

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**

**\$13,715,000 General Obligation Corporate Purpose Bonds, Series 2016A
\$7,635,000 General Obligation Refunding Bonds, Series 2016B**

Dated: Date of Delivery

Due: December 1, as shown on inside cover

The \$13,715,000 General Obligation Corporate Purpose Bonds, Series 2016A (the "Series A Bonds") and the \$7,635,000 General Obligation Refunding Bonds, Series 2016B (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, 2017. 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 September 28, 2016

The date of this Official Statement is September 7, 2016.

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

Series A Bonds
Baird

Series B Bonds
Baird

Maturity and Pricing Schedule, and CUSIP[†] Numbers

City of Evanston, Cook County, Illinois

\$13,715,000 General Obligation Corporate Purpose Bonds, Series 2016A

| Year (December 1) | Amount | Interest Rate | Yield | CUSIP |
|----------------------|------------|---------------|-------|-----------|
| 2017 | \$ 480,000 | 2.00% | 0.62% | 299228AA4 |
| 2018 | 555,000 | 2.00% | 0.80% | 299228AB2 |
| 2019 | 560,000 | 3.00% | 0.90% | 299228AC0 |
| 2020 | 575,000 | 3.00% | 1.00% | 299228AD8 |
| 2021 | 600,000 | 3.00% | 1.15% | 299228AE6 |
| 2022 | 620,000 | 4.00% | 1.30% | 299228AF3 |
| 2023 | 645,000 | 4.00% | 1.45% | 299228AG1 |
| 2024 | 670,000 | 3.00% | 1.60% | 299228AH9 |
| 2025 | 685,000 | 4.00% | 1.75% | 299228AJ5 |
| 2026 | 715,000 | 4.00% | 1.90% | 299228AK2 |
| 2027 | 690,000 | 2.00% | 2.05% | 299228AL0 |
| 2028 | 700,000 | 2.00% | 2.15% | 299228AM8 |
| 2029 | 715,000 | 2.125% | 2.30% | 299228AN6 |
| 2030 | 730,000 | 2.375% | 2.45% | 299228AP1 |
| 2031 | 745,000 | 2.375% | 2.55% | 299228AQ9 |
| 2032 | 770,000 | 2.50% | 2.65% | 299228AR7 |
| 2033 | 785,000 | 2.625% | 2.75% | 299228AS5 |
| 2034 | 805,000 | 2.625% | 2.80% | 299228AT3 |
| 2035 | 825,000 | 2.75% | 2.85% | 299228AU0 |
| 2036 | 845,000 | 2.75% | 2.90% | 299228AV8 |

\$7,635,000 General Obligation Refunding Bonds, Series 2016B

| Year (December 1) | Amount | Interest Rate | Yield | CUSIP |
|----------------------|------------|---------------|-------|-----------|
| 2017 | \$ 655,000 | 2.00% | 0.62% | 299228AW6 |
| 2018 | 705,000 | 2.00% | 0.80% | 299228AX4 |
| 2019 | 720,000 | 2.00% | 0.90% | 299228AY2 |
| 2020 | 730,000 | 2.00% | 1.00% | 299228AZ9 |
| 2021 | 745,000 | 3.00% | 1.15% | 299228BA3 |
| 2022 | 770,000 | 3.00% | 1.30% | 299228BB1 |
| 2023 | 790,000 | 3.00% | 1.45% | 299228BC9 |
| 2024 | 815,000 | 3.00% | 1.60% | 299228BD7 |
| 2025 | 840,000 | 3.00% | 1.75% | 299228BE5 |
| 2026 | 865,000 | 3.00% | 1.90% | 299228BF2 |

[†] 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
Evanston, Illinois 60201
(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 | Eleanor Revelle |
| 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

Sikich LLP
Naperville, Illinois

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OFFICIAL STATEMENT

Relating to

CITY OF EVANSTON COOK COUNTY, ILLINOIS

\$13,715,000 General Obligation Corporate Purpose Bonds, Series 2016A
\$7,635,000 General Obligation Refunding Bonds, Series 2016B

INTRODUCTION

This Official Statement sets forth information concerning the offer by the City of Evanston, Cook County, Illinois (the "City"), of the \$13,715,000 General Obligation Corporate Purpose Bonds, Series 2016A (the "Series A Bonds") and the \$7,635,000 General Obligation Refunding Bonds, Series 2016B (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, adopted by the City Council of the City (the "City Council") on July 11, 2016 (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 2016 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) | \$ 9,162,964.52 |
| Fund 510 (Water) | 3,683,901.29 |
| Fund 186 (Library) | 662,794.33 |
| Fund 420 (Special Assessment) | 503,897.62 |
| Total | <u>\$ 14,013,557.76</u> |

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

Refunded Obligations

| <u>Dated</u> | <u>Issue</u> | <u>Maturities Outstanding</u> | <u>Maturities Refunded</u> | <u>Amount Refunded</u> | <u>Redemption Date</u> |
|--------------|---------------------------------------|-------------------------------|----------------------------|------------------------|------------------------|
| 07/19/2006 | General Obligation Bonds, Series 2006 | 2016-2026 | 2016-2026 | \$8,840,000 | 10/07/2016 |

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 | \$ 13,715,000.00 | \$ 7,635,000.00 | \$ 21,350,000.00 |
| Net Original Issue Premium | 580,361.70 | 576,195.85 | 8,940,729.13 |
| Available Debt Service Funds | -- | 898,308.75 | 898,308.75 |
| Total Sources of Funds | <u>\$ 14,295,361.70</u> | <u>\$ 9,109,504.60</u> | <u>\$ 23,404,866.30</u> |
| <u>Estimated Uses:</u> | | | |
| Capital Projects Account | \$ 14,013,557.76 | -- | \$ 14,013,557.76 |
| Refunded Obligations | -- | \$ 8,989,316.13 | 8,989,316.13 |
| Estimated Cost of Issuance | 281,803.94 | 120,188.47 | 401,992.41 |
| Total Uses of Funds | <u>\$ 14,295,361.70</u> | <u>\$ 9,109,504.60</u> | <u>\$ 23,404,866.30</u> |

SECURITY FOR THE BONDS

General Obligation of the City

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

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

Alternative Sources of Payment

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

THE BONDS

General

The Bonds will be issued as fully registered bonds and will be initially dated the date of delivery (the “Dated Date”). The Bonds mature on the dates and in the amounts, and bear interest from the Dated Date until paid at the rates as set forth on the inside cover of this Official Statement. The Bonds are issuable in denominations within each series of integral multiples of \$5,000. Interest is payable on June 1 and December 1 of each year. The first interest payment date is June 1, 2017.

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, 2027, and thereafter are subject to redemption prior to maturity at the option of the City on December 1, 2026 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 filled 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> |
|------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| 12/31/2015 | 07/28/2016 | 08/13/2016 | 16 |
| 12/31/2014 | 07/29/2015 | 07/29/2015 | on time |
| 12/31/2013 | 07/29/2014 | 07/30/2014 | 1 |
| 12/31/2012 | 07/29/2013 | 07/30/2013 | 1 |
| 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 2015. 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 819 (2015 budget full-time equivalent) employees and include: Police – Fraternal Order of Police (FOP) (expires on 12/31/2016); Firefighters - Local 742 of the International Association of Firefighters (IAFF) (expires on 12/31/16); Police Sergeants - FOP (expires on 12/31/2017); Other labor and general office positions including Public Works, Utilities, Parks/Recreation, Health , Library and Community Development - American Federation of State County and Municipal Employees (AFSCME), Council 31, Local 1891 A (expires on 12/31/16). The City has not experienced any work stoppage due to labor difficulties for the last 30 years.

ECONOMIC AND DEMOGRAPHIC DATA

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

Family Income, Per Capita Income and Median Home Value

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

(1) Single Family Owner Occupied Units Only

Source: U.S. Census Bureau

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

| | Evanston | | Cook County | | State of Illinois | |
|--|-------------|-------------|-------------|-------------|-------------------|-------------|
| | <u>2010</u> | <u>2000</u> | <u>2010</u> | <u>2000</u> | <u>2010</u> | <u>2000</u> |
| Median Home Value ⁽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 | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

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> |
|----------------------|--|
| 2015 | \$ 321,578,749 |
| 2014 | 557,445,516 |
| 2013 | 262,464,798 |
| 2012 | 148,357,853 |
| 2011 | 181,371,826 |

Transportation

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

Employment

Ten Largest Real Property Taxpayers

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>2014 Equalized Assessed Values</u> | <u>Percentage of Total City EAV</u> |
|-------------------------------|-------------------------|---|---|
| Rotary International | Non-profit organization | \$ 25,715,912 | 1.15% |
| FSP 909 Davis Street | Commercial buildings | 20,391,572 | 0.91% |
| Lowe Enterprises | Commercial building | 18,484,963 | 0.82% |
| McCaffery Interests | Commercial buildings | 15,636,226 | 0.70% |
| Evanston Hotel Assoc. | Hotel | 9,992,465 | 0.45% |
| Inland | Commercial, retail | 9,759,474 | 0.43% |
| North Shore University Health | Commercial, healthcare | 9,557,404 | 0.43% |
| Target Proptax T927 | Commercial, retail | 7,492,520 | 0.33% |
| TIAA Pk Evanston Inc | Commercial buildings | 7,379,412 | 0.33% |
| 500 Davis St Holdings | Commercial building | 7,013,472 | 0.31% |
| Top Ten Total | | <u>\$ 131,423,421</u> | <u>5.86%</u> |
| City Total 2014 EAV | | <u>2,244,569,975</u> | |

Source: City of Evanston CAFR for fiscal year ended December 31, 2015.

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>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| City of Evanston | 8.10% | 7.60% | 7.80% | 6.10% | 4.90% |
| Cook County | 10.50% | 9.70% | 9.70% | 7.50% | 6.10% |
| State of Illinois | 9.70% | 9.00% | 9.10% | 7.10% | 5.90% |

Source: Illinois Department of Employment Security

FINANCES

Budget Process, Accounting and Financial Control Procedures

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

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

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

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

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

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

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

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

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

Financial Statements and Independent Audits

The City annually presents its CAFR to the GFOA for review against that organization's standards for governmental accounting and financial reporting. The City received a certificate of achievement for excellence in financial reporting from the GFOA for the fiscal year ended December 31, 2014.

The City's financial statements are audited annually as required by State law. Sikich LLP, Certified Public Accountants and Advisors, Naperville, Illinois, audited the financial statements for fiscal year ended December 31, 2015. Copies of the City's audited financial statements are available at the City's website. Excerpts of the audited financial statements for the fiscal year ended December 31, 2015, are included as APPENDIX A to this Official Statement. Sikich LLP, has neither reviewed nor approved this Official Statement or its appendices.

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

Cash Management

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

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

Revenues

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

Sales Taxes

The City's share of the State sales tax and a separate City home rule sales tax are the second largest source of revenue to the City. A portion of the State's sales tax receipts from sales within Evanston are statutorily allocated to the City. The amount so received by the City equals about 1.0% of those sales subject to the State tax. In addition, the City imposes a City-wide home rule sales tax, as permitted by State law, presently at a rate of 1.0%. Sales of vehicles, groceries and medicine, among other items, are exempted by State law from this home rule sales tax. The Illinois Department of Revenue collects both the State sales tax and the City's sales tax. As illustrated on the following table, the State sales tax produced \$10.0 million, and the home rule sales tax produced \$6.1 million for the fiscal year ended December 31, 2015. The State sales taxes payable to the City have grown at an average compound rate of approximately 1.7 percent between fiscal years ended February 28, 2006 and December 31, 2015.

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> |
|-----------------|-----------------------------|---|-----------------------------|---|
| 12/31/2015 | \$ 6,102,128 | (0.01%) | \$ 9,999,482 | 2.00% |
| 12/31/2014 | 6,102,969 | 2.32% | 9,803,582 | 0.89% |
| 12/31/2013 | 5,964,747 | 4.51% | 9,717,393 | 7.86% |
| 12/31/2012 | 5,707,112 | n.a. | 9,008,956 | n.a. |
| 12/31/2011 | 4,902,429 | n.a. | 7,671,007 | n.a. |
| 2/28/2011 | 5,724,904 | 4.78% | 8,791,573 | 2.87% |
| 2/28/2010 | 5,463,561 | (1.96%) | 8,546,173 | (3.52%) |
| 2/28/2009 | 5,572,880 | (5.73%) | 8,857,994 | (4.11%) |
| 2/29/2008 | 5,911,796 | 4.61% | 9,237,337 | 6.24% |
| 2/28/2007 | 5,651,328 | 0.70% | 8,695,104 | 2.48% |
| 2/28/2006 | 5,611,780 | 0.32% | 8,484,692 | 1.13% |

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> |
|-----------------|---------------|
| 12/31/2015 | \$ 1,358,443 |
| 12/31/2014 | 1,448,645 |
| 12/31/2013 | 1,422,673 |
| 12/31/2012 | 1,243,473 |
| 12/31/2011 | 944,157 |

Utility Taxes

The City collects utility taxes on natural gas, electricity and telephone charges. Utility taxes generated \$7.1 million for the fiscal year ended December 31, 2015, as compared to the \$7.7 million for the fiscal year ended December 31, 2014.

