.38	63.00	63.13	66.87	66.87
Neighborhood Stabilization Program	-	-	-	1.00	1.00	2.00	1.00	1.31	0.50	0.45
Housing Rehabilitation	-	-	-	-	-	-	-	-	1.75	1.75
General Assistance Fund	-	-	-	-	-	-	-	-	4.00	4.00
HOME Fund	-	-	-	-	-	-	-	-	0.40	0.50
Emergency Telephone System	4.00	4.00	5.00	5.00	5.00	5.00	4.00	5.00	5.00	5.00
CDBG	2.00	2.00	2.00	2.00	3.00	1.53	3.00	2.60	2.60	2.80
Economic Development Fund	1.30	2.30	2.30	5.00	6.00	7.00	5.00	6.25	6.25	5.75
Downtown II TIF Fund	-	-	-	-	-	-	-	-	-	-
Capital Improvements Fund	-	-	-	1.00	-	-	-	-	-	-
Maple Ave. Garage	1.00	1.00	-	-	-	-	-	-	-	-
Parking Fund	14.50	14.50	15.50	14.00	15.00	15.50	15.50	15.50	15.50	15.50
Source: City Finance division	-	-	-	-	-	-	-	-	-	-
Water	43.00	43.00	43.00	42.00	41.00	42.50	40.00	42.50	44.50	44.50
Sewer	14.00	14.00	14.00	12.00	11.00	13.00	11.00	13.33	11.33	11.33
Solid Waste	-	-	-	-	6.00	10.00	8.00	9.66	9.66	9.66
Fleet Services	15.00	15.00	15.00	11.00	12.00	12.00	10.00	12.00	12.50	12.50
Insurance Fund	1.00	2.00	2.00	3.00	4.00	4.00	4.00	5.00	5.00	5.00
<b>Total Other Functions</b>	<b>162.49</b>	<b>167.15</b>	<b>166.30</b>	<b>148.00</b>	<b>156.00</b>	<b>168.91</b>	<b>164.50</b>	<b>176.28</b>	<b>185.86</b>	<b>118.74</b>
<b>Total All Funds</b>	<b>866.97</b>	<b>856.03</b>	<b>842.40</b>	<b>790.20</b>	<b>769.00</b>	<b>793.17</b>	<b>781.70</b>	<b>805.67</b>	<b>819.64</b>	<b>760.22</b>

\* The City changed its fiscal year end to December 31, 2011.

Source: City of Evanston HR Division

**CITY OF EVANSTON, ILLINOIS**

Property Tax Rates per \$100 - Direct and Overlapping Governments

Last Ten Levy Years

Government Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City of Evanston	1.283	1.295	1.204	1.365	1.592	1.551	1.760	1.856	1.766	1.762
Consolidated Elections	0.012	-	0.021	-	0.025	-	-	-	-	-
Cook County	0.446	0.415	0.394	0.423	0.462	0.531	0.560	0.591	0.568	0.552
Cook County Forest Preserve District	0.053	0.051	0.049	0.051	0.058	0.063	0.069	0.073	0.069	0.069
Suburban T.B. Sanitarium	-	-	-	-	-	-	-	-	-	-
Metropolitan Water Reclamation District	0.263	0.252	0.261	0.274	0.320	0.370	0.417	0.440	0.430	0.426
North Shore Mosquito Abatement District	0.008	0.008	0.008	0.009	0.010	0.010	0.007	0.007	0.011	0.012
Evanston Township	0.050	0.050	0.042	0.046	0.011	0.010	0.053	0.056	-	-
Community College 535	0.141	0.140	0.140	0.160	0.196	0.219	0.256	0.270	0.258	0.271
School District 202	1.750	1.722	1.616	1.819	2.061	2.308	2.689	2.836	2.659	2.792
School District 65	2.535	2.552	2.401	2.655	2.818	3.149	3.671	3.872	3.686	3.810
<b>Total Tax Rate for Property not in Park District or Special Service District</b>	<b>6.541</b>	<b>6.485</b>	<b>6.136</b>	<b>6.802</b>	<b>7.553</b>	<b>8.211</b>	<b>9.482</b>	<b>10.001</b>	<b>9.447</b>	<b>9.694</b>
<b>Percent of Total Tax Rate Levied by the City</b>	<b>19.61%</b>	<b>19.97%</b>	<b>19.62%</b>	<b>20.07%</b>	<b>21.08%</b>	<b>18.89%</b>	<b>18.56%</b>	<b>18.56%</b>	<b>18.69%</b>	<b>18.18%</b>

