

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 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. The interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion. The Bonds will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.



City of Evanston Cook County, Illinois

\$13,095,000 General Obligation Corporate Purpose Bonds, Series 2015A **\$11,075,000 General Obligation Refunding Bonds, Series 2015B**

Dated: Date of Delivery

Due: December 1, as shown on inside cover

The \$13,095,000 General Obligation Corporate Purpose Bonds, Series 2015A (the "Series A Bonds") and the \$11,075,000 General Obligation Refunding Bonds, Series 2015B (the "Series B Bonds" and, together with the Series A Bonds, 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, 2016. 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 Wells Fargo Bank, N.A., Minneapolis, Minnesota, 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 of each series will be valid and legally binding upon the City, payable from any funds of the City legally available for the purpose, and all taxable property in the City will be 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.

The City will furnish the written approving opinions of Bond Counsel as to the legality and the exemption of interest on the Bonds of each series from federal income taxes in the forms attached to this Official Statement as APPENDIX B.

Financial Advisors: Public Financial Management, Inc. 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 November 10, 2015

The date of this Official Statement is October 21, 2015

(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.)

Maturity and Pricing Schedule, and CUSIP[†] Numbers

City of Evanston, Cook County, Illinois

\$13,095,000 General Obligation Corporate Purpose Bonds, Series 2015A

<u>Year</u> <u>(December 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2016	\$ 445,000	2.000%	0.400%	2992276T0
2017	480,000	3.000%	0.730%	2992276U7
2018	490,000	4.000%	0.980%	2992276V5
2019	510,000	4.000%	1.170%	2992276W3
2020	540,000	4.000%	1.440%	2992276X1
2021	560,000	4.000%	1.670%	2992276Y9
2022	580,000	4.000%	1.900%	2992276Z6
2023	600,000	4.000%	2.110%	2992277A0
2024	625,000	4.000%	2.260%	2992277B8
2025	645,000	4.000%	2.390%	2992277C6
2026	645,000	4.000%	2.510%	2992277D4
2027	675,000	4.000%	2.670%	2992277E2
2028	700,000	4.000%	2.870%	2992277F9
2029	730,000	3.000%	3.100%	2992277G7
2030	750,000	3.000%	3.190%	2992277H5
2031	775,000	3.125%	3.260%	2992277J1
2032	795,000	3.125%	3.320%	2992277K8
2033	820,000	3.250%	3.370%	2992277L6
2034	850,000	3.250%	3.420%	2992277M4
2035	880,000	3.375%	3.470%	2992277N2

\$11,075,000 General Obligation Refunding Bonds, Series 2015B

<u>Year</u> <u>(December 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2016	\$ 1,000,000	2.000%	0.450%	2992277P7
2017	1,750,000	2.000%	0.700%	2992277Q5
2018	1,550,000	2.000%	1.000%	2992277R3
2019	1,550,000	2.000%	1.150%	2992277S1
2020	1,750,000	2.000%	1.450%	2992277T9
2021	1,750,000	2.000%	1.700%	2992277U6
2022	1,725,000	3.000%	1.900%	2992277V4

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright © 2015 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP® numbers are provided for convenience of reference only. None of the City, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

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
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(847) 328-2100

MAYOR

Elizabeth B. Tisdahl

CITY COUNCIL

1 st Ward	Judy Fiske
2 nd Ward	Peter Braithwaite
3 rd Ward	Melissa A. Wynne
4 th Ward	Donald N. Wilson
5 th Ward	Delores A. Holmes
6 th Ward	Mark Tendam
7 th Ward	Jane Grover
8 th Ward	Ann Rainey
9 th Ward	Brian Miller

CITY CLERK

Rodney Greene

CITY ADMINISTRATION

City Manager	Wally Bobkiewicz
Assistant City Manager/Treasurer	Martin Lyons
Corporation Counsel	Grant Farrar

PROFESSIONAL SERVICES

Bond Counsel

Chapman and Cutler LLP
Chicago, Illinois

Financial Advisors

Public Financial Management, Inc.
Independent Public Advisors, LLC

Auditor

Baker Tilly Virchow Krause & Company, LLP
Oak Brook, Illinois

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OFFICIAL STATEMENT

Relating to

CITY OF EVANSTON COOK COUNTY, ILLINOIS

\$13,095,000 General Obligation Corporate Purpose Bonds, Series 2015A
\$11,075,000 General Obligation Refunding Bonds, Series 2015B

INTRODUCTION

This Official Statement sets forth information concerning the offer by the City of Evanston, Cook County, Illinois (the "City"), of the \$13,095,000 General Obligation Corporate Purpose Bonds, Series 2015A (the "Series A Bonds") and the \$11,075,000 General Obligation Refunding Bonds, Series 2015B (the "Series B Bonds" and together with the Series A Bonds, 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 to be adopted by the City Council of the City (the "City Council") on October 12, 2015 (as supplemented by the bond order authorized therein and executed in connection with the sale of the Bonds, the "Bond Ordinance").

The Bonds of each 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 2015 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)	\$ 7,700,018.33
Fund 510 (Water)	5,732,140.90
Fund 420 (Special Assessment)	253,083.21
Total	<u>\$ 13,685,242.44</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 to be Refunded</u>	<u>Amount Refunded</u>	<u>Call Date</u>
12/28/2006	General Obligation Bonds, Series 2006B	2016-2023	2017-2023	\$11,330,000	01/01/2016

SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

<u>Estimated Sources:</u>	<u>Series A Bonds</u>	<u>Series B Bonds</u>	<u>Total</u>
Par Amount of Bonds	\$ 13,095,000.00	\$ 11,075,000.00	\$ 24,170,000.00
Net Original Issue Premium	746,602.80	362,986.25	1,109,589.05
Total Sources of Funds	\$ 13,841,602.80	\$ 11,437,986.25	\$ 25,279,589.05
 <u>Estimated Uses:</u>			
Capital Projects Account	\$ 13,685,242.44	--	\$ 13,685,242.44
Refunded Obligations	--	\$ 11,330,000.00	11,330,000.00
Estimated Cost of Issuance	156,360.36	107,491.65	263,852.01
Excess Proceeds to Debt Service Fund	--	494.60	494.60
Total Uses of Funds	\$ 13,841,602.80	\$ 11,437,986.25	\$ 25,279,589.05

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. For the Bonds, these alternative sources are expected to 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, 2016.

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 Wells Fargo Bank, N.A., Minneapolis, Minnesota, 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 15th 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, 2026, and thereafter are subject to redemption prior to maturity at the option of the City on December 1, 2025 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.

Redemption Procedures

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 Series A Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Series A Bonds of a single maturity, the particular Series A Bonds or portions of Series A Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Series A Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate (except when the Series A Bonds are held in a book-entry system, in which case the selection of Series A 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 Series A Bonds to be redeemed, notice of the call for any redemption will be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Series A 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 Series A Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Series A Bonds within such maturity, the respective principal amounts) of the Series A Bonds to be redeemed; (d) a statement that on the redemption date the redemption price will become due and payable upon each such Series A 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 Series A 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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.

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 CUSIP 299227). 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</u> <u>Year Ended</u>	<u>Disclosure</u> <u>Due Date</u>	<u>Date Filed</u> <u>with EMMA</u>	<u>On Time /</u> <u>Days Late</u>
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
12/31/2011	07/28/2012	07/03/2012	on time
02/28/2011	09/26/2011	05/29/2012	246

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 \$2.20 billion in 2013, representing more than 134% in growth. Evanston's prudent use of TIF development has added significantly to this growth. The Washington National TIF grew by more than \$77 million from its inception in 1994.

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 793 (full-time equivalent) employees and include: Police – Fraternal Order of Police (FOP) (expires on 12/31/2015); Firefighters - Local 742 of the International Association of Firefighters (IAFF) (expires on 12/31/15); Police Sergeants - FOP (expires on 12/31/2015); 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 12/31/15).

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 ⁽¹⁾	2000 ⁽¹⁾
	Median Family <u>Income</u>	Median Family <u>Income</u>	Per Capita <u>Income</u>	Per Capita <u>Income</u>	Median Home <u>Value</u>	Median Home <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 ⁽¹⁾	\$ 366,400	\$ 290,800	\$ 244,400	\$ 157,700	\$ 191,800	\$ 130,800
Number of Single Family Homes ⁽¹⁾	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	31,934	100.00%

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 th grade	1,599	3.40%		
Total	47,326	100.00%		

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	37,184	100.00%

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>
2014	\$ 557,445,516
2013	262,464,798
2012	148,357,853
2011	181,371,826
2010	130,696,500

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

Principal Employers

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
Northwestern University	Higher education	9,534
NorthShore University HealthSystem	Administrative and general hospital	4,176
Community Consolidated School District 65	Public Schools (K through 8)	1,508
St. Francis Hospital	General hospital	1,105
City of Evanston	Local government	817
Presbyterian Homes/McGaw Care Center	Retirement/nursing homes	597
Evanston Township High School District 202	Public High School	574
Rotary International	Non-profit service organization	513
ZS Associates	Consulting Firm	346
C.E. Neihoff & Co.	Manufacturing	324

Source: City of Evanston CAFR for year ended December 31, 2014.

Industry

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

Unemployment

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

Average Unemployment Rates

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City of Evanston	8.60%	8.10%	7.50%	7.70%	6.00%
Cook County	10.90%	10.40%	9.60%	9.60%	7.40%
State of Illinois	10.40%	9.70%	8.90%	9.10%	7.10%

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 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. For the FY 2014 the City projects that 34.96% (\$89.0 million) of all City expenditures will occur in the General 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, 2013.

The City's financial statements are audited annually as required by State law. Baker Tilly Virchow Krause & Company, LLP, Certified Public Accountants, Oak Brook, Illinois, audited the financial statements for fiscal year ended December 31, 2014. Copies of the City's audited financial statements are available from the Administrative Services Department of the City. Excerpts of the audited financial statements for the fiscal year ended December 31, 2014, are included as APPENDIX A to this Official Statement. Baker Tilly Virchow Krause & Company, 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 \$9.8 million, and the home rule sales tax produced \$6.1 million for the fiscal year ended December 31, 2014. The State sales taxes payable to the City have grown at an average compound rate of approximately 1.6% between fiscal years ended February 28, 2005 and December 31, 2014.

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>
12/31/2014	\$ 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%
2/28/2006	5,611,780	0.32%	8,484,692	1.13%
2/28/2005	5,594,134	1.73%	8,389,985	5.90%

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>
12/31/2014	\$ 1,448,645
12/31/2013	1,422,673
12/31/2012	1,243,473
12/31/2011	944,157
2/28/2011	1,445,092

Utility Taxes

The City collects utility taxes on natural gas, electricity and telephone charges. Utility taxes generated \$7.7 million for the fiscal year ended December 31, 2014, which was essentially the same as the \$7.7 million for the fiscal year ended December 31, 2013.

FY 2014/ 2015 Budgets

Overview of Budget for Fiscal Year 2014 and 2015

The total budget of the City for the fiscal year ending December 31, 2015 is \$265.1 million. The General Fund portion of the total budget for fiscal year ending December 31, 2015 is \$91.4 million.

The total budget of the City for the fiscal year ended December 31, 2014 is \$254.6 million. The General Fund portion of the total budget for fiscal year ended December 31, 2014 is \$89.0 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, 2011 through December 31, 2014. 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, 2014 included as APPENDIX A of this Official Statement. Baker Tilly Virchow Krause & Company, LLP, Certified Public Accountants, have neither reviewed nor approved this summary.

General Fund Balance Sheet
Fiscal Years Ended

Assets:	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Cash and Investments	\$11,523,030	\$11,478,724	\$10,885,387	\$5,070,897
Property Taxes Receivable	16,641,472	12,281,386	12,031,386	11,387,119
Due From Other Governments	7,400,692	7,456,261	7,247,146	6,876,727
Due From Other Funds	810,429	596,303	3,029,567	3,868,070
All Other Assets	<u>2,290,681</u>	<u>2,308,521</u>	<u>2,983,910</u>	<u>3,454,712</u>
Total Assets	<u>38,666,304</u>	<u>34,121,195</u>	<u>36,177,396</u>	<u>30,657,525</u>
Liabilities:				
Vouchers Payable	1,720,394	1,334,732	1,760,323	2,245,334
Accrued Payroll	3,019,828	3,465,699	2,317,172	293,472
Compensated Absences Payable	60,117	828	207,027	302,311
Due To Other Funds/Governments	666,790	861,148	4,546,512	2,882,454
All Other Liabilities	<u>354,377</u>	<u>545,629</u>	<u>506,188</u>	<u>420,885</u>
Total Liabilities	5,821,506	6,208,036	9,337,222	6,144,456
Deferred Revenue	14,451,629	10,879,672	10,477,223	9,530,103
Fund Balances:				
Assigned	7,590,232	6,847,983	6,361,490	5,347,110
Unassigned	<u>10,802,937</u>	<u>10,185,504</u>	<u>10,001,461</u>	<u>9,635,856</u>
Total Fund Balance	<u>18,393,169</u>	<u>17,033,487</u>	<u>16,362,951</u>	<u>14,982,966</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$38,666,304</u>	<u>\$34,121,195</u>	<u>\$36,177,396</u>	<u>\$30,657,525</u>

Sources: City of Evanston, Illinois; CAFR for fiscal year ended 12/31/2011 through 12/31/2014.

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual (Budgetary Basis) 1
Fiscal Year Ended December 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Taxes	\$37,781,439	\$37,376,358	(\$405,081)
Licenses and Permits	12,616,032	14,503,168	1,887,136
Intergovernmental	17,545,442	17,964,980	419,538
Charges for Services	7,819,807	7,792,469	(27,338)
Fines	4,366,022	3,357,965	(1,008,057)
Investment Income	10,000	13,037	3,037
Miscellaneous	2,120,684	1,138,650	(982,034)
Total Revenues	<u>82,259,426</u>	<u>82,146,627</u>	<u>(112,799)</u>
Expenditures			
General Management and Support	11,774,101	11,642,286	131,815
Public Safety	42,232,574	43,013,173	(780,599)
Public Works	17,199,010	17,398,563	(199,553)
Health and Human Resources Development	3,985,904	3,836,705	149,199
Recreation and Cultural Opportunities	9,786,537	10,486,537	(700,000)
Housing and Economic Development	2,707,545	2,627,187	80,358
Total Expenditures	<u>87,685,671</u>	<u>89,004,451</u>	<u>(1,318,780)</u>
Excess / (Deficiency) of Revenues Over Expenditures	<u>(5,426,245)</u>	<u>(6,857,824)</u>	<u>(1,431,579)</u>
Other Financing Sources (Uses)			
Operating transfers in (out)			
West Evanston TIF	60,000	60,000	--
Motor Fuel Tax Fund	833,000	833,000	--
Economic Development Fund	452,707	452,707	--
Housing Fund	13,990	13,990	--
Washington National TIF Debt Service Fund	331,000	331,000	--
Howard Hartrey Debt Service	144,400	144,400	--
Southwest TIF I Debt Service Fund	29,500	29,500	--
NSP 2	30,000	46,779	16,779
Emergency Telephone System Fund	125,950	125,950	--
Parking Fund	869,242	869,242	--
Sewer Fund	145,044	145,044	--
Howard Ridge TIF	60,000	60,000	--
Capital Improvement Fund	(461,500)	(461,500)	--
Water Fund	3,369,559	3,369,559	--
Solid Waste	(1,055,967)	(1,055,967)	--
Debt Service Fund	(609,000)	(609,000)	--
	<u>4,337,925</u>	<u>4,354,704</u>	<u>16,779</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>(1,088,320)</u>	<u>(2,503,120)</u>	<u>(1,414,800)</u>
Fund Balance			
Beginning of Year		<u>26,709,639</u>	
End of Year		<u>\$24,206,519</u>	

(1) Reported on a budgetary (non-GAAP) basis. See APPENDIX A for further information.

Sources: City of Evanston, Illinois; CAFR for the fiscal year ended December 31, 2014.

**General Fund
Statement of Fund Operations
GAAP Basis ¹
Fiscal Years Ended**

Revenues:	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Taxes	\$30,242,619	\$35,987,699	\$38,709,390	\$38,222,153
Licenses and Permits	6,775,866	10,470,353	10,617,414	14,503,168
Intergovernmental	13,364,686	16,360,863	18,382,644	17,964,980
Charges for Services	6,283,196	7,328,037	7,722,937	7,792,469
Fines and Forfeits	3,279,785	3,470,107	3,448,523	3,357,965
Investment Income	2,073	7,169	26,907	13,037
Miscellaneous	3,276,503	2,470,868	1,418,949	1,138,650
Total	<u>63,224,728</u>	<u>76,095,096</u>	<u>80,326,764</u>	<u>82,992,422</u>
Expenditures:				
General Management and Support	11,774,893	12,437,192	14,147,518	11,642,286
Public Safety	31,367,067	38,606,997	40,650,660	43,013,173
Public Works	6,339,072	7,833,641	8,797,497	17,398,563
Health & Human Resource Dev.	2,887,812	3,200,052	3,601,469	3,836,705
Recreation & Cultural Opportunities	15,980,974	14,283,198	14,744,293	10,486,537
Housing & Economic Dev.	2,462,258	3,103,952	2,536,209	2,627,187
Debt Service - Principal	119,993	--	--	--
Debt Service - Interest	20,007	--	--	--
Total	<u>70,952,076</u>	<u>79,465,032</u>	<u>84,477,646</u>	<u>89,004,451</u>
Transfers In	4,793,745	6,848,283	6,826,313	7,233,511
Transfers Out	(676,980)	(4,838,029)	(3,345,967)	(2,601,467)
Fund Balance, Beginning of Year	<u>22,003,752</u>	<u>18,393,169</u>	<u>17,033,487</u>	<u>16,362,951</u>
Fund Balance, End of Year	<u>\$18,393,169</u>	<u>\$17,033,487</u>	<u>\$16,362,951</u>	<u>\$14,982,966</u>

Notes:

(1) General Fund operations are reported on a basis consistent with GAAP, and also on a budgetary (non-GAAP) basis. The City prepares the budget on a non-GAAP basis for the General, Special Revenue and Debt Service Funds; property taxes are recognized in the same accounting period as when the tax levy is adopted, even though the taxes are not collected until the following year, and encumbrances are treated as expenditures. This method is used to facilitate budgetary control. Under the GAAP basis, property tax revenues are recognized when both measurable and available. Encumbrances are not treated as expenditures. This table presents General Fund Operations on a GAAP basis.

Sources: City of Evanston, Illinois; CAFR for fiscal year ended 12/31/2011 through 12/13/2014.

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 ¹	\$68,241,712	\$144,657,092	\$76,415,380	47.17%
Police ¹	99,687,542	189,324,239	89,636,697	52.65%
IMRF ²	<u>86,088,419</u>	<u>101,823,526</u>	<u>15,735,107</u>	<u>84.55%</u>
All Funds Combined	<u>\$254,017,673</u>	<u>\$435,804,857</u>	<u>\$181,787,184</u>	<u>58.29%</u>

(1) Valuation date of 1/1/2014 (City of Evanston CAFR for year ended December 31, 2014)

(2) Valuation date of 12/31/2014 (City of Evanston CAFR for year ended December 31, 2014)

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					
<u>Date of Issue</u>	<u>Type of Obligation</u>	<u>Amount Issued</u>	<u>Final Maturity</u>	<u>Interest Rates Outstanding</u>	<u>Principal Outstanding</u>
07/19/2006	Bonds, Series 2006	\$ 10,290,000	12/01/2026	4.30% - 5.00%	\$ 9,180,000
12/28/2006	Ref. Bonds, Series 2006B	14,430,000	01/01/2023	4.00%	1,880,000
05/24/2007	Ref. Bonds, Series 2007	30,385,000	12/01/2027	4.00% - 5.50%	14,350,000
05/07/2008	Ref. Bonds, Series 2008A	3,800,000	12/01/2021	3.75% - 5.00%	2,420,000
05/07/2008	Ref. Bonds, Series 2008B	27,755,000	12/01/2018	3.75% - 5.00%	8,430,000
05/07/2008	Bonds, Series 2008C	12,395,000	12/01/2028	3.75% - 5.00%	9,655,000
12/10/2008	Ref. Bonds, Series 2008D	19,015,000	12/01/2016	4.00%	1,120,000
08/15/2010	Bonds, Series 2010A	6,500,000	12/01/2029	2.00% - 3.625%	5,350,000
08/15/2010	Taxable Bonds, Series 2010B	8,000,000	12/01/2019	2.10% - 3.30%	4,975,000
08/01/2011	Bonds, Series 2011A	19,240,000	12/01/2031	2.00% - 4.50%	15,215,000
07/26/2012	Bonds, Series 2012	15,720,000	12/01/2032	3.00% - 3.25%	12,795,000
08/15/2013	Bonds, Series 2013A	12,565,000	12/01/2033	2.00% - 4.75%	12,490,000
11/20/2013	Ref. Bonds, Series 2013B	28,875,000	12/01/2025	2.00% - 3.00%	26,385,000
08/21/2014	Bonds, Series 2014	12,045,000	12/01/2034	1.25% - 5.00%	12,045,000
	Existing Debt				\$ 136,290,000
11/10/2015	Bonds, Series 2015A	13,095,000	12/01/2035	2.00% - 4.00%	13,095,000
11/10/2015	Ref. Bonds, Series 2015B	11,075,000	12/01/2022	2.00% - 3.00%	11,075,000
	The Bonds				24,170,000
	Total				\$ 160,460,000

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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>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
12/31/2015	\$ 15,055,000	\$ 5,570,362	--	--	\$ 20,625,362
12/31/2016	13,175,000	4,480,069	\$ 1,445,000	\$ 743,254	19,843,323
12/31/2017	13,425,000	4,099,259	2,230,000	673,388	20,427,646
12/31/2018	11,895,000	3,633,041	2,040,000	623,988	18,192,029
12/31/2019	8,505,000	3,237,469	2,060,000	573,388	14,375,856
12/31/2020	7,460,000	2,939,376	2,290,000	521,988	13,211,364
12/31/2021	7,750,000	2,661,414	2,310,000	465,388	13,186,801
12/31/2022	7,390,000	2,365,039	2,305,000	407,988	12,468,026
12/31/2023	7,680,000	2,083,645	600,000	333,038	10,696,683
12/31/2024	6,885,000	1,788,833	625,000	309,038	9,607,870
12/31/2025	7,125,000	1,510,451	645,000	284,038	9,564,489
12/31/2026	6,115,000	1,211,351	645,000	258,238	8,229,589
12/31/2027	5,210,000	938,526	675,000	232,438	7,055,964
12/31/2028	4,270,000	723,926	700,000	205,438	5,899,364
12/31/2029	3,475,000	557,256	730,000	177,438	4,939,694
12/31/2030	3,105,000	424,981	750,000	155,538	4,435,519
12/31/2031	3,230,000	304,175	775,000	133,038	4,442,213
12/31/2032	2,115,000	175,900	795,000	108,819	3,194,719
12/31/2033	1,615,000	95,313	820,000	83,975	2,614,288
12/31/2034	810,000	28,350	850,000	57,325	1,745,675
12/31/2035	--	--	880,000	29,700	909,700
Total	136,290,000	38,828,736	24,170,000	6,377,436	205,666,171

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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>	
12/31/2015	\$ 15,055,000	\$ 5,570,362	(5,990,360)	(1,357,214)	\$ 13,277,788
12/31/2016	14,620,000	5,223,323	(5,430,080)	(1,298,373)	13,114,870
12/31/2017	15,655,000	4,772,646	(6,059,800)	(1,083,310)	13,284,536
12/31/2018	13,935,000	4,257,029	(5,104,520)	(819,727)	12,267,782
12/31/2019	10,565,000	3,810,856	(2,010,420)	(615,186)	11,750,251
12/31/2020	9,750,000	3,461,364	(917,500)	(544,110)	11,749,754
12/31/2021	10,060,000	3,126,801	(949,580)	(507,560)	11,729,662
12/31/2022	9,695,000	2,773,026	(977,840)	(468,356)	11,021,831
12/31/2023	8,280,000	2,416,683	(1,016,100)	(427,927)	9,252,656
12/31/2024	7,510,000	2,097,870	(1,034,360)	(386,003)	8,187,507
12/31/2025	7,770,000	1,794,489	(1,048,800)	(343,060)	8,172,629
12/31/2026	6,760,000	1,469,589	(1,033,240)	(299,270)	6,897,079
12/31/2027	5,885,000	1,170,964	(1,072,680)	(256,308)	5,726,976
12/31/2028	4,970,000	929,364	(1,048,300)	(214,674)	4,636,390
12/31/2029	4,205,000	734,694	(855,000)	(174,594)	3,910,100
12/31/2030	3,855,000	580,519	(885,000)	(147,444)	3,403,075
12/31/2031	4,005,000	437,213	(915,000)	(118,831)	3,408,381
12/31/2032	2,910,000	284,719	(945,000)	(88,044)	2,161,675
12/31/2033	2,435,000	179,288	(675,000)	(55,731)	1,883,556
12/31/2034	1,660,000	85,675	(555,000)	(31,169)	1,159,506
12/31/2035	880,000	29,700	(375,000)	(12,656)	522,044
Total	160,460,000	45,206,171	(38,898,580)	(9,249,545)	157,518,046

Overlapping Debt

Overlapping General Obligation Bonded Debt

(As of December 31, 2014)

<u>Taxing Body</u> ⁽¹⁾	<u>Outstanding Debt</u>	<u>Percent</u>	<u>Amount</u>
Cook County	\$ 3,578,276,750	1.75%	\$ 62,568,331
Cook County Forest Preserve District	118,610,000	1.75%	2,073,968
Metropolitan Water Reclamation District	2,422,620,000	1.78%	43,217,428
Skokie Park District	4,515,000	0.64%	28,972
Evanston Special Service Area Number 5	255,000	100.00%	255,000
Community Consolidated School District No. 65	73,939,213	90.16%	66,665,556
Township High School District No. 202	26,715,000	90.16%	24,086,953
Community College District No. 535	35,370,000	11.64%	4,118,445
Total Overlapping General Obligation Bonded Debt			\$ 203,014,652

Source: Cook County Clerk's Offices

⁽¹⁾ Does not include Alternate Revenue Bonds.

Debt Ratios

<u>Metric</u>	<u>Value</u>
True Value (2014)	\$ 6,733,709,925
EAV (2014)	2,244,569,975
Population (2010)	75,549
Direct Debt (Property Tax Supported)	\$ 121,561,420
Direct Debt (Supported by Other Sources)	38,898,580
Total Direct Debt	\$ 160,460,000
Total Overlapping Debt	\$ 203,014,652

<u>Debt Ratio</u>	<u>All General Obligation Debt</u>	<u>General Obligation Debt (Less Self Supporting Debt)</u>
Direct Debt Per True Value	2.38%	1.81%
Direct Debt Per EAV	7.15%	5.42%
Direct Debt Per Capita	\$ 2,124	\$ 1,609
Direct and Overlapping Debt Per True Value	5.40%	4.82%
Direct and Overlapping Debt Per EAV	16.19%	14.46%
Direct and Overlapping Debt Per Capita	\$ 4,811	\$ 4,296

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>
12/31/2014	\$ 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
2/28/2006	161,825,000	37,385,000	--	199,210,000
2/28/2005	147,045,000	43,655,000	--	190,700,000

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 next reassessment period is tax year 2016. The following table shows the City’s EAV in recent years. The taxes collected in 2014 were payable with respect to the EAV for tax year 2013. The EAV of property for tax year 2013 was approximately \$2.2 billion which does not include approximately \$162 million of EAV included in TIF districts (see “Tax Increment Financing” herein.)

Historic Equalized Assessed Valuation ⁽¹⁾

<u>Tax Year</u>	<u>Total</u>	<u>% Change</u>
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%
2005	2,242,753,022	7.02%

(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 ⁽¹⁾

	<u>2012</u>		<u>2013</u>		<u>2014</u>	
Residential	\$1,944,932,067	77.34%	\$1,653,524,481	75.10%	\$1,792,383,435	79.85%
Farm	15,956	0.00%	15,956	0.00%	15,467	0.00%
Commercial	462,671,239	18.40%	452,108,891	20.53%	416,165,953	18.54%
Industrial	106,007,084	4.22%	94,820,879	4.31%	34,726,327	1.55%
Railroad	995,206	0.04%	1,226,831	0.06%	1,278,793	0.06%
Total EAV	\$2,514,621,552	100.00%	\$2,201,697,038	100.00%	\$2,244,569,975	100.00%

(1) Does not include incremental EAV in redevelopment project areas. See “Tax Incremental Financing” below. The incremental 2014 EAV in redevelopment project areas was \$157,025,794.

* 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 2014 the City has designated six TIF areas. The total EAV increment of these areas for this tax year totaled \$157,025,794. The EAV for these areas at the time the areas were so designated (the base or “frozen” value) was \$99,927,882.

Equalized Assessed Valuation of Tax Increment Financing Areas

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Frozen Value	\$ 77,225,187	\$ 77,225,187	\$ 77,225,187	\$ 99,531,184	\$ 99,927,882
Incremental	<u>116,885,444</u>	<u>90,332,486</u>	<u>74,957,701</u>	<u>63,217,143</u>	<u>57,097,912</u>
TOTAL EAV	\$194,110,631	\$167,557,673	\$152,182,888	\$162,748,327	\$157,025,794

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>	Taxes		<u>Percent Collected</u>
		<u>Extended</u>	<u>Collected and Distributed</u>	
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%
2005	2006	33,423,311	32,550,464	97.39%
2004	2005	32,100,657	30,991,234	96.54%

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>2013 Equalized Assessed Values</u>	<u>Percentage of Total City EAV</u>
Rotary International	Non-profit organization	\$ 25,119,560	1.14%
FSP 909 Davis Street	Commercial buildings	20,171,381	0.92%
Lowe Enterprises	Commercial Building	19,842,592	0.90%
Church St. Plaza	Commercial, retail	15,297,739	0.69%
Inland	Commercial, retail	14,032,720	0.64%
Omni Orrington Hotel	Hotel	12,188,009	0.55%
North Shore University Health	Commercial buildings	11,529,496	0.52%
TIAA Pk Evanston Inc	Commercial buildings	10,676,164	0.48%
Cambridge Realty Group	Commercial buildings	9,571,831	0.43%
New Albertson's LLC	Commercial, retail	9,422,663	0.43%
Top Ten Total		<u>\$ 147,852,156</u>	<u>6.72%</u>
City Total 2013 EAV		<u>2,201,697,038</u>	

Source: City of Evanston CAFR for fiscal year ended December 31, 2014.

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Corporate	\$ 0.4763	\$ 0.4995	\$ 0.3887	\$ 0.4351	\$ 0.3939
Bond & Interest	0.3625	0.4439	0.4788	0.5468	0.5298
Police Pension	0.2495	0.3067	0.3274	0.3740	0.3810
Fire Pension	0.2032	0.2289	0.2460	0.2809	0.2756
IMRF	0.0722	0.1122	0.1097	0.1225	0.1238
General Assistance	--	--	--	--	0.0613
TOTAL	\$ 1.3637	\$ 1.5912	\$ 1.5506	\$ 1.7593	\$ 1.7654

Tax Rates for Overlapping Taxing Agencies
(Taxes Billed in 2014 – Per \$1,000 EAV)

<u>Taxing Agency</u>	<u>2014 Rate</u>
City of Evanston	\$ 1.766
Cook County	0.568
Cook County Forest Preserve District	0.069
Consolidated Elections	--
City of Evanston Library Fund	0.265
Elementary School District No. 65	3.683
Evanston Township High School District No. 202	2.695
Oakton Community College District No. 535	0.258
Metropolitan Water Reclamation District	0.430
North Shore Mosquito Abatement District	0.011
Total - property not in park or special purpose district	\$ 9.745

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 2010 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 first installment penalty date has been the first business day in March for each of the last ten years. However, for 2010, the first installment penalty date was established as April 1 by statute. The following table sets forth the second installment penalty date for the last ten tax levy years in the County.

<u>Tax Levy Year</u>	<u>Second Installment Penalty Date</u>
2005	September 1, 2006
2006	December 3, 2007
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

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. In the future, the County may provide for tax bills to be payable in four installments instead of two.

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.

Within 90 days following the second installment due date, 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 a 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.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the 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 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 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 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 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 corporate regular 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 Bonds.

Ownership of the 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 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity within each series of the Bonds is the price at which a substantial amount of such series and maturity of the Bonds is first sold to the public. The Issue Price of a series and maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of one of the series of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such series and 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 Issue Price for such series and 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 Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a 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 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 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a 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 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 Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 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 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 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 Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the 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 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 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 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 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.

The interest on the Bonds is not exempt from present Illinois income taxes. Ownership of the 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 Bonds. Prospective purchasers of the 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 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.

BOND RATINGS

The Bonds are rated “Aa1” 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 October 21, 2015.

J.P. Morgan Securities LLC 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 \$13,740,023.94 (consisting of the par amount of the Series A Bonds, plus a net original issue premium of \$746,602.80, less an underwriter's discount of \$101,578.86), plus accrued interest, if any.

Robert W. Baird & Co., 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 \$11,382,043.10 (consisting of the par amount of the Series B Bonds, plus an original issue premium of \$362,986.25, less an underwriter's discount of \$55,943.15), plus accrued interest, if any.

The Bonds will be offered at the respective initial public offering prices which produce the yields shown on the inside cover page of this Official Statement. After the Bonds are released for sale to the public, the initial public offering prices and other selling terms may from time to time be varied by the underwriters.

LITIGATION

The City is subject from time to time to litigation in the ordinary course of its activities, including land use issues, employment and traffic accidents, among other matters.