FY 2015/ 2016 Budgets

Overview of Budget for Fiscal Year 2015 and 2016

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

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

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, 2012 through December 31, 2015. 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, 2015 included as APPENDIX A of this Official Statement. Sikich LLP, Certified Public Accountants and Advisors, have neither reviewed nor approved this summary.

| General Fund Balance Sheet | | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| Fiscal Years Ended | | | | |
| Assets: | 12/31/2012 | 12/31/2013 | 12/31/2014 | 12/31/2015 |
| Cash and Investments | \$ 11,478,724 | \$ 10,885,387 | \$ 5,070,897 | \$ 2,168,922 |
| Property Taxes Receivable | 12,281,386 | 12,031,386 | 11,387,119 | 27,177,454 |
| Due From Other Governments | 7,456,261 | 7,247,146 | 6,876,727 | 8,567,535 |
| Due From Other Funds | 596,303 | 3,029,567 | 3,868,070 | 2,497,033 |
| All Other Assets | 2,308,521 | 2,983,910 | 3,454,712 | 1,340,477 |
| Total Assets | <u>34,121,195</u> | <u>36,177,396</u> | <u>30,657,525</u> | <u>41,751,421</u> |
| Liabilities: | | | | |
| Vouchers Payable | 1,334,732 | 1,760,323 | 2,245,334 | 2,187,056 |
| Accrued Payroll | 3,465,699 | 2,317,172 | 293,472 | 600,834 |
| Compensated Absences Payable | 828 | 207,027 | 302,311 | -- |
| Due To Other Funds/Governments | 861,148 | 4,546,512 | 2,882,454 | -- |
| All Other Liabilities | 545,629 | 506,188 | 420,885 | 1,042,031 |
| Total Liabilities | <u>6,208,036</u> | <u>9,337,222</u> | <u>6,144,456</u> | <u>3,829,921</u> |
| Deferred Revenue | 10,879,672 | 10,477,223 | 9,530,103 | 27,216,664 |
| Fund Balances: | | | | |
| Nonspendable | -- | -- | -- | 118,433 |
| Restricted | -- | -- | -- | -- |
| Committed | -- | -- | -- | -- |
| Assigned | 6,847,983 | 6,361,490 | 5,347,110 | 5,671,992 |
| Unassigned | 10,185,504 | 10,001,461 | 9,635,856 | 4,914,411 |
| Total Fund Balance | <u>17,033,487</u> | <u>16,362,951</u> | <u>14,982,966</u> | <u>10,704,836</u> |
| Total Liabilities, Deferred Inflows and Fund Balance | <u>\$34,121,195</u> | <u>\$36,177,396</u> | <u>\$30,657,525</u> | <u>\$41,751,421</u> |

Sources: City of Evanston, Illinois; CAFR for fiscal year ended 12/31/2012 through 12/31/2015.

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

| Revenues: | 12/31/2012 | 12/31/2013 | 12/31/2014 | 12/31/2015 |
|--|---------------------|---------------------|---------------------|---------------------|
| Taxes | \$35,987,699 | \$38,709,390 | \$38,222,153 | \$52,628,569 |
| Licenses and Permits | 10,470,353 | 10,617,414 | 14,503,168 | 12,184,303 |
| Intergovernmental | 16,360,863 | 18,382,644 | 17,964,980 | 18,998,689 |
| Charges for Services | 7,328,037 | 7,722,937 | 7,792,469 | 8,224,155 |
| Fines and Forfeits | 3,470,107 | 3,448,523 | 3,357,965 | 3,554,188 |
| Investment Income | 7,169 | 26,907 | 13,037 | 6,573 |
| Miscellaneous | 2,470,868 | 1,418,949 | 1,138,650 | 950,964 |
| Total | <u>76,095,096</u> | <u>80,326,764</u> | <u>82,992,422</u> | <u>96,547,441</u> |
| Expenditures: | | | | |
| General Management and Support | 12,437,192 | 14,147,518 | 11,642,286 | 11,753,081 |
| Public Safety | 38,606,997 | 40,650,660 | 43,013,173 | 58,461,316 |
| Public Works | 7,833,641 | 8,797,497 | 17,398,563 | 16,866,953 |
| Health & Human Resource Dev. | 3,200,052 | 3,601,469 | 3,836,705 | 3,140,999 |
| Recreation & Cultural Opportunities | 14,283,198 | 14,744,293 | 10,486,537 | 11,079,855 |
| Housing & Economic Dev. | 3,103,952 | 2,536,209 | 2,627,187 | 2,359,753 |
| Debt Service - Principal | -- | -- | -- | -- |
| Debt Service - Interest | -- | -- | -- | -- |
| Total | <u>79,465,032</u> | <u>84,477,646</u> | <u>89,004,451</u> | <u>103,661,957</u> |
| Transfers In | 6,848,283 | 6,826,313 | 7,233,511 | 7,769,334 |
| Transfers Out | (4,838,029) | (3,345,967) | (2,601,467) | (3,169,989) |
| Fund Balance, Beginning of Year | 18,393,169 | 17,033,487 | 16,362,951 | 14,982,966 |
| Prior period adjustment | -- | -- | -- | (1,762,959) |
| Fund Balance, End of Year | <u>\$17,033,487</u> | <u>\$16,362,951</u> | <u>\$14,982,966</u> | <u>\$10,704,836</u> |

Pension Fund Obligations

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

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

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

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

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

Combined Pension Funding

| | <u>Asset Value</u> | <u>Liability</u> | <u>Unfunded</u> | <u>Funded Ratio</u> |
|---------------------|----------------------|----------------------|----------------------|---------------------|
| Fire 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>211,199,130</u> | <u>230,426,570</u> | <u>19,227,440</u> | <u>91.66%</u> |
| All Funds Combined | <u>\$379,128,384</u> | <u>\$564,407,901</u> | <u>\$185,279,517</u> | <u>67.17%</u> |

(1) Valuation date of 1/1/2015 (City of Evanston CAFR for year ended December 31, 2015)

(2) Valuation date of 12/31/2014 (City of Evanston CAFR for year ended December 31, 2015)

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 ¹ | \$ 10,290,000 | 12/01/2026 | 4.30% - 5.00% | -- |
| 05/24/2007 | Ref. Bonds, Series 2007 | 30,385,000 | 12/01/2027 | 4.00% - 5.50% | \$ 12,535,000 |
| 05/07/2008 | Ref. Bonds, Series 2008A | 3,800,000 | 12/01/2021 | 3.75% - 5.00% | 2,115,000 |
| 05/07/2008 | Ref. Bonds, Series 2008B | 27,755,000 | 12/01/2018 | 3.75% - 5.00% | 6,340,000 |
| 05/07/2008 | Bonds, Series 2008C | 12,395,000 | 12/01/2028 | 3.75% - 5.00% | 9,145,000 |
| 12/10/2008 | Ref. Bonds, Series 2008D | 19,015,000 | 12/01/2016 | 4.00% | 235,000 |
| 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% | 4,105,000 |
| 08/01/2011 | Bonds, Series 2011A | 19,240,000 | 12/01/2031 | 2.00% - 4.50% | 14,505,000 |
| 07/26/2012 | Bonds, Series 2012 | 15,720,000 | 12/01/2032 | 3.00% - 3.25% | 11,935,000 |
| 08/15/2013 | Bonds, Series 2013A | 12,565,000 | 12/01/2033 | 2.00% - 4.75% | 11,965,000 |
| 11/20/2013 | Ref. Bonds, Series 2013B | 28,875,000 | 12/01/2025 | 2.00% - 3.00% | 22,465,000 |
| 08/21/2014 | Bonds, Series 2014 | 12,045,000 | 12/01/2034 | 1.25% - 5.00% | 11,700,000 |
| 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 |
| | Existing Debt ² | | | | <u>\$ 136,565,000</u> |
| 09/28/2016 | Bonds, Series 2016A | 13,715,000 | 12/01/2036 | 2.00% - 4.00% | 13,715,000 |
| 09/28/2016 | Ref. Bonds, Series 2016B | 7,635,000 | 12/01/2026 | 2.00% - 3.00% | <u>7,635,000</u> |
| | The Bonds | | | | 21,350,000 |
| | Total | | | | <u>\$ 157,915,000</u> |

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¹ Principal Outstanding reflects refunding by the Series B Bonds.

² Additionally, the City has drawn \$4,900,000 of a total line of credit of \$5,000,000 to provide interim financing for TIF related projects. The City intends to provide permanent financing for the loan at some time in the future.

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> |
| 12/31/2016 | \$ 13,935,000 | \$ 4,796,706 | -- | -- | \$ 18,731,706 |
| 12/31/2017 | 15,000,000 | 4,375,826 | \$ 1,135,000 | \$ 687,772 | 21,198,598 |
| 12/31/2018 | 13,250,000 | 3,889,029 | 1,260,000 | 562,638 | 18,961,666 |
| 12/31/2019 | 9,850,000 | 3,473,681 | 1,280,000 | 537,438 | 15,141,119 |
| 12/31/2020 | 9,000,000 | 3,156,364 | 1,305,000 | 506,238 | 13,967,601 |
| 12/31/2021 | 9,275,000 | 2,859,301 | 1,345,000 | 474,388 | 13,953,689 |
| 12/31/2022 | 8,870,000 | 2,544,776 | 1,390,000 | 434,038 | 13,238,814 |
| 12/31/2023 | 7,410,000 | 2,229,683 | 1,435,000 | 386,138 | 11,460,820 |
| 12/31/2024 | 6,600,000 | 1,954,370 | 1,485,000 | 336,638 | 10,376,008 |
| 12/31/2025 | 6,815,000 | 1,696,489 | 1,525,000 | 292,088 | 10,328,576 |
| 12/31/2026 | 5,755,000 | 1,419,339 | 1,580,000 | 239,488 | 8,993,826 |
| 12/31/2027 | 5,885,000 | 1,170,964 | 690,000 | 184,938 | 7,930,901 |
| 12/31/2028 | 4,970,000 | 929,364 | 700,000 | 171,138 | 6,770,501 |
| 12/31/2029 | 4,205,000 | 734,694 | 715,000 | 157,138 | 5,811,831 |
| 12/31/2030 | 3,855,000 | 580,519 | 730,000 | 141,944 | 5,307,463 |
| 12/31/2031 | 4,005,000 | 437,213 | 745,000 | 124,606 | 5,311,819 |
| 12/31/2032 | 2,910,000 | 284,719 | 770,000 | 106,913 | 4,071,631 |
| 12/31/2033 | 2,435,000 | 179,288 | 785,000 | 87,663 | 3,486,950 |
| 12/31/2034 | 1,660,000 | 85,675 | 805,000 | 67,056 | 2,617,731 |
| 12/31/2035 | 880,000 | 29,700 | 825,000 | 45,925 | 1,780,625 |
| 12/31/2036 | -- | -- | 845,000 | 23,238 | 868,238 |
| Total | <u>136,565,000</u> | <u>36,827,697</u> | <u>21,350,000</u> | <u>5,567,415</u> | <u>200,310,112</u> |

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

Total and Scheduled for Abatement General Obligation Debt Service

| Year <u>Ending</u> | Outstanding G.O. Debt | | Expected to be Paid From Other Debt Service Sources | | Net <u>Debt Service</u> |
|-----------------------|-----------------------|-------------------|--|---------------------|----------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 12/31/2016 | \$ 13,935,000 | \$ 4,796,706 | (5,397,909) | (1,296,349) | \$ 12,037,447 |
| 12/31/2017 | 16,135,000 | 5,063,598 | (6,645,083) | (1,283,509) | 13,270,006 |
| 12/31/2018 | 14,510,000 | 4,451,666 | (5,347,807) | (1,046,225) | 12,567,635 |
| 12/31/2019 | 11,130,000 | 4,011,119 | (2,382,755) | (905,637) | 11,852,727 |
| 12/31/2020 | 10,305,000 | 3,662,601 | (1,443,262) | (863,750) | 11,660,589 |
| 12/31/2021 | 10,620,000 | 3,333,689 | (1,233,182) | (862,857) | 11,857,649 |
| 12/31/2022 | 10,260,000 | 2,978,814 | (1,211,646) | (862,198) | 11,164,970 |
| 12/31/2023 | 8,845,000 | 2,615,820 | (1,292,979) | (829,037) | 9,338,805 |
| 12/31/2024 | 8,085,000 | 2,291,008 | (1,408,970) | (806,302) | 8,160,736 |
| 12/31/2025 | 8,340,000 | 1,988,576 | (1,411,619) | (758,413) | 8,158,544 |
| 12/31/2026 | 7,335,000 | 1,658,826 | (1,364,292) | (709,070) | 6,920,464 |
| 12/31/2027 | 6,575,000 | 1,355,901 | (2,466,974) | (659,572) | 4,804,355 |
| 12/31/2028 | 5,670,000 | 1,100,501 | (2,397,743) | (568,595) | 3,804,164 |
| 12/31/2029 | 4,920,000 | 891,831 | (2,257,656) | (482,061) | 3,072,115 |
| 12/31/2030 | 4,585,000 | 722,463 | (2,331,464) | (408,966) | 2,567,033 |
| 12/31/2031 | 4,750,000 | 561,819 | (2,410,274) | (332,962) | 2,568,583 |
| 12/31/2032 | 3,680,000 | 391,631 | (2,195,000) | (251,219) | 1,625,413 |
| 12/31/2033 | 3,220,000 | 266,950 | (1,970,000) | (178,850) | 1,338,100 |
| 12/31/2034 | 2,465,000 | 152,731 | (1,890,000) | (110,700) | 617,031 |
| 12/31/2035 | 1,705,000 | 75,625 | (1,120,000) | (46,675) | 613,950 |
| 12/31/2036 | 845,000 | 23,238 | (245,000) | (8,575) | 614,663 |
| Total | 157,915,000 | 42,395,112 | (48,423,615) | (13,271,520) | 138,614,978 |

Overlapping Debt

Overlapping General Obligation Bonded Debt

(As of December 31, 2015)

| <u>Taxing Body</u> ⁽¹⁾ | <u>Outstanding Debt</u> | <u>Percent</u> | <u>Amount</u> |
|---|-------------------------|----------------|-----------------------|
| Cook County | \$ 3,651,016,750 | 1.75% | \$ 63,918,006 |
| Cook County Forest Preserve District | 165,330,000 | 1.75% | 2,894,417 |
| Metropolitan Water Reclamation District | 2,655,365,000 | 1.79% | 47,402,046 |
| Skokie Park District | 2,265,000 | 0.62% | 14,040 |
| Community Consolidated School District No. 65 | 76,519,409 | 90.18% | 69,006,244 |
| Township High School District No. 202 | 22,780,000 | 90.18% | 20,543,314 |
| Community College District No. 535 | 33,175,000 | 11.70% | 3,879,945 |
| Total Overlapping General Obligation Bonded Debt | | | \$ 207,658,012 |

Source: Cook County Clerk's Offices

⁽¹⁾ Does not include Alternate Revenue Bonds.