Source: Cook County Assessor's office

**CITY OF EVANSTON, ILLINOIS**

Water Sold by Type of Customer

Last Ten Fiscal Years  
(in 100 cubic feet)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
Type of Customer										
Residential	\$ 2,375,942	\$ 2,260,284	\$ 2,174,255	\$ 2,187,244	\$ 1,804,433	\$ 2,276,492	\$ 2,189,588	\$ 2,065,980	\$ 2,098,160	\$ 1,998,740
Industrial	16,579	15,722	13,624	14,195	11,552	14,758	12,392	11,627	10,772	21,381
Commercial	1,240,591	1,193,241	1,109,556	1,153,949	928,621	1,117,431	1,105,077	1,036,034	1,045,791	2,313,154
Government	100,278	89,420	69,229	75,308	50,129	66,561	61,908	53,732	55,485	82,066
Total	\$ 3,733,390	\$ 3,558,667	\$ 3,366,664	\$ 3,430,696	\$ 2,794,735	\$ 3,475,242	\$ 3,368,965	\$ 3,167,373	\$ 3,210,208	\$ 4,415,341
Total direct rate per 100 cubic feet	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.75	\$ 1.80	\$ 1.98	\$ 2.18	\$ 2.18

\* The City changed its fiscal year end to December 31, 2011.

Source: City Utilities Department

**CITY OF EVANSTON, ILLINOIS**

Water Sold by Major Customers

Last Ten Fiscal Years

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
Type of Customer										
Evanston residents/businesses	\$ 6,012,643	\$ 5,430,019	\$ 5,396,739	\$ 5,377,297	\$ 4,719,084	\$ 6,124,221	\$ 5,915,560	\$ 6,301,307	\$ 6,975,785	\$ 6,820,350
Village of Skokie	3,158,396	2,689,304	2,676,163	2,885,096	2,304,066	2,989,109	2,772,424	2,805,425	2,854,684	2,941,912
Northwest Water Commission	3,620,878	4,820,074	4,506,066	4,781,645	3,710,581	5,033,996	5,183,425	5,074,770	5,183,391	5,695,812
<b>Total</b>	<b>\$ 12,791,917</b>	<b>\$ 12,939,397</b>	<b>\$ 12,578,968</b>	<b>\$ 13,044,038</b>	<b>\$ 10,733,731</b>	<b>\$ 14,147,326</b>	<b>\$ 13,871,409</b>	<b>\$ 14,181,502</b>	<b>\$ 15,013,860</b>	<b>\$ 15,458,074</b>

\* The City changed its fiscal year end to December 31, 2011.

Source: City Utilities Department

**CITY OF EVANSTON, ILLINOIS**

Operating Indicators by Function/Programs

Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Function/Program</u>										
Police										
Violent offenses	282	299	255	214	180	230	131	97	80	130
Property offenses	2,825	2,739	2,412	2,119	2,144	2,078	1,980	1,959	1,872	1,681
911 calls received	59,135	56,717	52,198	35,991	51,969	44,875	42,551	44,177	46,749	42,763
Fire										
Emergency responses	8,517	9,134	8,566	8,917	9,063	9,330	9,373	9,617	9,630	10,267
Fires extinguished	192	185	154	157	157	154	129	120	99	114
Inspections	1,050	1,810	709	680	620	640	660	740	760	-
Other Public Works										
Street resurfacing (estimated miles)	3.3	3.3	3.3	3.4	3.4	3.4	3.4	4.9	2.7	2.9
Parks and Recreation										
Athletic field usage (hours)	15,165	17,121	16,185	18,966	20,075	16,761	16,367	16,270	15,531	27,426
Picnic permits issued	373	403	431	460	437	541	445	448	404	229
Library										
Volumes in collection	458,017	502,019	502,019	471,262	436,382	426,342	400,034	401,300	481,626	534,533
Total volumes borrowed	867,743	945,952	945,952	951,667	891,769	989,638	1,056,243	1,074,972	1,071,401	1,078,653
Water										
New connections	61	57	28	29	16	4	-	18	9	3
Water main breaks	36	52	52	38	28	66	51	70	23	28
Average daily consumption (millions of gallons)	42.91	40.09	39.41	38.91	38.39	39.85	35.81	36.79	36.63	39.645
Peak daily consumption (millions of gallons)	66.00	65.40	58.94	57.02	65.95	69.21	56.95	48.91	50.59	55.084