There is no controversy or litigation of any nature now pending or, to the knowledge of the City, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the levy and collection of taxes to pay the debt service on the Bonds; or questioning the proceedings or authority pursuant to which the Bonds are issued and taxes levied; or questioning or relating to the validity of the Bonds, or contesting the corporate existence of the City or the titles of its present officers to their respective offices.

FINANCIAL ADVISORS

The City has engaged Public Financial Management, Inc. and Independent Public Advisors, LLC (the “Financial Advisors”) in connection with the City’s issuance and sale of the Bonds. Under the terms of their engagement, the Financial Advisors are not obligated to undertake any independent verification of or assume any responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the “Bond Counsel”), who has been retained by, and acts as, Bond Counsel to the City. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the City, reviewed the information under the captions

**CITY OF EVANSTON ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDING DECEMBER 31, 2014
(EXCERPTS)**

The Auditor was not asked to perform any additional review in connection with this Official Statement

CITY OF EVANSTON, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2014

Prepared by Administrative Services Department

CITY OF EVANSTON, ILLINOIS

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INTRODUCTORY SECTION

CITY OF EVANSTON, ILLINOIS

Principal Officials
December 31, 2014

LEGISLATIVE

CITY COUNCIL

Elizabeth B. Tisdahl, Mayor

Judy Fiske

Delores A. Holmes

Peter Braithwaite

Mark Tendam

Melissa A. Wynne

Jane Grover

Donald N. Wilson

Ann Rainey

Coleen Burrus

EXECUTIVE

Wally Bobkiewicz, City Manager

Martin Lyons, Assistant City Manager / Treasurer

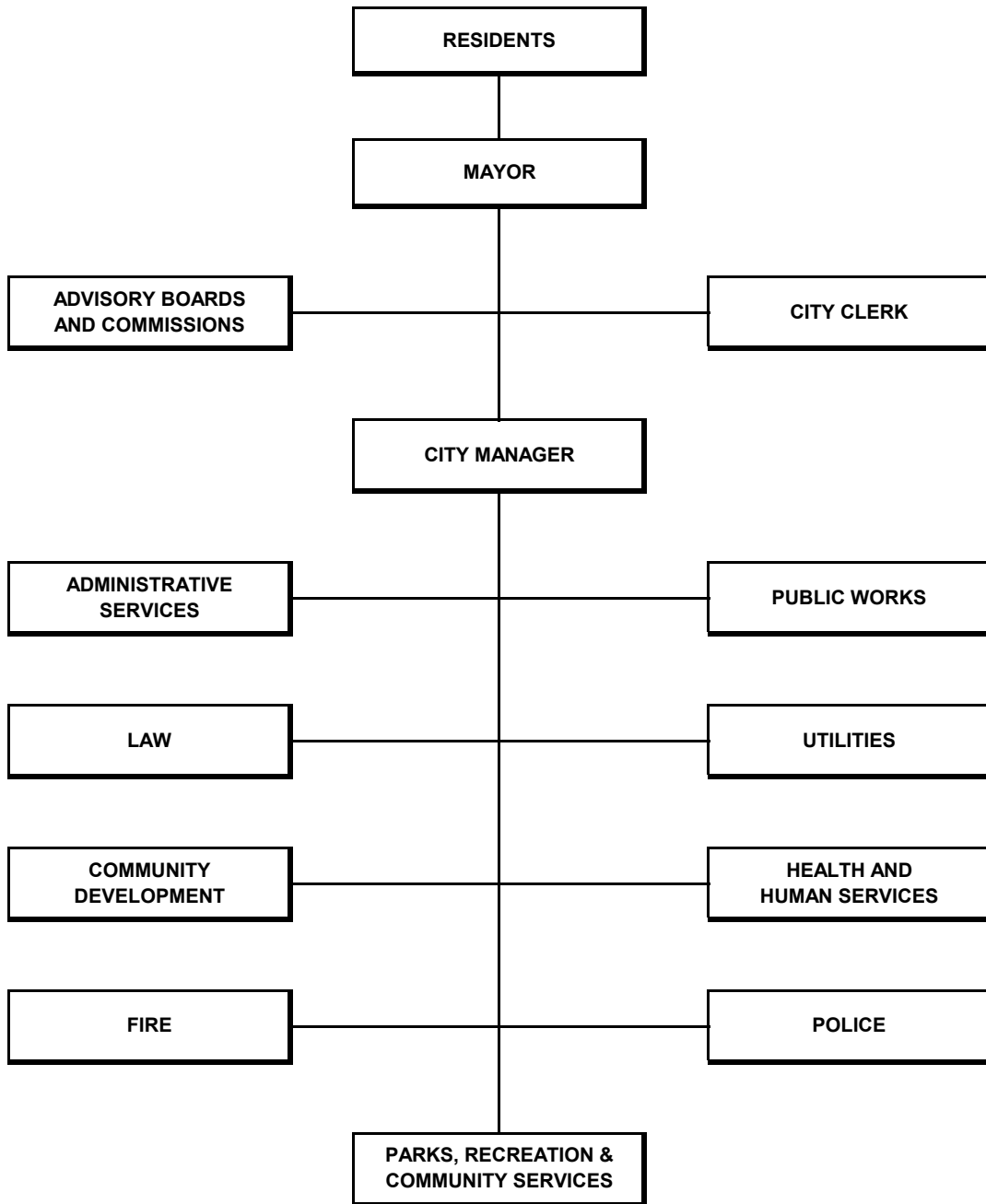
**ADMINISTRATIVE SERVICES DEPARTMENT
FINANCE DIVISION**

Martin Lyons, Assistant City Manager / Treasurer

Ashley King, Assistant Director

David Meimers, Accounting Manager / Controller

**CITY OF EVANSTON
ORGANIZATION CHART**





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July 23, 2015

The Honorable Mayor Elizabeth B. Tisdahl,
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, 2014 is hereby submitted. The CAFR is prepared by the City's Administrative Services Department 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 present fairly 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, 2014 to December 31, 2014. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City 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 units, Evanston Township and Library. The Evanston Township Board of Trustees has the same members as the City Council. The financial statements of Evanston Township include the numbers for 4 months (01/01/2014-04/30/2014). The Township Board of Trustees passed an ordinance dissolving the Township effective as of May 1, 2014. The City has taken over the functions of the Township as of this date.

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 Baker Tilly Virchow Krause, 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, 2014, 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, 2014, 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, an urban center, and lakefront; it has apartment, condominium, 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 was established with the City of Chicago and the present City limits, encompassing an area of approximately eight square miles, have been essentially the same ever since. The City has four miles of shoreline along Lake Michigan.

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. 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 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 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 eleven departments. The Assistant City Manager acts as Chief Financial Officer/Treasurer and is responsible for the central financial and administrative 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 2015 began on January 1, 2015. The City Manager submitted to the City Council a proposed operating budget in October for the fiscal year 2015 commencing the following January 1. The City staff will start a budget process for fiscal year 2016 in July 2015. The Council is expected to adopt the budget by November, 2015.

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 of the City (CAFR) presents expenditures and revenues on both a GAAP basis and a budgetary basis for comparison.

The City uses funds 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. 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 2015, the City projects that 34.45% (\$91 million-including transfers) of all City expenditures will occur in the General Fund. Other major funds include the Capital Improvement, Employer Pension Contribution, 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/deferred outflows of resources, liabilities/deferred inflows of resources, fund equity, revenues, and expenditures, as appropriate.

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

MAJOR INITIATIVES – FISCAL YEAR 2015

The City Manager's Office will: partner with Pace on bus market analysis and pilot project to develop an integrated pilot that offers transportation and City services to seniors via Ventra; work with City business stakeholders to develop more promotion of transit via real-time transit screen and other tools with a focus on the Purple Line Express; and finalize painting and beautification leases for viaducts and surrounding tracks with Union Pacific. The department will develop, in conjunction with Public Works, Sustainability, and EPD, a bike education and awareness outreach campaign to support the Bike Plan and advance funding options for multi-modal transportation – Divvy Bike Share, transit amenities, and other bike infrastructure – through local partnerships, i.e., Northwestern University, Evanston Hospital, St. Francis Hospital and other major employers

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 analyze and evaluate new risk management strategies for City departments.

The Administrative Services Department will: initiate a potential restructuring within the Accounting Division to properly align the Collection, Tax Assessment Review and General Assistance functions; complete installation of a new Parking Access and Revenue Control System (PARCS) in the three downtown parking garages with an RFP to select a vendor to manage the downtown parking garage and an RFP and select a vendor to update the security cameras in the downtown parking Garages. Parking will also install six electric vehicle charging stations in the Sherman parking garage. The City's new financial software will continue to be installed and implemented as well as 150 additional figural desktops and additional network storage.

The Community Development Department will: Continue neighborhood revitalization and affordable housing. The department will continue to have a special emphasis on the multi-family rehab program and acquisition and rehab of foreclosed properties as part of housing activity. The department will continue the improvements to the PAL Permit System.

The Police Department will: Continue to purchase new cameras and related equipment for use within the Evanston community. The Police department continues to play a central role in the continued success of 311 Center.

The Fire Department will: offer Community Emergency Response Team (CERT) training courses and provide advanced Cardiac Life Support training to all paramedics. The Department will offer a citizens fire academy, and offer Shift Chief and Fire Captain promotional exams. The Department will continue to spearhead the continuity of city business operations planning, which is a citywide initiative.

The Health and Human Services Department will: develop targeted program to address the condition of rental housing by using a three-pronged approach focusing on inspections, education, and licensing. The Department will initiate a pilot program to address asthma in school-aged children and prepare for national accreditation through the Public Health Accreditation Board.

The Public Works Department will: Undertake major Public Right of Way improvements including Bike plan update, citywide sidewalk replacement, citywide traffic calming, Dempster street signal modernization, Emerson-Ridge-Green Bay Construction, and water main replacements. The department will also focus on Civic Center Security Improvements and the Fountain Square design. The Department will continue to work closely with all local, state, and federal agencies involved with the control of the Emerald Ash Borer (EAB). Staff will continue to investigate the feasibility of attracting research institutions and/or companies to Evanston to aid in possible curative measures being experimented with and implemented, as well as to locate and apply for any grant funds available for tree removals or planting to replace those being lost due to EAB. The Public Works Department will develop an implementation schedule for the replacement of Park trees within one year of removal to improve park property aesthetics and continue the three-year cycle of elm injections using both City employees as well as an outside contractor every third year and evaluate the success of the program overall, which currently stands at just less than 99%

The Parks, Recreation and Community Services will: Promote the “Age Friendly Evanston” to provide a system to educate, encourage, promote, and recognize improvements to make Evanston more user friendly for residents of all ages. The department will conduct an assessment of all boards and committees for seniors to evaluate efficiencies, enrich senior health and wellness program and increase

participation in the various city programs. The department will enhance community participation by offering enrichment programs geared specifically to middle and elementary school students at the Robert Crown Center and Fleetwood-Jourdain Center on a periodic, after-school basis, collaborate with the Library staff to conduct reading programs, create a home-school science curriculum, develop new programs that will utilize all aspects of nature at the Ecology Center, Ladd Arboretum, Lovelace Park, Lighthouse Landing, Fog Houses and the canal, and increase the number of residents participating in Ecology Center programming and through mobile workshops.

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: Continue to work with City Council members, the City Manager, Library Director, and Library Board to develop partnerships with schools, community organizations, businesses; continue to implement goals and objectives of strategic plan; continue to participate in EDGE initiative, expand summer reading program, develop significant new revenue sources through grants and fundraising and make investments in diverse and balanced collections.

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 majority of the sectors which trickled down to local economy in terms of some of the major revenues reporting moderate to huge increase compared to the FY 2012. Most of the economically sensitive revenues such as Sales Tax, Use Tax, Income Tax and Real Estate Transfer Tax revenues were higher than budgeted revenues. Besides these, Building Permits, Parking Tax, Athletic Tax revenues were also higher than budgeted revenues. But, Electric Utility Tax, Gas Utility Tax, Telecommunication Tax, Liquor Tax and local Motor Fuel Tax were lower than budgeted revenues. The City's FY2014 budget reflects the positive economic trends in major revenues.

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, 2013. 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 2014 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 David Meimers, Accounting Manager/Controller, and accountants Raye Janousek, Rom Chmara and Andy Villamin in preparing the financial statements. Appreciation is also extended to all other Administrative Services Department 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



Government Finance Officers Association

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

Presented to

**City of Evanston
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



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Oak Brook, IL 60523-3389
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INDEPENDENT AUDITORS' REPORT

To the Honorable Elizabeth B. Tisdahl, Mayor and
Members of the City Council
City of Evanston
Evanston, Illinois

Report on the Financial Statements

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, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Evanston'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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 over financial reporting relevant to the City of Evanston'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 of Evanston'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.

To the Honorable Elizabeth B. Tisdahl, Mayor and
Members of the City Council
City of Evanston

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, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the City of Evanston adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, effective January 1, 2014. Our opinions are 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 required supplementary information as listed in the table of contents 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.

Supplementary Information

Our audit for the year ended December 31, 2014 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Evanston's basic financial statements. The combining and individual fund statements and schedules for the year ended December 31, 2014 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2014, 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 combining and individual fund statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2014.

To the Honorable Elizabeth B. Tisdahl, Mayor and
Members of the City Council
City of Evanston

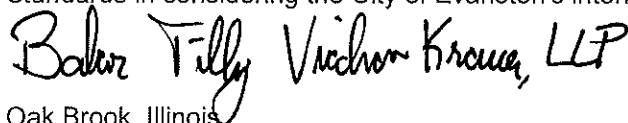
We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Evanston as of and for the year ended December 31, 2013 (not presented herein), and have issued our report thereon dated July 2, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The combining and individual fund statements and schedules for the year ended December 31, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2013.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Evanston's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated July 23, 2015 on our consideration of the City of Evanston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Evanston's internal control over financial reporting and compliance.



Oak Brook, Illinois
July 23, 2015

REQUIRED SUPPLEMENTARY INFORMATION



MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014

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

- A. The City's net position increased by \$7,710,040 or 2.4% from the prior fiscal year reported. The governmental net position increased by \$2,555,521 or 4.4% from prior period and the business-type activities net position increased by \$5,154,519 or 1.9% from prior period.
- B. The governmental activities revenue decreased by \$218,425 or 0.2% from the prior period. The expenses increased by \$5,811,938 or 4.8%.
- C. The business-type activities revenue decreased by \$1,238,921 or 3.2%. The expenses increased by \$38,967 or 0.1% from the prior period.
- D. The total cost of all City programs increased by \$5,850,905 or 3.8%.

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 32 - 35 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 36 - 37 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 39 - 43 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 44 - 45 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 46 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 110 - 119 of this report.

Major funds and component units are reported in the basic financial statements, as discussed. Combining statements, individual statements and schedules for non- major and internal service funds are presented in a subsequent section of this report beginning on page 120. Additional information on capital assets and long-term debt can be found on page 70 and 81 respectively.

Financial Analysis of the City as a Whole

The City's combined net position increased by \$7,710,040 from \$323,526,693 to \$331,236,733.

STATEMENT OF POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 109,886,723	\$ 106,810,289	\$ 29,651,641	\$ 31,527,870	\$ 139,538,364	\$ 138,338,159
Capital Assets	161,799,582	164,970,987	335,464,928	335,464,132	497,264,510	500,435,119
Total Assets	<u>271,686,305</u>	<u>271,781,276</u>	<u>365,116,569</u>	<u>366,992,002</u>	<u>636,802,874</u>	<u>638,773,278</u>
Long-Term Liabilities	160,830,581	162,222,400	91,098,072	98,233,760	251,928,653	260,456,160
Other Liabilities	9,969,905	10,645,254	3,424,806	3,319,070	13,394,711	13,964,324
Total Liabilities	<u>170,800,486</u>	<u>172,867,654</u>	<u>94,522,878</u>	<u>101,552,830</u>	<u>265,323,364</u>	<u>274,420,484</u>
Deferred Inflows	40,242,777	40,826,101	-	-	40,242,777	40,826,101
Net Investment in Capital Assets	46,633,381	47,213,819	246,381,653	239,243,154	293,015,034	286,456,973
Restricted	25,297,880	24,719,778	649,352	711,672	25,947,232	25,431,450
Unrestricted (Deficit)	(11,288,219)	(13,846,076)	23,562,686	25,484,346	12,274,467	11,638,270
Total Net Position	<u>\$ 60,643,042</u>	<u>\$ 58,087,521</u>	<u>\$ 270,593,691</u>	<u>\$ 265,439,172</u>	<u>\$ 331,236,733</u>	<u>\$ 323,526,693</u>

The City's increase in Net Position principally comes from the reduction of Long-Term Liabilities of \$8,527,507.

The City's total revenues decreased by \$1,457,346 or 0.9%. The City's total expenses for all programs increased by \$5,850,905 or 3.8%. Business-type activity revenues decreased by \$1,238,921 in the current fiscal period mainly due to a decrease in charges for services. Business-type activity expenses increased by \$38,967, while Governmental activity expense experienced an increase of \$5,811,938.

Governmental Funds: The governmental activities experienced an increase of \$2,555,521 in the net position balance. This is primarily due to net revenues of \$1,945,655 and a transfer in of \$609,866 from business activities to the government fund.

Business Funds: The business-type activities experienced an increase of \$5,154,519 in the net position balance primarily due to the operating surplus in the Sewer Fund in the amount of \$7,170,202.

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

	STATEMENT OF CHANGES IN NET POSITION					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue						
Program Revenues:						
Charges for services	\$ 29,987,632	\$ 26,331,524	\$ 37,888,383	\$ 38,073,814	\$ 67,876,015	\$ 64,405,338
Operating grants and contributions	7,151,449	10,102,441	14,557	939,145	7,166,006	11,041,586
Capital grants and contributions	500,089	2,956,037	-	-	500,089	2,956,037
General Revenues:						
Sales taxes	17,361,749	16,965,296	-	-	17,361,749	16,965,296
Property taxes	48,579,267	46,349,104	-	-	48,579,267	46,349,104
Utility taxes	7,677,852	7,690,177	-	-	7,677,852	7,690,177
Income taxes	7,053,978	7,182,793	-	-	7,053,978	7,182,793
Other	11,879,452	12,495,571	-	(60,762)	11,879,452	12,434,809
Investment income	(257,657)	79,293	(156,318)	33,346	(413,975)	112,639
Total Revenue	<u>129,933,811</u>	<u>130,152,236</u>	<u>37,746,622</u>	<u>38,985,543</u>	<u>167,680,433</u>	<u>169,137,779</u>
Expenses						
General management and support	13,811,748	18,892,279	-	-	13,811,748	18,892,279
Public safety	58,794,752	57,089,557	-	-	58,794,752	57,089,557
Public works	25,824,781	13,782,175	-	-	25,824,781	13,782,175
Health and human resources development	3,836,705	3,601,469	-	-	3,836,705	3,601,469
Recreation and cultural opportunities	12,443,348	16,432,540	-	-	12,443,348	16,432,540
Housing and economic development	9,357,861	11,123,338	-	-	9,357,861	11,123,338
Interest	3,918,961	1,254,860	-	-	3,918,961	1,254,860
Water	-	-	11,977,496	11,193,186	11,977,496	11,193,186
Sewer	-	-	7,293,022	7,648,520	7,293,022	7,648,520
Solid Waste	-	-	4,855,695	4,732,455	4,855,695	4,732,455
Motor vehicle parking system	-	-	7,856,024	8,369,109	7,856,024	8,369,109
Total Expense	<u>127,988,156</u>	<u>122,176,218</u>	<u>31,982,237</u>	<u>31,943,270</u>	<u>159,970,393</u>	<u>154,119,488</u>
Increase (decrease) in net position before transfers	1,945,655	7,976,018	5,764,385	7,042,273	7,710,040	15,018,291
Transfers	609,866	(2,586,402)	(609,866)	2,586,402	-	-
Increase/(Decrease) in Net Position	2,555,521	5,389,616	5,154,519	9,628,675	7,710,040	15,018,291
Net Position - Beginning	58,087,521	52,697,905	265,439,172	255,810,497	323,526,693	308,508,402
Net Position - Ending	<u>\$ 60,643,042</u>	<u>\$ 58,087,521</u>	<u>\$ 270,593,691</u>	<u>\$ 265,439,172</u>	<u>\$ 331,236,733</u>	<u>\$ 323,526,693</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 \$56,269,699 as of December 31, 2014 which includes \$26,002,441 restricted, \$1,430,263 non-spendable, \$3,540,470 committed, \$15,814,034 assigned and \$9,482,491 unassigned fund balance. The restricted fund balance consists of amounts required to be set aside by external authorities.

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 a decrease of \$1,379,985. Excess of expenditures over revenues in the amount of \$6,012,029 was partially offset by inter-fund transfers to the General Fund. Some of the revenue categories that came in above budget include the Personal Property Replacement Tax, State Use Tax, Athletic Contest tax, Liquor Tax, and Parking Tax. Conversely, Real Estate Transfer Tax, Property Tax, Utility Tax and Parking Ticket Fines were lower than budgeted. Many of the departments spent less than their budget while Police, Fire, Public Works, and Parks and Recreation were over budget in their expenditures. Overall, the General Fund expenditures were higher than the 2014 Adopted Budget.

The Capital Improvements Fund accounts for the City's governmental funds capital improvement program. The program includes improvements to public buildings, paving of city streets, improvement and development of recreation facilities and other major improvements. The fund balance of the Capital Improvements Fund increased by \$1,870,927 from \$6,299,999 to \$8,170,926. The primary driver in the increase in fund balance was remaining proceeds from the issuance of debt in the amount of \$8,895,000 offset by expenditures of \$7,934,280.

The fund balance of the General Obligation Debt Fund had a nominal increase of \$421,096, from \$3,375,691 to \$3,796,787.

The Employer Pension Contribution Fund is used to account for the recognition of applicable tax revenues and employer contributions to the Pension Trust Funds. These contributions represent the City's pension expense for police and firefighters. This fund continues to be reported as a major fund.

Combined Non-Major Governmental Funds

Combined non-major fund balances totaled \$29,319,020, an increase of \$1,498,831 from prior period of \$27,820,189. Non-major funds with surpluses for the fiscal year include Motor Fuel, Economic Development, Neighborhood Improvement, Affordable Housing, Home Fund, Community Development Block Grant, Southwest TIF, Washington National TIF and Special Assessment Capital Project Fund. Non-major funds with deficits for the period include Emergency Telephone System, Community Development Loan, SSD #4, Town, General Assistance, SSD #5, Howard Hartrey TIF, Howard Ridge TIF and West Evanston TIF. Although each fund varies, the Howard Ridge, Howard Hartrey, and West Evanston funds all had planned deficits for the purposes of capital improvements and development activities.

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 \$5,154,519 in the net position. The Sewer Fund reported the highest increase in the amount of \$5,142,936. This increase is mainly due to the operating surplus and reduced debt service expense. The Solid Waste and Parking Fund added \$171,485 and \$182,877 respectively to the net position during the year, offset by a decrease in the Water Fund of \$342,779. 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 increased by \$1,054,601 from \$5,012,244 as of December 31, 2013 to \$6,066,845 as of December 31, 2014. Fleet Fund and Equipment Replacement reported a combined net increase in net position of \$708,865. The net deficit in the Insurance Fund decreased by \$345,736 mainly due to reduction of potential claim liabilities.

General Fund Budgetary Highlights

Total budgetary revenues for the General Fund were \$82,146,627 while total expenditures were \$89,004,451. Overall General Fund revenue came in slightly lower than budget by \$112,799. Total expenditures in the General Fund were higher than budgeted amounts by \$1,318,780. The actual net deficiency of \$6,857,824 was offset by \$4,354,704 in net transfers in from other funds.

Capital Assets

The City's Capital Asset policy includes capitalizing equipment and vehicles with \$20,000 or more in value and infrastructure and building improvements with \$100,000 or more in value. The City's capital assets (net of depreciation) for governmental and business-type activities as of December 31, 2014, were \$497,264,510. The governmental funds capital assets had a net decrease of \$3,171,405, while business type capital assets increased by \$796. Overall, capital assets decreased by 0.6% for the City as a whole. The net decrease in governmental funds capital assets were principally due to the provision of depreciation for the year. Readers desiring more detailed information on capital asset activity should refer to Note 6 in the Notes to the Financial Statements.

Long-Term Debt

As of December 31, 2014, the City had outstanding total general obligation bonded debt of \$146,624,679 of which \$29,787,840 was for business type activities to be paid for by the City's Parking, Water, Solid Waste and Sewer Funds. The City's general obligation debt service principal payments for 2014 totaled \$13,363,190. During the current year, the City issued \$12,045,000 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 9 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, Building Permits and Real Estate Transfer Tax came in higher than budgeted revenues while Utility Taxes and local Motor Fuel Tax were below budget.

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. Due to the high number of nonprofit organizations which make a large portion of Evanston's workforce, the City has been somewhat insulated from the previous year's economic downturn in employment areas. The City's equalized assessed value for real property increased by 2% as provided by the County of Cook Assessor's Office.

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 Administrative Services Department at the City of Evanston, 2100 Ridge Avenue, Evanston, Illinois 60201, Telephone 847-866-2934, or access the website at www.cityofevanston.org.

BASIC FINANCIAL STATEMENTS

CITY OF EVANSTON, ILLINOIS

Statement of Net Position

As of December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Evanston Public Library
Cash and equivalents	\$ 36,772,733	\$ 24,032,233	\$ 60,804,966	\$ 1,578,810
Investments	363,495	-	363,495	3,451,820
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	46,096,546	-	46,096,546	6,418,643
Accounts	-	5,412,140	5,412,140	-
Notes	8,508,612	-	8,508,612	-
Special assessments	425,314	-	425,314	-
Accrued interest	-	-	-	8,741
Other	3,824,952	640,950	4,465,902	-
Due from other governments	7,740,972	-	7,740,972	-
Due from component units	424,983	-	424,983	-
Internal balances	1,968,615	(1,968,615)	-	-
Inventories	751,148	656,581	1,407,729	-
Restricted assets				
Cash and equivalents and investments	384,781	649,352	1,034,133	-
Prepaid items	2,447,074	-	2,447,074	-
Other assets	177,498	229,000	406,498	-
Capital assets				
Capital assets not being depreciated	26,062,940	7,467,335	33,530,275	311,380
Capital assets (net of accumulated depreciation)	135,736,642	327,997,593	463,734,235	12,993,557
Total Assets	271,686,305	365,116,569	636,802,874	24,762,951

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Evanston Public Library
Vouchers payable	\$ 5,500,250	\$ 2,989,958	\$ 8,490,208	\$ 93,554
Accrued payroll	293,472	-	293,472	-
Interest payable	704,561	42,955	747,516	-
Other payables	310,816	160	310,976	14,536
Due to other governments	836,621	-	836,621	424,983
Pension contribution payable	2,324,185	-	2,324,185	-
Payable from restricted assets				
Interest payable	-	391,733	391,733	-
Noncurrent liabilities				
Payable from restricted assets - due				
within one year	-	8,091,654	8,091,654	-
Due within one year	16,101,946	4,262,293	20,364,239	658,360
Due in more than one year	144,728,635	78,744,125	223,472,760	2,275,156
Total Liabilities	170,800,486	94,522,878	265,323,364	3,466,589
Deferred Inflows of Resources - Property tax	40,242,777	-	40,242,777	5,531,644
Net Investment in Capital Assets	46,633,381	246,381,653	293,015,034	13,304,937
Restricted				
Highway maintenance	1,780,031	-	1,780,031	-
Emergency telephone system	908,353	-	908,353	-
HUD approved projects	7,115,642	-	7,115,642	-
Neighborhood improvements	2,716,835	-	2,716,835	-
Debt service	12,209,139	-	12,209,139	-
General assistance	183,099	-	183,099	-
Capital improvements	-	400,000	400,000	-
Impaired investment	384,781	249,352	634,133	-
Unrestricted (deficit)	(11,288,219)	23,562,686	12,274,467	2,459,781
Total Net Position	\$ 60,643,042	\$ 270,593,691	\$ 331,236,733	\$ 15,764,718

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Statement of Activities

For the Fiscal Year ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General management and support	\$ 13,811,748	\$ 9,374,387	\$ 1,962	\$ 107
Public safety	58,794,752	1,686,319	27,580	99
Public works	25,824,781	377,004	2,260,211	42
Health and human resource development	3,836,705	1,453,503	1,034,144	-
Recreation and cultural opportunities	12,443,348	5,360,408	-	-
Housing and economic development	9,357,861	11,736,011	3,827,552	499,841
Interest	3,918,961	-	-	-
Total governmental activities	127,988,156	29,987,632	7,151,449	500,089
Business-type activities:				
Water	11,977,496	15,051,732	14,557	-
Sewer	7,293,022	12,785,065	-	-
Solid Waste	4,855,695	3,971,213	-	-
Motor vehicle parking system	7,856,024	6,080,373	-	-
Total business-type activities	31,982,237	37,888,383	14,557	-
Total primary government activities	\$ 159,970,393	\$ 67,876,015	\$ 7,166,006	\$ 500,089
Evanston Public Library:				
General management and support	6,140,751	830,326	-	-
Interest	748,521	-	-	-
Total Evanston Public Library	\$ 6,889,272	\$ 830,326	\$ -	\$ -
Total	\$ 166,859,665	\$ 68,706,341	\$ 7,166,006	\$ 500,089

General revenues:
 Property tax
 Other taxes
 Personal property replacement tax
 Sales and home rule tax
 Income tax
 Utility tax
 Liquor Tax
 Parking Tax
 Real Estate Transfer Tax
 Miscellaneous
 Investment income
 Transfers

Total general revenues and transfers

Change in Net Position

Net Position - beginning

Net Position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total Primary Government	Evanston Public Library
\$ (4,435,292)	\$ -	\$ (4,435,292)	\$ -
(57,080,754)	-	(57,080,754)	-
(23,187,524)	-	(23,187,524)	-
(1,349,058)	-	(1,349,058)	-
(7,082,940)	-	(7,082,940)	-
6,705,543	-	6,705,543	-
(3,918,961)	-	(3,918,961)	-
(90,348,986)	-	(90,348,986)	-
-	3,088,793	3,088,793	-
-	5,492,043	5,492,043	-
-	(884,482)	(884,482)	-
-	(1,775,651)	(1,775,651)	-
-	5,920,703	5,920,703	-
\$ (90,348,986)	\$ 5,920,703	\$ (84,428,283)	\$ -
-	-	-	(5,310,425)
-	-	-	(748,521)
\$ -	\$ -	\$ -	\$ (6,058,946)
(90,348,986)	5,920,703	(84,428,283)	(6,058,946)
48,579,267	-	48,579,267	6,198,863
2,025,374	-	2,025,374	-
1,415,614	-	1,415,614	-
17,361,749	-	17,361,749	-
7,053,978	-	7,053,978	-
7,677,852	-	7,677,852	-
2,665,447	-	2,665,447	-
2,565,189	-	2,565,189	-
2,543,056	-	2,543,056	-
664,772	-	664,772	919
(257,657)	(156,318)	(413,975)	353,383
609,866	(609,866)	-	-
92,904,507	(766,184)	92,138,323	6,553,165
2,555,521	5,154,519	7,710,040	494,219
58,087,521	265,439,172	323,526,693	15,270,499
\$ 60,643,042	\$ 270,593,691	\$ 331,236,733	\$ 15,764,718

CITY OF EVANSTON, ILLINOIS

Governmental Funds

Balance Sheet
As of December 31, 2014

	General	Capital Improvements	General Obligation Debt	Employer Pension Contribution	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and equivalents	\$ 5,070,897	\$ 10,195,921	\$ 449,299	\$ -	\$ 19,806,597	\$ 35,522,714
Restricted Cash	-	219,021	14,513	-	151,247	384,781
Investments	-	-	-	-	363,495	363,495
Receivables						
Property taxes (net of allowance)	11,387,119	-	11,049,841	14,441,782	9,217,804	46,096,546
Notes (net of allowance)	-	-	-	-	8,508,612	8,508,612
Special assessments	-	-	-	-	425,314	425,314
Other	2,865,464	-	-	-	933,932	3,799,396
Prepaid items	-	-	1,430,263	-	-	1,430,263
Due from other governments	6,876,727	330,543	-	-	533,702	7,740,972
Due from component units	411,750	-	-	-	9,900	421,650
Due from other funds	3,868,070	357,945	149,924	-	208,707	4,584,646
Other assets	177,498	-	-	-	-	177,498
Total Assets	\$ 30,657,525	\$ 11,103,430	\$ 13,093,840	\$ 14,441,782	\$ 40,159,310	\$ 109,455,887
Liabilities						
Vouchers payable	\$ 2,245,334	\$ 2,305,991	\$ 250	\$ -	\$ 440,713	\$ 4,992,288
Accrued payroll	293,472	-	-	-	-	293,472
Compensated absences payable	302,311	-	-	-	-	302,311
Other	310,816	-	-	-	-	310,816
Due to other governments	-	626,513	-	-	210,108	836,621
Due to other funds	2,882,454	-	-	-	1,001,264	3,883,718
Pension contribution payable	110,069	-	-	2,214,116	-	2,324,185
Total Liabilities	6,144,456	2,932,504	250	2,214,116	1,652,085	12,943,411
Deferred Inflows of Resources - Property tax	9,530,103	-	9,296,803	12,227,666	9,188,205	40,242,777
Fund Balances						
Nonspendable - Prepaid items	-	-	1,430,263	-	-	1,430,263
Restricted						
Highway maintenance	-	-	-	-	1,780,031	1,780,031
Emergency telephone system	-	-	-	-	908,353	908,353
HUD approved projects	-	-	-	-	7,115,642	7,115,642
Neighborhood improvements	-	-	-	-	2,716,835	2,716,835
Debt service	-	-	2,352,011	-	10,561,689	12,913,700
Township	-	-	-	-	183,099	183,099
Impaired investment	-	219,021	14,513	-	151,247	384,781
Committed - Economic Development	-	-	-	-	3,540,470	3,540,470
Assigned	5,347,110	7,951,905	-	-	2,515,019	15,814,034
Unassigned	9,635,856	-	-	-	(153,365)	9,482,491
Total Fund Balances	14,982,966	8,170,926	3,796,787	-	29,319,020	56,269,699
Total Liabilities, Deferred Inflows and Fund Balances	\$ 30,657,525	\$ 11,103,430	\$ 13,093,840	\$ 14,441,782	\$ 40,159,310	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 154,413,652
Long-term liabilities, including bonds payable, compensated absences payable, and pension contributions payable, are not due and payable in the current period and therefore, are not reported in the governmental funds. (See Note 2.A)	(153,555,644)
OPEB liability payable is not due and payable in the current period and therefore, is not reported in the governmental funds.	(1,846,949)
Interest accrual from last interest payment to December 31, 2014.	(704,561)
The net position of the internal service fund is included in the governmental activities in the statement of net position.	6,066,845