Debt Ratios

| <u>Metric</u> | <u>Value</u> |
|--|------------------|
| True Value (2015) | \$ 6,588,064,575 |
| EAV (2015) | 2,196,021,525 |
| Population (2010) | 75,549 |
| Direct Debt (Property Tax Supported) | \$ 109,491,385 |
| Direct Debt (Supported by Other Sources) | 48,423,615 |
| Total Direct Debt | \$ 157,915,000 |
| Total Overlapping Debt | \$ 207,658,012 |

| <u>Debt Ratio</u> | <u>All General Obligation Debt</u> | <u>General Obligation Debt (Less Self Supporting Debt)</u> |
|--|--|--|
| Direct Debt Per True Value | 2.40% | 1.66% |
| Direct Debt Per EAV | 7.19% | 4.99% |
| Direct Debt Per Capita | \$ 2,090 | \$ 1,449 |
| Direct and Overlapping Debt Per True Value | 5.55% | 4.81% |
| Direct and Overlapping Debt Per EAV | 16.65% | 14.44% |
| Direct and Overlapping Debt Per Capita | \$ 4,839 | \$ 4,198 |

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> |
|------------------------|------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| 12/31/2015 | \$ 114,683,721 | \$ 30,957,894 | \$ 1,643,381 | \$ 147,284,996 |
| 12/31/2014 | 116,836,839 | 29,787,840 | 2,125,321 | 148,750,000 |
| 12/31/2013 | 117,531,511 | 30,411,358 | 2,767,131 | 150,710,000 |
| 12/31/2012 | 120,938,742 | 33,221,258 | -- | 154,160,000 |
| 12/31/2011 | 122,579,206 | 35,115,794 | -- | 157,695,000 |
| 2/28/2011 | 117,322,439 | 36,212,561 | -- | 153,535,000 |
| 2/28/2010 | 111,233,880 | 40,236,120 | -- | 151,470,000 |
| 2/28/2009 | 118,126,135 | 55,983,865 | -- | 174,110,000 |
| 2/29/2008 | 118,005,000 | 66,530,000 | -- | 184,535,000 |
| 2/28/2007 | 113,990,000 | 76,825,000 | -- | 190,815,000 |
| 2/28/2006 | 161,825,000 | 37,385,000 | -- | 199,210,000 |

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

(1) Incremental EAV in Tax Increment Districts not included.

Source: Cook County Clerk’s Office

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

Equalized Assessed Valuation by Classification of Property ⁽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

| Levy <u>Year</u> | Collection <u>Year</u> | Taxes <u>Extended</u> | Taxes Collected and <u>Distributed</u> | Percent <u>Collected</u> |
|---------------------|---------------------------|--------------------------|--|-----------------------------|
| 2014 | 2015 | \$ 45,557,079 | \$ 44,280,493 | 97.20% |
| 2013 | 2014 | 43,869,798 | 42,762,685 | 97.48% |
| 2012 | 2013 | 43,330,121 | 41,776,375 | 96.41% |
| 2011 | 2012 | 43,397,590 | 42,064,756 | 96.93% |
| 2010 | 2011 | 41,479,398 | 39,412,004 | 95.02% |
| 2009 | 2010 | 39,779,364 | 38,018,159 | 95.57% |
| 2008 | 2009 | 38,044,671 | 36,246,629 | 95.27% |
| 2007 | 2008 | 35,550,694 | 34,061,461 | 95.81% |
| 2006 | 2007 | 34,399,146 | 33,249,612 | 96.66% |
| 2005 | 2006 | 33,423,311 | 32,550,464 | 97.39% |

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> | 2014 Equalized <u>Assessed Values</u> | Percentage of Total <u>City EAV</u> |
|-------------------------------|-------------------------|--|---|
| Rotary International | Non-profit organization | \$ 25,715,912 | 1.15% |
| FSP 909 Davis Street | Commercial buildings | 20,391,572 | 0.91% |
| Lowe Enterprises | Commercial building | 18,484,963 | 0.82% |
| McCaffery Interests | Commercial buildings | 15,636,226 | 0.70% |
| Evanston Hotel Assoc. | Hotel | 9,992,465 | 0.45% |
| Inland | Commercial, retail | 9,759,474 | 0.43% |
| North Shore University Health | Commercial, healthcare | 9,557,404 | 0.43% |
| Target Proptax T927 | Commercial, retail | 7,492,520 | 0.33% |
| TIAA Pk Evanston Inc | Commercial buildings | 7,379,412 | 0.33% |
| 500 Davis St Holdings | Commercial building | 7,013,472 | 0.31% |
| Top Ten Total | | <u>\$ 131,423,421</u> | <u>5.86%</u> |
| City Total 2014 EAV | | <u>2,244,569,975</u> | |

Source: City of Evanston CAFR for fiscal year ended December 31, 2015.

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>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Corporate | \$ 0.4995 | \$ 0.3887 | \$ 0.4351 | \$ 0.3939 | \$ 0.3896 |
| Bond & Interest | 0.4439 | 0.4788 | 0.5468 | 0.5298 | 0.4990 |
| Police Pension | 0.3067 | 0.3274 | 0.3740 | 0.3810 | 0.4208 |
| Fire Pension | 0.2289 | 0.2460 | 0.2809 | 0.2756 | 0.3286 |
| IMRF | 0.1122 | 0.1097 | 0.1225 | 0.1238 | 0.1238 |
| General Assistance | -- | -- | -- | 0.0613 | -- |
| TOTAL | <u><u>\$ 1.5912</u></u> | <u><u>\$ 1.5506</u></u> | <u><u>\$ 1.7593</u></u> | <u><u>\$ 1.7654</u></u> | <u><u>\$ 1.7618</u></u> |

Tax Rates for Overlapping Taxing Agencies
(Taxes Billed in 2015 – Per \$100 EAV)

| <u>Taxing Agency</u> | <u>2015 Rate</u> |
|--|-------------------------|
| City of Evanston | \$ 1.762 |
| Cook County | 0.552 |
| Cook County Forest Preserve District | 0.069 |
| Consolidated Elections | 0.034 |
| City of Evanston Library Fund | 0.282 |
| General Assistance | 0.038 |
| Elementary School District No. 65 | 3.810 |
| Evanston Township High School District No. 202 | 2.792 |
| Oakton Community College District No. 535 | 0.271 |
| Metropolitan Water Reclamation District | 0.426 |
| North Shore Mosquito Abatement District | 0.012 |
| Total - property not in park or special purpose district | <u><u>\$ 10.048</u></u> |

Source: Cook County Clerk's Office

Real Property Assessment, Tax Levy and Collection Procedures

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

Real Property Assessment. The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within Cook County (the "County"), including such property located within the boundaries of the City, except for certain railroad property, pollution control facilities and low sulfur dioxide emission coal-fueled devices, which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The City is located in the North Tri and was reassessed for the 2013 tax levy year.

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

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

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

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

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

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

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

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

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

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

Extensions. The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the “Warrant Books”) along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector’s authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

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

| <u>Tax Levy Year</u> | <u>Second Installment Penalty Date</u> |
|----------------------|--|
| 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 |
| 2015 | August 1, 2016 |

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

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

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

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

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

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

UNDERWRITING

Bids for the Bonds were received by the City at a competitive public sale on September 7, 2016.

Robert W. Baird & Co., Inc. has agreed, subject to the conditions of closing set forth in the Series A Bonds Notice of Sale, to purchase the Series A Bonds at a purchase price of \$14,071,645.56 (consisting of the par amount of the Series A Bonds, plus net original issue premium of \$580,361.70, less an underwriter's discount of \$223,716.14), 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 \$8,211,195.85 (consisting of the par amount of the Series B Bonds, plus an original issue premium of \$576,195.85, less an underwriter's discount of \$72,302.97), 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. Both Public Financial Management, Inc. and Independent Public Advisors, LLC are registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a municipal advisor.

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 (“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 “TAX EXEMPTION” and “Not Qualified Tax-Exempt Obligations”. This review was undertaken solely at the request and for the benefit of the City and did not include any obligation to establish or confirm factual matters set forth herein. Certain legal matters in conjunction with the issuance of the Bonds will be passed upon for the City by its Law Department.

CLOSING CERTIFICATE

The City will provide to the purchasers at the time of delivery of the Bonds, a certificate confirming to the purchaser that, to the best of their knowledge and belief, the Official Statement, together with any supplements to it, at the time of acceptance of the Purchase Contract and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain any untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

This Official Statement has been duly approved, executed and delivered by the City.

City of Evanston,
Cook County, Illinois

By: /s/ Wally Bobkiewicz
City Manager

By: /s/ Elizabeth B. Tisdahl
Mayor

**AUDITED ANNUAL FINANCIAL REPORT OF THE CITY OF EVANSTON, IL
FOR THE YEAR ENDED DECEMBER 31, 2015**

Selected Sections of the Comprehensive Annual Financial Report

**The City's Comprehensive Annual Financial Report for the year ended December 31, 2015,
is available from EMMA and is hereby incorporated by reference.**

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

CITY OF EVANSTON, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2015

Prepared by Administrative Services Department

CITY OF EVANSTON, ILLINOIS
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CITY OF EVANSTON, ILLINOIS

Principal Officials

December 31, 2015

LEGISLATIVE

Elizabeth B. Tisdahl, Mayor

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

Rodney Greene, City Clerk

EXECUTIVE

Wally Bobkiewicz, City Manager

Martin Lyons, City Treasurer/Assistant City Manager

ADMINISTRATIVE

Budget and Finance Manager
Ashley King

Health and Human Services
Director
Howard Killian

Fire Chief
Greg Klaiber

City Attorney
Grant Farrar

Police Chief
Richard Eddington

Library Director
Karen Danczak

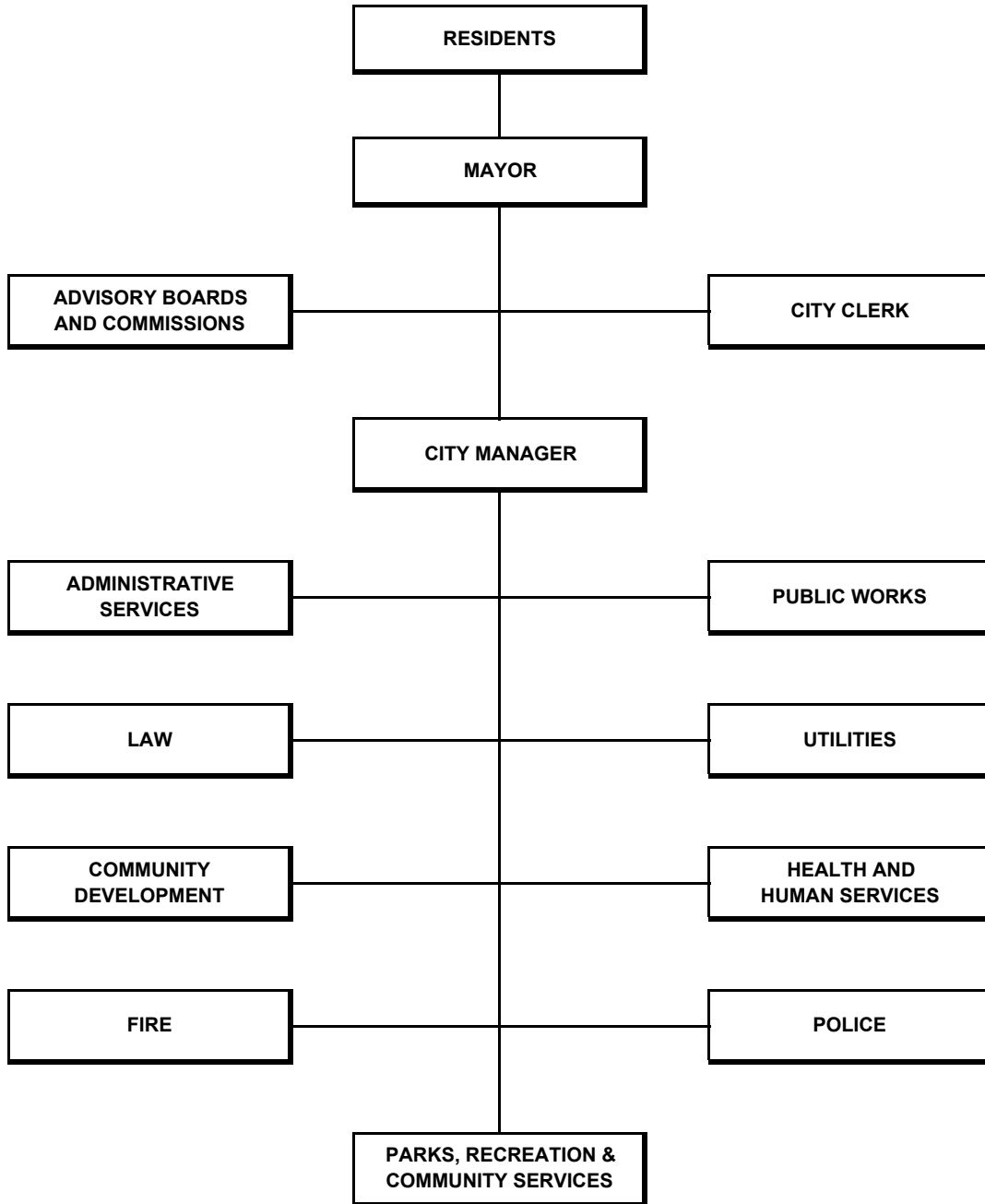
Community & Economic Development
Director
Mark Muenzer

Parks, Recreation, & Community
Services Director
Lawrence Hemingway

Administrative Services Director
Erika Storlie

Public Works Agency Director
Dave Stoneback

CITY OF EVANSTON ORGANIZATION CHART





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, 2014

Executive Director/CEO



City Manager's Office
2100 Ridge Avenue
Evanston, Illinois 60201-2798
T 847.866.2936
TTY 847.448.8064
www.cityofevanston.org

August 5, 2016

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, 2015 is hereby submitted. The CAFR is prepared by the City's Finance Division in accordance with the financial reporting principles and standards set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and capital assets of the City. All disclosures needed to enable the reader to understand the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City of Evanston for the period of January 1, 2015 to December 31, 2015. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City of Evanston's financial statements in conformity with generally accepted accounting principles (GAAP) within the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on the internal control

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

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

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

The City's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Evanston for the fiscal year ended December 31, 2015, 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, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY OF EVANSTON

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

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

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

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

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

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

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

The City Manager is the Chief Executive Officer of the City and is responsible for the management of all City operations under the direction of the City Council. The City Manager appoints and supervises the directors of the City's 11 departments. The Assistant City Manager acts as Chief Financial Officer/Treasurer and is responsible for the central financial 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 2016 began on January 1, 2016. The City Manager submitted to the City Council a proposed operating budget in October for the fiscal year 2016 commencing the following January 1. The City staff will start a budget process for fiscal year 2017 in July 2016. The Council is expected to adopt the budget by November, 2016.