Note: Indicators are not available for general government functions

**CITY OF EVANSTON, ILLINOIS**

Capital Assets Statistics by Function

Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Function/Program</u>										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Budgeted sworn officers	162	165	165	164	164	164	164	164	164	165
Fire Stations	5	5	5	5	5	5	5	5	5	5
Other Public Works										
Streets (miles)	147	147	147	147	147	147	147	147	147	147
Streetlights	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,736
Parks and Recreation										
Acreage	290	290	290	290	290	290	290	290	290	290
Playgrounds	51	51	51	51	51	51	51	51	51	51
Baseball/softball diamonds	18	18	18	18	18	18	18	18	18	18
Soccer/football fields	27	27	27	27	27	27	27	27	27	27
Community centers	5	5	5	5	5	5	5	5	6	6
Water										
Water mains (miles)	157	157	157	157	157	157	157	157	156.4	155.6
Fire hydrants	1,370	1,370	1,399	1,399	1,399	1,399	1,399	1,477	1,484	1,490
Storage capacity (millions of gallons)	22	22	22	22	22	22	22	22	22	22

Note: No capital asset indicators are available for the general government or library function

Source: Various City departments

## **COMPLIANCE SECTION**



630.566.8400 // [www.sikich.com](http://www.sikich.com)

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Naperville, Illinois 60563

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

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH  
STATE OF ILLINOIS PUBLIC ACT 85-1142**

The Honorable Mayor  
Members of the City Council  
City of Evanston, Illinois

We have examined management's assertion that the City of Evanston, Illinois (the City) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2016. As discussed in that representation letter, management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with statutory requirements.

In our opinion, management's assertion that the City of Evanston, Illinois, complied with the aforementioned requirements for the year ended December 31, 2016, is fairly stated in all material respects.

This report is intended solely for the information and use of the City Council, management, the joint review board, the Illinois State Comptroller, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

*Sikich LLP*

Naperville, Illinois  
July 20, 2017

**PROPOSED FORMS OF BOND COUNSEL OPINIONS**

**PROPOSED FORM OF OPINION OF BOND COUNSEL – SERIES A BONDS**

**[LETTERHEAD OF CHAPMAN AND CUTLER LLP]**

**[TO BE DATED CLOSING DATE]**

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the City Council of the City of Evanston, Cook County, Illinois (the “*City*”) passed preliminary to the issue by the City of its fully registered General Obligation Corporate Purpose Bonds, Series 2017A (the “*Bonds*”), to the amount of \$13,990,000, dated the date hereof, due serially on December 1 of the years and in the amounts and bearing interest as follows:

YEAR	AMOUNT (\$)	RATE (%)
2018	460,000	3.000
2019	530,000	4.000
2020	545,000	4.000
2021	580,000	4.000
2022	600,000	4.000
2023	625,000	4.000
2024	645,000	4.000
2025	670,000	4.000
2026	695,000	4.000
2027	720,000	4.000
2028	690,000	4.000
2030	1,450,000	3.000
2031	755,000	3.000
2032	780,000	3.000
2033	800,000	3.000
2034	825,000	3.125
2035	845,000	3.125
2036	870,000	3.250
2037	905,000	3.250
2018	460,000	3.000

the Bonds due on December 1, 2030, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2029	\$ 715,000
2030	735,000 (stated maturity)

the Bonds due on or after December 1, 2028, being subject to redemption prior to maturity at the option of the City as a whole or in part in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2027, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

**PROPOSED FORM OF OPINION OF BOND COUNSEL – SERIES B BONDS**

**[LETTERHEAD OF CHAPMAN AND CUTLER LLP]**

**[TO BE DATED CLOSING DATE]**

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the City Council of the City of Evanston, Cook County, Illinois (the “*City*”) passed preliminary to the issue by the City of its fully registered General Obligation Refunding Bonds, Series 2017B (the “*Bonds*”), to the amount of \$9,225,000, dated the date hereof, due serially on December 1 of the years and in the amounts and bearing interest as follows:

YEAR	AMOUNT (\$)	RATE (%)
2018	985,000	2.00
2019	1,030,000	2.00
2020	830,000	2.00
2021	845,000	2.00
2022	865,000	2.00
2023	880,000	3.00
2024	905,000	3.00
2025	935,000	3.00
2026	960,000	3.00
2027	990,000	4.00

and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City’s compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal

income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

**PROPOSED FORM OF OPINION OF BOND COUNSEL – SERIES C BONDS**

**[LETTERHEAD OF CHAPMAN AND CUTLER LLP]**

**[TO BE DATED CLOSING DATE]**

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the City Council of the City of Evanston, Cook County, Illinois (the “*City*”) passed preliminary to the issue by the City of its fully registered Taxable General Obligation Corporate Purpose Bonds, Series 2017C (the “*Bonds*”), to the amount of \$5,000,000, dated the date hereof, due serially on December 1 of the years and in the amounts and bearing interest as follows:

YEAR	AMOUNT (\$)	RATE (%)
2020	230,000	2.05
2021	235,000	2.20
2022	245,000	2.35
2023	260,000	2.50
2024	270,000	2.65
2025	280,000	2.80
2026	290,000	2.90
2027	305,000	4.00
2028	310,000	4.00
2029	325,000	3.50
2030	340,000	3.50
2031	355,000	3.50
2032	365,000	3.50
2033	380,000	3.55
2034	395,000	3.60
2035	415,000	3.65

the Bonds due on or after December 1, 2028, being subject to redemption prior to maturity at the option of the City as a whole or in part in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2027, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same

without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that under present law, interest on the Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their own tax advisors concerning tax consequences of ownership of the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

**CONTINUING DISCLOSURE UNDERTAKING  
FOR THE PURPOSE OF PROVIDING  
CONTINUING DISCLOSURE INFORMATION  
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by the City of Evanston, Cook County, Illinois (the “*City*”), in connection with the issuance of \$13,990,000 General Obligation Corporate Purpose Bonds, Series 2017A (the “*2017A Bonds*”), \$9,225,000 General Obligation Refunding Bonds, Series 2017B (the “*2017B Bonds*”), and \$5,000,000 Taxable General Obligation Corporate Purpose Bonds, Series 2017C (the “*2017C Bonds*” and collectively with the 2017A Bonds and the 2017B Bonds, the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted by the City Council of the City on the 11th day of September, 2017 (as supplemented by the Bond Order authorized therein and executed in connection with the sale of the Bonds, the “*Ordinance*”).

In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

*Annual Financial Information* means information of the type contained under the following headings and subheadings of, and in the following appendices and exhibits to, the Official Statement:

- All of the tables under the heading “FINANCES”;
- All of the tables under the heading “GENERAL OBLIGATION BONDED INDEBTEDNESS” (other than the table entitled “Total and Scheduled for Abatement General Obligation Debt Service”); and
- The following tables under the heading “REAL PROPERTY TAXATION”:
  - “Historic Equalized Assessed Valuation”;
  - “Equalized Assessed Valuation by Classification of Property”;
  - “Tax Extensions and Collections”;
  - “Historic City Tax Rates.”

*Annual Financial Information Disclosure* means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

*Audited Financial Statements* means the audited financial statements of the City prepared pursuant to the principles and as described in *Exhibit I*.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.

*EMMA* means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*MSRB* means the Municipal Securities Rulemaking Board.

*Official Statement* means the Final Official Statement, dated September 28, 2017, and relating to the Bonds.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

*Reportable Event* means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

*Reportable Events Disclosure* means dissemination of a notice of a Reportable Event as set forth in Section 5.

*Rule* means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

*State* means the State of Illinois.

*Undertaking* means the obligations of the City pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The City will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all

EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION. The City shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the City by ordinance or resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

- (a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the City, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the City (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the City shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the City shall be terminated hereunder if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance. The City shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the City chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The City shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The City shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the City under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

CITY OF EVANSTON, COOK COUNTY, ILLINOIS

By \_\_\_\_\_  
Mayor

Date: October 16, 2017

**EXHIBIT I**  
**ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED**  
**FINANCIAL STATEMENTS**

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 270 days after the last day of the City's fiscal year (currently December 31), beginning with the fiscal year ending December 31, 2017. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statements will be submitted to EMMA within 30 days after availability to the City.

Audited Financial Statements will be prepared in accordance with accounting principles generally accepted in the United States of America.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the City will disseminate a notice of such change as required by Section 4.

**EXHIBIT II**  
**EVENTS WITH RESPECT TO THE BONDS**  
**FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED**

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

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

**EXHIBIT III  
CUSIP NUMBERS**

**2017A BONDS**

YEAR OF MATURITY	CUSIP NUMBER (299228)
2018	BG0
2019	BH8
2020	BJ4
2021	BK1
2022	BL9
2023	BM7
2024	BN5
2025	BP0
2026	BQ8
2027	BR6
2028	BS4
2030	BU9
2031	BV7
2032	BW5
2033	BX3
2034	BY1
2035	BZ8
2036	CA2
2037	CB0

**2017B BONDS**

YEAR OF MATURITY	CUSIP NUMBER (299228)
2018	CC8
2019	CD6
2020	CE4
2021	CF1
2022	CG9
2023	CH7
2024	CJ3
2025	CK0
2026	CL8
2027	CM6

## 2017C BONDS

YEAR OF MATURITY	CUSIP NUMBER (299228)
2020	CN4
2021	CP9
2022	CQ7
2023	CR5
2024	CS3
2025	CT1
2026	CU8
2027	CV6
2028	CW4
2029	CX2
2030	CY0
2031	CZ7
2032	DA1
2033	DB9
2034	DC7
2035	DD5