Net Position of governmental activities \$ 60,643,042

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year ended December 31, 2014

	General	Capital Improvements	General Obligation Debt	Employer Pension Contribution	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 38,222,153	\$ -	\$ 12,282,189	\$ 15,171,893	\$ 12,256,554	\$ 77,932,789
Licenses and permits	14,503,168	-	-	-	-	14,503,168
Special assessments	-	-	-	-	167,382	167,382
Intergovernmental	17,964,980	487,563	-	-	5,847,846	24,300,389
Charges for services	7,792,469	-	-	-	-	7,792,469
Fines and forfeits	3,357,965	-	-	-	-	3,357,965
Investment income	13,037	20,380	11,934	-	43,836	89,187
Change in unrealized depreciation on investments	-	(190,365)	(12,614)	-	(131,458)	(334,437)
Miscellaneous	1,138,650	613,108	-	-	373,022	2,124,780
Total Revenues	82,992,422	930,686	12,281,509	15,171,893	18,557,182	129,933,692
Expenditures						
Current						
General management and support	11,642,286	23,714	36,250	-	1,611,795	13,314,045
Public safety	43,013,173	112,241	-	15,171,893	1,127,877	59,425,184
Public works	17,398,563	1,475,485	-	-	947,567	19,821,615
Health and human resource development	3,836,705	-	-	-	-	3,836,705
Recreation and cultural opportunities	10,486,537	37,174	-	-	-	10,523,711
Housing and economic development	2,627,187	-	-	-	6,721,322	9,348,509
Debt service						
Principal	-	-	8,519,672	-	1,520,000	10,039,672
Interest	-	-	4,247,753	-	163,165	4,410,918
Fiscal agent fees	-	-	42,870	-	-	42,870
Capital outlay	-	6,285,666	-	-	-	6,285,666
Total Expenditures	89,004,451	7,934,280	12,846,545	15,171,893	12,091,726	137,048,895
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,012,029)	(7,003,594)	(565,036)	-	6,465,456	(7,115,203)
Other Financing Sources (Uses)						
Transfers in	7,233,511	936,500	986,132	-	45,500	9,201,643
Transfers out	(2,601,467)	(1,547,810)	-	-	(5,515,310)	(9,664,587)
Bond Proceeds	-	8,895,000	-	-	450,000	9,345,000
Bond Premiums	-	651,026	-	-	53,185	704,211
Bond Issuance Costs	-	(60,195)	-	-	-	(60,195)
Total Other Financing Sources (Uses)	4,632,044	8,874,521	986,132	-	(4,966,625)	9,526,072
Net Change in Fund Balances	(1,379,985)	1,870,927	421,096	-	1,498,831	2,410,869
Fund Balances -Beginning	16,362,951	6,299,999	3,375,691	-	27,820,189	53,858,830
Fund Balances - Ending	\$ 14,982,966	\$ 8,170,926	\$ 3,796,787	\$ -	\$ 29,319,020	\$ 56,269,699

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year ended December 31, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,410,869
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. Gain or loss on assets removed are also reported in the statement of activities. (See Note 2.B)	(2,517,977)
The repayment of the principal of long-term debt payable consume the current financial resources of governmental funds. These transactions, however, have no effect on net position. (See Note 2.B)	13,150,681
Issuance of Bonds provides current financial resources to governmental funds. This transaction has no effect on net position. Governmental funds also report the effect of bonds premiums, discounts and similar items when debt is first issued. (See Note 2.B)	(10,049,211)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (See Note 2.B)	(1,322,050)
OPEB benefit expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	(106,388)
Change in interest accrual for the twelve months ended December 31, 2014.	(66,004)
Internal service funds are reported separately in the fund financial statements.	<u>1,054,601</u>
Change in Net Position of governmental activities	<u><u>\$ 2,554,521</u></u>

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Statement of Net Position
As of December 31, 2014

Assets	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	
Current Assets						
Cash and equivalents	\$ 8,637,219	\$ 1,987,111	\$ 43,729	\$ 13,364,174	\$ 24,032,233	\$ 1,250,019
Restricted cash and equivalents and investments	500,736	-	-	148,616	649,352	-
Receivables						
Accounts - billed	1,552,614	220,644	138,469	-	1,911,727	-
Accounts - unbilled	961,108	1,966,016	573,289	-	3,500,413	-
Other	-	-	-	640,950	640,950	25,556
Due from component units	-	-	-	-	-	3,333
Due from other funds	560,147	1,888,553	677,899	-	3,126,599	1,696,786
Inventories	524,534	132,047	-	-	656,581	751,148
Prepaid Expenses	-	-	-	-	-	1,016,811
Total Current Assets	12,736,358	6,194,371	1,433,386	14,153,740	34,517,855	4,743,653
Noncurrent Assets						
Capital Assets						
Capital assets not being depreciated	3,018,488	-	-	4,448,847	7,467,335	-
Capital assets being depreciated	91,259,929	251,256,351	-	84,265,181	426,781,461	22,247,159
Less accumulated depreciation	(22,295,613)	(50,949,007)	-	(25,539,248)	(98,783,868)	(14,861,229)
Total Capital Assets	71,982,804	200,307,344	-	63,174,780	335,464,928	7,385,930
Other Assets						
Notes Receivable	-	-	-	229,000	229,000	-
Total Noncurrent Assets	71,982,804	200,307,344	-	63,403,780	335,693,928	7,385,930
Total Assets	84,719,162	206,501,715	1,433,386	77,557,520	370,211,783	12,129,583

The accompanying notes are an integral part of this statement.

Liabilities	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	
Current Liabilities						
Vouchers payable	\$ 2,216,875	\$ 329,501	\$ 247,537	\$ 196,045	\$ 2,989,958	\$ 507,962
Interest payable	-	-	220	42,735	42,955	-
Interest payable - restricted	61,803	329,930	-	-	391,733	-
Miscellaneous Liability	-	-	160	-	160	-
Compensated absences payable	200,852	46,194	12,179	42,966	302,191	61,352
General obligation bonds payable	538,402	-	16,878	3,404,822	3,960,102	-
General obligation bonds payable - restricted	-	359,844	-	-	359,844	-
Claims payable	-	-	-	-	-	1,971,381
Notes payable - IEPA - restricted	67,505	7,664,305	-	-	7,731,810	-
Due to other funds	1,300,708	834,002	2,088,653	871,851	5,095,214	429,099
Total Current Liabilities	4,386,145	9,563,776	2,365,627	4,558,419	20,873,967	2,969,794
Long-Term Liabilities						
Notes payable - IEPA	1,012,572	49,668,277	-	-	50,680,849	-
General obligation bonds payable	12,039,537	3,235,903	79,637	11,092,108	26,447,185	-
OPEB liability payable	188,737	54,477	24,371	49,117	316,702	62,105
Compensated absences payable	426,812	98,163	25,881	91,303	642,159	59,254
IMRF Pension contributions payable	385,728	96,167	49,945	125,390	657,230	-
Claims payable	-	-	-	-	-	2,971,585
Total Long-Term Liabilities	14,053,386	53,152,987	179,834	11,357,918	78,744,125	3,092,944
Total Liabilities	18,439,531	62,716,763	2,545,461	15,916,337	99,618,092	6,062,738
Net Position						
Net Investment in Capital Assets	58,324,788	139,379,015	-	48,677,850	246,381,653	7,385,930
Restricted for capital improvements	400,000	-	-	-	400,000	-
Restricted for impaired investment	100,736	-	-	148,616	249,352	-
Unrestricted (deficit)	7,454,107	4,405,937	(1,112,075)	12,814,717	23,562,686	(1,319,085)
Total Net Position (deficit)	\$ 66,279,631	\$ 143,784,952	\$ (1,112,075)	\$ 61,641,183	\$ 270,593,691	\$ 6,066,845

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year ended December 31, 2014

	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	
Operating Revenues						
Charges for services	\$ 14,379,362	\$ 12,766,915	\$ 3,971,213	\$ 6,074,095	\$ 37,191,585	\$ 22,653,710
Miscellaneous	672,370	18,150	-	6,278	696,798	52,910
Total Operating Revenues	15,051,732	12,785,065	3,971,213	6,080,373	37,888,383	22,706,620
Operating Expenses Excluding Depreciation						
Administration	1,099,395	1,950,252	934,080	1,706,906	5,690,633	-
Operations	6,839,443	296,688	3,890,341	2,765,236	13,791,708	21,294,742
Total Operating Expenses Excluding Depreciation	7,938,838	2,246,940	4,824,421	4,472,142	19,482,341	21,294,742
Operating Income (Loss) Before Depreciation	7,112,894	10,538,125	(853,208)	1,608,231	18,406,042	1,411,878
Depreciation	1,569,014	3,367,923	-	2,785,161	7,722,098	1,476,741
Operating Income (Loss)	5,543,880	7,170,202	(853,208)	(1,176,930)	10,683,944	(64,863)
Nonoperating Revenues (Expenses)						
Investment income	25,542	3,221	-	31,645	60,408	119
Change in unrealized depreciation on investments	(87,555)	-	-	(129,171)	(216,726)	-
Interest expense	(376,677)	(1,735,371)	(2,912)	(598,721)	(2,713,681)	-
Bond expenses and amortization of discount	1,624	-	(28,362)	-	(26,738)	-
Amortization of bond premium	1,129	57,212	-	-	58,341	-
Other expenses	(1,323,071)	-	-	-	(1,323,071)	-
Grants	14,557	-	-	-	14,557	-
Gain (loss) on disposition of assets	(772,649)	-	-	-	(772,649)	46,535
Total Nonoperating Revenues (Expenses)	(2,517,100)	(1,674,938)	(31,274)	(696,247)	(4,919,559)	46,654
Income (Loss) before transfers and contributions	3,026,780	5,495,264	(884,482)	(1,873,177)	5,764,385	(18,209)
Transfers In (Out)						
Debt Service	-	(207,284)	-	-	(207,284)	-
Washington National Tax Increment District	-	-	-	2,925,296	2,925,296	-
General	(3,369,559)	(145,044)	1,055,967	(869,242)	(3,327,878)	-
Capital Improvements	-	-	-	-	-	1,072,810
Total Transfers In (Out)	(3,369,559)	(352,328)	1,055,967	2,056,054	(609,866)	1,072,810
Change in Net Position	(342,779)	5,142,936	171,485	182,877	5,154,519	1,054,601
Total Net Position (Deficit) - Beginning	66,622,410	138,642,016	(1,283,560)	61,458,306	265,439,172	5,012,244
Total Net Position (Deficit)- Ending	\$ 66,279,631	\$ 143,784,952	\$ (1,112,075)	\$ 61,641,183	\$ 270,593,691	\$ 6,066,845

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Statement of Cash Flows
For the Fiscal Year ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Totals	
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 15,081,774	\$ 12,785,065	\$ 3,971,213	\$ 5,464,207	\$ 37,302,259	\$ 22,705,484
Receipts from / (Payments for) interfund services provided	914,457	(59,047)	3,263	817,070	1,675,743	479,596
Payments to suppliers	(1,905,924)	(218,800)	(4,029,042)	(4,028,448)	(10,182,214)	(5,182,084)
Payments to employees	(4,802,060)	(884,622)	(928,797)	(1,356,366)	(7,971,845)	(3,739,815)
Payments for insurance premiums	-	-	-	-	-	(13,779,545)
Net Cash Provided by (used for) Operating Activities	9,288,247	11,622,596	(983,363)	896,463	20,823,943	483,636
Cash Flows from Noncapital Financing Activities						
Transfers In (Out)						
Debt Service	-	(207,284)	-	-	(207,284)	-
Washington Tax Increment District Fund	-	-	-	2,925,296	2,925,296	-
General Fund	(3,369,559)	(145,044)	1,055,967	(869,242)	(3,327,878)	-
Net Cash from Noncapital Financing Activities	(3,369,559)	(352,328)	1,055,967	2,056,054	(609,866)	-
Cash Flows from Capital and Related Financing Activities						
Sale of capital assets	-	-	-	-	-	46,535
Acquisition and construction of capital assets	(6,725,539)	(2,102,455)	-	(990,620)	(9,818,614)	(822,313)
Principal paid on revenue bonds	(305,000)	-	-	-	(305,000)	-
Proceeds from general obligation bonds	2,700,000	-	-	-	2,700,000	-
Principal paid on general obligation bonds	(445,648)	(341,061)	(15,908)	(2,520,901)	(3,323,518)	-
Interest paid on general obligation bonds	(176,241)	(173,211)	(2,912)	(598,721)	(951,085)	-
Bond expenses	-	(971)	(28,362)	(96,004)	(125,337)	-
Proceeds from IEPA loans	-	1,629,514	-	-	1,629,514	-
Principal paid on IEPA loans	(67,505)	(7,807,732)	-	-	(7,875,237)	-
Interest paid on IEPA loans	-	(1,588,251)	-	-	(1,588,251)	-
Transfer In	-	-	-	-	-	1,072,810
Miscellaneous	16,180	-	-	-	16,180	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(5,003,753)	(10,384,167)	(47,182)	(4,206,246)	(19,641,348)	297,032
Cash Flows from Investing Activities						
Loss on investments	(87,555)	-	-	-	(87,555)	-
Interest income	25,542	3,221	-	31,645	60,408	119
Net Cash Provided by Investing Activities	(62,013)	3,221	-	31,645	(27,147)	119
Net Increase (Decrease) in Cash and Cash Equivalents	852,922	889,322	25,422	(1,222,084)	545,582	780,787
Cash and Equivalents						
Beginning	8,285,033	1,097,789	18,307	14,734,874	24,136,003	469,232
Ending	\$ 9,137,955	\$ 1,987,111	\$ 43,729	\$ 13,512,790	\$ 24,681,585	\$ 1,250,019
Reconciliation						
Cash and equivalents						
Current Cash	\$ 8,637,219	\$ 1,987,111	\$ 43,729	\$ 13,364,174	\$ 24,032,233	\$ 1,250,019
Restricted Cash	500,736	-	-	148,616	649,352	-
	\$ 9,137,955	\$ 1,987,111	\$ 43,729	\$ 13,512,790	\$ 24,681,585	\$ 1,250,019

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Statement of Cash Flows - Continued
For the Fiscal Year ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Totals	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities						
Operating Income (Loss)	\$ 5,543,880	\$ 7,170,202	\$ (853,208)	\$ (1,176,930)	\$ 10,683,944	\$ (64,863)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities						
Depreciation	1,569,014	3,367,923	-	2,785,161	7,722,098	1,476,741
Changes in assets and liabilities						
Increase/decrease in A/R miscellaneous	30,042	971,388	(57,277)	-	944,153	(1,136)
Notes receivable	-	-	-	5,000	5,000	-
Other receivables	-	-	-	(621,166)	(621,166)	-
Prepaid expenses	311,672	-	-	-	311,672	(981,865)
Interfund receivable	598,605	(861,902)	-	-	(263,297)	219,231
Inventories	115,033	(8,623)	-	-	106,410	(11,989)
Compensated absences	(55,583)	23,805	(2,686)	2,907	(31,557)	23,876
Claims payable	-	-	-	-	-	151,506
Interfund payable	315,852	802,855	3,263	817,075	1,939,045	260,365
OPEB liability payable	28,135	6,478	6,102	3,828	44,543	10,190
IMET estimated uncollectible	-	-	-	(129,171)	(129,171)	-
IMRF contributions payable	2,865	719	540	807	4,931	-
Vouchers payable	828,732	149,751	(80,072)	(782,813)	115,598	-
Interest payable	-	-	(25)	(8,235)	(8,260)	-
Accounts payable	-	-	-	-	-	(598,420)
Net Cash Provided by (used for) Operating Activities	\$ 9,288,247	\$ 11,622,596	\$ (983,363)	\$ 896,463	\$ 20,823,943	\$ 483,636

Concluded

CITY OF EVANSTON, ILLINOIS

Fiduciary Funds

Statement of Net Position As of December 31, 2014

	<u>Pension Trust Funds</u>
Assets	
Cash and short-term investments	<u>\$ 4,351,869</u>
Receivables	
Accrued interest	533,138
Contribution receivable - Due from city funds	<u>2,324,185</u>
Total Receivables	<u>2,857,323</u>
Investments, at fair value	
U.S. Government and agency obligations	38,006,678
Corporate bonds	22,692,396
Common stock	24,716,359
Mutual funds	<u>75,309,615</u>
Total Investments	<u>160,725,048</u>
Total Assets	<u>167,934,240</u>
Liabilities	
Vouchers payable	<u>4,986</u>
Net Position held in trust	<u>\$ 167,929,254</u>

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Fiduciary Funds - Pension Trust Funds

Statement of Changes in Plan Net Position For the Fiscal Year ended December 31, 2014

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 15,171,893
Plan members	<u>2,484,927</u>
Total contributions	<u>17,656,820</u>
Investment income	
Net appreciation in fair value of investments	8,869,210
Investment income	<u>3,840,801</u>
Total investment income	12,710,011
Less investment expense	<u>487,445</u>
Net investment income	<u>12,222,566</u>
Total additions	<u>29,879,386</u>
Deductions	
Benefits	17,503,813
Refunds of contributions	114,915
Administrative expense	<u>119,488</u>
Total deductions	<u>17,738,216</u>
Net increase	12,141,170
Net Position held in trust for pension benefits	
Beginning	<u>155,788,084</u>
Ending	<u>\$ 167,929,254</u>

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

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CITY OF EVANSTON, ILLINOIS

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Evanston (City) and Evanston Public Library (Library) 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 and Library 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 (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 Evanston Township. Pursuant to 60 ILCS 1/27-15 and 1/27-20, effective 12:00 am 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

Discrete Component Unit:

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. Beginning FY 2013, Evanston Public Library financials are shown separately as a discrete component unit of the City of Evanston. 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 of Evanston.

The Library Director submits a proposed budget to the Evanston Public Library (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 Evanston Public Library (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 two joint ventures, which are reported as nonequity governmental joint ventures and are described in Footnote 14. The joint ventures are: City of Evanston and Solid Waste Agency of Northern Cook County (SWANCC) and Evanston Housing Corporation.

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, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Government-wide and Fund Financial Statements - Continued

In June 2012, the GASB issued statement No. 67 - Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. This statement establishes accounting and financial reporting standards for the activities of pension plans that are administered through trusts and meet certain criteria. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain requirements. This standard was implemented effective January 1, 2014.

The GASB has approved Statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27 and Statement No. 71, Pension - Transition for Contributions made Subsequent to the Measurement Date, an amendment of GASB No. 68. The City plans on implementing these standards in the December 31, 2015 fiscal year.

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 earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects 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. All Township funds are considered special revenue funds within the governmental funds category.

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.

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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

The City's and 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. For this purpose, the City and the Library considers property taxes as available if they are collected within 60 days of the end of the current fiscal 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 | |

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 required to be accounted for in another fund.

The *Capital Improvements Fund* accounts for the City's capital improvement program. The program includes improvement to public buildings, paving of City streets, improvement of recreational facilities and other

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

The *Employer Pension Contribution Fund* is a special revenue fund which accounts for the recognition of applicable tax revenues and employer contributions to the Pension Trust funds.

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, 2014

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 nonoperating 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 nonoperating revenues and expenses.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

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 the Library reports unearned revenues on its government funds statements. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. If subsequent revenue recognition criteria are met, or when the City/Library has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized.

E. Cash and Equivalents

Cash and equivalents represent cash on hand, cash deposited in interest-bearing and noninterest-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 the Illinois Funds.

F. Investments

Investments consist of certificates of deposit, treasury obligations, government agency obligations, and insurance contracts with maturities greater than three months. Investments for the pension funds are mostly comprised of treasury obligations, government agency obligations, fixed income and equity mutual funds, and stocks. Investments of the pension trust funds are carried at fair value. Investments with over one year to maturity are reported at fair value. All other investments are stated at cost or, for U.S. government securities, amortized cost. These securities may be purchased at a premium or discount which is amortized over the life of the investment. This valuation method approximates fair value.

G. Police Pension Fund Investments

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

Police Pension Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity Large Cap	52.0%	5.35%
Domestic Small Cap	5.0%	6.56%
International Developed Foreign	5.0%	5.85%
Fixed Income Investment Grade Corporate	8.0%	2.50%
Fixed Income Intermediate U.S. Treasuries	25.0%	2.04%
REITS	3.0%	5.92%
Cash	2.0%	-0.25%
Total	<u>100%</u>	

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Police Pension Fund Investments - Continued

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in 2014 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of 12/31/14 are listed in the table above.

H. Fire Pension Fund Investments

The Firefighters' Pension Fund allows funds to be invested in any type of security authorized by the Illinois Pension Code. The firefighters' pension 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	1.0%	0.50%
U.S. Fixed Income	40.30%	2.10%
High Yield	1.50%	5.90%
U.S. Large Cap Growth Equity	14.00%	7.50%
U.S. Large Cap Value Equity	12.20%	7.10%
U.S. Mid Cap Growth Equity	3.40%	8.60%
U.S. Mid Cap Value Equity	3.40%	7.90%
U.S. Small Cap Growth Equity	2.70%	9.50%
U.S. Small Cap Value Equity	2.70%	8.60%
Europe Equity	5.30%	7.60%
Japan Equity	0.70%	7.10%
Emerging Market Equity	0.60%	9.40%
Real Estate	2.10%	6.80%
Infrastructure	3.30%	5.90%
Hedged Strategies	6.80%	3.50%
Total	<u>100%</u>	

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

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in 2014 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of 12/31/14 are listed in the table above.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. 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.

J. Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets (e.g. roads, sidewalks, trails, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as equipment and vehicles with an initial, individual cost of more than \$20,000, or infrastructure, buildings, or building improvements with an initial, individual cost of more than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 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. No interest was capitalized during the year.

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	5-15
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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K. Compensated Absences

It is the City 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.

L. 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 assets. 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.

M. 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.

N. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

O. 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 tax revenues are recognized when they become both measurable and available. On this basis, property tax revenue includes all cash distributions of property tax received during the fiscal period between January 1, 2014 and December 31, 2014 and all property tax collections received within 60 days after the end of the fiscal period. A 2% allowance for loss is reflected in the City and the Library financial statements.

The adjustment necessary to convert GAAP basis property tax revenues to budgetary basis is shown in the notes to the required supplementary information in the section on Budgets and Budgetary Accounting.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P. Fund Equity

Governmental fund equity is classified as fund balance. In February 2009, the 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 Governmental Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, 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 (ordinance) 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 - Has limitations resulting from intended use, where the intended use is established by the City Council. It also includes all remaining amounts that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

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 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Q. 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.

R. 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.

S. Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, The Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, GASB Statement No. 71, Pension – Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68, GASB Statement No. 72, Fair Value Measurement and Application, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Application of these standards may restate portions of these financial statements.

T. 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 City of Evanston, 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 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, 2014, outstanding bond balance was \$4,550,000.

The City approved the issuance of \$13,590,000 Series 2011 Revenue Bonds during the fiscal period ending 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 the 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, 2014, outstanding bond balance was \$13,385,000.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, compensated absences payable, First Bank loan and pension contributions payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

General obligation bonds payable	\$ 116,836,839
Bonds premium liability	4,705,819
Compensated absences payable	9,778,710
IMRF Pension contributions payable	3,071,308
First Bank Loan	648,812
Pension contributions payable	<u>18,514,156</u>
Net adjustments to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 153,555,644</u>

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

1. The government fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 6,285,666
Capital outlay - contributions/other governmental activities	237,994
Depreciation expense	<u>(9,040,637)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,516,977)</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –
Continued**

**B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues,
Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities -
Continued**

2. Another element of that reconciliation states that "The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions, however, have no effect on net position." The details of this difference are as follows:

Principal repayments:

General obligation debt	\$ 9,659,672
SSD#5 Bond	380,000
IMRF Pension contributions payable	<u>3,111,009</u>

Net adjustment to increase net changes in fund
balances - total governmental funds to arrive at
changes in net position of governmental activities \$ 13,150,681

3. Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences	\$ 217,243
Amortization income	557,604
Pension contributions	1,036,178
IMRF Pension contributions payable	<u>(3,133,075)</u>

Net adjustment to increase net changes in fund
balances – total governmental funds to arrive at
changes in net position of governmental activities \$ (1,322,050)

4. Another element of that reconciliation states that "Issuance of Bonds provides current financial resources to governmental funds." The details of this difference are as follows:

Bond	\$ (9,345,000)
Bond premium liability	<u>(704,211)</u>

Net adjustment to decrease net changes in fund
balances – total governmental funds to arrive at
changes in net position of governmental activities \$ (10,049,211)

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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, 2015. 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 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 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.

Blended Component Unit

For the first four months of 2014, Evanston Township was a blended component unit with two separate funds (The Town Fund and the General Assistance Fund) as reported in previous years' financial statements. May 1, 2014 after a referendum vote, the City of Evanston took over the township functions and the Township was eliminated.

The Township follows procedures similar to those of the City in establishing the budgetary data reflected in the financial statements. The budget was not amended during the current fiscal period.

Discrete Component Unit

The Evanston Public 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, 2015 to the Evanston Public Library (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 Evanston Public Library 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 Evanston Public Library Board of Trustees.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

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 period.

The following funds had an excess of actual budgetary expenditures over original and final budget for the fiscal year ended December 31, 2014:

Fund	Actual	Budget	Excess
General	\$ 89,004,451	\$ 87,675,035	\$ 1,329,416
Neighborhood Stabilization Program 2	1,102,710	428,044	674,666
Special District #5	442,050	436,605	5,445
Howard Ridge Tax Increment District	721,450	300,000	421,450

B. DEFICIT FUND EQUITY

The Fleet Services and Insurance Funds, internal service funds, had net deficits of \$120,795 and \$3,381,927, respectively, as of December 31, 2014. The City plans to use current resources to pay for future liabilities.

The Solid Waste Fund had a net deficit of \$1,112,075 as of December 31, 2014. The City plans to use current resources to pay for future liabilities.

The Special Service District No. 4 had a net deficit of \$153,365 as of December 31, 2014. 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, 2014

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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, the Illinois Metropolitan Investment Fund (IMET), and the 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 of Evanston. 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, 2014

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - Continued

C. Types of Investments

As of December 31, 2014, the City has the following investments and maturities. The fair value of the Illinois Funds is the same as the value of the pool shares.

Fire and Police Pension Investment Type	Investment Maturities (In Years)			Equities
	Fair Value	Less Than 1 Year	1 - 10 More Years	
Money Market / Liquid Assets	\$ 3,333,374	\$ 3,333,374	\$ -	\$ -
Mutual Funds	75,309,616	-	638,861	74,670,755
Corporate Bonds	22,692,396	555,594	22,136,802	-
U.S. Treasuries	22,013,011	265,712	21,747,299	-
Federal Home Loan Bank	2,101,901	-	2,101,901	-
Federal Home Loan Mortgage Corp	4,100,191	-	4,100,191	-
Fannie Mae	9,413,103	197	9,412,906	-
Ginnie Mae	378,471	-	378,471	-
Common Stock	24,716,359	-	-	24,716,359
Total Fire and Police Investment	\$ 164,058,422	\$ 4,154,877	\$ 60,516,431	\$ 99,387,114

Smith Barney Money Market	\$ 877,324
JP Morgan Money Market	99,933
Schwab Money Market	261,605
MB Bank Money Market	2,094,512
Total Money Market / Liquid Assets	\$ 3,333,374

MONEY WEIGHTED RATE OF RETURN

Police Pension Fund

For the year ended 12/31/14, the annual money weighted rate of return on pension plan investment, net of pension plan investment expense, was 9.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fire Pension Fund

For the year ended 12/31/14, the annual money weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – Continued

C. Types of Investments - continued

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 Fire Pension Funds have investments in corporate bonds with S&P ratings ranging from BBB- to AAA. The Illinois Funds and Money Markets were rated AAA by Standard & Poor's. The Illinois Metropolitan Investment 1 - 3 Year Fund (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, respectively 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 triple A or Aaa by the Standard & Poor's and by Moody's Investor's Services. The following investments in Illinois Funds and IMET are valued at the fund's share price, the price for which the investments could be sold.

Illinois Funds - City of Evanston		\$	29,605,286
IMET money market			
City of Evanston	\$	3,232,572	
Police pension plan		1,954	3,234,526
			<u> </u>
		\$	<u>32,839,812</u>

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 the Illinois Metropolitan Investment Trust (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 IMET investments are reported as restricted investments and restricted net position. 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, 2014, Police Pension Trust Fund had investments in each of U.S. Treasuries and Corporate Bonds that exceeded 10% of net position available for benefits. The Firefighters' Pension Trust Fund had investments in Corporate Bonds that exceeded 10% of net position available for benefits.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – Continued

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.

City

Deposits consist of deposits in interest-bearing and noninterest-bearing checking accounts. At December 31, 2014, the carrying amount of the City's deposits, including cash on hand of \$16,477 was \$29,364,755. The financial institutions' balances totaled \$31,222,841.

Fiduciary

Deposits consist of deposits in interest-bearing and noninterest-bearing accounts. At December 31, 2014, the carrying amount of the Pension's deposits was \$1,016,522. The financial institutions' balances totaled \$1,016,522.

E. Reconciliation of Unrestricted and Restricted Cash and Investments

The total of unrestricted cash and investments and restricted cash and investments from the Statement of Net Position and for the fiduciary funds is reconciled to the preceding deposit and investment disclosures (Notes 4C and Notes 4D) as follows:

Unrestricted cash and equivalents	\$ 60,804,966
Unrestricted investments	363,495
Restricted cash and equivalents and investments	<u>1,034,133</u>
Total Cash and Investments – Primary Government	62,202,594
Fiduciary funds cash and equivalents	4,351,869
Fiduciary funds investments	<u>160,725,048</u>
Total Cash and Investments	<u>\$ 227,279,511</u>
Carrying amount of deposits – from Note 4 D	\$ 30,381,277
Illinois funds and IMET money market - from Note 4 C	32,839,812
Investments – from Note 4 C table	<u>164,058,422</u>
Total	<u>\$ 227,279,511</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 5. RECEIVABLES

A. Summary of Receivables

Receivables as of December 31, 2014 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:

	General Fund	General Obligation Debt	Employer Pension Contribution	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Nonmajor and Other Funds	Total
Receivables:									
Property taxes	\$ 11,619,509	\$ 11,275,348	\$ 14,736,512	\$ -	\$ -	\$ -	\$ -	\$ 9,405,922	\$ 47,037,291
Accounts	-	-	-	2,513,722	2,186,660	711,758	-	-	5,412,140
Notes	-	-	-	-	-	-	-	8,586,612	8,586,612
Special assessments	-	-	-	-	-	-	-	425,314	425,314
Other	2,865,464	-	-	-	-	-	640,950	959,488	4,465,902
Gross receivables	14,484,973	11,275,348	14,736,512	2,513,722	2,186,660	711,758	640,950	19,377,336	65,927,259
Less: allowance for uncollectibles	(232,390)	(225,507)	(294,730)	-	-	-	-	(266,118)	(1,018,745)
Net total receivables	<u>\$ 14,252,583</u>	<u>\$ 11,049,841</u>	<u>\$ 14,441,782</u>	<u>\$ 2,513,722</u>	<u>\$ 2,186,660</u>	<u>\$ 711,758</u>	<u>\$ 640,950</u>	<u>\$ 19,111,218</u>	<u>\$ 64,908,514</u>

Out of the total Notes Receivable, \$8,379,371 is estimated not to be paid during the next year. Out of the total Special Assessment receivable, \$285,500 is estimated not to be paid during the next year.

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. Property taxes levied for the subsequent year less those collected within 60 days of year end are not earned and can not be used 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. At the end of the current fiscal period, the City's deferred inflows of resources consisted solely of property taxes levied for the subsequent years less those collected within 60 days of year end.