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

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

The City uses funds to report on both its financial position and results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid in financial management by segregating transactions related to certain City functions or activities. Each fund is a separate, self-balancing accounting entity. In the City, there are three categories of funds: governmental, proprietary and fiduciary. Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the City not accounted for in other funds. In the fiscal year 2015, the City projects that 36.69% (\$111.7 million-including transfers) of all City expenditures will occur in the General Fund. The primary reason for the increase over the 2015 budget/CAFR is the presentation of the pension funds. 2016 shows police and fire pension expenses both in the General Fund and in the pension funds. Other major funds include the 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. Expenses are recognized when a commitment is made, and revenues are recognized when they are obligated to the City (For example, water user fees are recognized as revenue when bills are produced).

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

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

MAJOR INITIATIVES – FISCAL YEAR 2016

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

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

The Law Department will: Continue to provide legal support to all City departments including but not limited to the preparation of ordinances, resolutions and agreements and contracts as needed to effectively operate the City. The department will continue representation in City labor contracts negotiations, evaluate possible revisions to zoning and planning regulations, evaluate and pursue legal strategies for revenue enhancements, and evaluate new risk management strategies for City departments.

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

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

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

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

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

The Public Works Agency: Was solidified with funding during the adoption of the 2016 Budget. This group will include the former Public Works Department and Utilities Department functions under four new bureaus: Water Production, Environmental Services, Capital Planning & Engineering, and Infrastructure Maintenance.

The Parks, Recreation and Community Services will: Expand recreation opportunities through program development and special events at the Gibbs-Morrison Cultural Center.

It will also expand the nature-oriented programming at the Ecology Center, as a result of the new room addition to the facility. The Parks' Department administers the Mayor's Summer Youth Program with a 2016 goal to employ 750 Evanston youth. To accomplish this goal, the City is soliciting grant support and hiring participation from key stakeholders among Evanston's business, education, philanthropic and faith-based communities, notable agencies and local citizens.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy: The global economy showed signs of steady recovery in 2015 with leading economic indicators showing moderate increases compared to 2014. Most of the economically sensitive revenues such as Sales Tax, Home Rule Sales Tax, Local Motor Fuel Tax and Use Tax revenues were higher than budgeted revenues. The City of Evanston continues to worry about the State of Illinois' financial position. As of May 15, 2016 the State continues to operate without a budget since June 30, 2015. State legislators have passed monthly budgets, but have failed to address comprehensive State-wide budget issues which may impact local revenue sources.

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, 2014. 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 2015 budget. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

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

Respectfully submitted,


Wally Bobkiewicz
City Manager


Martin Lyons
Assistant City Manager/Treasurer

FINANCIAL SECTION



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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Evanston, Illinois (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Evanston, Illinois, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 17, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2016 on our consideration of the City's internal control over financial reporting and on our tests of 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's internal control over financial reporting and compliance.



Naperville, Illinois
August 5, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

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

FINANCIAL HIGHLIGHTS

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

- A. The City's net position as originally stated in the 2014 Comprehensive Annual Financial Report (CAFR) was \$331,236,733 for Governmental and Business Type Activities. The restated net position for 2014 is \$194,484,215. The 2015 net position increased by \$12,277,934 or 6.3%.
 - a. The change in accounting principle amount for Governmental Activities was \$135,349,561.
 - b. The change in accounting principle amount for Business-type Activities was \$145,013.
- B. The governmental activities revenue increased by \$4,549,034 or 5.0% from the prior period. The expenses decreased by \$6,048,249 or 4.7%.
- C. The business-type activities revenue increased by \$982,028 or 2.6%. The expenses decreased by \$1,613,897 or 5.1% from the prior period.
- D. The total cost of all City programs decreased by \$7,662,146 or 4.8%.

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 4 - 7 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

The City has three kinds of funds:

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

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

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

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

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

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

The basic proprietary fund financial statements are presented on pages 13 - 18 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 19 - 20 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 21 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 82 – 91 of this report.

Major funds and component units are reported in the basic financial statements, as discussed. Combining statements, individual statements and schedules for nonmajor and internal service funds are presented in a subsequent section of this report beginning on page 92. Additional information on capital assets and long-term debt can be found on page 39 and 50, respectively.

Financial Analysis of the City as a Whole

The City's combined net position increased by \$12,277,934 from \$194,484,215, as restated, to \$206,762,149.

STATEMENT OF POSITION

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|-------------------------|------------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and Other Assets | \$ 97,534,216 | \$ 109,886,723 | \$ 26,300,743 | \$ 29,651,641 | \$ 123,834,959 | \$ 139,538,364 |
| Capital Assets | <u>166,110,310</u> | <u>161,799,582</u> | <u>339,354,708</u> | <u>335,464,928</u> | <u>505,465,018</u> | <u>497,264,510</u> |
| Total Assets | 263,644,526 | 271,686,305 | 365,655,451 | 365,116,569 | 629,299,977 | 636,802,874 |
| Deferred Outflows | <u>30,868,712</u> | <u>-</u> | <u>3,224,853</u> | <u>-</u> | <u>34,093,565</u> | <u>-</u> |
| | <u>294,513,238</u> | <u>271,686,305</u> | <u>368,880,304</u> | <u>365,116,569</u> | <u>663,393,542</u> | <u>636,802,874</u> |
| Long-Term Liabilities | 317,577,205 | 160,830,581 | 88,226,770 | 91,098,072 | 405,803,975 | 251,928,653 |
| Other Liabilities | <u>7,167,732</u> | <u>9,969,905</u> | <u>2,246,641</u> | <u>3,424,806</u> | <u>9,414,373</u> | <u>13,394,711</u> |
| Total Liabilities | <u>324,744,937</u> | <u>170,800,486</u> | <u>90,473,411</u> | <u>94,522,878</u> | <u>415,218,348</u> | <u>265,323,364</u> |
| Deferred Inflows | <u>41,413,045</u> | <u>40,242,777</u> | <u>-</u> | <u>-</u> | <u>41,413,045</u> | <u>40,242,777</u> |
| Net Investment in Capital Assets | 47,952,870 | 46,633,381 | 255,621,565 | 246,381,653 | 303,574,435 | 293,015,034 |
| Restricted | 22,389,178 | 25,297,880 | - | 649,352 | 22,389,178 | 25,947,232 |
| Unrestricted (Deficit) | (141,986,792) | (11,288,219) | 22,785,328 | 23,562,686 | (119,201,464) | 12,274,467 |
| Restatement | <u>-</u> | <u>(136,836,820)</u> | <u>-</u> | <u>84,302</u> | <u>-</u> | <u>(136,752,518)</u> |
| Total Net Position | <u>\$ (71,644,744)</u> | <u>\$ (76,193,778)</u> | <u>\$ 278,406,893</u> | <u>\$ 270,677,993</u> | <u>\$ 206,762,149</u> | <u>\$ 194,484,215</u> |

The City's increase in Net Position after consideration of the increased Pension liability, principally comes from the reduction of Long-Term Liabilities in the form of IEPA Loan and G.O. Debt retirement.

The City's total revenues decreased by \$3,094,252 or 2.3%. The City's total expenses for all programs decreased by \$7,662,146 or 4.7%. Business-type activity revenues increased by \$982,028 in the current fiscal period mainly due to seasonal revenues from Water and Sewer Funds and increased revenues in the Solid Waste fund. Business-type activity expenses decreased by \$1,613,897, while Governmental activity expense experienced a decrease of \$6,413,392.

Governmental Funds: The governmental activities experienced an increase of \$4,549,034 in the net position balance. This is primarily due to net revenues of \$3,572,742 and a transfer in of \$958,678 from business and library activities to the government fund.

Business Funds: The business-type activities experienced an increase of \$7,728,900 in the net position balance primarily due to the increase in net position in the Sewer Fund in the amount of \$5,356,843 and Water Fund of \$2,088,207.

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>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Revenue | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 25,469,276 | \$ 29,987,632 | \$ 38,400,344 | \$ 37,888,383 | \$ 63,869,620 | \$ 67,876,015 |
| Operating grants and contributions | 5,534,565 | 7,151,449 | - | 14,557 | 5,534,565 | 7,166,006 |
| Capital grants and contributions | 275,000 | 500,089 | - | - | 275,000 | 500,089 |
| General Revenues: | | | | | | |
| Sales taxes | 17,758,320 | 17,361,749 | - | - | 17,758,320 | 17,361,749 |
| Property taxes | 45,840,494 | 48,579,267 | - | - | 45,840,494 | 48,579,267 |
| Utility taxes | 7,081,574 | 7,677,852 | - | - | 7,081,574 | 7,677,852 |
| Income taxes | 8,266,906 | 7,053,978 | - | - | 8,266,906 | 7,053,978 |
| Other | 15,601,822 | 11,879,452 | 301,360 | - | 15,903,182 | 11,879,452 |
| Investment income | 29,574 | (257,657) | 26,946 | (156,318) | 56,520 | (413,975) |
| Total Revenue | 125,857,531 | 129,933,811 | 38,728,650 | 37,746,622 | 164,586,181 | 167,680,433 |
| Expenses | | | | | | |
| General management and support | 12,493,241 | 13,811,748 | - | - | 12,493,241 | 13,811,748 |
| Public safety | 57,442,662 | 58,794,752 | - | - | 57,442,662 | 58,794,752 |
| Public works | 20,011,068 | 25,824,781 | - | - | 20,011,068 | 25,824,781 |
| Health and human resources development | 2,910,927 | 3,836,705 | - | - | 2,910,927 | 3,836,705 |
| Recreation and cultural opportunities | 10,531,792 | 12,443,348 | - | - | 10,531,792 | 12,443,348 |
| Housing and economic development | 14,793,647 | 9,357,861 | - | - | 14,793,647 | 9,357,861 |
| Interest | 3,756,570 | 3,918,961 | - | - | 3,756,570 | 3,918,961 |
| Water | - | - | 10,748,028 | 11,977,496 | 10,748,028 | 11,977,496 |
| Sewer | - | - | 6,608,184 | 7,293,022 | 6,608,184 | 7,293,022 |
| Solid Waste | - | - | 5,150,448 | 4,855,695 | 5,150,448 | 4,855,695 |
| Motor vehicle parking system | - | - | 7,861,680 | 7,856,024 | 7,861,680 | 7,856,024 |
| Total Expense | 121,939,907 | 127,988,156 | 30,368,340 | 31,982,237 | 152,308,247 | 159,970,393 |
| Increase (decrease) in net position before transfers | 3,917,624 | 1,945,655 | 8,360,310 | 5,764,385 | 12,277,934 | 7,710,040 |
| Transfers | 631,410 | 609,866 | (631,410) | (609,866) | - | - |
| Increase/(Decrease) in Net Position | 4,549,034 | 2,555,521 | 7,728,900 | 5,154,519 | 12,277,934 | 7,710,040 |
| Net Position - Beginning | (76,193,778) | 58,087,521 | 270,677,993 | 265,439,172 | 194,484,215 | 323,526,693 |
| Net Position - Ending | \$ (71,644,744) | \$ 60,643,042 | \$ 278,406,893 | \$ 270,593,691 | \$ 206,762,149 | \$ 331,236,733 |

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 \$37,123,060 as of December 31, 2015 which includes \$18,964,955 restricted, \$2,276,096 non-spendable, \$2,555,982 committed, \$11,189,033 assigned and \$4,692,976 unassigned fund balance. The restricted fund balance consists of amounts required to be set aside by external authorities.

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

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund reported a decrease of \$2,515,171. Excess of expenditures over revenues in the amount of \$7,114,516 was the result of multiple factors and was also partially offset by inter-fund transfers to the General Fund. The largest factor in revenues not meeting budgeted expectations involved the timing of major building permits. Major construction at Northwestern University was delayed, resulting in building permit revenues being less by \$3.0 million. Another major factor in the reduction of fund balance was the change in the treatment of property taxes, which in previous years included an accrual of 60 days for said taxes. This change in treatment was made effective in 2014, which also created a restatement in 2014 ending fund balance.

The 2015 Annual Budget did not include the change in treatment of Police and Firefighter Pension employer contributions, which are now included in the General Fund. These had previously been reported in a separate fund. This increase involved the inclusion of Property tax and Personal Property Replacement Taxes formerly included in the Police and Firefighter Pension funds. These revenues are now included in the General Fund and then transferred to the respective pension fund. Excluding these payments brings both revenues and expenditures in the General Fund under budget for 2015.

The fund balance of the General Obligation Debt Fund had a nominal increase of \$552,366, from \$2,043,750 to \$2,596,116.

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

Combined Nonmajor Governmental Funds

Combined nonmajor fund balances totaled \$37,123,060, a decrease of \$5,945,713 from prior period of \$43,068,773, as restated. Non-major funds with surpluses for the fiscal year include Motor Fuel, Affordable Housing, Home Fund, Community Development Block Grant, General Assistance, Washington National TIF Howard Ridge TIF, and West Evanston TIF. Nonmajor funds with deficits for the period include Economic Development, Emergency Telephone System, Community Development Loan, NSP 2, SSD #4, Chicago Main TIF, Howard Hartrey TIF, Dempster Dodge TIF, Capital Improvements, and Special Assessment Capital Projects.

Proprietary Funds

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

The proprietary funds operated by the City are the Water, Sewer, Solid Waste and Parking Funds. These funds have a combined increase of \$7,728,900 in the net position. The Sewer Fund reported the highest increase in the amount of \$5,356,843. This increase is mainly due to the operating surplus and reduced debt service expense. The Water and Parking Funds added \$2,088,207 and \$374,789 respectively to the net position during the year, offset by a decrease in the Solid Waste Fund of \$90,939. 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 \$1,811,167 from \$7,506,986 as of January 1, 2015, as restated, to \$9,318,153 as of December 31, 2015. Fleet Fund and Equipment Replacement reported a combined net increase in net position of \$233,877. The net deficit in the Insurance Fund decreased by \$1,577,290 mainly due to reduction of potential claim liabilities.

General Fund Budgetary Highlights

Total budgetary basis revenues for the General Fund were \$96,547,441 while total expenditures were \$103,661,957. Overall General Fund revenue came in higher than budget by \$12,425,487. Total expenditures in the General Fund were higher than budgeted amounts by \$14,866,618. The actual net deficiency of \$7,114,516 was offset by \$4,599,345 in net transfers in from other funds. As noted previously, the inclusion of Police and Firefighter pension revenues and expenditures in the General Fund were not a budgeted item in 2015, but have been budgeted in 2016.

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, 2015, were \$505,465,018. The governmental funds capital assets had a net increase of \$4,310,728, while business type capital assets increased by \$3,889,780. Overall, capital assets increased by 1.7% for the City as a whole. The net increase in governmental funds capital assets were principally due to an increase in capital projects for the year. Readers desiring more detailed information on capital asset activity should refer to Note 5 in the Notes to the Financial Statements.

Long-Term Debt

As of December 31, 2015, the City had outstanding total general obligation bonded debt of \$145,641,615 of which \$30,957,894 was for business type activities to be paid for by the City's Parking, Water, Solid Waste and Sewer Funds. This represents a \$983,064 decrease from 2014. The City's general obligation debt service principal payments for 2015 totaled \$13,823,064. During the current year, the City issued \$24,170,000 and refunded \$11,330,000 in general obligation bonds. As a home rule government under Illinois law, there is no legal debt limit for the City. Readers desiring more detailed information on long-term debt should refer to Note 8 in the Notes to the Financial Statements.

Bond Ratings

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

Economic Factors

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

The unemployment rate in Evanston has stayed slightly below same level as many other cities in the State due in part to the stable economy that includes Northwestern University. The City continues to maintain its lower unemployment rate compared to state and federal unemployment levels. The primary employers in the City include Northwestern University, two hospitals, the local high school, and elementary school district, Rotary International, several not-for-profit organizations, and numerous retail businesses and restaurants. The City's equalized assessed value for real property remains stable, however the County of Cook is completing triennial reassessments and based on individual property analysis, this reassessment could increase Equalized Assessed values for 2016 and 2017.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF EVANSTON, ILLINOIS

Statement of Net Position

December 31, 2015

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|--------------------|----------------------------|
| | Governmental Activities | Business-Type Activities | Total | Evanston Public Library |
| ASSETS | | | | |
| Cash | \$ 31,513,315 | \$ 22,112,524 | \$ 53,625,839 | \$ 5,066,882 |
| Cash with fiscal agent | 2,157,663 | - | 2,157,663 | - |
| Receivables (net, where applicable, of allowances for uncollectibles) | | | | |
| Property taxes | 39,341,669 | - | 39,341,669 | 6,439,721 |
| Utility taxes | 695,078 | - | 695,078 | - |
| Accounts | - | 4,730,215 | 4,730,215 | - |
| Notes | 8,826,272 | - | 8,826,272 | - |
| Special assessments | 303,578 | - | 303,578 | - |
| Other | 1,086,214 | - | 1,086,214 | 95 |
| Due from other governments | 8,849,902 | - | 8,849,902 | - |
| Due from component unit | 505,111 | - | 505,111 | - |
| Internal balances | 1,464,686 | (1,464,686) | - | - |
| Inventories | 892,809 | 698,690 | 1,591,499 | - |
| Prepaid items | 1,897,919 | - | 1,897,919 | - |
| Other assets | - | 224,000 | 224,000 | - |
| Capital assets | | | | |
| Capital assets not being depreciated | 26,201,405 | 10,541,863 | 36,743,268 | 311,380 |
| Capital assets being depreciated, net | 139,908,905 | 328,812,845 | 468,721,750 | 12,511,235 |
| Total Assets | 263,644,526 | 365,655,451 | 629,299,977 | 24,329,313 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension items - Police Pension | 8,804,263 | - | 8,804,263 | - |
| Pension items - Fire Pension | 7,048,312 | - | 7,048,312 | - |
| Pension items - IMRF | 15,016,137 | 3,224,853 | 18,240,990 | 1,595,019 |
| Total Deferred Outflows of Resources | 30,868,712 | 3,224,853 | 34,093,565 | 1,595,019 |
| Total Assets and Deferred Outflows of Resources | 294,513,238 | 368,880,304 | 663,393,542 | 25,924,332 |

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Statement of Net Position

December 31, 2015

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|-----------------------|----------------------------|
| | Governmental Activities | Business-Type Activities | Total | Evanston Public Library |
| LIABILITIES | | | | |
| Vouchers payable | \$ 5,603,173 | \$ 1,425,998 | \$ 7,029,171 | \$ 286,690 |
| Retainage payable | - | 442,425 | 442,425 | - |
| Accrued payroll | 600,834 | - | 600,834 | - |
| Accrued interest | 374,114 | 378,218 | 752,332 | - |
| Due to other governments | 213,634 | - | 213,634 | 505,111 |
| Due to fiduciary fund | 47,302 | - | 47,302 | - |
| Unearned revenue | 328,675 | - | 328,675 | 4,141 |
| Noncurrent liabilities | | | | |
| Due within one year | 19,790,021 | 12,121,779 | 31,911,800 | 393,002 |
| Due in more than one year | 297,787,184 | 76,104,991 | 373,892,175 | 3,218,037 |
| Total Liabilities | 324,744,937 | 90,473,411 | 415,218,348 | 4,406,981 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension items - Police Pension | 2,032,166 | - | 2,032,166 | - |
| Unavailable property taxes | 39,380,879 | - | 39,380,879 | 6,439,721 |
| Total Deferred Inflows of Resources | 41,413,045 | - | 41,413,045 | 6,439,721 |
| Total Liabilities and Deferred Inflows of Resources | 366,157,982 | 90,473,411 | 456,631,393 | 10,846,702 |
| NET POSITION | | | | |
| Net investment in capital assets | 47,952,870 | 255,621,565 | 303,574,435 | 11,179,234 |
| Restricted for | | | | |
| Highway maintenance | 1,830,393 | - | 1,830,393 | - |
| Emergency telephone system | 551,718 | - | 551,718 | - |
| HUD approved projects | 223,017 | - | 223,017 | - |
| Neighborhood improvements | 3,846,576 | - | 3,846,576 | - |
| Debt service | 9,444,030 | - | 9,444,030 | - |
| General assistance | 513,239 | - | 513,239 | - |
| Endowment | - | - | - | 3,744,525 |
| Unrestricted | (136,006,587) | 22,785,328 | (113,221,259) | 153,871 |
| Total Net Position | \$ (71,644,744) | \$ 278,406,893 | \$ 206,762,149 | \$ 15,077,630 |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2015

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | |
|---------------------------------------|----------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT | | | | |
| Governmental Activities | | | | |
| General management and support | \$ 12,493,241 | \$ 8,628,641 | \$ 4,171 | \$ - |
| Public safety | 57,442,662 | 3,100,381 | 142,075 | - |
| Public works | 20,011,068 | 772,100 | 2,736,049 | 150,000 |
| Health and human resource development | 2,910,927 | 1,094,615 | 181,878 | - |
| Recreation and cultural opportunities | 10,531,792 | 5,572,282 | 200,018 | - |
| Housing and economic development | 14,793,647 | 6,301,257 | 2,270,374 | 125,000 |
| Interest | 3,756,570 | - | - | - |
| Total governmental activities | 121,939,907 | 25,469,276 | 5,534,565 | 275,000 |
| Business-Type Activities | | | | |
| Water | 10,748,028 | 15,721,606 | - | - |
| Sewer | 6,608,184 | 12,510,941 | - | - |
| Solid waste | 5,150,448 | 4,003,542 | - | - |
| Motor vehicles parking system | 7,861,680 | 6,164,255 | - | - |
| Total business-type activities | 30,368,340 | 38,400,344 | - | - |
| Total Primary Government | \$ 152,308,247 | \$ 63,869,620 | \$ 5,534,565 | \$ 275,000 |
| Evanston Public Library | | | | |
| Community Services | \$ 6,793,557 | \$ 445,800 | \$ 181,283 | \$ - |
| Interest | 80,802 | - | - | - |
| Total Evanston Public Library | \$ 6,874,359 | \$ 445,800 | \$ 181,283 | \$ - |

| | Net (Expense) Revenue and Change in Net Position | | | |
|---------------------------------------|--|--------------------------|--------------------------|-------------------------|
| | Primary Government | | | Component Unit |
| | Governmental Activities | Business-Type Activities | Total Primary Government | Evanston Public Library |
| | | | | |
| \$ (3,860,429) | \$ - | \$ (3,860,429) | \$ - | |
| (54,200,206) | - | (54,200,206) | - | |
| (16,352,919) | - | (16,352,919) | - | |
| (1,634,434) | - | (1,634,434) | - | |
| (4,759,492) | - | (4,759,492) | - | |
| (6,097,016) | - | (6,097,016) | - | |
| (3,756,570) | - | (3,756,570) | - | |
| (90,661,066) | - | (90,661,066) | - | |
| - | 4,973,578 | 4,973,578 | - | |
| - | 5,902,757 | 5,902,757 | - | |
| - | (1,146,906) | (1,146,906) | - | |
| - | (1,697,425) | (1,697,425) | - | |
| - | 8,032,004 | 8,032,004 | - | |
| (90,661,066) | 8,032,004 | (82,629,062) | - | |
| - | - | - | (6,166,474) | |
| - | - | - | (80,802) | |
| - | - | - | (6,247,276) | |
| General Revenues | | | | |
| Taxes | | | | |
| Property tax | 45,840,494 | - | 45,840,494 | 6,518,663 |
| Other taxes | 4,144,317 | - | 4,144,317 | - |
| Personal property replacement tax | 1,312,384 | - | 1,312,384 | 46,059 |
| Sales and home rule tax | 17,758,320 | - | 17,758,320 | - |
| Utility tax | 7,081,574 | - | 7,081,574 | - |
| Liquor tax | 2,531,974 | - | 2,531,974 | - |
| Parking tax | 2,614,820 | - | 2,614,820 | - |
| Real estate transfer tax | 3,485,534 | - | 3,485,534 | - |
| Income tax | 8,266,906 | - | 8,266,906 | - |
| Investment income | 29,574 | 26,946 | 56,520 | (51,046) |
| Gain (loss) on sale of capital assets | - | 301,360 | 301,360 | - |
| Miscellaneous | 1,512,793 | - | 1,512,793 | 50,685 |
| Transfers | 631,410 | (631,410) | - | - |
| Total | 95,210,100 | (303,104) | 94,906,996 | 6,564,361 |
| Change in Net Position | 4,549,034 | 7,728,900 | 12,277,934 | 317,085 |
| Net Position, January 1 | 60,643,042 | 270,593,691 | 331,236,733 | 15,764,718 |
| Change in Accounting Principle | (135,349,561) | (145,013) | (135,494,574) | (114,845) |
| Prior Period Adjustment | (1,487,259) | 229,315 | (1,257,944) | (889,328) |
| Net Position, January 1, Restated | (76,193,778) | 270,677,993 | 194,484,215 | 14,760,545 |
| Net Position, December 31 | \$ (71,644,744) | \$ 278,406,893 | \$ 206,762,149 | \$ 15,077,630 |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Balance Sheet
Governmental Funds

December 31, 2015

| | General | General Obligation Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|----------------------|---------------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and equivalents | \$ 2,168,922 | \$ 247,613 | \$ 26,844,264 | \$ 29,260,799 |
| Cash with fiscal agent | - | 2,157,663 | - | 2,157,663 |
| Receivables | | | | |
| Property taxes | 27,177,454 | 11,049,841 | 1,114,374 | 39,341,669 |
| Utility | 695,078 | - | - | 695,078 |
| Notes | 263,600 | - | 8,562,672 | 8,826,272 |
| Special assessments | - | - | 303,578 | 303,578 |
| Other | 263,366 | - | 816,610 | 1,079,976 |
| Prepaid items | 32,500 | - | - | 32,500 |
| Due from other governments | 8,567,535 | - | 282,367 | 8,849,902 |
| Due from other funds | 2,497,033 | 206,928 | 908 | 2,704,869 |
| Inventory | 85,933 | - | - | 85,933 |
| Total Assets | \$ 41,751,421 | \$ 13,662,045 | \$ 37,924,773 | \$ 93,338,239 |

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Balance Sheet
Governmental Funds

December 31, 2015

| | General | General Obligation Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------------------------|-----------------------------------|--------------------------------|
| Liabilities | | | | |
| Vouchers payable | \$ 2,187,056 | \$ 16,088 | \$ 2,902,948 | \$ 5,106,092 |
| Accrued payroll | 600,834 | - | - | 600,834 |
| Due to other governments | - | - | 213,634 | 213,634 |
| Due to other funds | 420,934 | - | 1,005,459 | 1,426,393 |
| Advances from other funds | 596,000 | - | - | 596,000 |
| Unearned revenue | 25,097 | - | 303,578 | 328,675 |
| Total Liabilities | 3,829,921 | 16,088 | 4,425,619 | 8,271,628 |
| Deferred Inflows of Resources | | | | |
| Long-term loans | - | - | 8,562,672 | 8,562,672 |
| Unavailable revenue - property taxes | 27,216,664 | 11,049,841 | 1,114,374 | 39,380,879 |
| Total Deferred Inflows of Resources | 27,216,664 | 11,049,841 | 9,677,046 | 47,943,551 |
| Total Liabilities and Deferred Inflows of Resources | 31,046,585 | 11,065,929 | 14,102,665 | 56,215,179 |
| Fund Balances | | | | |
| Nonspendable | | | | |
| Cash with fiscal agent | - | 2,157,663 | - | 2,157,663 |
| Prepaid items | 32,500 | - | - | 32,500 |
| Inventory | 85,933 | - | - | 85,933 |
| Restricted | | | | |
| Highway maintenance | - | - | 1,830,393 | 1,830,393 |
| Emergency telephone system | - | - | 551,718 | 551,718 |
| HUD approved projects | - | - | 223,017 | 223,017 |
| Neighborhood improvements | - | - | 3,846,576 | 3,846,576 |
| Debt service | - | 438,453 | 9,005,577 | 9,444,030 |
| Township | - | - | 513,239 | 513,239 |
| Committed - economic development | - | - | 2,555,982 | 2,555,982 |
| Assigned | | | | |
| Capital improvements | - | - | 5,517,041 | 5,517,041 |
| Other | 5,671,992 | - | - | 5,671,992 |
| Unassigned | 4,914,411 | - | (221,435) | 4,692,976 |
| Total Fund Balances | 10,704,836 | 2,596,116 | 23,822,108 | 37,123,060 |
| Total Liabilities, Inflows of Resources, and Fund Balances | \$ 41,751,421 | \$ 13,662,045 | \$ 37,924,773 | \$ 93,338,239 |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