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. Two types of loans are made: (1) title transfer loans which are due in full when the housing unit is sold, and (2) amortizing loans which are due in monthly installments over varying lengths of time. 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 Rates	Beginning	Loans Made	Loan Repayments	Ending
0% - 8%	<u>\$ 7,691,837</u>	<u>\$ 956,232</u>	<u>\$ 139,457</u>	<u>\$ 8,508,612</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 6. CAPITAL ASSETS

A. Capital Asset Activity

Capital asset activity for the fiscal year ended December 31, 2014, was as follows:

	Beginning	Additions	Deletions	Transfers	Ending
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,212,044	\$ -	\$ -	\$ -	\$ 7,212,044
Right of way	18,695,896	-	-	-	18,695,896
Artwork	155,000	-	-	-	155,000
Construction in progress	130,711	-	130,711	-	-
Total capital assets, not being depreciated	26,193,651	-	130,711	-	26,062,940
Capital assets, being depreciated/amortized:					
Buildings and improvements	78,301,796	987,754	-	-	79,289,550
Office equipment and furniture	4,254,470	100,540	-	-	4,355,010
Intangible assets	6,884,048	22,786	-	-	6,906,834
Machinery and equipment	24,791,022	968,296	1,086,309	-	24,673,009
Infrastructure	157,690,819	5,403,982	-	-	163,094,801
Capitalized leases	502,532	-	-	-	502,532
Total capital assets being depreciated/amortized	272,424,687	7,483,358	1,086,309	-	278,821,736
Less accumulated depreciation/amortization for:					
Buildings and improvements	31,292,803	1,667,420	-	-	32,960,223
Office equipment and furniture	3,122,710	165,859	-	-	3,288,569
Intangible assets	5,629,437	173,544	-	-	5,802,981
Machinery and equipment	15,976,152	1,609,081	1,079,635	-	16,505,598
Infrastructure	77,160,842	6,897,566	-	-	84,058,408
Capitalized leases	465,407	3,908	-	-	469,315
Total accumulated depreciation/amortization	133,647,351	10,517,378	1,079,635	-	143,085,094
Total capital assets being depreciated/amortized, net	138,777,336	(3,034,020)	6,674	-	135,736,642
Governmental activities capital assets, net	\$ 164,970,987	\$ (3,034,020)	\$ 137,385	\$ -	\$ 161,799,582

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 6. CAPITAL ASSETS - Continued

A. Capital Asset Activity - Continued

	Beginning	Additions	Deletions	Transfers	Ending
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 4,644,510	\$ -	\$ -	\$ -	\$ 4,644,510
Construction in progress	12,354,027	7,779,620	17,670,574	-	2,463,073
Artwork	359,752	-	-	-	359,752
Total capital assets, not being depreciated	17,358,289	7,779,620	17,670,574	-	7,467,335
Capital assets, being depreciated/amortized:					
Land improvements	3,633,499	-	-	-	3,633,499
Buildings and improvements	77,575,480	-	-	-	77,575,480
Leasehold improvements	302,752	-	-	-	302,752
Plant	41,224,208	2,305,506	2,284,577	-	41,245,137
Transmission and distribution system	40,680,695	9,881,399	1,304,278	-	49,257,816
Sewer system and underground lines	244,538,566	4,901,309	-	-	249,439,875
Intangible assets	509,834	-	-	-	509,834
Equipment	2,983,660	307,664	172,564	-	3,118,760
Parking meters	707,688	990,620	-	-	1,698,308
Total capital assets being depreciated/amortized	412,156,382	18,386,498	3,761,419	-	426,781,461
Less accumulated depreciation/amortization for:					
Land improvements	1,530,533	118,722	-	-	1,649,255
Buildings and improvements	19,461,751	2,360,298	-	-	21,822,049
Leasehold improvements	302,752	-	-	-	302,752
Plant	15,212,387	1,021,932	1,511,927	-	14,722,392
Transmission and distribution system	7,753,870	487,284	1,304,278	-	6,936,876
Sewer system and underground lines	46,287,828	3,301,407	-	-	49,589,235
Intangible assets	242,941	72,833	-	-	315,774
Equipment	2,401,414	160,667	172,564	-	2,389,517
Parking meters	857,063	198,955	-	-	1,056,018
Total accumulated depreciation/amortization	94,050,539	7,722,098	2,988,769	-	98,783,868
Total capital assets being depreciated/amortized, net	318,105,843	10,664,400	772,650	-	327,997,593
Business-type activities capital assets, net	\$ 335,464,132	\$ 18,444,020	\$ 18,443,224	\$ -	\$ 335,464,928

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 6. 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	\$ 402,439
Public safety	578,065
Public works	6,131,501
Housing and Economic Development	9,352
Recreation and cultural opportunities	1,919,637
Internal Service Funds	<u>1,476,384</u>

Total depreciation expense – governmental activities \$ 10,517,378

Business – type activities:

Water	\$ 1,569,014
Sewer	3,367,923
Motor Vehicle Parking	<u>2,785,161</u>

Total depreciation expense – business – type activities \$ 7,722,098

B. Construction Commitments

The value of construction contracts signed, where the work has not yet been performed at December 31, 2014, is as follows:

Capital Improvement Fund	\$ 2,015,271
Sewer Fund	637,998
Water Fund	<u>1,366,300</u>

Total Construction Commitments \$ 4,019,569

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2014

NOTE 7. 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, 2014 interfund receivables and payables consist of the following:

Funds	Due from Other Funds	Due to Other Funds
Governmental Funds		
General Fund		
Emergency Telephone System	\$ -	\$ 142,439
Economic Development	69,800	-
General Assistance	164,042	-
Home	7,086	-
Fleet Service	427,473	-
Insurance	-	513,305
Community Development Block Grant	275,373	-
Capital Improvements	-	33,129
Spec Assess CAP Project	13,968	-
Water	656,054	-
Sewer	-	1,472,493
Solid Waste	1,695,473	-
Neighborhood Stabilization Program 2	11,766	-
Neighborhood Improvement	-	20,000
Howard Ridge TIF	3,792	-
Motor Vehicle Parking System	285,947	-
Special Service DIST #4	200,000	-
Affordable Housing	13,521	-
Washington Natl TIF Debt Serv	43,775	-
General Obligation Debt Service	-	149,924
Equipment Replacement	-	551,164
Total General Fund	<u>3,868,070</u>	<u>2,882,454</u>
Capital Improvements		
General Fund	33,129	-
Water Fund	324,816	-
Total Capital Improvements	<u>357,945</u>	<u>-</u>
General Obligation Debt Service Fund		
General Fund	149,924	-
Total General Obligation Debt Service Fund	<u>149,924</u>	<u>-</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2014

NOTE 7. INTERFUNDS - Continued

A. Interfund Accounts - Continued

Funds	Due from Other Funds	Due to Other Funds
Nonmajor Governmental Funds		
Neighborhood Stabilization Program 2		
General Fund	\$ -	\$ 11,766
Economic Development		
General Fund	-	69,800
CD Loan Fund	1,252	-
Solid Waste	292	-
Insurance Fund	-	39,180
Total Economic Development	<u>1,544</u>	<u>108,980</u>
Affordable Housing		
General Fund	-	13,521
Motor Vehicle Parking System	10,000	-
Insurance Fund	-	1,166
Total Affordable Housing	<u>10,000</u>	<u>14,687</u>
Emergency Telephone System		
General Fund	142,439	-
Solid Waste	1,316	-
Insurance Fund	-	11,950
Total Emergency Telephone System	<u>143,755</u>	<u>11,950</u>
Community Development Block Grant		
General Fund	-	275,373
Spec Assess CAP Project	178	-
CD Loan Fund	-	21,130
Insurance Fund	-	1,454
Total Community Development Block Grant	<u>178</u>	<u>297,957</u>
Community Development Loan		
Economic Development Fund	-	1,252
Community Development Block Grant	21,130	-
Total Community Development Loan	<u>21,130</u>	<u>1,252</u>
Neighborhood Improvement		
General Fund	20,000	-
Total Neighborhood Improvement	<u>20,000</u>	<u>-</u>
Home		
General Fund	-	7,086
Total Home	<u>-</u>	<u>7,086</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2014

NOTE 7. INTERFUNDS - Continued

A. Interfund Accounts - Continued

Funds	Due from Other Funds	Due to Other Funds
Nonmajor Governmental Funds - Continued		
Washington Natl. Tax Increment District Debt Svc.		
General Fund	\$ -	\$ 43,775
Insurance Fund	-	27,583
Total Washington Natl. Tax Increment District Debt Svc.	-	71,358
Howard Ridge Tax Increment District		
General Fund	-	3,792
Water Fund	-	112
Sewer Fund	-	228
Solid Waste	2,979	-
Insurance Fund	-	5,000
Total Howard Ridge Tax Increment District	2,979	9,132
Howard Hartrey Tax increment District		
Insurance Fund	-	12,033
Total Howard Hartrey Tax increment District	-	12,033
Special Service District No. 4		
General Fund	-	200,000
Total Special Service District No. 4	-	200,000
Motor Fuel		
Insurance Fund	-	69,417
Total Motor Fuel	-	69,417
Southwest Tax Increment District		
Insurance Fund	-	2,458
Total Southwest Tax Increment District	-	2,458
West Evanston Tax Increment District		
Insurance Fund	-	5,000
Total West Evanston Tax Increment District	-	5,000
General Assistance		
General Fund	-	164,042
Total General Assistance	-	164,042

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2014

NOTE 7. INTERFUNDS - Continued

A. Interfund Accounts - Continued

Funds	Due from Other Funds	Due to Other Funds
Nonmajor Governmental Funds - Continued		
Spec Assess CAP Project		
General Fund	\$ -	\$ 13,968
CBDG Fund	-	178
Motor Vehicle Parking System	9,121	-
Total Spec Assess CAP Project	<u>9,121</u>	<u>14,146</u>
Total Nonmajor Governmental Funds	<u>208,707</u>	<u>1,001,264</u>
Total Governmental Funds	<u>4,584,646</u>	<u>3,883,718</u>
Enterprise Funds		
Water		
General Fund	-	656,054
Sewer Fund	160,551	-
Motor Vehicle Parking System	10,891	-
Howard Ridge TIF	112	-
Solid Waste	388,593	-
Capital Improvements	-	324,816
Insurance Fund	-	319,838
Total Water	<u>560,147</u>	<u>1,300,708</u>
Sewer		
General Fund	1,472,493	-
Howard Ridge TIF	228	-
Special Assessment CP Fund	415,832	-
Insurance Fund	-	34,586
Water Fund	-	160,551
Solid Waste	-	638,865
Total Sewer	<u>1,888,553</u>	<u>834,002</u>
Solid Waste		
General Fund	-	1,695,473
Emergency Telephone System Fund	-	1,316
CD Loan Fund	-	292
Howard Ridge TIF	-	2,979
Water Fund	-	388,593
Motor Vehicle Parking System	39,034	-
Sewer	638,865	-
Total Solid Waste	<u>677,899</u>	<u>2,088,653</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2014

NOTE 7. INTERFUNDS - Continued

A. Interfund Accounts - Continued

Funds	Due from Other Funds	Due to Other Funds
Enterprise Funds - Continued		
Motor Vehicle Parking System		
General Fund	\$ -	\$ 285,947
Affordable Housing Fund	-	10,000
Water Fund	-	10,891
Solid Waste	-	39,034
Special Assessment CP Fund	-	9,121
Insurance Fund	-	101,026
Sewer Fund	-	415,832
Total Motor Vehicle Parking System	<u>-</u>	<u>871,851</u>
Total Enterprise Funds	<u>3,126,599</u>	<u>5,095,214</u>
Internal Service Funds		
Fleet Services		
General Fund	-	427,473
Insurance Fund	-	1,626
Total Fleet Services	<u>-</u>	<u>429,099</u>
Insurance		
General Fund	513,305	-
Motor Fuel Tax Fund	69,417	-
Emergency Telephone System Fund	11,950	-
Community Development Block Grant Fund	1,454	-
Economic Development Fund	39,180	-
Affordable Housing Fund	1,166	-
Washington Natl. Tax Increment District Debt Svc.	27,583	-
Howard Hartrey Tax increment District	12,033	-
Southwest Tax Increment District	2,458	-
Howard Ridge Tax Increment District	5,000	-
West Evanston Tax Increment District	5,000	-
Motor Vehicle Parking System	101,026	-
Water Fund	319,838	-
Sewer Fund	34,586	-
Fleet Service	1,626	-
Total Insurance	<u>1,145,622</u>	<u>-</u>
Equipment Replacement		
General Fund	551,164	-
Total Equipment Replacement	<u>551,164</u>	<u>-</u>
Total Internal Service Funds	<u>1,696,786</u>	<u>429,099</u>
Total Primary Government	<u>\$ 9,408,031</u>	<u>\$ 9,408,031</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2014

NOTE 7. INTERFUNDS - Continued

B. 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, 2014 transfers in / out consist of the following:

Funds	Transfers In	Transfers Out
Governmental Funds		
General Fund		
Emergency Telephone System Fund	\$ 125,950	\$ -
Neighborhood Stabilization Program 2	46,779	-
Affordable Housing Fund	13,990	-
Washington Natl. Tax Increment District Debt Svc.	331,000	-
Howard Hartrey Tax Increment District	144,400	-
Southwest Tax Increment District	29,500	-
Capital Improvement Fund	475,000	936,500
Town Fund	277,340	-
Water Fund	3,369,559	-
Sewer	145,044	-
Motor Vehicle Parking System	869,242	-
Solid Waste Fund	-	1,055,967
Howard Ridge Tax Increment District	60,000	-
Motor Fuel Tax Fund	833,000	-
West Evanston Tax Increment District	60,000	-
General Obligation Debt Service Fund	-	609,000
Economic Development	452,707	-
Total General Fund	<u>7,233,511</u>	<u>2,601,467</u>
Capital Improvements		
Equipment Replacement Fund	-	1,072,810
General Fund	936,500	475,000
Total Capital Improvements Fund	<u>936,500</u>	<u>1,547,810</u>
General Obligation Debt Service Fund		
General Fund	609,000	-
Special Assessment	169,848	-
Sewer	207,284	-
Total General Obligation Debt Service Fund	<u>986,132</u>	<u>-</u>
Nonmajor Governmental Funds		
Economic Development		
Howard Ridge	45,500	-
General Fund	-	452,707
Total Economic Development	<u>45,500</u>	<u>452,707</u>
Southwest Tax Increment District		
General Fund	-	29,500
Howard Hartry Tax Increment District		
General Fund	-	144,400

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2014

NOTE 7. INTERFUNDS - Continued

B. Interfund Transfers - Continued

Funds	Transfers In	Transfers Out
Nonmajor Governmental Funds - Continued		
Howard Ridge Tax Increment District		
Economic Development	\$ -	\$ 45,500
General Fund	-	60,000
Total Howard Ridge Tax Increment District	-	105,500
Washington Natl. Tax Increment District Debt Svc.		
General Fund	-	331,000
Motor Vehicle Parking System	-	2,925,296
Total Washington National Tax Increment District	-	3,256,296
West Evanston Tax Increment District		
General Fund	-	60,000
Emergency Telephone System		
General Fund	-	125,950
Special Assessment		
General Obligation Debt Service Fund	-	169,848
Affordable Housing Fund		
General Fund	-	13,990
Motor Fuel Tax		
General Fund	-	833,000
Neighborhood Stabilization Program 2		
General Fund	-	46,779
Home Fund		
General Fund	-	277,340
Total Nonmajor Governmental Funds	45,500	5,515,310
Total Governmental Funds	9,201,643	9,664,587
Enterprise Funds		
Water		
General Fund	-	3,369,559
Sewer		
General Fund	-	145,044
General Obligation Debt Service Fund	-	207,284
Total Sewer	-	352,328
Motor Vehicle Parking System		
General Fund	-	869,242
Washington National Tax Increment District	2,925,296	-
Total Motor Vehicle Parking System	2,925,296	869,242
Solid Waste		
General Fund	1,055,967	-
Total Enterprise Funds	3,981,263	4,591,129
Internal Service Funds		
Equipment Replacement		
Capital Improvements	1,072,810	-
Total Internal Service Funds	1,072,810	-
Total Primary Government	\$ 14,255,716	\$ 14,255,716

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2014

NOTE 8. Operating Leases

The City of Evanston's copier lease expired with Chicago Office Technology Group on July 31, 2014. The City is currently on a month to month lease and a Request for Proposal (RFP) has been issued for copiers and related maintenance service. Proposals are currently being evaluated. The copiers are located in the Evanston Civic Center and the Evanston Police headquarter.

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>
Chicago Office Technology Group	Expired	9	1,642	Expired	Copiers
Mail Finance	4/30/2018	1	375	4,500	Postage Machine

Minimum annual lease payments are as follows:

Year ending 12/31/2015	\$ 4,500
Year ending 12/31/2016	4,500
Year ending 12/31/2017	4,500
Year ending 12/31/2018	<u>1,500</u>
	<u>\$ 15,000</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 9. LONG-TERM DEBT

A. Changes in Long-Term Debt

	Interest Rate	Final Maturity Date	Balance 12/31/2013	Issued	Payments	Balance 12/31/2014	Due Within One Year
G.O. Debt Governmental Activities							
Series 2006	3.85%-5.00%	12/1/2026	\$ 9,415,000	\$ -	\$ 235,000	\$ 9,180,000	\$ 340,000
Series 2006B	4.00%-4.25%	12/1/2023	14,395,000	-	55,000	14,340,000	1,130,000
Series 2007	4.00%-5.00%	12/1/2016	13,993,099	-	1,949,709	12,043,390	1,308,711
Series 2008A	3.00%-5.00%	12/1/2021	2,720,000	-	300,000	2,420,000	305,000
Series 2008C	3.00%-5.00%	12/1/2028	8,160,600	-	397,980	7,762,620	410,040
Series 2008D	3.25%-5.00%	12/1/2016	2,637,440	-	1,705,600	931,840	736,320
Series 2010A	2.00%-3.625%	12/1/2029	5,655,000	-	305,000	5,350,000	-
Series 2010B	1.00%-3.30%	12/1/2019	4,840,562	-	684,946	4,155,616	726,711
Series 2011A	2.00%-4.50%	12/1/2031	12,893,486	-	1,250,432	11,643,054	542,634
Series 2012A (SSA#5)	2.00%-3.25%	12/1/2032	1,175,000	-	380,000	795,000	390,000
Series 2012A	2.00%-3.25%	12/1/2032	8,905,000	-	1,035,000	7,870,000	295,000
Series 2013A	2.00%-4.75%	12/1/2033	10,565,000	-	20,000	10,545,000	450,000
Series 2013B	2.00%-3.00%	12/1/2025	22,176,324	-	1,721,005	20,455,319	2,593,702
Series 2014	1.25%-5.00%	12/1/2034	-	9,345,000	-	9,345,000	275,000
Subtotal Governmental Activities			<u>117,531,511</u>	<u>9,345,000</u>	<u>10,039,672</u>	<u>116,836,839</u>	<u>9,503,118</u>
Bonds premium liability			4,559,212	704,211	557,604	4,705,819	-
OPEB liability			1,792,118	116,936	-	1,909,054	-
Pension contributions			19,550,334	14,135,715	15,171,893	18,514,156	-
Compensated absences payable- City			10,299,711	3,993,671	4,091,754	10,201,628	3,978,635
IMRF Pension contributions			3,049,242	3,133,075	3,111,009	3,071,308	-
First Bank Loan			648,812	-	-	648,812	648,812
Claims payable			4,791,460	1,110,000	958,495	4,942,965	1,971,381
Subtotal Other G.A. Liabilities			<u>44,690,889</u>	<u>23,193,608</u>	<u>23,890,755</u>	<u>43,993,742</u>	<u>6,598,828</u>
Total Governmental Activity Debt & Liabilities			<u>\$ 162,222,400</u>	<u>\$ 32,538,608</u>	<u>\$ 33,930,427</u>	<u>\$ 160,830,581</u>	<u>\$ 16,101,946</u>
G.O. Debt Business-type Activities							
Series 2007 Sewer	4.00%-5.00%	12/1/2016	\$ 865,000	\$ -	\$ 195,000	\$ 670,000	\$ 210,000
Series 2007 Parking	4.00%-5.00%	12/1/2016	620,000	-	140,000	480,000	150,000
Series 2008B Sherman Garage	3.00%-5.00%	12/1/2018	10,115,000	-	1,685,000	8,430,000	2,090,000
Series 2008C Sewer	3.00%-5.00%	12/1/2028	1,989,400	-	97,020	1,892,380	99,960
Series 2010B	1.00%-3.30%	12/1/2019	954,437	-	135,054	819,383	143,289
Series 2011A	2.00%-4.50%	12/1/2031	3,741,512	-	169,568	3,571,944	167,366
Series 2012A	2.00%-3.25%	12/1/2032	4,305,000	-	175,000	4,130,000	175,000
Series 2013A- Water	2.00%-4.75%	12/1/2033	2,000,000	-	55,000	1,945,000	75,000
Series 2013B	2.00%-3.00%	12/1/2025	5,821,009	-	671,876	5,149,133	1,139,331
Series 2014	1.25%-5.00%	12/1/2034	-	2,700,000	-	2,700,000	70,000
Subtotal Business-type Activities			<u>30,411,358</u>	<u>2,700,000</u>	<u>3,323,518</u>	<u>29,787,840</u>	<u>4,319,946</u>
Water Revenue Bond Series 1999	4.125-4.375%	1/1/2014	305,000	-	305,000	-	-
IEPA Loans	2.535-3.59%	Various	64,658,382	1,629,514	7,875,237	58,412,659	7,731,810
Unamortized bond Premium and discount			9,219	-	1,128	8,091	-
Bonds premium liability			949,442	197,048	175,290	971,200	-
Compensated absences payable- City			975,906	277,227	308,783	944,350	302,191
IMRF Pension contributions			652,294	700,671	695,735	657,230	-
OPEB Liability			272,159	44,543	-	316,702	-
Subtotal Other Business-type Activity Liabilities			<u>2,859,020</u>	<u>1,219,489</u>	<u>1,180,936</u>	<u>2,897,573</u>	<u>302,191</u>
Total Business-type Activities Debt & Liabilities			<u>\$ 98,233,760</u>	<u>\$ 5,549,003</u>	<u>\$ 12,684,691</u>	<u>\$ 91,098,072</u>	<u>\$ 12,353,947</u>
Total Governmental & Business-type Activities Debt & Liabilities			<u>\$ 260,456,160</u>	<u>\$ 38,087,611</u>	<u>\$ 46,615,118</u>	<u>\$ 251,928,653</u>	<u>\$ 28,455,893</u>

Note: Employer Pension Contribution Fund has been used to liquidate the net pension obligation. Sewer Fund, Water Fund, Solid Waste, 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 Funds have been used to liquidate other post employment benefit obligations.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 9- LONG-TERM DEBT - Continued

A. Changes in Long-term Debt- Continued

Business type activities - Water Revenue Bonds

Business type activities revenue bonds are payable from revenues derived from Water service fees. The City has pledged future revenues, net of operating expenses, to repay original principal totaling \$5,855,000 in revenue bonds issued in 1999 and 2002. Proceeds from the bonds provided financing for Water CIP projects. The bonds are payable solely from revenues through 2014. Annual interest payment on the bonds was \$6,672 of net revenues for the year ended December 31, 2014. The final principal and interest payment on the bonds of \$311,672 was made on January 1, 2014.

Revenue debt payable consists of the following:

<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance</u>
1/25/1999	1/1/2014	Various	\$ 3,500,000	\$ <u> -</u>

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 \$145,914,377 in IEPA loans issued in 1994 through 2014. Proceeds from the loans provided financing for the Long Term Sewer and Water Improvement Program. The IEPA loans, payable from operating revenues and property tax levies, are payable through 2034. Annual principal and interest on the loans are expected to require \$9,162,226 of net revenues for the Fiscal year 2015. The total principal and interest remaining to be paid on the loans is \$65,998,980. Principal and interest paid for the current period and total customer net revenues were \$9,395,983 and \$10,538,125 respectively.

IEPA loans payable consist of the following:

<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance</u>
Various	Various	Various	\$ 145,914,377	\$ <u>58,412,659</u>

Total Business type Activities- IEPA Loan Debt \$ 58,412,659

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 9- 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 August, 2014 the City issued Series 2014 in General Obligation bonds for a total of \$12,045,000. The Bonds were issued to provide financing for certain public improvement projects. The Bond issue also included money to deposit into debt service funds of the City's Sewerage System for purposes of paying certain outstanding obligations on their scheduled payment dates.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 9- LONG-TERM DEBT - Continued

B. General Obligation Bonds Payable - Continued

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
2015	\$ 9,503,118	\$ 4,397,029	\$ 4,319,946	\$ 1,115,128
2016	10,240,943	3,988,418	4,490,816	946,923
2017	9,783,864	3,690,834	5,062,126	800,591
2018	9,436,234	3,372,484	4,016,935	586,928
2019	9,084,112	3,050,214	869,134	450,043
2020-2024	39,225,790	10,390,015	3,804,355	1,830,535
2025-2029	21,499,517	3,886,577	4,412,794	1,028,324
2030-2034	8,063,261	780,929	2,811,734	247,789
Total	<u>\$ 116,836,839</u>	<u>\$ 33,556,500</u>	<u>\$ 29,787,840</u>	<u>\$ 7,006,261</u>

C. Special Service District Bonds Payable

The City also issued debt in the Special Service District No. 5 fund to provide funds for the principal and interest payments on unlimited ad valorem tax bonds issued for this special taxing district.

Special Service District bond is included within the total of General Obligation Bonds. Annual debt service requirements to maturity for special service district bonds are as follows:

For the Fiscal Year ending	Governmental Activities	
	Principal	Interest
2015	\$ 390,000	\$ 23,745
2016	405,000	11,872
Total	<u>\$ 795,000</u>	<u>\$ 35,617</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 9- LONG-TERM DEBT - Continued

D. Notes Payable -IEPA Loans

As of December 31, 2014, the City currently has 25 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
2015	\$ 7,731,810	\$ 1,430,416
2016	7,213,736	1,229,525
2017	6,597,698	1,042,640
2018	6,145,050	872,318
2019	5,186,433	716,577
2020-2024	18,258,115	1,936,980
2025-2029	6,139,419	381,010
2030-2034	1,140,398	56,705
Total	<u>\$ 58,412,659</u>	<u>\$ 7,666,171</u>

E. Loan with First Bank & Trust, Evanston

In 2013, the City set up a loan/line of credit with First Bank and Trust, Evanston in the amount of \$2,200,000. The loan term is three years with a maturity date of August 27, 2015. As of December 31, 2014, the City had drawn \$648,812 for two projects funded out of TIF funds. The interest rate will be calculated based on 1.00 percentage point over one month "LIBOR" rate index.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 9- LONG-TERM DEBT - Continued

F. Post Employment Benefits other than Pensions (Defined Benefit Plan)

The City of Evanston's and 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 post employment 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 of Evanston and 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 \$507 for single coverage to \$1,953 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 \$507 for single coverage to \$1,953 for family coverage. For the year ended December 31, 2014, the City's estimated contribution to the plan is \$925,447. The City of Evanston's and Library's annual other post employment 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 thirty years.

The following table shows the components of the City of Evanston's and Library's annual OPEB cost for the year ended December 31, 2014, the estimated contributions to the plan and changes in the City's and Library's net OPEB obligation to the retiree health plan.

	<u>City</u>	<u>Library</u>
Annual Required Contribution	\$ 1,071,479	\$ 17,169
Interest on net OPEB obligation	92,893	1,829
Adjustment to Annual Required Contribution	<u>(78,830)</u>	<u>(1,552)</u>
Annual Pension Cost	1,085,542	17,446
Contributions made	<u>(924,063)</u>	<u>(1,384)</u>
Increase (decrease) in net pension obligation	161,479	16,062
Net OPEB obligation - Beginning	<u>2,064,277</u>	<u>40,654</u>
Net OPEB obligation - Ending	<u>\$ 2,225,756</u>	<u>\$ 56,716</u>

The City of Evanston's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014 and the two years prior were as follows.

<u>Fiscal Period Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
12/31/2012	\$ 1,113,107	78.27%	\$ 1,896,922
12/31/2013	1,085,522	84.58%	2,064,277
12/31/2014	1,085,542	85.12%	2,225,756

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 9- LONG-TERM DEBT - Continued

F. Post Employment 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 2014 and the two years prior were as follows.

Fiscal Period Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2012	\$ 15,508	7.84%	\$ 26,028
12/31/2013	16,089	9.09%	40,654
12/31/2014	17,446	7.93%	56,716

The funded status of the City and Library plan based on the projected valuation results as of December 31, 2014, was as follows:

	City	Library
Actuarial accrued liability (AAL)	\$ 15,636,027	\$ 153,846
Actuarial value of plan assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 15,636,027</u>	<u>\$ 153,846</u>
Funded ratio (actuarial value of plan assets/AAL)	-	-
Covered payroll (active plan members)	51,891,063	1,761,336
UAAL as a percentage of covered payroll	30.13%	8.73%

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 multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 January 1 2014, the entry age normal cost method was used. The actuarial assumptions include a 7.00 percent investment rate of return and an annual healthcare cost trend rate of 8.50 percent initially, reduced by decrements to an ultimate rate of 4.50 percent in the year 2023. Both rates include a 2.5 percent 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, 2014, was 30 years.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 10. FUND EQUITY

A. Restricted Net Position - Fiduciary Funds

Fiduciary Funds	
Firefighters' Pension Fund Restriction for employee pension benefits	\$ 68,241,712
Police Pension Fund Restriction for employee pension benefits	<u>99,687,542</u>
Total Fiduciary Funds	<u>\$ 167,929,254</u>

B. Assigned Fund Balances

The following are the assigned fund balances:

General Fund	
Assigned for Arts Council	\$ 24,797
Assigned for private elm trees	134,483
Assigned for parkway trees	40,267
Assigned for Butterfield sculpture	30,883
Assigned for scholarship contributions	24,353
Assigned for Noyes Center	337,086
Assigned for recreation group activities	207,123
Assigned for youth initiative	42,151
Assigned for parks and recreation	363,515
Assigned for Mayor's programs	93,179
Assigned for Chiaravelle escrow	204,600
Assigned for IMRF - Pension	1,814,000
Assigned for Compensated Absences	1,804,360
Other assignments	<u>226,313</u>
	<u>\$ 5,347,110</u>
Capital Improvement Fund	
Assigned for capital projects	<u>\$ 8,170,926</u>
Non-major Governmental Funds	
Assigned for special assessment capital project	<u>\$ 2,518,568</u>
Total Assigned Fund Balances	<u>\$ 16,036,604</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 11. 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 twenty years until February 28, 2017. The contract is renewable at ten-year intervals thereafter. Under the terms of the contract, Evanston is to supply 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, Evanston is to supply the NWWC sufficient potable Lake Michigan water to satisfy the Commission's maximum 24-hour demands for Lake Michigan water for resale to the Commission'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 2014 was \$329,592 which includes an estimated allowance amount of \$6,592.

The ordinance also authorized the City to enter into an agreement with DOWNTOWN EVANSTON, an Illinois not-for-profit corporation to plan, implement, and manage the district.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 12. 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 \$650,000 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>
December 31, 2012	\$ 2,957,267	\$ 4,303,500	\$ 7,260,767
New claims and/or estimate revisions	76,563	(1,286,360)	(1,209,797)
Claims payments	<u>(929,045)</u>	<u>(330,465)</u>	<u>(1,259,510)</u>
December 31, 2013	2,104,785	2,686,675	4,791,460
New claims and/or estimate revisions	565,982	363,368	929,350
Claims payments	<u>(494,767)</u>	<u>(283,078)</u>	<u>(777,845)</u>
December 31, 2014	<u>\$ 2,176,000</u>	<u>\$ 2,766,965</u>	<u>\$ 4,942,965</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 13. 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 14. 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, 5 ILCS 220/3.2. The Agency consists of twenty-three 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 bylaws.

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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 14. JOINT VENTURES – Continued

A. Solid Waste Agency of Northern Cook County - Continued

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.

Summary of Financial Position as of April 30, 2014:

Current assets	\$ 4,975,698
Property, plant, and equipment	<u>9,802,029</u>
Total assets	<u>14,777,727</u>
Current liabilities	4,001,473
Long-term debt, net of unamortized discount	<u>1,214,781</u>
Total liabilities	<u>5,216,254</u>
Deferred outflows	
Deferred amount on refunding	<u>(7,850)</u>
Net Investment in capital assets	7,387,248
Restricted net position	2,870,145
Unrestricted net position	<u>(688,070)</u>
Net Position	<u>\$ 9,569,323</u>

Summary of Revenues and Expenses for the Year Ended April 30, 2014:

Total revenues	\$ 14,380,631
Total expenses	<u>(14,091,744)</u>
Net income	<u>\$ 288,887</u>

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 14. JOINT VENTURES – Continued

B. Evanston Housing Corporation

The City agreed to jointly participate with various lending institutions in a not-for-profit housing mortgage corporation by approval of the City Council on May 22, 1989. The purpose of the corporation is to lend mortgage funds to qualified, income eligible, first-time homebuyers in the City of Evanston.

The Corporation is governed by a Board of Directors of ten people, four of whom are selected by the City. The Board has the authority to approve the annual budget and to arrange for the management of the affairs of the Corporation. The City has no governing authority to influence actions of the Corporation. The City is not liable for payment of any debts of the Corporation.

The City of Evanston has advanced \$639,000 to the corporation under the notes due on or before November 30, 2034. The notes bear no interest. However, the City is entitled to a certain net sales consideration upon the sale or exchange of the mortgaged property, as well as a prorated portion of the investment income earned on the funds not loaned to mortgagees.

The financial institutions' funds are advanced under Non-Recourse Collateral Trust Notes. The notes are payable on or before November 30, 2029. Interest accrues based on interest earned from the mortgage notes receivable and investments, less expenses. Interest is paid semiannually to the holders on a pro-rata basis based on the amount of each note held to the total outstanding notes.

The audited financial statements of Evanston Housing Corporation for the year ended December 31, 2013 are summarized as follows:

Statement of Financial Position as of December 31, 2013:

Cash and cash equivalents	\$ 1,196,756
Mortgage loans receivable	<u>2,096,141</u>
Total assets	<u>3,292,897</u>
Payables and accrued expenses	228,897
Notes payable	<u>3,064,000</u>
Total liabilities	<u>3,292,897</u>
Net Position	<u>\$ -</u>

(Note: December 31, 2013 is the most current information available.)

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 14. JOINT VENTURES – Continued

B. Evanston Housing Corporation - Continued

Statement of Activities for the Year Ended December 31, 2013:

Total revenues	\$ 105,740
Total operating expenses	<u>(105,740)</u>
Excess of revenues over expenses	<u>\$ -</u>

(Note: December 31, 2013 is the most current information available.)