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

December 31, 2015

| | | |
|--|------------------|---------------------|
| Fund Balances of Governmental Funds | \$ | 37,123,060 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | | |
| Total governmental capital assets | 166,110,310 | |
| Less internal service fund portion | <u>8,039,500</u> | 158,070,810 |
| OPEB liability payable is not due and payable in the current period and, therefore, is not reported in the governmental funds | | |
| | | (1,876,719) |
| Interest payable is not due and payable in the current period and, therefore, not reported in the governmental funds | | |
| | | (374,114) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds | | |
| General obligation bonds payable | | (114,683,721) |
| Bonds premium liability | | (3,473,719) |
| First Bank loan | | (3,548,812) |
| Compensated absences payable | | (8,991,381) |
| Net pension liability is shown as a liability on the statement of net position | | |
| Illinois Municipal Retirement Fund | | (14,555,442) |
| Police Pension Fund | | (89,636,697) |
| Firefighters' Pension Fund | | (76,415,380) |
| Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources on the statement of net position | | |
| Illinois Municipal Retirement Fund | | 15,016,137 |
| Police Pension Fund | | 6,772,097 |
| Firefighters' Pension Fund | | 7,048,312 |
| Deferred inflows for long-term loans are not available and, therefore, not revenue in fund financial statements | | |
| | | 8,562,672 |
| The net position of the internal service fund is included in the governmental activities on the statement of net position | | |
| | | <u>9,318,153</u> |
| Net Position of Governmental Funds | \$ | <u>(71,644,744)</u> |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2015

| | General | General Obligation Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|--|--------------------|---------------------------------------|-----------------------------------|--------------------------------|
| Revenues | | | | |
| Taxes | \$ 52,628,569 | \$ 11,156,231 | \$ 11,962,206 | \$ 75,747,006 |
| Licenses and permits | 12,184,303 | - | - | 12,184,303 |
| Special assessments | - | - | 147,831 | 147,831 |
| Intergovernmental | 18,998,689 | - | 4,835,060 | 23,833,749 |
| Charges for services | 8,224,155 | - | 87,391 | 8,311,546 |
| Fines and forfeits | 3,554,188 | - | - | 3,554,188 |
| Investment income | 6,573 | 7,668 | 15,339 | 29,580 |
| Miscellaneous | 950,964 | - | 771,096 | 1,722,060 |
| Total Revenues | 96,547,441 | 11,163,899 | 17,818,923 | 125,530,263 |
| Expenditures | | | | |
| Current | | | | |
| General management and support | 11,753,081 | 158,835 | 1,532,104 | 13,444,020 |
| Public safety | 58,461,316 | - | 1,192,229 | 59,653,545 |
| Public works | 16,866,953 | - | 2,948,302 | 19,815,255 |
| Health and human resource development | 3,140,999 | - | - | 3,140,999 |
| Recreational and cultural opportunities | 11,079,855 | - | 7,230 | 11,087,085 |
| Housing and economic development | 2,359,753 | - | 10,932,245 | 13,291,998 |
| Capital outlay | - | - | 9,151,187 | 9,151,187 |
| Debt service | | | | |
| Principal | - | 20,033,118 | 800,000 | 20,833,118 |
| Interest | - | 4,324,904 | 87,826 | 4,412,730 |
| Fiscal charges | - | 15,803 | 250 | 16,053 |
| Total Expenditures | 103,661,957 | 24,532,660 | 26,651,373 | 154,845,990 |
| Excess (Deficiency) of Revenues Over Expenditures | (7,114,516) | (13,368,761) | (8,832,450) | (29,315,727) |
| Other Financing Sources (Uses) | | | | |
| Issuance of bonds | - | 11,075,000 | 7,605,000 | 18,680,000 |
| Issuance of loans | - | - | 2,900,000 | 2,900,000 |
| Premium (discount) on bonds issued | - | 362,986 | 433,594 | 796,580 |
| Payment to escrow agent | - | - | - | - |
| Transfers in | 7,769,334 | 2,483,141 | 55,713 | 10,308,188 |
| Transfers (out) | (3,169,989) | - | (6,144,765) | (9,314,754) |
| Total Other Financing Sources (Uses) | 4,599,345 | 13,921,127 | 4,849,542 | 23,370,014 |
| Net Change in Fund Balances | (2,515,171) | 552,366 | (3,982,908) | (5,945,713) |
| Fund Balances, January 1 | 14,982,966 | 3,796,787 | 37,489,946 | 56,269,699 |
| Prior Period Adjustment | (1,762,959) | (1,753,037) | (9,684,930) | (13,200,926) |
| Fund Balances, January 1, Restated | 13,220,007 | 2,043,750 | 27,805,016 | 43,068,773 |
| Fund Balances, December 31 | \$ 10,704,836 | \$ 2,596,116 | \$ 23,822,108 | \$ 37,123,060 |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2015

| | |
|---|---------------------|
| Net Change in Fund Balances | |
| Total Governmental Funds | \$ (5,945,713) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities | 11,550,740 |
| Some expenses in the statement of net assets (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | |
| Depreciation | (7,893,582) |
| The issuance of long-term debt is reported as an other financing sources in governmental funds, but as an increase of principal outstanding in the statement of activities | (22,376,580) |
| The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities | 9,503,118 |
| The payment to escrow agent for the amount of bonds refunded is reported as an other other financing use in governmental funds, but as a decrease of principal outstanding in the statement of activities, net of interest to call date | 11,330,000 |
| The amortization of premium on long-term debt is reported as a reduction of interest expense on the statement of activities | 341,766 |
| Changes in net other postemployment benefits obligations are reported only in the statement of activities | (29,770) |
| The change in compensated absences payable is shown as an expense on the statement of activities | 787,329 |
| The change in the accrual of interest is reported as interest expense on the statement of activities | 330,447 |
| The change in the net pension liability for the is reported only in the statement of activities | |
| Illinois Municipal Retirement Fund | (10,819,895) |
| Police Pension Fund | 3,092,185 |
| Firefighters' Pension Fund | (772,891) |
| The change in deferred inflows and outflows of resources for the is reported only in the statement of activities | |
| Illinois Municipal Retirement Fund | 15,016,137 |
| Police Pension Fund | (1,872,099) |
| Firefighters' Pension Fund | 520,615 |
| The changed in deferred inflows for long-term loans is not expense on the statement of activities | (23,940) |
| Internal service funds are reported separately in the fund financial statements | <u>1,811,167</u> |
| Change in Net Position of Governmental Activities | <u>\$ 4,549,034</u> |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Net Position
Proprietary Funds

December 31, 2015

| | Water | Sewer | Solid Waste | Motor Vehicle Parking System | Total | Governmental Activities - Internal Service Funds |
|---|-------------------|--------------------|------------------|---------------------------------|--------------------|---|
| Current Assets | | | | | | |
| Cash and investments | \$ 8,921,336 | \$ 2,264,762 | \$ - | \$ 10,926,426 | \$ 22,112,524 | \$ 2,252,516 |
| Receivables | | | | | | |
| Accounts - water and sewerage charges | | | | | | |
| Accounts - billed | 762,303 | 362,071 | 129,972 | - | 1,254,346 | - |
| Accounts - unbilled | 1,013,796 | 1,878,425 | 570,364 | - | 3,462,585 | - |
| Other | - | - | - | 13,284 | 13,284 | 6,238 |
| Due from other funds | 377,670 | - | - | - | 377,670 | 1,381,752 |
| Inventory | 536,817 | 161,873 | - | - | 698,690 | 806,876 |
| Prepaid expenses | - | - | - | - | - | 1,865,419 |
| Advances to other funds | - | - | - | 596,000 | 596,000 | - |
| Total Current Assets | 11,611,922 | 4,667,131 | 700,336 | 11,535,710 | 28,515,099 | 6,312,801 |
| Noncurrent Assets | | | | | | |
| Capital assets | | | | | | |
| Property, plant, and equipment | | | | | | |
| Capital assets not being depreciated | 6,088,087 | 4,930 | - | 4,448,846 | 10,541,863 | - |
| Capital assets being depreciated | 96,543,864 | 252,619,327 | - | 86,180,180 | 435,343,371 | 23,691,619 |
| Less accumulated depreciation | (23,752,320) | (54,392,730) | - | (28,385,476) | (106,530,526) | (15,652,119) |
| Total Capital Assets | 78,879,631 | 198,231,527 | - | 62,243,550 | 339,354,708 | 8,039,500 |
| Other assets | | | | | | |
| Notes receivable | - | - | - | 224,000 | 224,000 | - |
| Total Noncurrent Assets | 78,879,631 | 198,231,527 | - | 62,467,550 | 339,578,708 | 8,039,500 |
| Total Assets | 90,491,553 | 202,898,658 | 700,336 | 74,003,260 | 368,093,807 | 14,352,301 |
| Deferred Outflows of Resources | | | | | | |
| Pension items - IMRF | 1,957,775 | 460,906 | 303,445 | 502,727 | 3,224,853 | - |
| Total Deferred Outflow of Resources | 1,957,775 | 460,906 | 303,445 | 502,727 | 3,224,853 | - |
| Total Assets and Deferred Outflow of Resources | 92,449,328 | 203,359,564 | 1,003,781 | 74,505,987 | 371,318,660 | 14,352,301 |

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Statement of Net Position
Proprietary Funds

December 31, 2015

| | Water | Sewer | Solid Waste | Motor Vehicle Parking System | Total | Governmental Activities - Internal Service Funds |
|--|----------------------|-----------------------|-----------------------|---------------------------------|-----------------------|---|
| Current Liabilities | | | | | | |
| Vouchers payable | \$ 837,933 | \$ 70,929 | \$ 288,962 | \$ 228,174 | \$ 1,425,998 | \$ 497,081 |
| Retainage payable | 391,214 | - | - | 51,211 | 442,425 | - |
| Interest payable - restricted | 53,941 | - | - | - | 53,941 | - |
| Interest payable | - | 290,756 | 191 | 33,330 | 324,277 | - |
| Notes payable - IEPA | 109,936 | 7,155,559 | - | - | 7,265,495 | - |
| Current portion of general obligation bonds payable | 765,266 | 380,483 | 17,945 | 3,507,122 | 4,670,816 | - |
| Claims payable | - | - | - | - | - | 1,209,500 |
| Due to other funds | 305,212 | 110,981 | 1,507,972 | 514,191 | 2,438,356 | 141,733 |
| Compensated absences payable | 128,788 | 26,966 | 6,187 | 23,527 | 185,468 | 19,127 |
| Total Current Liabilities | 2,592,290 | 8,035,674 | 1,821,257 | 4,357,555 | 16,806,776 | 1,867,441 |
| Noncurrent Liabilities | | | | | | |
| Notes payable - IEPA | 1,903,020 | 42,732,657 | - | - | 44,635,677 | - |
| General obligation bonds payable | 17,113,885 | 2,835,338 | 61,692 | 7,229,877 | 27,240,792 | - |
| OPEB liability | 216,546 | 60,968 | 30,504 | 52,720 | 360,738 | 72,331 |
| Net pension liability - IMRF | 1,897,710 | 446,765 | 294,136 | 487,304 | 3,125,915 | - |
| Claims payable | - | - | - | - | - | 3,017,868 |
| Compensated absences payable | 515,150 | 107,865 | 24,748 | 94,106 | 741,869 | 76,508 |
| Total Noncurrent Liabilities | 21,646,311 | 46,183,593 | 411,080 | 7,864,007 | 76,104,991 | 3,166,707 |
| Total Liabilities | 24,238,601 | 54,219,267 | 2,232,337 | 12,221,562 | 92,911,767 | 5,034,148 |
| Net Position | | | | | | |
| Net investment in capital assets | 58,987,524 | 145,127,490 | - | 51,506,551 | 255,621,565 | 8,039,500 |
| Unrestricted | 9,223,203 | 4,012,808 | (1,228,557) | 10,777,874 | 22,785,328 | 1,278,653 |
| Total Net Position | \$ 68,210,727 | \$ 149,140,298 | \$ (1,228,557) | \$ 62,284,425 | \$ 278,406,893 | \$ 9,318,153 |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2015

| | Water | Sewer | Solid Waste |
|---|---------------|----------------|----------------|
| Operating Revenues | | | |
| Charges for service | \$ 15,005,360 | \$ 12,491,290 | \$ 4,003,542 |
| Miscellaneous | 716,246 | 19,651 | - |
| Total Operating Revenues | 15,721,606 | 12,510,941 | 4,003,542 |
| Operating Expenses | | | |
| Administration | 1,473,338 | 1,587,962 | 999,691 |
| Operations | 6,787,596 | 29,179 | 4,148,144 |
| Total Operating Expenses Excluding Depreciation | 8,260,934 | 1,617,141 | 5,147,835 |
| Operating income (loss) before depreciation | 7,460,672 | 10,893,800 | (1,144,293) |
| Depreciation | 2,096,633 | 3,443,723 | - |
| Operating Income (Loss) | 5,364,039 | 7,450,077 | (1,144,293) |
| Non-Operating Revenues (Expenses) | | | |
| Investment income | 5,982 | 2,706 | - |
| Interest expense | (390,461) | (1,547,320) | (2,613) |
| Gain (loss) on disposal of capital assets | 302,700 | - | - |
| Total Non-Operating Revenues (Expenses) | (81,779) | (1,544,614) | (2,613) |
| Net Income (Loss) Before Transfers | 5,282,260 | 5,905,463 | (1,146,906) |
| Transfers | | | |
| Transfers in | - | - | 1,055,967 |
| Transfers (out) | (3,194,053) | (548,620) | - |
| Total Transfers | (3,194,053) | (548,620) | 1,055,967 |
| Change in Net Position | 2,088,207 | 5,356,843 | (90,939) |
| Net Position, January 1 | 66,279,631 | 143,784,952 | (1,112,075) |
| Change in Accounting Principle | (101,305) | (18,492) | (25,543) |
| Prior Period Adjustment | (55,806) | 16,995 | - |
| Net Position, January 1, Restated | 66,122,520 | 143,783,455 | (1,137,618) |
| Net Position, December 31 | \$ 68,210,727 | \$ 149,140,298 | \$ (1,228,557) |

| Motor Vehicle Parking System | Total | Governmental Activities - Internal Service Funds |
|---------------------------------|----------------|---|
| \$ 6,151,133 | \$ 37,651,325 | \$ 22,410,058 |
| 13,122 | 749,019 | 46,981 |
| 6,164,255 | 38,400,344 | 22,457,039 |
| 1,443,263 | 5,504,254 | - |
| 3,155,750 | 14,120,669 | 18,960,703 |
| 4,599,013 | 19,624,923 | 18,960,703 |
| 1,565,242 | 18,775,421 | 3,496,336 |
| 2,846,227 | 8,386,583 | 1,684,835 |
| (1,280,985) | 10,388,838 | 1,811,501 |
| 18,258 | 26,946 | 136 |
| (416,440) | (2,356,834) | - |
| (1,340) | 301,360 | 34,286 |
| (399,522) | (2,028,528) | 34,422 |
| (1,680,507) | 8,360,310 | 1,845,923 |
| 2,925,296 | 3,981,263 | - |
| (870,000) | (4,612,673) | (34,756) |
| 2,055,296 | (631,410) | (34,756) |
| 374,789 | 7,728,900 | 1,811,167 |
| 61,641,183 | 270,593,691 | 6,066,845 |
| 327 | (145,013) | - |
| 268,126 | 229,315 | 1,440,141 |
| 61,909,636 | 270,677,993 | 7,506,986 |
| \$ 62,284,425 | \$ 278,406,893 | \$ 9,318,153 |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended December 31, 2015

| | Water | Sewer | Solid Waste | Motor Vehicle Parking System | Total | Governmental Activities - Internal Service Funds |
|---|--------------------|---------------------|--------------------|------------------------------------|---------------------|---|
| Cash Flows from Operating Activities | | | | | | |
| Receipts from customers and users | \$ 16,459,229 | \$ 12,457,105 | \$ 4,014,964 | \$ 6,796,921 | \$ 39,728,219 | \$ 22,476,357 |
| Receipts from/(payments for) interfund services provided | (813,019) | 1,165,532 | 97,218 | (953,660) | (503,929) | 31,001 |
| Payments to suppliers | (4,114,792) | (742,168) | (4,103,218) | (3,251,573) | (12,211,751) | (1,383,945) |
| Payments to employees | (5,649,168) | (1,295,206) | (1,089,141) | (1,417,619) | (9,451,134) | (3,659,820) |
| Payments for insurance premiums | - | - | - | - | - | (14,122,356) |
| Net Cash Provided from Operating Activities | 5,882,250 | 11,585,263 | (1,080,177) | 1,174,069 | 17,561,405 | 3,341,237 |
| Cash Flows from Noncapital Financing Activities | | | | | | |
| Transfers in (out) | (3,194,053) | (548,620) | 1,055,967 | - | (2,686,706) | (34,756) |
| Net Cash from Noncapital Financing Activities | (3,194,053) | (548,620) | 1,055,967 | - | (2,686,706) | (34,756) |
| Cash Flows from Capital and Related Financing Activities | | | | | | |
| Sale of capital assets | 2,035,027 | - | - | - | 2,035,027 | 85,036 |
| Acquisition and construction of capital assets | (10,725,787) | (1,367,906) | - | (1,916,337) | (14,010,030) | (2,389,156) |
| Proceeds from general obligation bonds | 5,797,694 | - | - | - | 5,797,694 | - |
| Principal paid on general obligation bonds | (552,288) | (362,931) | (16,878) | (3,491,805) | (4,423,902) | - |
| Interest paid on general obligation bonds | (398,323) | (1,586,495) | (2,641) | (425,845) | (2,413,304) | - |
| Proceeds from IEPA loans | 1,000,383 | 219,939 | - | - | 1,220,322 | - |
| Principal paid on IEPA loans | (67,504) | (7,664,305) | - | - | (7,731,809) | - |
| Interest paid on IEPA loans | - | - | - | - | - | - |
| Transfers in | - | - | - | 2,055,296 | 2,055,296 | - |
| Miscellaneous | - | - | - | - | - | - |
| Net Cash from Capital and Related Financing Activities | (2,910,798) | (10,761,698) | (19,519) | (3,778,691) | (17,470,706) | (2,304,120) |
| Cash Flows from Investing Activities | | | | | | |
| Interest Received | 5,982 | 2,706 | - | 18,258 | 26,946 | 136 |
| Net Cash from Investing Activities | 5,982 | 2,706 | - | 18,258 | 26,946 | 136 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (216,619) | 277,651 | (43,729) | (2,586,364) | (2,569,061) | 1,002,497 |
| Cash and Equivalents | | | | | | |
| Beginning | 9,137,955 | 1,987,111 | 43,729 | 13,512,790 | 24,681,585 | 1,250,019 |
| Ending | \$ 8,921,336 | \$ 2,264,762 | \$ - | \$ 10,926,426 | \$ 22,112,524 | \$ 2,252,516 |

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended December 31, 2015

| | Water | Sewer | Solid Waste | Motor Vehicle Parking System | Total | Governmental Activities - Internal Service Funds |
|---|--------------|---------------|----------------|------------------------------------|---------------|---|
| Reconciliation of Operating Income (Loss) to Net Cash Provided for Operating Activities | | | | | | |
| Operating income (loss) | \$ 5,364,039 | \$ 7,450,077 | (1,144,293) | (1,280,985) | 10,388,838 | \$ 1,811,501 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities | | | | | | |
| Depreciation | 2,096,633 | 3,443,723 | - | 2,846,227 | 8,386,583 | 1,684,835 |
| Changes in assets and liabilities | | | | | | |
| Accounts receivable | 737,623 | (53,836) | 11,422 | 627,666 | 1,322,875 | 19,318 |
| Notes receivable | - | - | - | 5,000 | 5,000 | - |
| Interfund receivable | 182,477 | 1,888,553 | 677,899 | (596,000) | 2,152,929 | 460,100 |
| Prepaid expenses | - | - | - | - | - | 591,533 |
| Inventories | (12,283) | (29,826) | - | - | (42,109) | (55,728) |
| Compensated absences | 16,274 | (9,526) | (7,125) | (16,636) | (17,013) | (24,971) |
| OPEB liability | 27,809 | 6,491 | 6,133 | 3,603 | 44,036 | 10,226 |
| Pension items - IMRF | (547,098) | (128,800) | (84,797) | (140,486) | (901,181) | - |
| Vouchers payable | (1,378,942) | (258,572) | 41,265 | 32,129 | (1,564,120) | (10,880) |
| Retainage payable | 391,214 | - | - | 51,211 | 442,425 | - |
| Interfund payable | (995,496) | (723,021) | (580,681) | (357,660) | (2,656,858) | (429,099) |
| Claims payable | - | - | - | - | - | (715,598) |
| Net Cash Provided for Operating Activities | \$ 5,882,250 | \$ 11,585,263 | \$ (1,080,177) | \$ 1,174,069.00 | \$ 17,561,405 | \$ 3,341,237 |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Fiduciary Net Position
Fiduciary Funds

For the Fiscal Year Ended December 31, 2015

| | Pension Trust |
|----------------------------|------------------|
| Assets | |
| Investments at fair value | |
| Cash and cash equivalents | \$ 3,377,187 |
| U.S. Treasury obligations | 19,217,626 |
| U.S. agency obligations | 18,057,442 |
| Corporate bonds | 22,695,256 |
| Common stock | 23,981,521 |
| Equity mutual funds | 77,442,303 |
| Receivables | |
| Accrued interest | 501,163 |
| Due from other governments | 47,302 |
| Other | 2,592 |
| | <hr/> |
| Total Assets | 165,322,392 |
| | <hr/> |
| Liabilities | |
| Accounts payable | 22,471 |
| | <hr/> |
| Total Liabilities | 22,471 |
| | <hr/> |
| Net Position Held in Trust | |
| For Pension Benefits | \$ 165,299,921 |
| | <hr/> <hr/> |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Changes in Plan Net Position Pension Trust Funds

For the Fiscal Year Ended December 31, 2015

| | |
|--|----------------|
| Additions | |
| Contributions - employer | \$ 15,189,507 |
| Contributions - plan members | 2,410,812 |
| Miscellaneous income | 47 |
| | <hr/> |
| Total Contributions | 17,600,366 |
| Investment income | |
| Net depreciation in fair value of investments | (2,988,091) |
| Interest on investments | 4,108,627 |
| Less investment expenses | (375,754) |
| | <hr/> |
| Total Investment Income | 744,782 |
| | <hr/> |
| Total Additions | 18,345,148 |
| Deductions | |
| Administration | 201,842 |
| Benefit payments | 18,429,497 |
| Refunds of contributions | 63,424 |
| | <hr/> |
| Total Deductions | 18,694,763 |
| | <hr/> |
| Net Decrease | (349,615) |
| Net Position Held in Trust For Pension Benefits | |
| January 1 | 167,929,254 |
| | <hr/> |
| Prior Period Adjustment | (2,279,718) |
| | <hr/> |
| January 1, Restated | 165,649,536 |
| | <hr/> |
| December 31 | \$ 165,299,921 |
| | <hr/> <hr/> |

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

Blended Component Unit:

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

Discrete Component Unit:

The 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, the Library financials are shown separately as a discrete component unit of the City. The Library Debt Service Fund was created as a part of FY2014 budget. The Library is governed by the Library Board of Trustees. The Board members are appointed by the Mayor of the City.

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

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

Joint Ventures:

The City participates in two joint ventures, which are reported as non-equity governmental joint ventures and are described in Footnote 13. The joint ventures are: 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, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Fund Accounting

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

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

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

The City's and the Library's governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 accounted for in another fund.

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

E. Cash and Equivalents

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

F. Investments

Investments consist of certificates of deposit, treasury obligations, government agency obligations, and insurance contracts with maturities greater than one year. 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. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In governmental funds, prepaid items are recorded based on consumption method.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. 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 Statement No. 34 has been reported.

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

I. Compensated Absences

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

J. Long-Term Obligations

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Self-Insurance

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

L. Deferred Inflows of Resources

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

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

M. Property Taxes

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

The property tax calendar for Cook County is as follows:

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

Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). On this basis, property tax revenue includes all cash distributions of property tax related to the 2014 tax levy received during the fiscal period between January 1, 2015 and December 31, 2015 and all property tax collections related to the 2014 tax levy and 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. A 4% allowance for loss is reflected in the Town Fund and General Assistance Fund.

The 2015 tax levy collections are intended to finance the 2016 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable/deferred revenue.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. Fund Equity

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

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

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

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

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

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

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

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

O. Interfund Transactions

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P. Use of Estimates

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

Q. Conduit Debt

The City approved the issuance of \$5,000,000 Series 2010 Revenue Bonds during the fiscal year 2010-2011 to provide financial assistance to Chiravalle Montessori School, deemed to be in public interest. The use of proceeds includes the property purchase from the City, improvement to the existing building, refinancing existing debt, and payment of miscellaneous costs. The bonds are secured by the property or mortgages financed and are payable from the 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, 2015, outstanding bond balance was \$4,550,000.

The City approved the issuance of \$13,590,000 Series 2011 Revenue Bonds during the fiscal period ended December 31, 2011 to provide financial assistance to Roycemore School, deemed to be in public interest. The use of proceeds includes the property purchase and renovation of 1201 Davis, the new location of the school, and payment of miscellaneous costs. The bonds are secured by the property or mortgages financed and are payable from the moneys, securities, and other revenues pledged under the indenture by the school. The City is not obligated in any manner for the repayment of bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of December 31, 2015, outstanding bond balance was \$13,385,000.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 2. 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. The Dempster Dodge TIF Fund was not budgeted.

Blended Component Unit:

For the first five months of 2014, the Township was a blended component unit with two separate funds (the Town Fund and the General Assistance Fund) as reported in previous years. On May 1, 2014, after a referendum vote, the City took over the Township's unctions 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 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 EPL Board of Trustees. Upon approval of the budget proposal by the EPL Board, the Library's proposed budget is submitted to the City Manager. The Library's budget is included in the budget documents which the City Manager will submit to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. A series of public Library Board meetings are conducted as the EPL Board considers the budget proposal. Taxpayer comments are received and noted.
3. The budget is legally enacted through passage of a resolution by the Library Board of Trustees.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

Discrete Component Unit (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 year.

The following funds had an excess of actual budgetary expenditures over original and final budget for the fiscal year ended December 31, 2015:

| <u>Fund</u> | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> |
|----------------------------------|---------------|---------------|-----------------|
| General Fund | \$ 89,210,385 | \$ 89,045,880 | \$ 164,505 |
| Community Development Loan | 282,380 | 187,100 | 95,280 |
| Special Service District No. 4 | 323,000 | 320,000 | 3,000 |
| Southwest Tax Increment District | 893,387 | 861,217 | 32,170 |
| Library | 6,602,154 | 6,303,124 | 299,030 |

B. DEFICIT FUND EQUITY

The Insurance Fund, an internal service fund, had a net deficit of \$364,496 as of December 31, 2015. The City plans to use current resources to pay for future liabilities.

The Solid Waste Fund had a net deficit of \$1,228,557 as of December 31, 2015. The City plans to use current resources to pay for future liabilities.

The Special Service District No. 4 had a net deficit of \$190,544 as of December 31, 2015. The City plans to use current resources to pay for future liabilities.