The City provides the Corporation with office space and staff support on a cost reimbursement basis. Complete financial statements for the Corporation can be obtained in the City's Community Development Department from the Assistant Director, Housing Rehabilitation and Property Standards.

NOTE 15. DEFERRED COMPENSATION PLANS

The City of Evanston offers its elected officials and employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the ICMA Retirement Corporation. The plan, available to all City employees, permits them to defer a portion of their current salary to all future years. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. Additionally, the Firefighter's collective bargaining agreement allows them an additional deferred compensation plan administered by Nationwide created in accordance with Internal Revenue Code Section 457.

The assets of the plan are held in Trust (ICMA Retirement Corporation Deferred Compensation Plan and Trust), with the City serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets cannot be diverted to any other purpose. The City's beneficial ownership of plan assets held in the ICMA Retirement Trust is held for the further exclusive benefit of the plan participants and their beneficiaries.

The City and its agent have no liability for losses under the plans, but do have the duty of care that would be required of an ordinary prudent investor.

ICMA Plan balance	\$ 47,522,384
Nationwide Plan balance	<u>6,339,148</u>
Total	<u>\$ 53,861,532</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS

The Employer Pension Contribution Fund is a special revenue fund and uses the modified accrual basis of accounting. The tax revenues are recognized when measurable and available. The expenditures are recorded when the liability is incurred.

Illinois Municipal Retirement Fund

A. Plan Description

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

The City created a special revenue fund, the Employer Pension Contribution Fund, to accommodate the Police and Fire pension accounting requirements. This fund recognizes the appropriate tax revenues for the City on behalf of the Pension Trust Funds and contributes those amounts into the Pension Trust Funds as the employer contribution. The Employer Pension Contribution Fund is a special revenue fund and uses the modified accrual basis of accounting. The tax revenues are recognized when measurable and available. The expenditures are recorded when the liability is incurred.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The City and Township are required to contribute at an actuarially determined rate. The City's rate as of December 2014 was 11.79% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

In 2010, the Illinois Legislature passed Senate Bill 1946. The Bill modifies benefits for most Illinois public pension systems, including IMRF's regular plans. The provisions of the bill became effective January 1, 2011. The bill created a second tier for the employees starting on or after January 1, 2011. As a part of this bill, the vesting time for the second tier employees has been increased from eight to ten years. The bill also increased the age to receive full retirement benefits to 67 and reduced retirement benefit to age 62 from the current age of 60 and 55 respectively for each type of benefit. In 2014, the final rate of earnings used to calculate a pension is also capped at \$110,631 as a part of pension reforms.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund - Continued

B. Funding Status and Progress

The City's gross total payroll for the fiscal year ended December 31, 2014 was \$66,772,410. Of this amount, \$35,379,772 in payroll earnings were reported to and covered by the IMRF system.

As of December 31, 2014, the most recent actuarial valuation date, the City's Regular plan was 84.55% funded. The City's actuarial accrued liability for benefits was \$101,823,526 and the actuarial value of assets was \$86,088,419 resulting in an underfunded actuarial accrued liability (UAAL) of \$15,735,107. The covered payroll for the fiscal year ended December 31, 2014 (annual payroll of active employees covered by the plan) was \$35,379,772 and the ratio of the UAAL to the covered payroll was 44%.

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

C. Annual Pension Cost

For December 31, 2014, the employer's actual contributions for pension cost were \$4,171,275. Actual required contributions for calendar year 2014 was \$4,171,275. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year, depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor.

Three-Year Trend Information for IMRF - City of Evanston

Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC) <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/14	\$ 4,171,275	100%	\$ 4,010,484
12/31/13	4,084,999	93%	4,003,630
12/31/12	3,863,934	88%	3,710,342

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund - Continued

C. Annual Pension Cost - Continued

The City's annual pension cost and net pension obligation for IMRF pension plan as of December 31, 2014 are as follows:

	<u>IMRF</u>
Annual required contribution	\$ 4,171,275
Interest on net pension obligation	300,272
Adjustment to annual required contribution	<u>(293,418)</u>
Annual pension cost	4,178,129
Contributions made	<u>(4,171,275)</u>
Increase (decrease) in net pension obligation	6,854
Net pension obligation at January 1, 2014	<u>4,003,630</u>
Net pension obligation at December 31, 2014	<u>\$ 4,010,484</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS – Continued

Police and Firefighters' Pension Plans

D. Plan Descriptions

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's payroll for police and firefighter employees covered by the plans for the fiscal year ended December 31, 2014 was \$13,537,726 and \$9,520,925 respectively.

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

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 obligation.

E. Concentration of Investments

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 FNMA (8%).

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.

F. Funding Status and Progress

As of December 31, 2014, the City's Police Pension plan was 52.65% funded. The City's actuarial accrued liability for benefits was \$189,324,239 and the actuarial value of assets was \$99,687,542 resulting in an underfunded actuarial accrued liability (UAAL) of \$89,636,697. The covered payroll for the fiscal year ending December 31, 2014 (annual payroll of active employees covered by the Police Pension Plan) was \$13,537,726 and the ratio of the UAAL to the covered payroll was 662.13%.

As of December 31, 2014, the City's Fire Pension plan was 47.17% funded. The City's actuarial accrued liability for benefits was \$144,657,092 and the actuarial value of assets was \$68,241,712 resulting in an underfunded actuarial accrued liability (UAAL) of \$76,415,380. The covered payroll for the fiscal year ending December 31, 2014 (annual payroll of active employees covered by the Fire Pension Plan) was \$9,520,952 and the ratio of the UAAL to the covered payroll was 802.60%.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS - Continued

G. Police Pension Plan Description

At January 1, 2014, the Police Pension Fund membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	179
Terminated employees entitled to	
but not yet receiving benefits	6
Current employees	165
<hr/> Totals	<hr/> 350

As provided for in the Illinois Compiled Statutes, the Police Pension Fund provides 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 Pension Fund as provided for in Illinois Compiled Statutes.

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 CPI, whichever is less.

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, 2014, the City's contribution was 63.85% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS - Continued

H. Firefighters' Pension Plan Description

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At January 1, 2014, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	136
Terminated employees entitled to	
but not yet receiving benefits	2
Current employees	104
Totals	242

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Fund provides 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 Firefighters' Pension Fund as provided for in Illinois Compiled Statutes.

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.

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2014, 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 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 Firefighters' Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2014 the City's contribution was 68.56% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS - Continued

I. Summary of Significant Accounting Policies

Police and Firefighters' Pension Plans

Basis of Accounting. The financial statements of the pension fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The Village's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

J. Net Pension Obligation (Asset)

The following is the net pension obligation (asset) calculation from the December 31, 2014 actuarial reports:

	Police Pension	Firefighters' Pension
Annual required contribution	\$8,257,475	\$5,903,483
Interest on net pension obligation	809,451	510,196
Adjustment to annual required contribution	(818,823)	(526,067)
Annual pension cost	<u>8,248,103</u>	<u>5,887,612</u>
Contributions made	<u>(8,644,196)</u>	<u>(6,527,697)</u>
Change in net pension obligation (asset)	(396,093)	(640,085)
Net pension obligation (asset), beginning of year	<u>11,991,870</u>	<u>7,558,464</u>
Net pension (asset), end of year	<u>\$ 11,595,777</u>	<u>\$ 6,918,379</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS - Continued

K. Actuarial Assumptions – Annual Required Contribution

The annual required contribution for the current year above was determined by an actuarial valuation performed as December 31, 2014 using the following actuarial methods and assumptions:

	Police Pension	Firefighters' Pension
Actuarial valuation date	12/31/2014	12/31/2014
Contribution rates:		
Employer	63.85%	68.56%
Employee	9.91%	9.46%
Annual required contribution	\$8,257,475	\$5,903,483
Contributions made	\$8,644,196	\$6,527,697
Actuarial cost method	Entry-age normal	Entry-age normal
Asset valuation method	Five Year Smoothed	Five Year Smoothed
Amortization method	Level percentage of payroll	Level percentage of payroll
Remaining Amortization Period	19.5 years (as of 1/1/14)	19.5 years (as of 1/1/14)
Actuarial assumptions:		
Annual Investment rate of return	6.75%	6.75%
Projected salary increases		
graded by age	From 7.69% to 3.62%	From 7.69% to 3.62%
Inflation rate included	2.50%	2.50%
Cost-of-living adjustments	3.00%	3.00%

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.

L. Five-Year Trend Information – Pension Trust Funds

	Fiscal Period Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Police	12/31/14	\$ 8,248,103	104.80%	\$ 11,595,777
	12/31/13	8,065,301	104.93%	11,991,870
	12/31/12	7,610,323	113.71%	12,389,793
	12/31/11 (10 months)	6,283,638	85.40%	13,433,187
	2/28/11	8,933,767	91.65%	12,515,848
Firefighters'	12/31/14	\$ 5,887,612	110.87%	\$ 6,918,379
	12/31/13	6,011,301	106.11%	7,558,464
	12/31/12	5,751,374	111.80%	7,925,926
	12/31/11 (10 months)	4,506,075	96.92%	8,604,479
	2/28/11	7,216,303	92.18%	8,465,557

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS - Continued

M. Net Pension Liability

	Police Pension	Firefighters' Pension
Total pension liability	\$189,324,239	\$144,657,092
Plan fiduciary net position	99,687,542	68,241,712
Village's net pension liability	89,636,697	76,415,380
Plan fiduciary net position as a percentage of the total pension liability	52.65%	47.17%

The schedule of changes in the employer's net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information related to the funded status of the Police Pension Fund and Firefighters' Pension Fund.

N. Actuarial Assumptions – Total Pension Liability

The total pension liability for the current year above was determined by an actuarial valuation performed as December 31, 2014 using the following actuarial methods and assumptions:

	Police Pension	Firefighters' Pension
Actuarial valuation date	1/1/2014	1/1/2014
Actuarial cost method	Entry-age normal	Entry-age normal
Asset valuation method	Five Year Smoothed	Five Year Smoothed
Actuarial assumptions:		
Projected salary increases graded by age	From 7.69% to 3.62%	From 7.69% to 3.62%
Inflation	2.50%	2.50%
Interest rate	6.75%	6.75%
Cost-of-living adjustments	3.00%	3.00%

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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS - Continued

O. Discount Rate

Police Pension Plan

The discount rate used to measure the total pension liability for the Police Pension Plan was 6.75%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions 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 Fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Firefighter’s Pension Plan

The discount rate used to measure the total pension liability for the Firefighters’ Pension Plan was 6.75%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Firefighters’ Pension Fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

P. Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability calculated using the discount rates of 6.75% and 6.75% for the Police Pension Plan and Firefighters’ Pension Plan, respectively, as well as what the net pension liability would be if it were to be calculated using discount rates that is 1 percentage point lower or 1 percentage point higher than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
<i>Police Pension Fund:</i>			
Discount rate	5.75%	6.75%	7.75%
Net pension liability	113,444,590	89,636,697	69,837,068
<i>Firefighters’ Pension Fund:</i>			
Discount rate	5.75%	6.75%	7.75%
Net pension liability	94,105,898	76,415,380	61,640,923
<i>Total net pension liability</i>	207,550,488	166,052,077	131,477,991

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS - Continued

Police and Firefighters' Pension Plans – Continued

Q. Pensions - Detailed Statement of Net Position

	Firefighters' Pension	Police Pension	Total Pension
Assets			
Cash and short-term investments	<u>\$ 1,988,534</u>	<u>\$ 2,363,335</u>	<u>\$ 4,351,869</u>
Receivables			
Accrued interest	125,748	407,390	533,138
Due from city funds	<u>993,502</u>	<u>1,330,683</u>	<u>2,324,185</u>
Total Receivables	<u>1,119,250</u>	<u>1,738,073</u>	<u>2,857,323</u>
Investments, at fair value			
U.S. Government and agency obligations	5,263,714	32,742,964	38,006,678
Corporate Bonds	12,224,505	10,467,891	22,692,396
Common Stock	6,166,001	18,550,358	24,716,359
Mutual funds	<u>41,484,694</u>	<u>33,824,921</u>	<u>75,309,615</u>
Total Investments	<u>65,138,914</u>	<u>95,586,134</u>	<u>160,725,048</u>
Total Assets	<u>68,246,698</u>	<u>99,687,542</u>	<u>167,934,240</u>
Liabilities			
Vouchers payable	<u>4,986</u>	<u>-</u>	<u>4,986</u>
Net position held in trust for pension benefits	<u>\$ 68,241,712</u>	<u>\$ 99,687,542</u>	<u>\$ 167,929,254</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 16. DEFINED BENEFIT PENSION PLANS - Continued

Police and Firefighters' Pension Plans – Continued

R. Pensions - Detailed Statement of Changes in Net Position

	Firefighters' Pension	Police Pension	Total Pension
Additions			
Contributions			
Employer	\$ 6,527,697	\$ 8,644,196	\$ 15,171,893
Plan members	919,874	1,565,053	2,484,927
Total Contributions	<u>7,447,571</u>	<u>10,209,249</u>	<u>17,656,820</u>
Investment income			
Net appreciation in fair value of investments	2,561,318	6,307,892	8,869,210
Interest	<u>1,179,581</u>	<u>2,661,220</u>	<u>3,840,801</u>
Total investment income	3,740,899	8,969,112	12,710,011
Less investment expense			
	<u>191,768</u>	<u>295,677</u>	<u>487,445</u>
Net investment income	<u>3,549,131</u>	<u>8,673,435</u>	<u>12,222,566</u>
Total Additions	<u>10,996,702</u>	<u>18,882,684</u>	<u>29,879,386</u>
Deductions			
Benefits	7,727,683	9,776,130	17,503,813
Refunds of contributions	-	114,915	114,915
Administrative expense	<u>52,248</u>	<u>67,240</u>	<u>119,488</u>
Total Deductions	<u>7,779,931</u>	<u>9,958,285</u>	<u>17,738,216</u>
Net increase	3,216,771	8,924,399	12,141,170
Net position held in trust for pension benefits			
Beginning, 12/31/2013	<u>65,024,941</u>	<u>90,763,143</u>	<u>155,788,084</u>
Ending, 12/31/2014	<u>\$ 68,241,712</u>	<u>\$ 99,687,542</u>	<u>\$ 167,929,254</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 17. 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, the Illinois Metropolitan Investment Fund (IMET), and the Illinois Funds.

Library investment consists of Equities, ETFs, Money Market Funds, Mutual Funds, Corporate Bonds, and US 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 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, respectively 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 triple A 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 City 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, Library has diversified its investments in various type sof 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 17. EVANSTON LIBRARY COMPONENT UNIT - Continued

B. Reconciliation of Cash and Investments

Cash and Equivalents	\$ 1,578,810
Investments	3,451,820
Total per Statement of Position	<u>\$ 5,030,630</u>

Cash in Bank	\$ 1,118,640
Vanguard Money Market	460,170
Vanguard Equity Mutual Funds	3,451,820
Total Cash and Investments	<u>\$ 5,030,630</u>

C Summary of Receivables

Receivables:	
Property taxes	\$ 6,418,643
Accrued interest	8,741
Net receivables	<u>\$ 6,427,384</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	18,551,582	-	-	18,551,582
Office equipment and furniture	2,285,009	-	-	2,285,009
Infrastructure	230,006	-	-	230,006
Library collections	8,787,866	238,692	-	9,026,558
Capitalized leases	266,191	-	-	266,191
Total capital assets being depreciated/amortized	<u>30,120,654</u>	<u>238,692</u>	<u>-</u>	<u>30,359,346</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	6,998,732	372,050	-	7,370,782
Office equipment and furniture	2,285,009	-	-	2,285,009
Infrastructure	66,447	15,334	-	81,781
Library collections	6,740,753	621,273	-	7,362,026
Capitalized leases	266,191	-	-	266,191
Total accumulated depreciation/amortization	<u>16,357,132</u>	<u>1,008,657</u>	<u>-</u>	<u>17,365,789</u>
Total capital assets being depreciated/amortized, net	<u>13,763,522</u>	<u>(769,965)</u>	<u>-</u>	<u>12,993,557</u>
Library activities capital assets, net	<u>\$ 14,074,902</u>	<u>(769,965)</u>	<u>-</u>	<u>\$ 13,304,937</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2014

NOTE 17. EVANSTON LIBRARY COMPONENT UNIT - Continued

E Long-Term Debt

	Interest Rate	Final Maturity Date	Balance 12/31/2013	Issued	Payments	Balance 12/31/2014	Due Within One Year
General Obligations Debt							
Series 2007	4.00%-5.00%	12/1/2016	\$ 1,356,901	\$ -	\$ 200,291	\$ 1,156,610	\$ 146,289
Series 2008D	3.25%-5.00%	12/1/2016	532,560	-	344,400	188,160	146,680
Series 2013B	2.00%-3.00%	12/1/2025	877,667	-	97,120	780,547	186,967
			2,767,128		641,811	2,125,317	479,936
OPEB liability			40,654	16,062	-	56,716	-
Compensated absences payable- City			453,093	231,365	214,921	469,537	178,424
IMRF Pension contributions			302,094	337,529	357,677	281,946	-
Total Long-Term Debt			<u>\$ 3,562,969</u>	<u>584,956</u>	<u>1,214,409</u>	<u>2,933,516</u>	<u>\$ 658,360</u>

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

Year Ending December 31	Principal	Interest
2015	\$ 479,936	\$ 80,804
2016	323,241	62,454
2017	274,011	51,944
2018	166,831	42,907
2019	106,755	36,575
2019-2024	489,854	126,317
2025-2027	284,689	26,605
Total	<u>\$ 2,125,317</u>	<u>\$ 427,606</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EVANSTON, ILLINOIS

Firefighters' Pension Fund, Police Pension Fund, Illinois Municipal Retirement Fund and Post Employment Benefits

Schedules of Funding Progress
 Required Supplementary Information
 December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll Under/(Over) ((b-a)/c)
Firefighters' Pension						
1/1/2014	\$ 68,241,712	\$ 144,657,092	\$ 76,415,380	47.17%	\$ 9,520,925	802.60%
1/1/2013	58,476,156	127,764,750	69,288,594	45.77%	9,201,691	753.00%
1/1/2012	55,082,975	121,693,417	66,610,442	45.26%	8,543,980	779.62%
3/1/2011	54,214,525	119,011,406	64,796,881	45.55%	7,736,550	837.54%
3/1/2010	52,021,778	129,493,139	77,471,361	40.17%	9,133,000	848.26%
3/1/2009	49,410,755	119,852,896	70,442,141	41.23%	9,242,000	762.20%
3/1/2008	47,006,917	111,696,236	64,689,319	42.08%	8,999,000	718.85%
3/1/2007	43,742,297	106,361,853	62,619,556	41.13%	8,402,000	745.29%
3/1/2006	40,653,428	84,413,071	43,759,643	48.16%	8,150,000	536.93%
3/1/2005	38,327,422	78,759,019	40,431,597	48.66%	7,684,000	526.18%
Police Pension						
1/1/2014	\$ 99,687,542	\$ 189,324,239	\$ 89,636,697	52.65%	\$ 13,537,726	662.13%
1/1/2013	78,658,837	169,353,377	90,694,540	46.45%	12,499,170	725.60%
1/1/2012	72,266,706	158,457,577	86,190,871	45.61%	14,018,048	614.86%
3/1/2011	71,478,229	156,201,256	84,723,027	45.76%	11,502,613	736.55%
3/1/2010	68,998,555	166,228,478	97,229,923	41.51%	13,117,000	741.25%
3/1/2009	66,514,296	154,971,310	88,457,014	42.92%	12,632,549	700.23%
3/1/2008	64,355,651	145,458,945	81,103,294	44.24%	12,142,000	667.96%
3/1/2007	61,795,438	139,371,086	77,575,648	44.34%	11,522,000	673.28%
3/1/2006	58,400,853	112,448,880	54,048,027	51.94%	11,195,000	482.79%
3/1/2005	55,269,914	106,426,694	51,156,780	51.93%	10,642,000	480.71%
Illinois Municipal Retirement Fund (City)						
12/31/2014	\$ 86,088,419	\$ 101,826,526	\$ 15,735,107	84.55%	\$ 35,379,772	44.47%
12/31/2013	78,823,691	92,222,299	13,398,608	85.47%	33,484,947	40.01%
12/31/2012	69,218,573	89,116,813	19,898,240	77.67%	33,025,074	60.25%
12/31/2011	65,199,440	86,311,655	21,112,215	75.54%	32,270,312	65.42%
12/31/2010	61,673,349	80,396,511	18,723,162	76.71%	32,163,415	58.21%
12/31/2009	50,465,714	79,011,161	28,545,447	63.87%	33,485,370	85.25%
12/31/2008	44,075,583	72,888,719	28,813,136	60.47%	34,189,216	84.28%
12/31/2007	88,101,956	84,705,898	(3,396,058)	104.01%	34,496,585	(9.84%)
12/31/2006	87,758,900	82,928,874	(4,830,026)	105.82%	32,625,369	(14.80%)
12/31/2005	82,368,849	79,384,403	(2,984,446)	103.76%	31,403,514	(9.50%)
Illinois Municipal Retirement Fund (Township)						
12/31/2014	The townships was absorbed into the City of Evanston as of 5/1/2014.					
12/31/2013	\$ 501,694	\$ 470,077	\$ (31,617)	106.73%	\$ 325,630	(9.71%)
12/31/2012	393,759	495,178	101,419	79.52%	348,889	29.07%
12/31/2011	291,690	279,973	(11,717)	104.19%	358,316	(3.27%)
12/31/2010	331,048	305,956	(25,092)	108.20%	334,330	(7.51%)
12/31/2009	476,660	380,918	(95,742)	125.13%	330,215	(28.99%)
12/31/2008	405,691	317,964	(87,727)	127.59%	261,152	(33.59%)
12/31/2007	612,352	360,059	(252,293)	170.07%	338,122	(74.62%)
12/31/2006	514,875	321,366	(193,509)	160.21%	344,707	(56.14%)
12/31/2005	413,112	253,244	(159,868)	163.13%	314,044	(50.91%)
Post Employment Benefits other than Pension						
12/31/2014	\$ -	\$ 15,789,873	\$ 15,789,873	-	\$ 53,652,399	29.43%
12/31/2013	-	15,870,326	15,870,326	-	45,455,695	34.91%
12/31/2012	-	17,294,689	17,294,689	-	49,784,920	34.74%
12/31/2011	-	16,994,544	16,994,544	-	48,101,372	35.33%
3/1/2010	-	12,259,348	12,259,348	-	51,896,579	23.62%
3/1/2009	-	11,762,298	11,762,298	-	50,141,622	23.46%
3/1/2008	-	7,634,991	7,634,991	-	50,230,393	15.20%
3/1/2007	-	7,254,074	7,254,074	-	48,531,780	14.95%

Note: See notes to Required Supplementary Information and Auditors' Report.

CITY OF EVANSTON, ILLINOIS

Firefighters and Police Pension Funds

Schedules of Employer Contribution
 Required Supplementary Information
 December 31, 2014

Tax Levy Year	Firefighters' Pension Fund			Police Pension Fund		
	Annual Required Contribution	City's Contribution	Percentage Contributed	Annual Required Contribution	City's Contribution	Percentage Contributed
2013	\$ 5,865,595	\$ 6,527,697	111.29%	\$ 8,213,172	\$ 8,644,196	105.25%
2012	6,028,078	6,378,763	105.82%	8,091,526	8,463,224	104.59%
2012	5,729,977	6,429,927	112.22%	7,576,919	8,653,717	114.21%
2011	4,468,888	4,367,153	97.72%	6,232,638	5,366,299	86.10%
2010	7,148,759	5,937,637	83.06%	8,831,924	7,254,351	82.14%
2009	5,828,112	5,937,637	101.88%	7,081,620	7,254,351	102.44%
2008	5,486,699	5,217,187	95.09%	6,659,960	6,345,667	95.28%
2007	4,174,271	6,139,178	147.07%	4,636,539	7,717,650	166.45%
2006	3,921,530	3,867,153	98.61%	4,301,359	4,217,457	98.05%
2005	3,317,158	3,459,626	104.29%	4,071,765	4,295,601	105.50%
2004	3,041,911	3,398,340	111.72%	4,274,043	4,271,102	99.93%

Note: See notes to Required Supplementary Information and Auditors' Report.

CITY OF EVANSTION, ILLINOIS

Police Pension Fund

Schedule of Changes in the City's Net Pension Liability and Related Ratios

December 31, 2014

Last 10 Calendar Years

(Schedule to be built prospectively from 2014)

Calendar year ending December 31,	2014
Total pension liability	
Service cost	\$ 3,439,223
Interest Changes of benefit terms	12,284,036
Benefit payments, including refunds of member contributions	(9,891,045)
Net change in total pension liability	<u>5,832,214</u>
Total pension liability - beginning	<u>183,492,025</u>
Total pension liability - ending (a)	<u>\$ 189,324,239</u>
Plan fiduciary net position	
Employer contributions	\$ 8,644,196
Employee contributions	1,565,053
Net investment income	8,675,133
Benefit payments, including refunds of member contributions	(9,891,045)
Administration	(68,938)
Net change in plan fiduciary net position	<u>8,924,399</u>
Plan fiduciary net position - beginning	<u>90,763,143</u>
Plan fiduciary net position - ending (b)	<u>\$ 99,687,542</u>
City's net pension liability - ending (a) - (b)	<u>\$ 89,636,697</u>
Plan fiduciary net position as a percentage of the total pension liability	52.65%
Covered-employee payroll	\$ 13,537,726
City's net pension liability as a percentage of covered-employee payroll	662.13%

Notes to Schedule:

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

Note: See Notes to Required Supplementary Information and Auditors' Report.

CITY OF EVANSTON, ILLINOIS

Firefighters' Pension Fund

Schedule of Changes in the City's Net Pension Liability and Related Ratios

December 31, 2014

Last 10 Calendar Years

(Schedule to be built prospectively from 2014)

Calendar year ending December 31,	2014
Total pension liability	
Service cost	\$ 2,326,092
Interest Changes of benefit terms	9,391,253
Benefit payments, including refunds of member contributions	<u>(7,727,683)</u>
Net change in total pension liability	3,989,662
Total pension liability - beginning	<u>140,667,430</u>
Total pension liability - ending (a)	<u>\$ 144,657,092</u>
Plan fiduciary net position	
Employer contributions	\$ 6,527,697
Employee contributions	919,874
Net investment income	3,549,131
Benefit payments, including refunds of member contributions	(7,727,683)
Administration	<u>(52,248)</u>
Net change in plan fiduciary net position	3,216,771
Plan fiduciary net position - beginning	<u>65,024,941</u>
Plan fiduciary net position - ending (b)	<u>\$ 68,241,712</u>
City's net pension liability - ending (a) - (b)	<u>\$ 76,415,380</u>
Plan fiduciary net position as a percentage of the total pension liability	47.17%
Covered-employee payroll	\$ 9,520,925
City's net pension liability as a percentage of covered-employee payroll	802.60%

Notes to Schedule:

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

Note: See Notes to Required Supplementary Information and Auditor's Report.

CITY OF EVANSON, ILLINOIS

Pension Funds

Schedule of Employer Contributions

December 31, 2014

Last 10 Calendar Years

(Schedule to be built prospectively from 2014)

<i>Police Pension Fund</i>					
<u>Calendar Year Ending December 31.</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>*Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2014	\$ 8,257,475	\$ 8,644,196	\$ (386,721)	\$13,537,726	63.85%

<i>Fire Pension Fund</i>					
<u>Calendar Year Ending December 31.</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>*Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2014	\$ 5,903,483	\$ 6,527,697	\$ (624,214)	\$ 9,520,925	68.56%

*Covered valuation payroll is estimated based on the best available information at the time of the valuation.

Other information:

The mortality tables used for the valuation were updated as of December 31, 2014.

The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

See Pension Notes to Contributions for Summary of Actuarial Methods and Assumptions.

Note: See Notes to Required Supplementary Information and Auditors' Report.

CITY OF EVANSTON, ILLINOIS

Pension Funds

Notes to Schedule of Contributions

As of December 31, 2014

Notes to Schedule of Contributions:

Valuation Dates:

Police and Fire Pension The total pension liability was determined by an actuarial valuation as of January 1, 2014 updated to December 31, 2014.

The following actuarial assumptions were used by the plans:

	<u>Police and Fire</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar amortization
Remaining amortization period	27
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases graded by age	7.69% to 3.62% at age 55 and later
Investment rate of return	6.75% per annum
Mortality	Mortality rates were based on the RP-2000 Mortality Table

CITY OF EVANSTON, ILLINOIS

Pension Funds

Schedule of Investment Returns

Last 10 Calendar Years

(Schedule to be build prospectively from 2014)

As of December 31,	<u>2014</u>
Police Pension Fund	9.54%
Firefighters' Pension Fund	5.47%

Notes to Schedule:

Annual money-weighted rate of return, net of investment expense

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

Note: See Notes to Required Supplementary Information and Auditors' Report.

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
 Required Supplementary Information
 For the Fiscal Year ended December 31, 2014

	Original & Final Budget	Actual	Variance
Revenues			
Taxes	\$ 37,781,439	\$ 37,376,358	\$ (405,081)
Licenses and permits	12,616,032	14,503,168	1,887,136
Intergovernmental	17,545,442	17,964,980	419,538
Charges for services	7,819,807	7,792,469	(27,338)
Fines	4,366,022	3,357,965	(1,008,057)
Investment income	10,000	13,037	3,037
Miscellaneous	2,120,684	1,138,650	(982,034)
Total Revenues	<u>82,259,426</u>	<u>82,146,627</u>	<u>(112,799)</u>
Expenditures			
General management and support	11,774,101	11,642,286	131,815
Public safety	42,232,574	43,013,173	(780,599)
Public works	17,199,010	17,398,563	(199,553)
Health and human resource development	3,985,904	3,836,705	149,199
Recreation and cultural opportunities	9,786,537	10,486,537	(700,000)
Housing and economic development	2,707,545	2,627,187	80,358
Total Expenditures	<u>87,685,671</u>	<u>89,004,451</u>	<u>(1,318,780)</u>
(Deficiency) of Revenues (under) Expenditures	<u>(5,426,245)</u>	<u>(6,857,824)</u>	<u>(1,431,579)</u>
Other Financing Sources (Uses)			
Operating transfers in (out)			
West Evanston TIF	60,000	60,000	-
Motor Fuel Tax Fund	833,000	833,000	-
Economic Development Fund	452,707	452,707	-
Housing Fund	13,990	13,990	-
Washington National TIF Debt Service Fund	331,000	331,000	-
Howard Hartrey Debt Service	144,400	144,400	-
Southwest TIF I Debt Service Fund	29,500	29,500	-
NSP 2	30,000	46,779	16,779
Emergency Telephone System Fund	125,950	125,950	-
Parking Fund	869,242	869,242	-
Sewer Fund	145,044	145,044	-
Howard Ridge TIF	60,000	60,000	-
Capital Improvement Fund	475,000	475,000	-
Water Fund	3,369,559	3,369,559	-
Solid Waste	(1,055,967)	(1,055,967)	-
Debt Service Fund	(609,000)	(609,000)	-
Capital Improvement Fund	(936,500)	(936,500)	-
	<u>4,337,925</u>	<u>4,354,704</u>	<u>16,779</u>
Net Change in Fund Balance	<u>\$ (1,088,320)</u>	<u>(2,503,120)</u>	<u>\$ (1,414,800)</u>
Fund Balance			
Beginning		<u>26,709,639</u>	
Ending		<u>\$ 24,206,519</u>	

Note: See notes to Required Supplementary Information and Auditors' Report.

CITY OF EVANSTON, ILLINOIS

Notes to the Required Supplementary Information

NOTE 1. DIGEST OF CHANGES - IMRF

The actuarial assumptions used to determine the actuarial accrued liability for 2014 were based on the 2011 valuation pursuant to an experience study of the period 2008-2010.

The principal changes were:

- RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA.
- There were no benefit changes for the year.

NOTE 2. CONVERSION FROM GAAP BASIS TO BUDGETARY BASIS

Adjustments necessary to convert City revenues and expenditures for the fiscal year ended December 31, 2014 on the GAAP basis to the budgetary basis are presented below:

	<u>General Fund</u>
Revenues	
GAAP basis revenues as reported in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 82,992,422
Increase (decrease) due to budgeting property taxes as revenue in the year of levy	<u>(845,795)</u>
Budgetary Basis Revenues	<u><u>\$ 82,146,627</u></u>
Expenditures	
GAAP basis expenditures as reported in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 89,004,451
Increase (decrease) due to changes in Encumbrances	<u>-</u>
Budgetary Basis Expenditures	<u><u>\$ 89,004,451</u></u>

Note: See Auditors' Report.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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 from the City's share of gasoline taxes.

Economic Development - to account for 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 is 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 Evanston. 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 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.

Town - to account for general administrative services.

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

Special Revenue Funds - Continued

Debt Service Funds

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

Special Service District No. 5 - accumulated monies for the principal and interest payments on unlimited ad valorem tax bonds issued for this special taxing district.

Southwest Tax Increment District - accumulated monies for the principal and interest payments on debt issued for this special taxing district.

Howard Hartrey Tax Increment District - accumulated monies for the principal and interest payments on debt issued for this special taxing district.

Washington National Tax Increment District - accumulated monies for the principal and interest payments on debt issued for this special taxing district.

Howard Ridge Tax Increment District - accumulated monies for the payments on redevelopment project for this special taxing district.

West Evanston Tax Increment District - accumulated monies for the payments on redevelopment project for this special taxing district.

Capital Projects Funds

Capital projects are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Special Assessment - to account for capital improvements financed by special assessments on property holder and public benefit contributions from the City.

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet
As of December 31, 2014

Assets	Motor Fuel Tax	Economic Development	Emergency Telephone System	Neighborhood Improvement	Affordable Housing	HOME
Cash and equivalents	\$ 2,306,667	\$ 3,122,900	\$ 629,911	\$ 149,915	\$ 489,672	\$ 6,679
Investments	-	-	-	-	363,495	-
Restricted Cash	-	-	-	-	-	-
Receivables						
Property taxes (net of allowance)						
Current year levy	-	-	-	-	-	-
Notes	-	-	-	-	1,563,450	4,530,261
Allowance	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	585,752	191,665	-	152,490	-
Due from other governments	187,573	-	-	-	-	97,977
Due from component unit	-	9,900	-	-	-	-
Due from other funds	-	1,544	143,755	20,000	10,000	-
Total Assets	\$ 2,494,240	\$ 3,720,096	\$ 965,331	\$ 169,915	\$ 2,579,107	\$ 4,634,917
Liabilities, Deferred Inflows, and Fund Balances						
Liabilities						
Vouchers payable	\$ -	\$ 70,646	\$ 45,028	\$ -	\$ 17,500	\$ 47,752
Due to other governments	-	-	-	-	-	-
Due to other funds	69,417	108,980	11,950	-	14,687	7,086
Total Liabilities	69,417	179,626	56,978	-	32,187	54,838
Deferred Inflows of Resources						
Property taxes	644,792	-	-	-	-	-
Fund Balances						
Restricted						
Highway maintenance	1,780,031	-	-	-	-	-
Emergency telephone system	-	-	908,353	-	-	-
HUD approved projects	-	-	-	-	-	4,580,079
Neighborhood improvements	-	-	-	169,915	2,546,920	-
Debt service	-	-	-	-	-	-
Township	-	-	-	-	-	-
Impaired investment	-	-	-	-	-	-
Committed - Economic Development	-	3,540,470	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total Fund Balances (Deficit)	1,780,031	3,540,470	908,353	169,915	2,546,920	4,580,079
Total Liabilities, Deferred Inflows and Fund Balances	\$ 2,494,240	\$ 3,720,096	\$ 965,331	\$ 169,915	\$ 2,579,107	\$ 4,634,917

Special Revenue							
Community Development Block Grant	Community Development Loan	Neighborhood Stabilization Program 2	Special Service District No. 4	Town	General Assistance	Total Special Revenue	
\$ 98,106	\$ 126,267	\$ 220,899	\$ 10,961	\$ -	\$ 172,275	\$ 7,334,252	
-	-	-	-	-	-	363,495	
-	-	-	-	-	-	-	
-	-	-	320,000	-	1,348,553	1,668,553	
184,902	2,307,999	-	-	-	-	8,586,612	
-	(78,000)	-	-	-	-	(78,000)	
-	-	-	-	-	-	-	
-	-	-	-	-	-	929,907	
247,165	-	987	-	-	-	533,702	
-	-	-	-	-	-	9,900	
178	21,130	-	-	-	-	196,607	
<u>\$ 530,351</u>	<u>\$ 2,377,396</u>	<u>\$ 221,886</u>	<u>\$ 330,961</u>	<u>\$ -</u>	<u>\$ 1,520,828</u>	<u>\$ 19,545,028</u>	
\$ 47,492	\$ 25,300	\$ 195	\$ -	\$ -	\$ 48,516	\$ 302,429	
-	183	209,925	-	-	-	210,108	
297,957	1,252	11,766	200,000	-	164,042	887,137	
345,449	26,735	221,886	200,000	-	212,558	1,399,674	
-	-	-	284,326	-	1,125,171	2,054,289	
-	-	-	-	-	-	1,780,031	
-	-	-	-	-	-	908,353	
184,902	2,350,661	-	-	-	-	7,115,642	
-	-	-	-	-	-	2,716,835	
-	-	-	-	-	-	-	
-	-	-	-	-	183,099	183,099	
-	-	-	-	-	-	-	
-	-	-	-	-	-	3,540,470	
-	-	-	-	-	-	-	
-	-	-	(153,365)	-	-	(153,365)	
184,902	2,350,661	-	(153,365)	-	183,099	16,091,065	
<u>\$ 530,351</u>	<u>\$ 2,377,396</u>	<u>\$ 221,886</u>	<u>\$ 330,961</u>	<u>\$ -</u>	<u>\$ 1,520,828</u>	<u>\$ 19,545,028</u>	

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet - Continued
As of December 31, 2014

	Debt Service				
	Special Service District No.5	Southwest Tax Increment District	Howard Hartrey Tax Increment District	Washington National Tax Increment District	Howard Ridge Tax Increment District
Assets					
Cash and equivalents	\$ 400,694	\$ 911,477	\$ 2,305,980	\$ 5,697,176	\$ 59,818
Investments	-	-	-	-	-
Restricted cash	-	-	59,902	77,408	2,226
Receivables					
Property taxes (net of allowance)					
Current year levy	428,745	596,020	1,140,311	4,945,321	438,854
Notes	-	-	-	-	-
Allowance	-	-	-	-	-
Special assessments	-	-	-	-	-
Other	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from component unit	-	-	-	-	-
Due from other funds	-	-	-	-	2,979
Total Assets	\$ 829,439	\$ 1,507,497	\$ 3,506,193	\$ 10,719,905	\$ 503,877
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Vouchers payable	\$ -	\$ 15,354	\$ -	\$ 35,000	\$ 1,083
Due to other governments	-	-	-	-	-
Due to other funds	-	2,458	12,033	71,358	9,132
Total Liabilities	-	17,812	12,033	106,358	10,215
Deferred Inflows of Resources					
Property taxes	365,393	596,020	1,124,677	4,426,843	198,543
Fund Balances					
Restricted					
Highway maintenance	-	-	-	-	-
Emergency telephone system	-	-	-	-	-
HUD approved projects	-	-	-	-	-
Neighborhood improvements	-	-	-	-	-
Debt service	464,046	893,665	2,309,581	6,109,296	292,893
Township	-	-	-	-	-
Impaired investment	-	-	59,902	77,408	2,226
Committed - Economic Development	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances (Deficit)	464,046	893,665	2,369,483	6,186,704	295,119
Total Liabilities and Fund Balances	\$ 829,439	\$ 1,507,497	\$ 3,506,193	\$ 10,719,905	\$ 503,877

	West Evanston Tax Increment District	Total Debt Service	Special Assessment Capital Projects	Total Nonmajor Governmental Funds
\$	560,208	\$ 9,935,353	\$ 2,536,992	\$ 19,806,597
	-	-	-	363,495
	8,162	147,698	3,549	151,247
	-	7,549,251	-	9,217,804
	-	-	-	8,586,612
	-	-	-	(78,000)
	-	-	425,314	425,314
	-	-	4,025	933,932
	-	-	-	533,702
	-	-	-	9,900
	-	2,979	9,121	208,707
\$	568,370	\$ 17,635,281	\$ 2,979,001	\$ 40,159,310
\$	63,000	\$ 114,437	\$ 23,847	\$ 440,713
	-	-	-	210,108
	5,000	99,981	14,146	1,001,264
	68,000	214,418	37,993	1,652,085
	-	6,711,476	422,440	9,188,205
	-	-	-	1,780,031
	-	-	-	908,353
	-	-	-	7,115,642
	-	-	-	2,716,835
	492,208	10,561,689	-	10,561,689
	-	-	-	183,099
	8,162	147,698	3,549	151,247
	-	-	-	3,540,470
	-	-	2,515,019	2,515,019
	-	-	-	(153,365)
	500,370	10,709,387	2,518,568	29,319,020
\$	568,370	\$ 17,635,281	\$ 2,979,001	\$ 40,159,310

Concluded

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year ended December 31, 2014

	Motor Fuel Tax	Economic Development	Emergency Telephone System	Neighborhood Improvement	Affordable Housing	HOME
Revenues						
Taxes	\$ -	\$ 1,913,372	\$ 939,451	\$ 20,000	\$ 30,000	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental	2,194,015	-	-	-	-	932,839
Investment income	277	60	99	-	256	6,465
Net Change in FMV of Investments	-	-	-	-	-	-
Miscellaneous	-	2,771	1,751	-	160,525	-
Total Revenues	2,194,292	1,916,203	941,301	20,000	190,781	939,304
Expenditures						
Current						
General management and support	-	-	-	-	-	-
Public safety	-	-	1,127,877	-	-	-
Public works	893,829	-	-	-	-	-
Housing and economic development	-	1,475,728	-	-	80,949	301,753
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	893,829	1,475,728	1,127,877	-	80,949	301,753
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	1,300,463	440,475	(186,576)	20,000	109,832	637,551
Other Financing Sources (Uses)						
Issuance of debt	-	-	-	-	-	-
Premiums and discounts	-	-	-	-	-	-
Transfers in (out)						
General	(833,000)	(452,707)	(125,950)	-	(13,990)	-
General Obligation Debt Service	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Howard Ridge Tax Increment District	-	45,500	-	-	-	-
Motor Vehicle Parking System	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(833,000)	(407,207)	(125,950)	-	(13,990)	-
Net Change in Fund Balances	467,463	33,268	(312,526)	20,000	95,842	637,551
Fund Balances (Deficit) - Beginning	1,312,568	3,507,202	1,220,879	149,915	2,451,078	3,942,528
Fund Balances (Deficit) - Ending	\$ 1,780,031	\$ 3,540,470	\$ 908,353	\$ 169,915	\$ 2,546,920	\$ 4,580,079

Special Revenue						
Community Development Block Grant	Community Development Loan	Neighborhood Stabilization Program 2	Special Service District No. 4	Town	General Assistance	Total Special Revenue
\$ -	\$ -	\$ -	\$ 315,967	\$ 113,096	\$ 1,003,243	\$ 4,335,129
-	-	-	-	-	-	-
1,571,403	100	1,149,489	-	-	-	5,847,846
-	5,494	-	3	10	97	12,761
-	-	-	-	-	-	-
13,196	-	-	-	-	32,557	210,800
1,584,599	5,594	1,149,489	315,970	113,106	1,035,897	10,406,536
-	-	117,088	-	50,794	1,443,292	1,611,174
-	-	-	-	-	-	1,127,877
-	-	-	-	-	-	893,829
1,412,496	9,204	985,622	320,000	-	-	4,585,752
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,412,496	9,204	1,102,710	320,000	50,794	1,443,292	8,218,632
172,103	(3,610)	46,779	(4,030)	62,312	(407,395)	2,187,904
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(46,779)	-	(277,340)	-	(1,749,766)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	45,500
-	-	-	-	-	-	-
-	-	(46,779)	-	(277,340)	-	(1,704,266)
172,103	(3,610)	-	(4,030)	(215,028)	(407,395)	483,638
12,799	2,354,271	-	(149,335)	215,028	590,494	15,607,427
\$ 184,902	\$ 2,350,661	\$ -	\$ (153,365)	\$ -	\$ 183,099	\$ 16,091,065

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Continued
For the Fiscal Year ended December 31, 2014

	Debt Service				
	Special Service District No.5	Southwest Tax Increment District	Howard Hartrey Tax Increment District	Washington National Tax Increment District	Howard Ridge Tax Increment District
Revenues					
Taxes	\$ 431,205	\$ 596,020	\$ 1,140,311	\$ 5,080,645	\$ 673,244
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment income	6	6	13,819	13,420	211
Net Change in FMV of Investments	-	-	(52,064)	(67,280)	(1,935)
Miscellaneous	-	-	-	-	61,932
Total Revenues	<u>431,211</u>	<u>596,026</u>	<u>1,102,066</u>	<u>5,026,785</u>	<u>733,452</u>
Expenditures					
Current					
General management and support	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Housing and economic development	-	17,578	1,221,143	111,226	721,450
Debt service					
Principal	380,000	-	685,000	455,000	-
Interest	62,050	-	39,088	55,000	-
Total Expenditures	<u>442,050</u>	<u>17,578</u>	<u>1,945,231</u>	<u>621,226</u>	<u>721,450</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(10,839)</u>	<u>578,448</u>	<u>(843,165)</u>	<u>4,405,559</u>	<u>12,002</u>
Other Financing Sources (Uses)					
Issuance of debt	-	-	-	-	-
Premiums and discount	-	-	-	-	-
Transfers in (out)					
General	-	(29,500)	(144,400)	(331,000)	(60,000)
General Obligation Debt Service	-	-	-	-	-
Economic Development	-	-	-	-	(45,500)
Howard Ridge Tax Increment District	-	-	-	-	-
Motor Vehicle Parking System	-	-	-	(2,925,296)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(29,500)</u>	<u>(144,400)</u>	<u>(3,256,296)</u>	<u>(105,500)</u>
Net Change in Fund Balances	<u>(10,839)</u>	<u>548,948</u>	<u>(987,565)</u>	<u>1,149,263</u>	<u>(93,498)</u>
Fund Balances (Deficit) - Beginning	<u>474,885</u>	<u>344,717</u>	<u>3,357,048</u>	<u>5,037,441</u>	<u>388,617</u>
Fund Balances (Deficit) - Ending	<u>\$ 464,046</u>	<u>\$ 893,665</u>	<u>\$ 2,369,483</u>	<u>\$ 6,186,704</u>	<u>\$ 295,119</u>

West Evanston Tax Increment District	Total Debt Service	Special Assessment Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ 7,921,425	\$ -	\$ 12,256,554
-	-	167,382	167,382
-	-	-	5,847,846
764	28,226	2,849	43,836
(7,095)	(128,374)	(3,084)	(131,458)
100,262	162,194	28	373,022
93,931	7,983,471	167,175	18,557,182
-	-	621	1,611,795
-	-	-	1,127,877
-	-	53,738	947,567
64,173	2,135,570	-	6,721,322
-	1,520,000	-	1,520,000
7,027	163,165	-	163,165
71,200	3,818,735	54,359	12,091,726
22,731	4,164,736	112,816	6,465,456
-	-	450,000	450,000
-	-	53,185	53,185
(60,000)	(624,900)	-	(2,374,666)
-	-	(169,848)	(169,848)
-	(45,500)	-	(45,500)
-	-	-	45,500
-	(2,925,296)	-	(2,925,296)
(60,000)	(3,595,696)	333,337	(4,966,625)
(37,269)	569,040	446,153	1,498,831
537,639	10,140,347	2,072,415	27,820,189
\$ 500,370	\$ 10,709,387	\$ 2,518,568	\$ 29,319,020

Concluded

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Taxes			
Property			
Current Year Levy	\$ 12,031,386	\$ 11,089,952	\$ (941,434)
Prior Year Levy	240,000	457,876	217,876
Total Property Taxes	12,271,386	11,547,828	(723,558)
Personal Property Replacement Tax	598,300	793,445	195,145
Other Taxes			
State Use Tax	1,241,753	1,455,198	213,445
Sales Tax - Home Rule	6,100,000	6,102,969	2,969
Auto Rental Tax	40,000	49,018	9,018
Athletic Contest Tax	800,000	1,032,080	232,080
Utility Tax	8,220,000	7,677,852	(542,148)
Cigarette Tax	300,000	222,000	(78,000)
Evanston Motor Fuel Tax	610,000	722,276	112,276
Liquor Tax	2,375,000	2,665,447	290,447
Parking Tax	2,350,000	2,565,189	215,189
Real Estate Transfer Tax	2,875,000	2,543,056	(331,944)
Total Other Taxes	24,911,753	25,035,085	123,332
Total Taxes	37,781,439	37,376,358	(405,081)

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis)

For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
License and Permits			
Vehicle Licenses	\$ 2,700,000	\$ 2,461,880	\$ (238,120)
Business Licenses	50,000	109,099	59,099
Bed & Breakfast License	-	75	75
Collection Box License	-	2,444	2,444
Pet Licenses	25,000	28,279	3,279
Contractor Licenses	77,302	93,750	16,448
Rooming House Licenses	193,000	165,741	(27,259)
Liquor Licenses	330,000	473,788	143,788
One Day Liquor Licenses	8,200	12,127	3,927
Farmer's Market Licenses	39,800	41,449	1,649
Rental Building Register	95,000	123,369	28,369
Other Licenses	20,000	21,017	1,017
Long Term Care License	98,400	88,740	(9,660)
Seasonal Food estb	-	10,650	10,650
Hen coop license	-	878	878
Resident Care Home License	600	820	220
Building Permits	6,142,162	7,113,065	970,903
Plumbing Permits	184,842	300,200	115,358
Electrical Permits	177,996	311,085	133,089
Signs and Awnings	8,330	5,794	(2,536)
Other / Misc Permits	250,920	452,992	202,072
Elevator Permits	51,550	35,739	(15,811)
Heating Vent / AC Permits	287,532	609,769	322,237
Right of Way Permits	290,000	354,616	64,616
Residents Parking Permit	128,000	118,227	(9,773)
Visitor Parking Permit	12,300	14,646	2,346
Fire suppression / Alarm Permit	88,998	77,026	(11,972)
Annual Sign Fees	25,000	33,853	8,853
Moving Van Permit	50,000	18,000	(32,000)
Plat PR. & Sign Approval HRG Fees	2,100	1,925	(175)
Alarm Panel Franchise Fee	6,000	12,250	6,250
Northwestern / Centel Easement	-	47,000	47,000
Cable Franchise Fee	1,078,000	1,173,914	95,914
PEG Fees - Comcast	130,000	131,577	1,577
Nicor Franchise Fee	65,000	57,384	(7,616)
Total Licenses and Permits	12,616,032	14,503,168	1,887,136

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Intergovernmental - Revenue from			
Other Agencies			
Retailer and Service Occupation Tax	\$ 9,690,000	\$ 9,803,582	\$ 113,582
State Income Tax	7,076,170	7,053,978	(22,192)
State Highway Maintenance	58,000	66,196	8,196
Health Department Basic Serv. Grant	76,000	76,181	181
Summer Food Inspections	400	1,000	600
Illinois Tobacco Free Community	31,027	19,694	(11,333)
IL HIV Surveillance Grant	-	1,228	1,228
Childhood Lead Poisoning Grant	1,000	2,250	1,250
Other State / County Grant	11,000	393,026	382,026
Tanning Parlor Inspection	300	200	(100)
Violence Crime Victim Asst. Grant	18,525	-	(18,525)
Fire Department Training	3,000	13,069	10,069
CRI Grant	43,700	47,707	4,007
PHEP Grant	61,200	63,120	1,920
Leadbase Paint Control Grant	100,000	20,000	(80,000)
Federal Grant / Aid	10,000	52,837	42,837
Commission on Aging Grant - Advocate	86,970	71,967	(15,003)
IL Vacant Property Grant	-	2,530	2,530
Civil Defence Grants (F.E.M.A.)	17,000	1,928	(15,072)
Police Training	8,000	12,583	4,583
HUD Emergency Shelter Grant	104,000	175,757	71,757
Other Federal Aid	9,150	10,526	1,376
Youth Organization Umbrella Grant	40,000	34,405	(5,595)
RTA Grant	100,000	41,216	(58,784)
Total Intergovernmental - Revenue from Other Agencies	17,545,442	17,964,980	419,538
Charges for Services			
Recreation			
Recreation - program	5,392,571	5,188,767	(203,804)
Recreation - charges	-	5,202	5,202
Recreation - deferral	-	145,774	145,774
Recreation - unreconciled	25,000	20,665	(4,335)
Total Recreation Revenue	5,417,571	5,360,408	(57,163)

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Charges for Services			
Other Service Charges			
Birth and Death Records	\$ -	\$ 12,640	\$ 12,640
Health Service Charges - Other Agencies	-	109	109
Sanitation Classes	1,700	640	(1,060)
Health Clinic Fees - Food Establishment	185,000	102,476	(82,524)
Temporary License Fee	7,000	9,880	2,880
Food Delivery Vehicle	5,500	1,434	(4,066)
Beverage Snack Vending Machine	28,000	12,924	(15,076)
Tobacco License	19,000	7,925	(11,075)
BeeKeeper Licenses	-	148	148
Birth Certificate	70,000	62,559	(7,441)
Death Certificate	30,000	27,550	(2,450)
Funeral Director License	6,000	2,979	(3,021)
Temp Funeral Direct License	4,200	4,628	428
Parking Meter Fee Increase	641,667	641,667	-
Weights & Measures Examinations	1,000	1,582	582
Senior Taxi Coupon Sales	108,000	85,284	(22,716)
Fire Cost Recovery Charge	10,000	2,240	(7,760)
Other Services Charges	13,521	17,313	3,792
Historic Preservation	6,500	10,242	3,742
Tree Preservation Revenue	-	5,440	5,440
Ambulance Service	1,052,400	1,146,476	94,076
Towing Charges	3,000	-	(3,000)
Police Report Fees	14,500	23,120	8,620
Wood Recycling	35,000	27,760	(7,240)
Zoning Fees	40,000	56,656	16,656
Fire Building inspections	6,000	8,750	2,750
Alarm Panel Subscription Fees	90,000	132,044	42,044
Skokie Animal Board Fee	8,000	2,740	(5,260)
Background check Daycare Prov.	-	438	438
New Pavement Degradation	10,000	16,054	6,054
I Heart Evanston Trees Project	-	1,436	1,436
Miscellaneous	-	(35)	(35)
Plan Review	6,248	6,962	714
Total Other Service Charges	2,402,236	2,432,061	29,825
Total Charges For Services	7,819,807	7,792,469	(27,338)

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Fines			
Ticket Fines - Parking	\$ 3,450,000	\$ 2,459,142	\$ (990,858)
Regular Fines	298,449	98,805	(199,644)
Animal Ordinance Penalties	-	6,984	6,984
Boot Release Fee	80,000	27,625	(52,375)
Fire False Alarm Fines	170,000	69,247	(100,753)
Police CTA Detail	-	331,349	331,349
Police DUI Reimbursement	-	1,053	1,053
Police False Alarm Fines	-	35,220	35,220
Housing Code Violation Fines	97,248	73,628	(23,620)
Permit Penalty Fees	7,500	10,338	2,838
Administrative Adjudication Fine	262,825	244,574	(18,251)
Total Fines	4,366,022	3,357,965	(1,008,057)
Interest income	10,000	13,037	3,037
Miscellaneous			
Charges to Other Funds			
Recreation restricted accts	78,716	49,429	(29,287)
From Library Fund	210,000	217,516	7,516
Community Development Fund	571,000	589,531	18,531
Home Fund	22,500	17,922	(4,578)
Total Charges To Other Funds	882,216	874,398	(7,818)

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Miscellaneous			
Other Revenues			
Women Out Walking	\$ 5,000	\$ 4,143	\$ (857)
Property Sales and Rentals	108,968	55,325	(53,643)
Donation	32,000	13,169	(18,831)
Berglund Animal Hospital Parking	-	2,400	2,400
Damage to City Signage	2,000	-	(2,000)
Damage to City traffic Signal	20,000	-	(20,000)
Damage to Street Lights	20,000	-	(20,000)
Miscellaneous Revenue	155,000	398,894	243,894
Taxicab Revenue	-	4,710	4,710
Teen Baby Nursery Program	41,000	20,500	(20,500)
Market Link Vouchers	16,500	22,103	5,603
Sale of surplus prop	-	1,579	1,579
Reimbursements - Serve & Pro.	-	13,840	13,840
Reimbursements - Salt Use	-	52,269	52,269
Reimbursements - Fire Dept.	-	45,834	45,834
Payment in Lieu of Taxes	267,000	61,500	(205,500)
Fund Balance Applied	516,000	516,000	-
Contributions from Other Funds	-	1,962	1,962
Private Elm Trees Ins.	40,000	42,310	2,310
Citizens CPR Class Fees	-	8,318	8,318
Parking Permits - Ryan Field	15,000	11,574	(3,426)
JDE Water Interface	-	9,085	9,085
Miscellaneous	-	5,740	5,740
Change in Reserve	-	(1,027,003)	(1,027,003)
Total Other Revenues	1,238,468	264,252	(974,216)
Total Miscellaneous	2,120,684	1,138,650	(982,034)
Total Revenues	\$ 82,259,426	\$ 82,146,627	\$ (112,799)

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
General Management and Support			
City Council	\$ 427,807	\$ 450,773	\$ (22,966)
City Manager and Budget Management	1,662,057	1,911,831	(249,774)
City Clerk	211,221	259,908	(48,687)
Law Department	962,202	1,060,790	(98,588)
Administrative Services	8,510,814	7,838,210	672,604
Facilities management	-	120,774	(120,774)
Total General Management and Support	11,774,101	11,642,286	131,815
Public Safety			
Police	27,994,019	28,207,023	(213,004)
Fire	14,238,555	14,806,150	(567,595)
Total Public Safety	42,232,574	43,013,173	(780,599)
Public Works			
Public Works Director	468,594	514,272	(45,678)
Municipal Service Center	340,512	341,039	(527)
City Engineer	1,612,521	1,627,324	(14,803)
Traffic Engineer	5,836,313	5,731,796	104,517
Streets	8,941,070	9,184,132	(243,062)
Total Public Works	17,199,010	17,398,563	(199,553)

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Health and Human Services Development			
Health and Human Services Director	\$ 319,435	\$ 329,791	\$ (10,356)
Health Department	1,780,544	1,729,406	51,138
Mental health and community purchased services	1,017,702	968,957	48,745
Human Relations	868,223	808,551	59,672
Total Health and Human Services Development	3,985,904	3,836,705	149,199
Recreation and Cultural Opportunities			
Recreation	8,535,713	9,188,022	(652,309)
Ecology Center	430,821	508,594	(77,773)
Cultural Arts	820,003	789,921	30,082
Total Recreation and Cultural Opportunities	9,786,537	10,486,537	(700,000)
Housing and Economic Development			
Community Development Administration	246,651	252,171	(5,520)
Planning and Zoning	797,138	667,569	129,569
Housing Rehabilitation and Property Standards	188,702	149,633	39,069
Building Code Compliance	1,475,054	1,557,814	(82,760)
Total Housing and Economic Development	2,707,545	2,627,187	80,358
Total Expenditures	\$ 87,685,671	\$ 89,004,451	\$ (1,318,780)

CITY OF EVANSTON, ILLINOIS

Capital Improvements

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
 For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 936,500	\$ 487,563	\$ (448,937)
Interest	10,000	20,380	10,380
Change in unrealized depreciation on investments	-	(190,365)	(190,365)
Miscellaneous	14,522,096	613,108	(13,908,988)
Total Revenue	15,468,596	930,686	(14,537,910)
Expenditures			
General management and support	575,000	23,714	551,286
Public safety	-	112,241	(112,241)
Public works	-	1,475,485	(1,475,485)
Recreation and cultural opportunities	-	37,174	(37,174)
Capital Outlay	17,835,016	6,285,666	11,549,350
Total Expenditures	18,410,016	7,934,280	10,475,736
Excess (Deficiency) of Revenues over (under) Expenditures	(2,941,420)	(7,003,594)	(4,062,174)
Other Financing Sources (Uses):			
Bond Proceeds	-	8,895,000	8,895,000
Bond Premium	-	651,026	651,026
Bond Issuance	-	(60,195)	(60,195)
Transfers In	-	936,500	936,500
Transfers (Out)	(475,000)	(1,547,810)	(1,072,810)
Total Other Financing Sources (Uses)	(475,000)	8,874,521	9,349,521
Net Change in Fund Balance	\$ (3,416,420)	1,870,927	\$ 5,287,347
Fund Balances			
Beginning of Year		<u>6,299,999</u>	
End of Year		<u>\$ 8,170,926</u>	

CITY OF EVANSTON, ILLINOIS

Motor Fuel Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
 For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental Allotments	\$ 1,750,000	\$ 2,194,015	\$ 444,015
Interest	500	277	(223)
Total Revenue	1,750,500	2,194,292	443,792
Expenditures			
Public Works	1,400,000	893,829	506,171
Excess (Deficiency) of Revenues over (under) Expenditures	350,500	1,300,463	949,963
Other Financing Sources (Uses)			
Operating Transfers (Out) General Fund	(833,000)	(833,000)	-
Net Change in Fund Balance	<u>\$ (482,500)</u>	467,463	<u>\$ 949,963</u>
Fund Balances			
Beginning of Year		<u>1,312,568</u>	
End of Year		<u>\$ 1,780,031</u>	

CITY OF EVANSTON, ILLINOIS

Economic Development Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Taxes and Special Assessments	\$ 2,800,000	\$ 1,913,372	\$ (886,628)
Interest	800	60	(740)
Miscellaneous	-	2,771	2,771
Total Revenue	2,800,800	1,916,203	(884,597)
Expenditures			
Housing and Economic Development	2,841,706	1,475,728	1,365,978
Excess (Deficiency) of Revenues over (under) Expenditures	(40,906)	440,475	481,381
Other Financing Sources (Uses)			
Transfers in (out)			
Howard Ridge	45,500	45,500	-
General Fund	(452,707)	(452,707)	-
Other Financing Sources (Uses) - net	(407,207)	(407,207)	-
Net Change in Fund Balance	<u>\$ (448,113)</u>	33,268	<u>\$ 481,381</u>
Fund Balances			
Beginning of Year		<u>3,507,202</u>	
End of Year		<u>\$ 3,540,470</u>	

CITY OF EVANSTON, ILLINOIS

Emergency Telephone System Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Taxes and Special Assessments	\$ 957,600	\$ 939,451	\$ (18,149)
Interest	1,000	99	(901)
Miscellaneous	-	1,751	1,751
Total Revenue	958,600	941,301	(17,299)
Expenditures			
Public Safety	1,286,247	1,127,877	158,370
Excess (Deficiency) of Revenues over (under) Expenditures	(327,647)	(186,576)	141,071
Other Financing Sources (Uses)			
Transfers in (out)			
General Fund	(125,950)	(125,950)	-
Net Change in Fund Balance	<u>\$ (453,597)</u>	(312,526)	<u>\$ 141,071</u>
Fund Balance			
Beginning of Year		<u>1,220,879</u>	
End of Year		<u>\$ 908,353</u>	

CITY OF EVANSTON, ILLINOIS

Neighborhood Improvement Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Taxes and Special Assessments	\$ 20,000	\$ 20,000	\$ -
Expenditures			
Housing and Economic Development	50,000	-	50,000
Net Change in Fund Balance	<u>\$ (30,000)</u>	20,000	<u>\$ 50,000</u>
Fund Balances			
Beginning of Year		<u>149,915</u>	
End of Year		<u>\$ 169,915</u>	

CITY OF EVANSTON, ILLINOIS

Affordable Housing Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Affordable Housing Demo Tax	\$ -	\$ 30,000	\$ 30,000
Developer Contributions	155,000	149,125	(5,875)
Interest	228	256	28
Miscellaneous	-	11,400	11,400
		<u>-</u>	
Total Revenue	155,228	190,781	35,553
Expenditures			
Housing and Economic Development	250,000	80,949	169,051
		<u>80,949</u>	
Excess (Deficiency) of Revenues over (under) Expenditures	(94,772)	109,832	204,604
Other Financing Sources (Uses)			
Transfers in (out)			
Debt Service Fund	(13,990)	(13,990)	-
		<u>(13,990)</u>	
Net Change in Fund Balance	<u>\$ (108,762)</u>	95,842	<u>\$ 204,604</u>
Fund Balance			
Beginning of Year		<u>2,451,078</u>	
End of Year		<u>\$ 2,546,920</u>	

CITY OF EVANSTON, ILLINOIS

HOME Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 674,500	\$ 932,634	\$ 258,134
Interest	-	6,465	6,465
Total Revenue	674,500	939,099	264,599
Expenditures			
Housing and Economic development	677,836	301,548	376,288
Excess (Deficiency) of Revenues over (under) Expenditures	(3,336)	637,551	640,887
Other Financing Sources (Uses)			
Transfers in (out)			
General Fund	(22,500)	-	22,500
Net Change in Fund Balance	<u>\$ (25,836)</u>	637,551	<u>\$ 663,387</u>
Fund Balance			
Beginning of Year		<u>3,942,528</u>	
End of Year		<u>\$ 4,580,079</u>	

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental Allotments			
Grant from U.S. Department of Housing and Urban Development	\$ 1,738,088	\$ 1,571,403	\$ (166,685)
Miscellaneous		13,196	13,196
Total Revenue	1,738,088	1,584,599	(153,489)
Expenditures			
Housing and Economic Development	1,738,088	1,412,496	325,592
Total Expenditures	1,738,088	1,412,496	325,592
Net Change in Fund Balance	<u>\$ -</u>	172,103	<u>\$ 172,103</u>
Fund Balance			
Beginning of Year		<u>12,799</u>	
End of Year		<u>\$ 184,902</u>	

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis)

For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Administration/Planning			
CDBG Administration	\$ 386,056	\$ 325,783	\$ 60,273
Total Administration/Planning	386,056	325,783	60,273
Economic Development			
Evanston Community Development Corp.	100,000	-	100,000
Total Economic Development	100,000	-	100,000
Code Enforcement			
Targeted Housing Code Compliance	362,132	360,312	1,820
Total Code Enforcement	362,132	360,312	1,820
Housing			
Rehab Construction Administration	170,000	174,953	(4,953)
Rehab Loans	-	12,799	(12,799)
Essential Repairs	-	5,300	(5,300)
Demolition /Trag code enf	-	1,820	(1,820)
Total Housing	170,000	194,872	(24,872)
Neighborhood Revitalization			
Grandmother Park	-	-	-
Block Curb/Sidewalk Replacement	50,000	138,379	(88,379)
Handyman assistance/Elderly Home Rep	35,000	10,537	24,463
Penny Park	20,000	-	20,000
South Evanston Neighborhood Security	-	6,118	(6,118)
Alley Imp./Paving Program	200,000	-	200,000
Senior parking	7,500	-	7,500
Snap Lighting	25,000	35,995	(10,995)
Weissbourd/Fam Focus	25,000	42,484	(17,484)
YOU-Nichols	25,000	-	25,000
Special Assessments/Alley Paving	5,000	6,016	(1,016)
Reba Park/Ridgeville	-	4,600	(4,600)
Peer Windows	10,000	-	10,000
Infant	20,000	-	20,000
YWCA	25,000	30,000	(5,000)
McGaw YMCA	15,000	-	15,000
Graffiti Removal Program	31,000	31,000	-
Total Neighborhood Revitalization	493,500	305,129	188,371

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis)

For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Public Services			
Girl Scouts Fit	\$ 4,300	\$ 4,300	\$ -
Evanston Community Defender	28,000	28,000	-
Evanston Legal Services	6,000	6,000	-
Youth Job Center of Evanston	25,000	25,000	-
Summer Youth	51,900	51,900	-
YWCA Domestic Violence	20,500	20,500	-
Interfaith -Job	2,400	2,400	-
Family Focas	20,000	20,000	-
Meals at Home	14,000	14,000	-
Evanston School	4,300	4,300	-
North Shore Senior Center	15,000	15,000	-
Open studio Art	4,000	4,000	-
Interfaith Housing Program-homeshare	11,000	11,000	-
Iwork/hous options	20,000	20,000	-
Total Public Services	226,400	226,400	-
Total Expenditures	\$ 1,738,088	\$ 1,412,496	\$ 325,592

Concluded

CITY OF EVANSTON, ILLINOIS

Community Development Loan

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 60,000	\$ 100	\$ (59,900)
Interest	100	5,494	5,394
Total Revenues	60,100	5,594	(54,506)
Expenditures			
Housing and Economic Development	20,000	9,204	10,796
Net Change in Fund Balance	<u>\$ 40,100</u>	(3,610)	<u>\$ 43,710</u>
Fund Balances			
Beginning of Year		<u>2,354,271</u>	
End of Year		<u>\$ 2,350,661</u>	

CITY OF EVANSTON, ILLINOIS

Neighborhood Stabilization Program 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
 For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 458,044	\$ 1,149,489	\$ 691,445
Expenditures			
Housing and economic development	428,044	1,102,710	(674,666)
Excess (Deficiency) of Revenues over (under) Expenditures	30,000	46,779	(16,779)
Other Financing Sources (Uses)			
Transfers in (out)			
General	(30,000)	(46,779)	16,779
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances			
Beginning		<u>-</u>	
Ending		<u>\$ -</u>	

CITY OF EVANSTON, ILLINOIS

Special Service District No. 4 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Property Taxes			
Current Year	\$ 370,000	\$ 320,000	\$ (50,000)
Prior Year	-	(51,616)	(51,616)
Interest	-	-	-
Total Revenue	370,000	268,384	(101,616)
Expenditures			
Housing and Economic Development	370,000	320,000	50,000
Net Change in Fund Balance	<u>\$ -</u>	(51,616)	<u>\$ (51,616)</u>
Fund Balance			
Beginning of Year		<u>196,816</u>	
End of Year		<u>\$ 145,200</u>	

CITY OF EVANSTON, ILLINOIS

General Assistance Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
 For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	\$ 886,553	\$ 1,003,243	\$ 116,690
Interest	500	97	(403)
Miscellaneous	25,000	32,557	7,557
Total Revenues	912,053	1,035,897	123,844
Expenditures			
General management and support	1,513,700	1,443,292	70,408
Excess (Deficiency) of Revenues over (under) Expenditures	(601,647)	(407,395)	194,252
Other Financing Sources (Uses)			
Transfers in (out) General Fund	601,647	-	(601,647)
Net Change in Fund Balance	<u>\$ -</u>	(407,395)	<u>\$ (407,395)</u>
Fund Balance			
Beginning		<u>590,494</u>	
Ending		<u>\$ 183,099</u>	

CITY OF EVANSTON, ILLINOIS

Special Assessment Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
 For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Special Assessments	\$ 230,000	\$ 167,382	\$ (62,618)
Investment Income	1,200	2,849	1,649
Net Change in FMV of Investments	-	(3,084)	(3,084)
Miscellaneous Income	-	28	28
Total Revenues	231,200	167,175	(64,025)
Expenditures			
Current			
General Management and Support	-	621	(621)
Capital Outlay	501,000	53,738	447,262
Total Expenditures	501,000	54,359	446,641
Excess (Deficiency) of Revenues over (under) Expenditures	(269,800)	112,816	382,616
Other Financing Sources (Uses)			
Issuance of Debt	250,000	503,185	253,185
Transfer to Debt Service Fund	(169,848)	(169,848)	-
Other Financing Sources (Uses) - net	80,152	333,337	253,185
Net Change in Fund Balance	<u>\$ (189,648)</u>	446,153	<u>\$ 635,801</u>
Fund Balance			
Beginning of Year		<u>2,072,415</u>	
End of Year		<u>\$ 2,518,568</u>	

CITY OF EVANSTON, ILLINOIS

Debt Service Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	General Obligation Debt		Special Service District No.5		Southwest Tax Increment District		Howard Hartrey Tax Increment District	
	Original and Final		Original and Final		Original and Final		Original and Final	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues								
Taxes								
Property Taxes								
Current year levy, net	\$ 10,879,993	\$ 11,049,841	\$ 397,800	\$ 428,745	\$ 485,000	\$ 607,662	\$ 1,100,000	\$ 1,140,311
Prior year levy, net	-	217,999	-	(24,854)	-	-	-	-
Investment Income	1,500	11,934	-	6	1,000	6	10,000	13,819
Miscellaneous	-	(12,614)	-	-	-	-	-	-
Total Revenues	10,881,493	11,267,160	397,800	403,897	486,000	607,668	1,110,000	1,154,130
Expenditures								
General management and support	1,000	36,250	-	-	-	-	-	-
Housing and economic development	-	-	-	-	748,439	17,574	500,000	1,221,143
Construction Improvement	-	-	-	-	-	-	-	-
Debt Service								
Principal	9,584,673	9,303,118	390,000	380,000	-	-	685,000	-
Interest	4,262,442	4,320,714	46,605	62,050	-	-	39,088	-
Fiscal agent fees	85,000	42,870	-	-	-	-	-	-
Total Expenditures	13,933,115	13,702,952	436,605	442,050	748,439	17,574	1,224,088	1,221,143
Excess (Deficiency) of Revenues over (under) Expenditures	(3,051,622)	(2,435,792)	(38,805)	(38,153)	(262,439)	590,094	(114,088)	(67,013)
Other Financing Sources (Uses)								
Issuance of Debt	-	-	-	-	-	-	-	-
Transfers in (out)								
General	1,279,306	609,000	-	-	(29,500)	(29,500)	(144,400)	(144,400)
IMRF	141,125	-	-	-	-	-	-	-
NSP 2	-	-	-	-	-	-	-	-
Emergency Telephone	-	-	-	-	-	-	-	-
Community Development Grant	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	(2,500,000)	-
Washington National CIP	-	-	-	-	-	-	-	-
Special Assessment	339,696	169,848	-	-	-	-	-	-
Fleet Services	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Sewer Fund	207,284	1,018,715	-	-	-	-	-	-
Motor Vehicle Parking System	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	1,967,411	1,797,563	-	-	(29,500)	(29,500)	(2,644,400)	(144,400)
Net Changes in Fund Balances	<u>\$ (1,084,211)</u>	<u>(638,229)</u>	<u>\$ (38,805)</u>	<u>(38,153)</u>	<u>\$ (291,939)</u>	<u>560,594</u>	<u>\$ (2,758,488)</u>	<u>(211,413)</u>
Fund Balances (Deficit)								
Beginning		<u>(418,596)</u>		<u>24,670</u>		<u>333,071</u>		<u>2,617,326</u>
Ending		<u>\$ (1,056,825)</u>		<u>\$ (13,483)</u>		<u>\$ 893,665</u>		<u>\$ 2,405,913</u>

Washington National Tax Increment District		Howard Ridge Tax Increment District		West Evanston Tax Increment District		Totals	
Original and Final		Original and Final		Original and Final		Original and Final	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ 3,700,000	\$ 4,945,321	\$ 350,000	\$ 438,854	\$ 40,000	\$ -	\$ 16,952,793	\$ 18,610,734
-	24,247	-	5,733	-	-	-	223,125
10,000	13,420	400	211	100	764	23,000	40,160
-	-	-	61,932	-	-	-	49,318
3,710,000	4,982,988	350,400	506,730	40,100	764	16,975,793	18,923,337
250,000	-	300,000	721,450	95,000	-	646,000	757,700
-	-	-	-	-	-	1,248,439	1,238,717
1,972,486	111,227	-	-	-	-	1,972,486	111,227
455,000	545,000	-	-	-	-	11,114,673	10,228,118
55,000	29,975	-	-	10,000	7,027	4,413,135	4,419,766
-	-	-	-	-	-	85,000	42,870
2,732,486	686,202	300,000	721,450	105,000	7,027	19,479,733	16,798,398
977,514	4,296,786	50,400	(214,720)	(64,900)	(6,263)	(2,503,940)	2,124,939
-	-	-	-	-	100,261	-	100,261
(331,000)	(331,000)	(60,000)	(60,000)	(60,000)	-	654,406	44,100
-	-	-	-	-	-	141,125	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(45,500)	(45,500)	-	-	(2,545,500)	(45,500)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	339,696	169,848
-	-	-	-	-	-	-	-
-	-	-	-	-	-	207,284	1,018,715
(2,925,296)	(2,925,296)	-	-	-	-	(2,925,296)	(2,925,296)
(3,256,296)	(3,256,296)	(105,500)	(105,500)	(60,000)	100,261	(4,128,285)	(1,637,872)
<u>\$ (2,278,782)</u>	1,040,490	<u>\$ (55,100)</u>	(320,220)	<u>\$ (124,900)</u>	93,998	<u>\$ (6,632,225)</u>	487,067
	<u>4,120,041</u>		<u>376,966</u>		<u>537,641</u>		<u>7,591,119</u>
	<u>\$ 5,160,531</u>		<u>\$ 56,746</u>		<u>\$ 631,639</u>		<u>\$ 8,078,186</u>

CITY OF EVANSTON, ILLINOIS

Water Fund

Schedule of Net Position
As of December 31, 2014

	Operation and Maintenance Account	Bond and Interest	Bond Reserve	Depreciation, Improvement, and Extension	Totals
Assets					
Current Assets					
Cash and equivalents	\$ 5,813,248	\$ (179,906)	\$ 2,985,502	\$ 18,375	\$ 8,637,219
Restricted cash and equivalents	70,813	29,923	-	400,000	500,736
Receivables					
Accounts - Billed	1,552,614	-	-	-	1,552,614
Accounts - Unbilled	961,108	-	-	-	961,108
Inventory	524,534	-	-	-	524,534
Prepaid expenses	-	-	-	-	-
Interfund receivable	560,147	-	-	-	560,147
Total Current Assets	9,482,464	(149,983)	2,985,502	418,375	12,736,358
Capital Assets					
Land	555,415	-	-	-	555,415
Construction in progress	73,374	-	-	2,389,699	2,463,073
Capital assets being depreciated	91,259,929	-	-	-	91,259,929
Less accumulated depreciation	(22,295,613)	-	-	-	(22,295,613)
Total Capital Assets	69,593,105	-	-	2,389,699	71,982,804
Total Assets	\$ 79,075,569	\$ (149,983)	\$ 2,985,502	\$ 2,808,074	\$ 84,719,162
Liabilities and Net Position					
Current Liabilities					
Vouchers payable	\$ 790,082	\$ -	\$ -	\$ 1,426,793	\$ 2,216,875
Interest payable-restricted	61,803	-	-	-	61,803
Notes payable-IEPA	67,505	-	-	-	67,505
General obligation bonds payable	538,402	-	-	-	538,402
Due to other funds	974,797	-	(50)	325,961	1,300,708
Compensated absences payable	200,852	-	-	-	200,852
Total Current Liabilities	2,633,441	-	(50)	1,752,754	4,386,145
Long-Term Liabilities					
Notes payable-IEPA	1,012,572	-	-	-	1,012,572
OPEB liability	188,737	-	-	-	188,737
Compensated absences payable	426,812	-	-	-	426,812
General obligation bonds payable	11,652,679	-	-	-	11,652,679
IMRF Pension Contributions Payable	385,728	-	-	-	385,728
Unamortized Discount on Bonds Payable	403,402	(16,544)	-	-	386,858
Total Long-Term Liabilities	14,069,930	(16,544)	-	-	14,053,386
Total Liabilities	16,703,371	(16,544)	(50)	1,752,754	18,439,531
Net Position					
Net Investment in Capital Assets	55,918,545	16,544	-	2,389,699	58,324,788
Restricted for Capital Improvements	-	-	-	400,000	400,000
Unrestricted	6,453,653	(149,983)	2,985,552	(1,734,379)	7,554,843
Total Net Position	62,372,198	(133,439)	2,985,552	1,055,320	66,279,631
Total Liabilities and Net Position	\$ 79,075,569	\$ (149,983)	\$ 2,985,502	\$ 2,808,074	\$ 84,719,162

CITY OF EVANSTON, ILLINOIS

Water Fund

Schedule of Changes in Net Position
As of December 31, 2014

	Bond and Interest	Bond Reserve	Depreciation, Improvement, and Extension	Totals
Increases				
Intrafund transfer in - retained earnings - unreserved - operation and maintenance	\$ -	\$ -	\$ 5,500,000	\$ 5,500,000
Investment earnings	6,856	661	473	7,990
Change in unrealized depreciation on investments	(26,008)	-	-	(26,008)
Miscellaneous	-	-	14,557	14,557
Total Increases	(19,152)	661	5,515,030	5,496,539
Decreases				
Purchase of capital assets	-	-	11,767,672	11,767,672
Capital outlay	-	-	1,323,071	1,323,071
Total Decreases	-	-	13,090,743	13,090,743
Net Increase (Decrease)	(19,152)	661	(7,575,713)	(7,594,204)
Net Position (Deficit)				
Beginning of year	(114,287)	2,984,891	8,631,033	11,501,637
End of year	\$ (133,439)	\$ 2,985,552	\$ 1,055,320	\$ 3,907,433

CITY OF EVANSTON, ILLINOIS

Water Fund - Operations and Maintenance Account

Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balance - Budget and Actual
 For the Fiscal Year ended December 31, 2014
 (With Comparative Totals for the Fiscal Year ended December 31, 2013)

	Budget	Actual	Prior Period Actual
Operating Revenues			
Charges for services	\$ 13,913,400	\$ 14,379,362	\$ 13,903,482
Miscellaneous	411,316	672,370	754,266
Total Operating Revenues	14,324,716	15,051,732	14,657,748
Operating Expenses Excluding Depreciation			
Administration	933,989	1,099,395	960,028
Operations			
Pumping	2,355,718	2,023,601	2,226,781
Filtration	2,740,856	2,331,616	2,435,092
Distribution	1,425,352	1,444,158	1,389,136
Meter maintenance	300,760	280,083	249,474
Other	491,700	759,985	915,196
Total Operating Expenses Excluding Depreciation	8,248,375	7,938,838	8,175,707
Operating Income Before Depreciation	6,076,341	7,112,894	6,482,041
Depreciation	-	1,569,014	1,449,757
Operating Income	6,076,341	5,543,880	5,032,284
Nonoperating Revenues (Expenses)			
Interest Income	2,500	17,552	12,256
Change in unrealized depreciation on investments	-	(61,547)	-
Interest Expense	-	(376,677)	(298,850)
Amortization of bond discount and costs	-	1,129	1,129
Bond issuance and amortization costs	-	1,624	(19,777)
Net book value of fixed assets disposed	-	(772,649)	(60,762)
Total Nonoperating Revenues (Expenses)	2,500	(1,190,568)	(366,004)
Income Before Transfers	6,078,841	4,353,312	4,666,280
Transfers In (Out)			
General Fund	(3,356,300)	(3,369,559)	(3,356,300)
Insurance Fund	(468,492)	-	-
Total Transfers In (Out)	(3,356,300)	(3,369,559)	(3,356,300)
Net Income	\$ 2,722,541	983,753	1,309,980
Other Changes in Unreserved Net Position			
Intrafund transfers in (out) - Net Position reserved - restricted accounts		6,267,672	(4,290,942)
Increase (Decrease) in Unreserved Net Position		7,251,425	(2,980,962)
Unreserved Net Position			
Beginning of year		55,120,773	58,101,735
End of year		\$ 62,372,198	\$ 55,120,773

CITY OF EVANSTON, ILLINOIS

Water Fund - Operation and Maintenance Account

Schedule of Operating Revenues - Budget and Actual

For the Fiscal Year ended December 31, 2014

(With Comparative Totals For the Fiscal Year ended December 31, 2013)

	Budget	Actual	Prior Period Actual
Charges for Services, Net			
Water Sales			
Evanston	\$ 6,347,400	\$ 6,498,894	\$ 5,947,633
Skokie	2,913,000	2,805,425	2,772,424
Northwest Water Commission	4,653,000	5,075,043	5,183,425
Total Charges for Services	13,913,400	14,379,362	13,903,482
Miscellaneous			
Fees and outside work	115,000	59,050	103,173
Fees, merchandise and other	296,316	613,320	651,093
Total Miscellaneous	411,316	672,370	754,266
Total Operating Revenues	\$ 14,324,716	\$ 15,051,732	\$ 14,657,748

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Equipment Replacement Fund - to account for the costs of all vehicle and equipment replacement purchases, new additions to the fleet and some rental and lease activities. Such costs are billed to the user departments at actual cost.

Fleet Services Fund - to account for the costs of operating the municipal service center maintenance facility for transportation equipment used by other City departments. Such costs are billed to the user departments at actual cost. Actual costs include depreciation on the transportation equipment.

Insurance Fund - to account for the costs of administering general liability claims and workers' compensation programs. Such costs are billed to the General Fund.

CITY OF EVANSTON, ILLINOIS

Internal Service Funds

Combining Statement of Net Position
As of December 31, 2014

Assets	Equipment Replacement	Fleet Services	Insurance	Totals
Current Assets				
Cash and equivalents	\$ 751,419	\$ 8,290	\$ 490,310	\$ 1,250,019
Receivables - other	-	25,556	-	25,556
Inventories	-	751,148	-	751,148
Prepaid expenses	1,016,811	-	-	1,016,811
Due from other funds	551,164	-	1,145,622	1,696,786
Due from component unit	-	-	3,333	3,333
Total Unrestricted Current Assets	2,319,394	784,994	1,639,265	4,743,653
Capital Assets				
Capital Assets being depreciated	21,629,607	617,552	-	22,247,159
Accumulated depreciation	(14,243,826)	(617,403)	-	(14,861,229)
Total Capital Assets	7,385,781	149	-	7,385,930
Total Assets	9,705,175	785,143	1,639,265	12,129,583
Liabilities and Fund Equity				
Current Liabilities				
Vouchers payable	135,608	294,128	78,226	507,962
Compensated absences payable	-	61,352	-	61,352
Claims payable	-	-	1,971,381	1,971,381
Due to other funds	-	429,099	-	429,099
Total Current Liabilities	135,608	784,579	2,049,607	2,969,794
Long-Term Liabilities				
Compensated absences payable	-	59,254	-	59,254
OPEB Liability	-	62,105	-	62,105
Claims payable	-	-	2,971,585	2,971,585
Total Long-Term Liabilities	-	121,359	2,971,585	3,092,944
Total Liabilities	135,608	905,938	5,021,192	6,062,738
Net Position (Deficit)				
Net Investment in Capital Assets	7,385,781	149	-	7,385,930
Unrestricted	2,183,786	(120,944)	(3,381,927)	(1,319,085)
Total Net Position (deficit)	\$ 9,569,567	\$ (120,795)	\$ (3,381,927)	\$ 6,066,845

CITY OF EVANSTON, ILLINOIS

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year ended December 31, 2014

	Equipment Replacement	Fleet Services	Insurance	Totals
Operating Revenues				
Charges for Services				
General Fund	\$ 1,242,590	\$ 2,507,358	\$ 2,609,392	\$ 6,359,340
Sewer Fund	-	475,800	269,988	745,788
Solid Waste	177,131	-	-	177,131
Water Fund	-	122,751	468,493	591,244
Motor Vehicle Parking System Fund	30,000	21,992	319,649	371,641
Library Fund	1,700	2,381	40,000	44,081
Emergency Telephone System	-	-	17,448	17,448
Economic Development	-	-	17,448	17,448
Community Development Block Grant	-	-	17,448	17,448
Claims Reimbursements	-	-	93,265	93,265
Health Insurance Contributions	-	-	14,218,876	14,218,876
Miscellaneous	-	50,010	2,900	52,910
Total Operating Revenues	1,451,421	3,180,292	18,074,907	22,706,620
Operating Expenses				
General support	22,503	289,036	-	311,539
Major maintenance	131,147	3,122,766	-	3,253,913
General liability claims	-	-	1,782,161	1,782,161
Workers compensation claims	-	-	1,854,190	1,854,190
Health Insurance Premiums	-	-	13,832,272	13,832,272
Other	-	-	260,667	260,667
Total Operating Expenses	153,650	3,411,802	17,729,290	21,294,742
Operating Income (Loss) Before Depreciation	1,297,771	(231,510)	345,617	1,411,878
Depreciation	1,476,384	357	-	1,476,741
Operating Income (Loss)	(178,613)	(231,867)	345,617	(64,863)
Nonoperating Revenues (Expenses)				
Investment income	-	-	119	119
Gain (loss) on disposition of assets	46,535	-	-	46,535
Total Nonoperating Revenues (Expenses)	46,535	-	119	46,654
Income Before Transfers	(132,078)	(231,867)	345,736	(18,209)
Transfers In				
Capital Improvements	1,072,810	-	-	1,072,810
Change in Net Position	940,732	(231,867)	345,736	1,054,601
Total Net Position (Deficit) - Beginning	8,628,835	111,072	(3,727,663)	5,012,244
Total Net Position (Deficit)- Ending	\$ 9,569,567	\$ (120,795)	\$ (3,381,927)	\$ 6,066,845

CITY OF EVANSTON, ILLINOIS

Internal Service Funds

Combining Statement of Cash Flows
For the Fiscal Year ended December 31, 2014

	Equipment Replacement	Fleet Services	Insurance	Totals
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 1,451,421	\$ 3,179,156	\$ 18,074,907	\$ 22,705,484
Receipts from / (Payments for) interfund services provided	724,030	260,365	(504,799)	479,596
Payments to suppliers	(1,738,523)	(3,182,894)	(260,667)	(5,182,084)
Payments to employees	-	(254,970)	(3,484,845)	(3,739,815)
Payments for insurance premiums	-	-	(13,779,545)	(13,779,545)
Net Cash Provided by (used for) Operating Activities	436,928	1,657	45,051	483,636
Cash Flows from Capital and Related Financing Activities				
Transfer In	1,072,810	-	-	1,072,810
Sale of capital assets	46,535	-	-	46,535
Acquisition and construction of capital assets	(822,313)	-	-	(822,313)
Net Cash from Capital and Related Financing Activities	297,032	-	-	297,032
Cash Flows from Investing Activities				
Interest Income	-	-	119	119
Net Cash from Investing Activities	-	-	119	119
Net Increase (Decrease) in Cash and Cash Equivalents	733,960	1,657	45,170	780,787
Cash and Equivalents				
Beginning	17,459	6,633	445,140	469,232
Ending	\$ 751,419	\$ 8,290	\$ 490,310	\$ 1,250,019

CITY OF EVANSTON, ILLINOIS

Internal Service Funds

Combining Statement of Cash Flows

For the Fiscal Year ended December 31, 2014

	Equipment Replacement	Fleet Services	Insurance	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$ (178,613)	\$ (231,867)	\$ 345,617	\$ (64,863)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities				
Depreciation	1,476,384	357	-	1,476,741
Changes in assets and liabilities				
Increase/decrease in A/R miscellaneous	-	(1,136)	-	(1,136)
Interfund receivable	724,030	-	(504,799)	219,231
Prepaid expenses	(981,865)	-	-	(981,865)
Inventories	-	(11,989)	-	(11,989)
Compensated absences	-	23,876	-	23,876
OPEB Liability	-	10,190	-	10,190
Accounts payable	(603,008)	(48,139)	52,727	(598,420)
Interfund payable	-	260,365	-	260,365
Claims payable	-	-	151,506	151,506
Net Cash Provided by (used for) Operating Activities	\$ 436,928	\$ 1,657	\$ 45,051	\$ 483,636

EVANSTON LIBRARY COMPONENT UNIT

CITY OF EVANSTON LIBRARY COMPONENT UNIT

Statement of Net Position and Governmental Funds
 Combining Balance Sheet
 December 31, 2014

	Operating	Endowment	Debt Service	Total	Adjustments	Statement of Activities
Assets						
Cash and Investments	\$ 1,121,048	\$ 3,911,991	\$ (2,409)	\$ 5,030,630	\$ -	\$ 5,030,630
Property Tax Receivables	5,813,505	-	605,138	6,418,643	-	6,418,643
Accrued Interest Receivables	-	8,741	-	8,741	-	8,741
Capital assets not being depreciated	-	-	-	-	311,380	311,380
Capital assets net of accumulated depreciation	-	-	-	-	12,993,557	12,993,557
Total Assets	6,934,553	3,920,732	602,729	11,458,014	13,304,937	24,762,951
Liabilities, Deferred Inflows, and Fund Balance						
Current Liabilities						
Accounts Payable	93,554	-	-	93,554	-	93,554
Other Payable	14,536	-	-	14,536	-	14,536
Due to Primary Government	424,983	-	-	424,983	-	424,983
Total Current Liabilities	533,073	-	-	533,073	-	533,073
Noncurrent Liabilities						
Due within one year - Debt	-	-	-	-	658,360	658,360
Due in more than one year - Debt	-	-	-	-	2,275,156	2,275,156
Total Noncurrent Liabilities	-	-	-	-	2,933,516	2,933,516
Total Liabilities	533,073	-	-	533,073	2,933,516	3,466,589
Deferred Inflows of Resources						
Property Tax	5,022,510	-	509,134	5,531,644	-	5,531,644
Total Liabilities and Deferred Inflows	5,555,583	-	509,134	6,064,717	2,933,516	8,998,233
Fund Balance / Net Position						
Net Investment in Capital Assets	-	-	-	-	13,304,937	13,304,937
Unassigned / Unrestricted	1,378,970	3,920,732	93,595	5,393,297	(2,933,516)	2,459,781
Total Fund Balance / Net Position	1,378,970	3,920,732	93,595	5,393,297	10,371,421	15,764,718
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 6,934,553	\$ 3,920,732	\$ 602,729	\$ 11,458,014	\$ 13,304,937	\$ 24,762,951

CITY OF EVANSTON LIBRARY COMPONENT UNIT

Statement of Activities and Governmental Fund Combining Statement of Revenue, Expenditures
and Changes in Fund Balance/ Net Position

For Fiscal Year ended December 31, 2014

	Operating	Endowment	Debt Service	Total	Adjustments	Statement of Activities
Revenues						
Property Taxes	\$ 5,459,638	\$ -	\$ 739,225	\$ 6,198,863	\$ -	\$ 6,198,863
Charges for Services	830,326	-	-	830,326	-	830,326
Investment Income	-	353,383	-	353,383	-	353,383
Donations	-	919	-	919	-	919
Miscellaneous	-	-	-	-	-	-
Total Revenue	6,289,964	354,302	739,225	7,383,491	-	7,383,491
Expenditures						
Current						
Community Services	5,790,864	209,375	-	6,000,239	140,512	6,140,751
Debt Service	-	-	748,521	748,521	-	748,521
Total Expenditures	5,790,864	209,375	748,521	6,748,760	140,512	6,889,272
Change in Net Position	499,100	144,927	(9,296)	634,731	(140,512)	494,219
Net Position						
Beginning of Year	879,870	3,775,805	102,891	4,758,566	10,511,933	15,270,499
End of Year	\$ 1,378,970	\$ 3,920,732	\$ 93,595	\$ 5,393,297	\$ 10,371,421	\$ 15,764,718

CITY OF EVANSTON LIBRARY COMPONENT UNIT

Library Operating Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year ended December 31, 2014

	Original and Final Budget	Actual	Variance
Revenues			
Property Taxes	\$ 5,082,297	\$ 5,255,479	\$ 173,182
Charges for Services	830,677	830,326	(351)
Total Revenue	5,912,974	6,085,805	172,831
Expenditures			
General management and support	5,628,377	5,506,266	122,111
Total Expenditures	5,628,377	5,506,266	122,111
Excess (Deficiency) of Revenues over (under) Expenditures	284,597	579,539	294,942
Other Financing Sources (Uses)			
Transfer In (Out) - General Fund	(210,000)	(210,000)	-
Transfer In (Out) - Debt Service Fund	(74,597)	(74,597)	-
Total Other Financing Sources (Uses)	(284,597)	(284,597)	-
Net Change in Fund Balance	\$ -	294,942	\$ 294,942
Fund Balance			
Beginning of Year		934,065	
End of Year		\$ 1,229,007	

STATISTICAL SECTION (UNAUDITED)

Statistical Section

This part of the Government's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	170 - 173
Revenue Capacity These schedules contain information to help the reader assess the Government's most significant local revenue source, the property tax.	174 - 176
Debt Capacity These schedules present information to help the reader assess the affordability of the Government's current levels of outstanding debt and the Government's ability to issue additional debt in the future.	177 - 180
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the Government's financial activities take place.	181 - 186
Operating Information These schedules contain information about the Government's service and resources to help the reader understand how the Government's financial information relates to the services the Government provides and the activities it performs.	187 - 188

CITY OF EVANSTON, ILLINOIS

Net Position by Component

Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year									
	<u>2/28/2006</u>	<u>2/28/2007</u>	<u>2/29/2008</u>	<u>2/28/2009</u>	<u>2/28/2010</u>	<u>2/28/2011</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 34,428	\$ 31,133	\$ 31,542	\$ 37,278	\$ 41,109	\$ 49,483	\$ 57,663	\$ 60,105	\$ 47,214	\$ 46,633
Restricted	31,169	30,034	23,168	26,238	23,645	23,187	31,559	31,754	24,720	25,446
Unrestricted	15,408	25,171	28,231	17,539	10,400	4,072	(24,033)	(23,729)	(13,846)	(11,436)
Total Governmental Activities Net Position	<u>\$ 81,005</u>	<u>\$ 86,338</u>	<u>\$ 82,941</u>	<u>\$ 81,055</u>	<u>\$ 75,154</u>	<u>\$ 76,742</u>	<u>\$ 65,189</u>	<u>\$ 68,130</u>	<u>\$ 58,088</u>	<u>\$ 60,643</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 129,084	\$ 140,621	\$ 159,185	\$ 172,399	\$ 192,921	\$ 207,162	\$ 215,755	\$ 228,738	\$ 239,243	\$ 246,382
Restricted	10,449	9,374	1,986	1,987	3,378	1,624	1,034	710	712	649
Unrestricted	23,483	21,417	23,589	27,586	25,417	19,141	25,385	26,363	25,484	23,563
Total Business-type Activities Net Position	<u>\$ 163,016</u>	<u>\$ 171,412</u>	<u>\$ 184,760</u>	<u>\$ 201,972</u>	<u>\$ 221,716</u>	<u>\$ 227,927</u>	<u>\$ 242,174</u>	<u>\$ 255,811</u>	<u>\$ 265,439</u>	<u>\$ 270,594</u>
Primary Government										
Net Investment in Capital Assets	\$ 163,512	\$ 171,754	\$ 190,727	\$ 209,677	\$ 234,030	\$ 256,645	\$ 273,418	\$ 288,843	\$ 286,457	\$ 293,015
Restricted	41,618	39,408	25,154	28,225	27,023	24,811	32,593	32,464	25,432	26,095
Unrestricted	38,891	46,588	51,820	45,125	35,817	23,213	1,352	2,634	11,638	12,127
Total Primary Government Net Position	<u>\$ 244,021</u>	<u>\$ 257,750</u>	<u>\$ 267,701</u>	<u>\$ 283,027</u>	<u>\$ 296,870</u>	<u>\$ 304,669</u>	<u>\$ 307,363</u>	<u>\$ 323,941</u>	<u>\$ 323,527</u>	<u>\$ 331,237</u>

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year Ended									
	2/28/2006	2/28/2007	2/29/2008	2/28/2009	2/28/2010	2/28/2011	12/31/2011*	12/31/2012	12/31/2013	12/31/2014
Expenses										
Governmental Activities										
General government	\$ 19,537	\$ 19,951	\$ 20,072	\$ 18,017	\$ 19,773	\$ 17,517	\$ 17,911	\$ 22,508	\$ 18,892	\$ 13,811
Public Safety	45,951	46,368	48,763	49,484	50,488	53,226	43,465	52,740	57,090	58,795
Public Works	14,632	16,505	21,566	21,628	18,509	15,626	12,399	11,099	13,782	25,825
Health & Human Resource Development	4,781	6,108	4,982	4,546	4,760	4,541	3,547	3,200	3,601	3,837
Housing & Economic Development	6,850	7,924	7,090	6,965	20,066	10,857	11,630	19,101	11,123	12,443
Culture and Recreation	19,792	18,303	20,634	20,002	9,120	20,142	15,607	17,438	16,433	9,358
Interest on Long-term Debt	5,874	6,926	5,522	4,041	4,396	5,595	3,114	1,786	377	3,919
Total governmental activities expenses	117,417	122,085	128,630	124,682	127,112	127,504	107,673	127,872	121,298	127,988
Business-type Activities										
Water	8,760	8,778	8,668	9,391	9,133	8,713	7,450	10,172	11,193	11,977
Sewer	9,219	9,588	8,972	8,726	8,779	8,784	7,083	7,872	7,649	7,293
Solid Waste	-	-	-	-	-	-	4,317	4,612	4,732	4,856
Motor vehicle parking system	2,904	2,963	2,403	8,896	8,841	8,425	6,673	8,297	8,369	7,856
Sherman garage	-	1,613	4,270	-	-	-	-	-	-	-
Maple avenue garage	3,096	2,910	2,682	-	-	-	-	-	-	-
Total Business-type Activities	23,979	25,852	26,996	27,013	26,753	25,922	25,523	30,953	31,943	31,982
Total primary government expenses	\$ 141,396	\$ 147,937	\$ 155,625	\$ 151,695	\$ 153,865	\$ 153,426	\$ 133,196	\$ 158,825	\$ 153,241	\$ 159,970
Program Revenues										
Governmental Activities										
Charges for Services										
General government	\$ 13,060	\$ 13,630	\$ 12,639	\$ 13,348	\$ 13,087	\$ 12,796	\$ 9,219	\$ 9,478	\$ 8,917	\$ 9,374
Culture and Recreation	4,310	4,353	4,521	4,637	4,902	5,265	4,587	9,934	5,236	5,360
Other activities	10,293	8,779	14,518	10,289	7,946	9,377	8,523	11,349	12,179	15,754
Operating grants and contributions	3,441	3,679	5,982	5,117	5,898	9,851	9,861	13,453	10,102	7,151
Total governmental activities program revenues	32,231	30,626	37,778	33,504	35,870	45,315	36,131	46,231	39,390	37,639
Business-type Activities										
Charges for Services										
Water	13,961	12,639	13,239	13,685	12,694	13,738	12,369	14,967	14,658	15,052
Sewer	16,077	14,394	14,239	13,774	13,243	13,393	11,377	14,115	13,510	12,785
Sherman garage	-	779	1,950	-	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	-	2,900	3,490	3,651	3,971
Motor vehicle parking system	2,965	3,059	3,084	6,719	6,772	5,987	4,928	6,663	6,255	6,080
Maple avenue garage fund	1,622	1,417	1,430	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	395	939	15
Total Business-type activities program revenues	34,625	32,288	33,941	34,178	32,709	33,118	31,574	39,630	39,013	37,903
Total primary government program revenues	\$ 66,856	\$ 62,914	\$ 71,719	\$ 67,682	\$ 68,579	\$ 78,433	\$ 67,705	\$ 85,861	\$ 78,403	\$ 75,542
Net (expense)/revenue										
Governmental Activities	(85,186)	(91,459)	(90,852)	(91,178)	(91,242)	(82,189)	(71,542)	(81,641)	(81,908)	(90,349)
Business-type Activities	10,646	6,436	6,945	7,166	5,956	7,196	6,051	8,677	7,070	5,921
Total Primary Government net expense	(74,540)	(85,023)	(83,906)	(84,012)	(85,286)	(74,993)	(65,491)	(72,964)	(74,838)	(84,428)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 89,810	\$ 61,983	\$ 46,947	\$ 56,217	\$ 58,839	\$ 47,040	\$ 33,399	\$ 47,874	\$ 46,349	\$ 48,579
Sales taxes	-	14,387	16,172	15,500	14,880	15,577	13,495	15,888	16,965	17,362
Investment earnings	2,997	3,752	3,653	360	721	557	32	398	79	(258)
Miscellaneous	1,412	17,287	25,799	26,684	24,601	27,501	21,244	25,348	27,369	26,612
Transfers	(4,277)	(616)	(5,116)	(9,469)	(13,700)	(99)	(8,180)	(4,926)	(2,586)	610
Total governmental activities	89,942	96,793	87,455	89,292	85,341	90,576	59,990	84,582	88,176	92,905
Business-type Activities										
Investment earnings	896	1,344	1,287	606	87	23	16	34	33	(156)
Miscellaneous	-	-	-	(28)	-	-	-	-	(61)	-
Transfers	4,277	616	5,116	9,469	13,700	99	8,180	4,926	2,586	(610)
Total business-type Activities	5,173	1,960	6,403	10,047	13,787	122	8,196	4,960	2,558	(766)
Changes in Net Position										
Governmental Activities	\$ 4,756	\$ 5,334	\$ (3,397)	\$ (1,886)	\$ (5,901)	\$ 8,387	\$ (11,552)	\$ 2,941	\$ 6,268	\$ 2,556
Business-type Activities	15,819	8,396	13,348	17,212	19,743	7,318	14,247	13,637	9,628	5,154
Total primary government	\$ 20,575	\$ 13,730	\$ 9,951	\$ 15,326	\$ 13,842	\$ 15,705	\$ 2,695	\$ 16,578	\$ 15,896	\$ 7,710

* Ten months ended December 31, 2011
Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>2/28/2006</u>	<u>2/28/2007</u>	<u>2/29/2008</u>	<u>2/28/2009</u>	<u>2/28/2010</u>	<u>2/28/2011</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
General Fund										
Reserved	\$ 6,027	\$ 1,327	\$ 1,108	\$ 1,275	\$ 1,585	\$ 1,995	\$ -	\$ -	\$ -	\$ -
Unreserved	18,804	24,866	24,840	19,752	18,603	20,009	-	-	-	-
Assigned	-	-	-	-	-	-	7,590	6,848	6,362	5,347
Unassigned	-	-	-	-	-	-	10,803	10,186	10,001	9,636
Total general fund	<u>\$ 24,831</u>	<u>\$ 26,193</u>	<u>\$ 25,948</u>	<u>\$ 21,027</u>	<u>\$ 20,188</u>	<u>\$ 22,004</u>	<u>\$ 18,393</u>	<u>\$ 17,034</u>	<u>\$ 16,363</u>	<u>\$ 14,983</u>
All Other Governmental Funds										
Reserved	\$ 33,937	\$ 31,741	\$ 29,739	\$ 31,757	\$ 28,953	\$ 28,738	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	5,171	5,587	6,649	10,356	10,807	10,907	-	-	-	-
Capital Projects Funds	31,696	23,965	25,620	20,899	9,276	9,665	-	-	-	-
Nonspendable	-	-	-	-	-	-	1,419	-	407	1,430
Restricted	-	-	-	-	-	-	32,353	32,431	25,359	26,003
Committed	-	-	-	-	-	-	806	2,150	3,507	3,540
Assigned	-	-	-	-	-	-	10,074	5,307	8,372	10,467
Unassigned	-	-	-	-	-	-	(175)	1,105	(149)	(153)
Total all other governmental funds	<u>\$ 70,804</u>	<u>\$ 61,293</u>	<u>\$ 62,008</u>	<u>\$ 63,012</u>	<u>\$ 49,036</u>	<u>\$ 49,310</u>	<u>\$ 44,477</u>	<u>\$ 40,993</u>	<u>\$ 37,496</u>	<u>\$ 41,287</u>

- Notes: 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
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year Ended									
	2/28/2006	2/28/2007	2/29/2008	2/28/2009	2/28/2010	2/28/2011	12/31/2011 *	12/31/2012	12/31/2013	12/31/2014
Revenues										
Taxes	\$ 75,661	\$ 77,137	\$ 75,767	\$ 84,035	\$ 84,726	\$ 73,559	\$ 56,466	\$ 79,331	\$ 78,254	\$ 77,933
Licenses, fees and permits	9,164	8,061	10,276	8,820	7,279	8,661	6,776	10,470	10,617	14,503
Fines and penalties	3,781	4,029	4,660	4,442	4,151	4,003	3,280	3,470	3,449	3,358
Charges for services	6,905	7,167	7,732	8,399	8,680	9,786	6,283	7,763	7,723	7,793
Special Assessments	546	565	520	516	240	429	235	293	275	167
Intergovernmental	21,106	21,402	22,625	21,013	20,696	26,456	23,183	29,252	27,844	24,300
Investment Earnings	2,970	3,695	3,402	272	714	555	22	397	94	89
Other Revenues	5,812	5,578	5,116	4,679	4,642	6,390	4,133	2,915	1,906	1,791
Total Revenues	125,945	127,634	130,098	132,176	131,128	129,839	100,378	133,891	130,162	129,934
Expenditures										
General Government	15,601	14,539	18,190	16,498	16,184	23,463	13,594	18,532	17,611	13,314
Public Safety	39,094	39,690	42,466	49,999	48,970	50,352	42,140	54,611	56,431	59,425
Public Works	13,242	14,282	18,868	18,913	16,062	14,053	7,574	9,380	11,982	19,821
Recreation and cultural opportunities	16,526	16,683	19,118	18,942	18,100	17,399	16,192	14,309	14,775	10,524
Health and Human Development	4,566	5,850	4,982	4,546	4,760	4,541	3,588	3,200	3,601	3,837
Housing and Economic Development	6,646	7,683	7,089	6,963	9,120	11,345	11,999	19,095	11,305	9,348
Pensions	4,628	5,645	-	-	-	-	-	-	-	-
Capital Outlay	42,087	18,986	12,416	8,209	7,960	7,112	5,832	8,523	5,948	6,286
Debt Service										
Interest	5,857	6,927	5,128	5,143	4,953	4,878	4,384	5,175	4,996	4,411
Fiscal agent fees	323	517	42	28	5	12	79	76	127	43
Principal	7,690	11,530	10,815	9,885	7,524	7,650	10,106	13,055	34,259	10,040
Total governmental activities expenditure	156,260	142,332	139,114	139,126	133,638	140,805	115,488	145,956	161,035	137,049
Net (expense)/revenue										
Governmental activities	(30,315)	(14,698)	(9,016)	(6,950)	(2,510)	(10,966)	(15,110)	(12,065)	(30,873)	(7,115)
Proceeds from borrowing	\$ 31,332	\$ 24,916	\$ 31,444	\$ 24,340	\$ -	\$ 13,393	\$ 15,420	\$ 12,618	\$ 34,982	\$ 9,989
Capitalized interest income	355	-	-	839	-	120	-	-	-	-
Capitalized interest expense	(355)	-	-	-	-	-	-	-	-	-
Escrow funding	(6,626)	(14,368)	(15,590)	(13,280)	-	-	-	-	-	-
Transfers in	7,032	6,529	8,975	5,927	11,019	5,727	5,839	9,271	8,182	9,202
Transfers (out)	(14,432)	(10,528)	(15,344)	(14,794)	(23,324)	(6,184)	(14,593)	(14,668)	(11,879)	(9,665)
Total Other financing sources (uses)	17,306	6,549	9,485	3,032	(12,305)	13,056	6,666	7,221	31,285	9,526
Net Changes in Fund Balance	\$ (13,009)	\$ (8,149)	\$ 469	\$ (3,917)	\$ (14,815)	\$ 2,090	\$ (8,444)	\$ (4,844)	\$ 412	\$ 2,411
Debt Service as a percentage of noncapital expenditures	11.87%	14.96%	12.58%	11.48%	9.93%	9.36%	13.29%	13.26%	25.31%	11.05%

* Ten months ended December 31, 2011

Note: The largest own-source revenue is the property tax with a rate of 1.592% (for the city portion only) of Equalized Assessed Value (EAV) for the tax year 2011.

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Equalized Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Levy Year Ended	Residential Property	Farm Property	Commercial Property	Industrial Property	Railroad Property	Total Equalized Assessed Value	Total Actual Value	Total Tax Rate
2004	1,543,464,138	16,895	479,999,412	71,684,555	446,570	2,095,611,570	6,286,834,710	1.528
2005	1,680,183,692	16,895	500,330,397	61,756,603	465,435	2,242,753,022	6,728,259,066	1.491
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	3,041,884,087	9,125,652,261	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

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: Cook County Assessor's office

CITY OF EVANSTON, ILLINOIS

Principal Property Taxpayers

Current year and Nine Years Ago

2013 EAV				2004 EAV			
<u>Tax Payer</u>	<u>Total Equalized Assessed Value (EAV)</u>	<u>Rank</u>	<u>Percentage of Total City Taxable EAV</u>	<u>Tax Payer</u>	<u>Total Equalized Assessed Value (EAV)</u>	<u>Rank</u>	<u>Percentage of Total City Taxable EAV</u>
Rotary International	\$ 25,119,560	1	1.14%	Golub & Company	\$ 27,694,704	1	1.32%
FSP 909 Davis Street	20,171,381	2	0.92%	Rotary International	20,292,050	2	0.97%
Lowe Enterprises	19,842,592	3	0.90%	REP CBRE	19,828,403	3	0.95%
Church Street Plaza	15,297,739	4	0.69%	Church Street Plaza	16,896,273	4	0.81%
Inland	14,032,720	5	0.64%	Church & Chicago Ltd Partnership	14,968,168	5	0.71%
Omni Orrington Hotel	12,188,009	6	0.55%	Omni Orrington Hotel	13,091,516	6	0.61%
Northshore Univ Health	11,529,496	7	0.52%	Albertson's (Jewel & Osco)	12,711,074	7	0.61%
TIAA Pk Evanston Inc	10,676,164	8	0.48%	Evanston Plaza Freed	12,539,427	8	0.60%
Cambridge Realty Cap	9,571,831	9	0.43%	Evanston Hotel	11,654,424	9	0.56%
New Albertson's LLC	<u>9,422,663</u>	10	0.43%	St Francis Hospital	<u>8,798,117</u>	10	<u>0.42%</u>
Total	<u>\$ 147,852,156</u>		<u>6.72%</u>	Total	<u>\$ 158,474,156</u>		<u>7.56%</u>
Total EAV	<u>\$ 2,201,697,038</u>			Total EAV	<u>\$ 2,095,611,570</u>		

Source: Cook County

CITY OF EVANSTON, ILLINOIS

Property Tax Levies and Collections

Last Ten 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
2005	33,423,311	32,550,464	97.39%	613,876	33,164,340	99.23%
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	See Note	See Note	See Note	See Note	See Note

Note: Levy Year 2014 is collected beyond fiscal year end 2014 through 12/31/15

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
2/28/2005	74,239	\$ 1,727,147,885	\$ 187,110,000	\$ 6,678,359	\$ 106,935,000	\$ 73,496,641	\$ 2,775,350,776	4.26%	2.65%	\$ 990.00
2/28/2006	74,239	2,095,611,570	195,875,000	6,551,304	110,212,500	79,111,196	2,902,967,617	3.78%	2.73%	1,065.63
2/28/2007	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
2/29/2008	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
2/28/2009	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
2/28/2010	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
2/28/2011	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
12/31/2011	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
12/31/2012	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
12/31/2013	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
12/31/2014	75,570	2,201,697,038	146,624,679	12,209,139	34,614,357	99,801,183	3,262,734,750	4.53%	3.06%	1,320.65

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			
2/28/2005	\$ 143,455,000	\$ 3,590,000	\$ -	\$ 43,655,000	\$ 4,575,000	\$ 102,200,011	\$ 297,475,011	10.72%	\$ 4,007
2/28/2006	158,490,000	3,335,000	-	37,385,000	3,710,000	101,400,675	304,320,675	10.48%	4,099
2/28/2007	110,920,000	3,070,000	-	76,825,000	3,240,000	99,490,921	293,545,921	10.11%	3,954
2/29/2008	115,220,000	2,785,000	-	66,530,000	2,755,000	103,410,887	290,700,887	10.01%	3,916
2/28/2009	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
2/28/2010	109,078,880	2,155,000	708,552	40,236,120	1,720,000	95,370,544	249,269,096	8.59%	3,358
2/28/2011	115,482,439	1,840,000	363,759	36,212,561	1,170,000	87,059,150	242,127,909	7.67%	3,251
12/31/2011	120,739,206	1,840,000	-	35,115,794	1,170,000	79,081,272	237,946,272	7.44%	3,195
12/31/2012	119,423,742	1,515,000	-	33,221,257	595,000	70,375,368	225,130,367	7.04%	3,022
12/31/2013	119,123,639	1,175,000	-	30,411,358	305,000	64,658,382	215,673,379	6.93%	2,890
12/31/2014	116,041,839	795,000	-	29,787,840	-	58,412,659	205,037,338	6.28%	2,713

Notes: (1)Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(2) See the Schedule of Demographics and Economic Statistics for personal income and population data.

Source: Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Direct and Overlapping Governmental Activities

As of December 31, 2014

	Total Outstanding	Percentage of Debt Applicable to City of Evanston	City of Evanston's Share of Debt (1)
Direct debt - bonds, notes, and contracts outstanding	\$ 116,836,839	100.00%	\$ 116,836,839
Other bonded debt by taxing body			
County of Cook	\$ 3,578,276,750	1.75%	\$ 62,568,331
Cook County Forest Preserve District	118,610,000	1.75%	2,073,968
Metropolitan Water Reclamation District	2,422,620,000	1.78%	43,217,428
Community College District 535	35,370,000	11.64%	4,118,445
High School District 202	26,715,000	90.16%	24,086,953
School District 65	73,939,213	90.16%	66,665,556
Skokie Park District	4,515,000	64.00%	28,972
Total Overlapping Debt	\$ 6,260,045,963		\$ 202,759,653
	<u>\$ 6,376,882,802</u>		<u>\$ 319,596,492</u>

Note: Overlapping debt calculated based on the pro rata EAV.

Source: Cook County Clerk's Offices

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		
2/28/2006	14,380,966	6,705,865	7,675,101	865,000	177,355	7.36
2/28/2007	13,196,942	6,900,063	6,296,879	470,000	145,088	10.24
2/29/2008	13,787,014	7,138,056	6,648,958	485,000	128,713	10.83
2/28/2009	13,878,833	7,866,909	6,011,924	510,000	110,913	9.68
2/28/2010	12,742,603	7,756,760	4,985,843	525,000	91,556	8.09
2/28/2011	13,752,681	7,191,577	6,561,104	550,000	71,269	10.56
12/31/2011*	12,368,533	6,146,652	6,221,881	-	24,672	252.18
12/31/2012	14,967,204	8,430,599	6,536,605	575,000	37,687	10.67
12/31/2013	14,657,748	8,175,707	6,482,041	290,000	19,688	20.93
12/31/2014	15,051,732	7,938,838	7,112,894	305,000	6,672	22.82

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.

* Ten months ended December 31, 2011

Source: Various City departments

CITY OF EVANSTON, ILLINOIS

Demographic and Economic Statistics

Last Ten Years

Calendar Year	<u>Population</u>	Total Personal <u>Income</u>	Per Capita Personal <u>Income</u>	Median <u>Age</u>	Education % of population with HS Diploma <u>or Higher</u>	School <u>Enrollment</u>	Unemployment <u>Rate</u>
2005	74,239	2,775,350,776	37,384	32.5	94.0%	9,740	5.0%
2006	74,239	2,902,967,617	39,103	32.5	94.0%	9,550	4.5%
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%

Source: Various Government agencies

CITY OF EVANSTON, ILLINOIS

Principal Employers

Current Year and Nine Years Ago

2014				2005			
<u>Employer</u>	<u>Employees</u>	<u>%</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees</u>	<u>%</u>	<u>Rank</u>
Northwestern University	9,534	49%	1	Northwestern University	5,600	39%	1
Northshore University Healthcare	4,176	21%	2	Evanston Northwestern Healthcare	3,000	21%	2
Evanston School District 65	1,508	8%	3	St. Francis Hospital	1,870	13%	3
St. Francis Hospital	1,105	6%	4	Evanston School District 65	1,100	8%	4
City of Evanston	817	4%	5	City of Evanston	891	6%	5
Presbyterian Homes/McGaw Care	597	3%	6	Evanston Township High School	550	4%	6
School district 202	574	3%	7	Presbyterian Homes/McGaw Care	500	3%	7
Rotary International	513	2%	8	Rotary International	400	3%	8
ZS Associates	346	2%	9	Solucient	275	2%	9
C.E. Neifhoff & Co.	324	2%	10	ZS Associates	190	1%	10
Total	<u>19,494</u>			Total	<u>14,376</u>		

Source: City Economic Development Division

CITY OF EVANSTON, ILLINOIS

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function/Program	Fiscal Year Ended									
	<u>2/28/2006</u>	<u>2/28/2007</u>	<u>2/29/2008</u>	<u>2/28/2009</u>	<u>2/28/2010</u>	<u>2/28/2011</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
General Government										
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	3.00	2.80	2.20	2.20
City Manager's Office	7.25	7.25	13.70	31.53	27.70	22.00	8.00	12.00	12.00	14.00
MBIS / IT	24.80	23.80	25.50	-	-	13.00	12.00	11.50	9.00	11.00
Legal	7.00	7.00	7.00	7.00	6.00	7.00	7.00	7.00	8.00	7.00
Human Resources	7.00	8.00	8.00	8.00	8.00	5.00	5.00	7.50	8.00	8.50
Finance	26.50	25.50	26.50	29.50	28.50	19.50	19.00	17.10	17.00	17.50
Parking Systems	-	-	-	-	-	13.00	12.00	12.00	9.00	12.00
Facilities Management	21.10	21.20	-	-	-	-	19.00	20.20	16.00	-
Community Development	36.00	36.00	36.00	35.00	33.00	28.00	27.00	27.00	24.00	21.00
Community College District 535										
Police	219.50	221.75	220.75	220.75	218.50	219.00	222.00	225.00	220.00	227.00
Fire	110.00	111.00	111.00	112.00	111.00	107.00	108.00	110.00	106.00	110.00
Human & Health Services	39.30	40.15	29.68	24.90	26.40	15.90	17.00	17.70	20.00	21.10
Public Works	91.25	90.25	108.45	105.45	83.25	58.80	49.00	49.25	97.00	108.45
Human Relations	4.00	4.00	-	-	-	-	-	-	-	-
Library	67.18	67.19	66.69	69.35	67.50	52.00	52.00	56.38	63.00	63.13
Recreation, Parks & Forestry	121.30	119.90	115.90	112.75	131.75	132.00	105.00	105.21	69.00	69.64
Total General Government	784.18	784.99	771.17	758.23	743.60	694.20	665.00	680.64	680.20	692.52
Neighborhood Stabilization Program										
Emergency Telephone System	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	4.00	5.00
CDBG	2.00	2.00	2.00	2.00	2.00	2.00	3.00	1.53	3.00	2.60
Economic Development Fund	1.45	1.45	1.30	2.30	2.30	5.00	6.00	7.00	5.00	6.25
Downtown II TIF Fund	-	1.00	-	-	-	-	-	-	-	-
Capital Improvements Fund	-	-	-	-	-	1.00	-	-	-	-
Maple Ave. Garage	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Parking Fund	14.00	14.50	14.50	14.50	15.50	14.00	15.00	15.50	15.50	15.50
Water	43.00	43.00	43.00	43.00	43.00	42.00	41.00	42.50	40.00	42.50
Sewer	13.50	14.00	14.00	14.00	14.00	12.00	11.00	13.00	11.00	13.33
Solid Waste	-	-	-	-	-	-	6.00	10.00	8.00	9.66
Fleet Services	17.00	17.00	15.00	15.00	15.00	11.00	12.00	12.00	10.00	12.00
Insurance Fund	1.30	1.30	1.00	2.00	2.00	3.00	4.00	4.00	4.00	5.00
Total Other Functions	97.25	99.25	95.80	97.80	98.80	95.00	103.00	112.53	101.50	113.15
Total All Funds	881.43	884.24	866.97	856.03	842.40	789.20	768.00	793.17	781.70	805.67

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	Tax Levy Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City of Evanston	1.491	1.527	1.283	1.295	1.204	1.365	1.592	1.551	1.760	1.856
Consolidated Elections	0.014	-	0.012	-	0.021	-	0.025	-	-	-
Cook County	0.533	0.500	0.446	0.415	0.394	0.423	0.462	0.531	0.560	0.591
Cook County Forest Preserve District	0.060	0.057	0.053	0.051	0.049	0.051	0.058	0.063	0.069	0.073
Suburban T.B. Sanitarium	0.005	0.005	-	-	-	-	-	-	-	-
Metropolitan Water Reclamation District	0.315	0.284	0.263	0.252	0.261	0.274	0.320	0.370	0.417	0.440
North Shore Mosquito Abatement District	0.008	0.009	0.008	0.008	0.008	0.009	0.010	0.010	0.007	0.007
Evanston Township	0.055	0.058	0.050	0.050	0.042	0.046	0.011	0.010	0.053	0.056
Community College 535	0.158	0.166	0.141	0.140	0.140	0.160	0.196	0.219	0.256	0.270
School District 202	2.023	2.099	1.750	1.722	1.616	1.819	2.061	2.308	2.689	2.836
School District 65	2.890	3.045	2.535	2.552	2.401	2.655	2.818	3.149	3.671	3.872
Total tax rate for property not in park district or special service district	<u>7.552</u>	<u>7.750</u>	<u>6.541</u>	<u>6.485</u>	<u>6.136</u>	<u>6.802</u>	<u>7.553</u>	<u>8.211</u>	<u>9.482</u>	<u>10.001</u>
Percent of total tax rate levied by City of Evanston	<u>19.74%</u>	<u>19.70%</u>	<u>19.61%</u>	<u>19.97%</u>	<u>19.62%</u>	<u>20.07%</u>	<u>21.08%</u>	<u>18.89%</u>	<u>18.56%</u>	<u>18.56%</u>

Source: Cook County Assessor's office

CITY OF EVANSTON, ILLINOIS

Water Sold by Type of Customer

Last Ten Fiscal Years
(in 100 cubic feet)

Type of Customer	Fiscal Year Ended									
	<u>2/28/2006</u>	<u>2/28/2007</u>	<u>2/29/2008</u>	<u>2/28/2009</u>	<u>2/28/2010</u>	<u>2/28/2011</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Residential	2,720,807	2,388,360	2,375,942	2,260,284	2,174,255	2,187,244	1,804,433	2,276,492	2,189,588	2,065,980
Industrial	20,096	16,307	16,579	15,722	13,624	14,195	11,552	14,758	12,392	11,627
Commercial		1,278,334	1,240,591	1,193,241	1,109,556	1,153,949	928,621	1,117,431	1,105,077	1,036,034
Government	109,121	96,777	100,278	89,420	69,229	75,308	50,129	66,561	61,908	53,732
Total	2,850,024	3,779,778	3,733,390	3,558,667	3,366,664	3,430,696	2,794,735	3,475,242	3,368,965	3,167,373
Total direct rate per 100 cubic feet	\$ 1.47	\$ 1.47	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.75	\$ 1.80	\$ 1.98

Source: City Utilities Department

CITY OF EVANSTON, ILLINOIS

Water Sold by Major Customers

Last Ten Fiscal Years

Type of Customer	Fiscal Year Ended									
	<u>2/28/2006</u>	<u>2/28/2007</u>	<u>2/29/2008</u>	<u>2/28/2009</u>	<u>2/28/2010</u>	<u>2/28/2011</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Evanston residents/businesses	\$ 6,706,644	\$ 5,804,517	\$ 6,012,643	\$ 5,430,019	\$ 5,396,739	\$ 5,377,297	\$ 4,719,084	\$ 6,124,221	\$ 5,915,560	\$ 6,301,307
Village of Skokie	3,018,734	2,891,834	3,158,396	2,689,304	2,676,163	2,885,096	2,304,066	2,989,109	2,772,424	2,805,425
Northwest Water Commission	3,750,200	3,497,989	3,620,878	4,820,074	4,506,066	4,781,645	3,710,581	5,033,996	5,183,425	5,074,770
Total	\$13,475,578	\$12,194,340	\$ 12,791,917	\$ 12,939,397	\$ 12,578,968	\$ 13,044,038	\$ 10,733,731	\$ 14,147,326	\$ 13,871,409	\$ 14,181,502

Source: City Utilities Department

CITY OF EVANSTON, ILLINOIS

Operating Indicators by Function/Programs

Last Ten Years

	Calendar Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Function/Program</u>										
Police										
Violent Offenses	226	224	282	299	255	214	180	230	131	97
Property Offenses	2,965	2,942	2,825	2,739	2,412	2,119	2,144	2,078	1,980	1,959
911 Calls Received	56,650	55,795	59,135	56,717	52,198	35,991	51,969	44,875	42,551	44,177
Fire										
Emergency responses	8,135	8,173	8,517	9,134	8,566	8,917	9,063	9,330	9,373	9617
Fires extinguished	287	220	192	185	154	157	157	154	129	120
Inspections	1,496	1,320	1,050	1,810	709	680	620	640	660	740
Other Public Works										
Street resurfacing (estimated miles)	3.3	3.3	3.3	3.3	3.3	3.4	3.4	3.4	3.4	4.9
Parks and Recreation										
Athletic field usage (hours)	unavailable	15,561	15,165	17,121	16,185	18,966	20,075	16,761	16,367	16,270
Picnic permits issued	unavailable	319	373	403	431	460	437	541	445	448
Library										
Volumes in collection	486,031	495,575	458,017	502,019	502,019	471,262	436,382	426,342	400,034	401,300
Total volumes borrowed	893,841	897,141	867,743	945,952	945,952	951,667	891,769	989,638	1,056,243	1,074,972
Water										
New connections	74	104	61	57	28	29	16	4	0	18
Water main breaks	78	48	36	52	52	38	28	66	51	70
Average daily consumption (millions of gallons)	41.44	41.41	42.91	40.09	39.41	38.91	38.39	39.85	35.81	36.79
Peak daily consumption (millions of gallons)	80.46	66.49	66.00	65.40	58.94	57.02	65.95	69.21	56.95	48.91

Note: Indicators are not available for general government functions

Source: Various City departments

CITY OF EVANSTON, ILLINOIS

Capital Assets Statistics by Function

Last Ten Years

	Calendar Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>	<u>2014</u>
<u>Function/Program</u>										
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Budgeted Sworn Officers	162	162	165	165	164	164	164	164	164	164
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	5641	5641	5641	5641
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	5	5
Water										
Water mains (miles)	159	157	157	157	157	157	157	157	157	157
Fire hydrants	1347	1370	1370	1399	1399	1399	1399	1399	1399	1477
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

TAX INCREMENT FINANCING DISTRICT
REQUIREMENTS



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE

To the Honorable Elizabeth B. Tisdahl, Mayor and
Members of the City Council
Evanston, Illinois

We have audited the basic financial statements of the City of Evanston, Illinois, as of and for the year ended December 31, 2014, and have issued our report thereon dated July 23, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Evanston failed to comply with provisions of Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing", insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Evanston's noncompliance with the above-referenced statute, insofar as it relates to accounting matters.

This report is intended solely for the information and use of the City Council, management, the State of Illinois, and others within the City and is not intended to be, and should not be, used by anyone other than the specified parties.

Baker Tilly Virchow Krause, LLP
Oak Brook, Illinois
July 23, 2015

FORMS OF LEGAL OPINIONS

PROPOSED FORM OF OPINION OF BOND COUNSEL

[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 2015A (the “*Bonds*”), to the amount of \$13,095,000, dated the date hereof, denomination \$5,000 or authorized integral multiple thereof, due and payable on December 1 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

YEAR	AMOUNT (\$)	RATE (%)
2016	445,000	2.000
2017	480,000	3.000
2018	490,000	4.000
2019	510,000	4.000
2020	540,000	4.000
2021	560,000	4.000
2022	580,000	4.000
2023	600,000	4.000
2024	625,000	4.000
2025	645,000	4.000
2026	645,000	4.000
2027	675,000	4.000
2028	700,000	4.000
2029	730,000	3.000
2030	750,000	3.000
2031	775,000	3.125
2032	795,000	3.125
2033	820,000	3.250
2034	850,000	3.250
2035	880,000	3.375

Each of the Bonds bears interest from the later of its dated date as stated above or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of each such Bond, respectively, is paid or duly provided for, such interest

(computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing on June 1, 2016.

Bonds maturing on or after December 1, 2026, are 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 lot), on December 1, 2025, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings.

Based upon such examination, we are of the opinion that the Proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Illinois now in force.

We further certify that we have examined the form prescribed for the Bonds and find the same in due form of law, and in our opinion the Bonds, to the amount named, are valid and legally binding upon the City, payable from any funds of the City legally available for the 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 the Official Statement relating to 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

[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 2015B (the “*Bonds*”), to the amount of \$11,075,000, dated the date hereof, denomination \$5,000 or authorized integral multiple thereof, due and payable on December 1 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

YEAR	AMOUNT (\$)	RATE (%)
2016	1,000,000	2.000
2017	1,750,000	2.000
2018	1,550,000	2.000
2019	1,550,000	2.000
2020	1,750,000	2.000
2021	1,750,000	2.000
2022	1,725,000	3.000

Each of the Bonds bears interest from the later of its dated date as stated above or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of each such Bond, respectively, is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing on June 1, 2016.

Based upon such examination, we are of the opinion that the Proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Illinois now in force.

We further certify that we have examined the form prescribed for the Bonds and find the same in due form of law, and in our opinion the Bonds, to the amount named, are valid and legally binding upon the City, payable from any funds of the City legally available for the 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 the Official Statement relating to 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 \$13,095,000 General Obligation Corporate Purpose Bonds, Series 2015A (the “*2015A Bonds*”) and \$11,075,000 General Obligation Refunding Bonds, Series 2015B (the “*2015B Bonds*” and, together with the 2015A Bonds, the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted by the City Council of the City on the 12th day of October, 2015 (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”; 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”; and
 - “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 October 21, 2015, 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: November 10, 2015

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, 2015. 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

* 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**

2015A BONDS

YEAR OF MATURITY	CUSIP NUMBER
2016	299227 6T0
2017	299227 6U7
2018	299227 6V5
2019	299227 6W3
2020	299227 6X1
2021	299227 6Y9
2022	299227 6Z6
2023	299227 7A0
2024	299227 7B8
2025	299227 7C6
2026	299227 7D4
2027	299227 7E2
2028	299227 7F9
2029	299227 7G7
2030	299227 7H5
2031	299227 7J1
2032	299227 7K8
2033	299227 7L6
2034	299227 7M4
2035	299227 7N2

2015B BONDS

YEAR OF MATURITY	CUSIP NUMBER
2016	299227 7P7
2017	299227 7Q5
2018	299227 7R3
2019	299227 7S1
2020	299227 7T9
2021	299227 7U6
2022	299227 7V4