The Howard Ridge Tax Increment District Fund had a net deficit of \$28,621 as of December 31, 2015. 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, 2015

NOTE 3. 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 Government; the Illinois Metropolitan Investment Fund (IMET); and Illinois Funds.

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

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

B. Pooling of Cash and Investments

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

C. Types of Investments

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

Credit Risk. State law limits investments in commercial paper, corporate bonds, and mutual bonds funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not impose further limits on investment choices. The Police and Firefighters' Pension Funds have investments in corporate bonds with Standard & Poor's ratings ranging from BBB- to AAA. Illinois Funds and money markets were rated AAA by Standard & Poor's. IMET exclusively invests in AAA Standard & Poor's securities, such as treasury and agency obligations. IMET's convenience fund collateralizes all of its deposits 110%. Illinois Funds and IMET are 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 United States Government agencies were all rated triple A or Aaa by the Standard & Poor's and by Moody's Investor's Services. The following investments of the City in Illinois Funds, PMA, and IMET are valued at the fund's share price, the price for which the investments could be sold.

| | | |
|-------------------|----|-------------------|
| Illinois Funds | \$ | 8,388,837 |
| PMA | | 18,015,321 |
| IMET money market | | <u>3,731,291</u> |
| | \$ | <u>30,135,449</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2015

NOTE 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - Continued

C. Types of Investments - Continued

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

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

Concentration of Credit Risk. It is the policy of the City to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting from overconcentration in a security, maturity, issuer, or class of securities. At December 31, 2015, the City had 59.8% of investments held at PMA.

D. Deposits

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

Deposits consist of deposits in interest-bearing and non-interest-bearing checking accounts. At December 31, 2015, the carrying amount of the City's deposits, including cash on hand of \$12,547 was \$25,303,264. The financial institutions' balances totaled \$26,705,817.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 4. RECEIVABLES

A. Summary of Receivables

Receivables as of December 31, 2015 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 | Water | Sewer | Solid Waste | Motor Vehicle Parking System | Nonmajor and Other Funds | Total |
|------------------------------------|----------------------|-------------------------|---------------------|---------------------|-------------------|------------------------------|--------------------------|----------------------|
| Receivables: | | | | | | | | |
| Property taxes | \$ 27,732,095 | \$ 11,275,348 | \$ - | \$ - | \$ - | \$ - | \$ 1,137,117 | \$ 40,144,560 |
| Utility taxes: | 695,078 | - | - | - | - | - | - | 695,078 |
| Accounts | - | - | 1,776,099 | 2,240,496 | 700,336 | - | - | 4,716,931 |
| Notes | 263,600 | - | - | - | - | - | 8,562,672 | 8,826,272 |
| Special assessments | - | - | - | - | - | - | 307,859 | 307,859 |
| Due from other govts. | 8,567,535 | - | - | - | - | - | 816,610 | 9,384,145 |
| Other | <u>477,972</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>237,284</u> | <u>303,577</u> | <u>1,018,833</u> |
| Gross receivables | 37,736,280 | 11,275,348 | 1,776,099 | 2,240,496 | 700,336 | 237,284 | 11,127,835 | 65,093,678 |
| Less: allowance for uncollectibles | <u>(579,441)</u> | <u>(225,507)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(22,743)</u> | <u>(827,691)</u> |
| Net Total Receivables | <u>\$ 37,156,839</u> | <u>\$ 11,049,841</u> | <u>\$ 1,776,099</u> | <u>\$ 2,240,496</u> | <u>\$ 700,336</u> | <u>\$ 237,284</u> | <u>\$ 11,105,092</u> | <u>\$ 64,265,987</u> |

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. 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 the City's 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>\$ 8,508,612</u> | <u>\$ 371,924</u> | <u>\$ 317,864</u> | <u>\$ 8,562,672</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 5. CAPITAL ASSETS

A. Capital Asset Activity

Capital asset activity for the fiscal year ended December 31, 2015 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 | - | 138,465 | - | - | 138,465 |
| Total Capital Assets, not being Depreciated | 26,062,940 | 138,465 | - | - | 26,201,405 |
| Capital assets, being depreciated/amortized: | | | | | |
| Buildings and improvements | 79,289,550 | 1,236,617 | - | - | 80,526,167 |
| Office equipment and furniture | 4,355,010 | 1,109,811 | - | 1,420 | 5,466,241 |
| Intangible assets | 6,906,834 | 362,638 | - | (1,420) | 7,268,052 |
| Machinery and equipment | 24,673,009 | 2,389,155 | 944,696 | - | 26,117,468 |
| Infrastructure | 163,094,801 | 8,703,209 | - | - | 171,798,010 |
| Capitalized leases | 502,532 | - | - | - | 502,532 |
| Total Capital Assets being Depreciated/Amortized | 278,821,736 | 13,801,430 | 944,696 | - | 291,678,470 |
| Less accumulated depreciation/amortization for: | | | | | |
| Buildings and improvements | 32,960,223 | 1,658,601 | - | - | 34,618,824 |
| Office equipment and furniture | 3,288,569 | 207,770 | - | - | 3,496,339 |
| Intangible assets | 5,802,981 | 152,286 | - | - | 5,955,267 |
| Machinery and equipment | 16,505,598 | 1,797,861 | 894,408 | - | 17,409,051 |
| Infrastructure | 84,058,408 | 5,759,483 | - | - | 89,817,891 |
| Capitalized leases | 469,315 | 1,954 | - | - | 471,269 |
| Total Accumulated Depreciation/Amortization | 143,085,094 | 9,577,955 | 894,408 | - | 151,768,641 |
| Total Capital Assets being Depreciated/Amortized, Net | 135,736,642 | 4,223,475 | 50,288 | - | 139,909,829 |
| Governmental Activities Capital Assets, Net | \$ 161,799,582 | \$ 4,361,940 | \$ 50,288 | \$ - | \$ 166,111,234 |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2015

NOTE 5. CAPITAL ASSETS - Continued

A. Capital Asset Activity - Continued

| | Beginning | Additions | Deletions | Ending |
|--|-----------------------|---------------------|---------------------|-----------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,644,510 | \$ - | \$ - | \$ 4,644,510 |
| Construction in progress | 2,463,073 | 4,741,809 | 1,667,281 | 5,537,601 |
| Artwork | 359,752 | - | - | 359,752 |
| Total Capital Assets, not being Depreciated | 7,467,335 | 4,741,809 | 1,667,281 | 10,541,863 |
| Capital assets, being depreciated/amortized: | | | | |
| Land improvements | 3,925,463 | 985,681 | - | 4,911,144 |
| Buildings and improvements | 77,282,216 | - | - | 77,282,216 |
| Leasehold improvements | 304,052 | - | - | 304,052 |
| Plant | 42,176,651 | 1,433,872 | 924,661 | 42,685,862 |
| Transmission and distribution system | 49,257,816 | 4,215,269 | - | 53,473,085 |
| Sewer system and underground lines | 249,439,877 | 1,295,207 | - | 250,735,084 |
| Intangible assets | 509,834 | 750,424 | - | 1,260,258 |
| Equipment | 3,086,113 | 87,284 | 340,755 | 2,832,642 |
| Parking meters | 1,698,308 | 160,720 | - | 1,859,028 |
| Total Capital Assets being Depreciated/Amortized | 427,680,330 | 8,928,457 | 1,265,416 | 435,343,371 |
| Less accumulated depreciation/amortization for: | | | | |
| Land improvements | 1,631,955 | 141,290 | - | 1,773,245 |
| Buildings and improvements | 22,197,612 | 2,462,535 | - | 24,660,147 |
| Leasehold improvements | 302,753 | - | 20,222 | 282,531 |
| Plant | 15,311,894 | 1,411,291 | 865,721 | 15,857,464 |
| Transmission and distribution system | 6,934,574 | 636,142 | - | 7,570,716 |
| Sewer system and underground lines | 49,589,233 | 3,404,364 | - | 52,993,597 |
| Intangible assets | 315,774 | 106,182 | - | 421,956 |
| Equipment | 2,373,535 | 100,425 | 314,428 | 2,159,532 |
| Parking meters | 686,984 | 124,354 | - | 811,338 |
| Total Accumulated Depreciation/Amortization | 99,344,314 | 8,386,583 | 1,200,371 | 106,530,526 |
| Total Capital Assets being Depreciated/Amortized, Net | 328,336,016 | 541,874 | 65,045 | 328,812,845 |
| Governmental Activities Capital Assets, Net | \$ 335,803,351 | \$ 5,283,683 | \$ 1,732,326 | \$ 339,354,708 |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2015

NOTE 5. CAPITAL ASSETS - Continued

A. Capital Asset Activity - Continued

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

| | |
|---|---------------------|
| Governmental Activities: | |
| General management and support | \$ 524,767 |
| Public safety | 559,653 |
| Public works | 4,992,044 |
| Housing and Economic Development | 7,363 |
| Recreation and cultural opportunities | 1,809,293 |
| Internal Service Funds | <u>1,684,835</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 9,577,955</u> |
| Business-Type Activities: | |
| Water | \$ 2,096,633 |
| Sewer | 3,443,723 |
| Motor vehicle parking | <u>2,846,227</u> |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 8,386,583</u> |

B. Construction Commitments

The value of construction contracts signed, where the work has not yet been performed at December 31, 2015 is as follows:

| | |
|--------------------------------|---------------------|
| Capital Improvement Fund | \$ 5,487,986 |
| Water Fund | <u>140,014</u> |
| Total Construction Commitments | <u>\$ 5,628,000</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 6. INTERFUNDS

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

A. Interfund Accounts

At December 31, 2015, interfund receivables and payables consist of the following:

| Funds | Due From | Due To |
|--|------------------|----------------|
| Governmental Funds | | |
| General Fund | | |
| General Assistance | \$ 4,369 | \$ - |
| Library | | 23,686 |
| Library Debt Service | 104,987 | - |
| Neighborhood Stabilization Program 2 | 635 | - |
| Special Service Area (SSA) No. 4 | 190,544 | - |
| Community Development Block Grant | 20,647 | - |
| Washington National TIF Debt Service | 243,775 | - |
| General Obligation Debt Service | - | 206,928 |
| Howard/Ridge TIF | 157,361 | - |
| Capital Improvements | 60,402 | - |
| Special Assessment | - | 908 |
| Motor Vehicle Parking System | 415,054 | - |
| Insurance | - | 40,045 |
| Water | - | 102,065 |
| Sewer | 61,769 | - |
| Solid Waste | 1,237,490 | - |
| | <u>2,497,033</u> | <u>373,632</u> |
| Fiduciary | | |
| Firefighters' Pension | - | 31,737 |
| Police Pension | - | 15,565 |
| | <u>-</u> | <u>47,302</u> |
| Total General Fund | <u>2,497,033</u> | <u>420,934</u> |
| Debt Service Fund | | |
| General | <u>206,928</u> | <u>-</u> |
| Nonmajor Governmental Funds | | |
| Special Assessment Fund | | |
| General Fund | <u>908</u> | <u>-</u> |
| Special Service Area (SSA) No. 4 | | |
| General | <u>-</u> | <u>190,544</u> |
| Howard Hartrey TIF | | |
| Insurance | <u>-</u> | <u>12,334</u> |
| Washington National TIF Debt Service | | |
| General | <u>-</u> | <u>243,775</u> |
| Insurance | <u>-</u> | <u>28,333</u> |
| Total Washington National TIF Debt Service | <u>-</u> | <u>272,108</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 6. INTERFUNDS - Continued

A. Interfund Accounts - Continued

| Funds | Due From | Due To |
|--|------------------|------------------|
| Nonmajor Governmental Funds - Continued | | |
| Howard/Ridge TIF | | |
| General | \$ - | \$ 157,361 |
| Insurance | - | 5,000 |
| Total Howard/Ridge TIF | <u>-</u> | <u>162,361</u> |
| West Evanston TIF | | |
| Insurance | - | 5,000 |
| Capital Improvements | | |
| General | - | 60,402 |
| Water | - | 275,605 |
| Total Capital Improvement | <u>-</u> | <u>336,007</u> |
| Neighborhood Stabilization Program 2 | | |
| General | - | 635 |
| Insurance | - | 128 |
| Total Neighborhood Improvement | <u>-</u> | <u>763</u> |
| Community Development Block Grant | | |
| General | | 20,647 |
| Insurance | - | 1,212 |
| Total Community Development Block Grant | <u>-</u> | <u>21,859</u> |
| HOME | | |
| Insurance | - | 114 |
| General Assistance | | |
| General | - | 4,369 |
| Total Nonmajor Governmental Funds | <u>908</u> | <u>1,005,459</u> |
| Total Governmental Funds | <u>2,704,869</u> | <u>1,426,393</u> |
| Enterprise Funds | | |
| Water | | |
| General | 102,065 | - |
| Capital Improvement | 275,605 | - |
| Insurance | - | 305,212 |
| Total Water | <u>377,670</u> | <u>305,212</u> |
| Sewer | | |
| General | | 61,769 |
| Insurance | - | 49,212 |
| Total Sewer | <u>-</u> | <u>110,981</u> |
| Solid Waste | | |
| General | | 1,237,490 |
| Insurance | - | 270,482 |
| Total Sewer | <u>-</u> | <u>1,507,972</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 6. INTERFUNDS - Continued

A. Interfund Accounts - Continued

| Funds | Due From | Due To |
|--------------------------------------|-------------------------|-------------------------|
| Enterprise Funds - Continued) | | |
| Motor Vehicle Parking System | | |
| General | \$ - | \$ 415,054 |
| Insurance | - | 99,137 |
| Total Motor Vehicle Parking System | <u>-</u> | <u>514,191</u> |
| Total Enterprise Funds | <u>377,670</u> | <u>2,438,356</u> |
| Internal Service Funds | | |
| Insurance | | |
| General | 40,045 | - |
| Library | 423,810 | - |
| Neighborhood Stabilization Program 2 | 128 | - |
| Community Development Block Grant | 1,212 | - |
| Home | 114 | - |
| Washington National TIF Debt Service | 28,333 | - |
| Howard/Ridge TIF | 12,334 | - |
| Debt Service | 5,000 | - |
| West Evanston TIF | 5,000 | - |
| Motor Vehicle Parking System | 99,137 | - |
| Fleet Services | 141,733 | - |
| Water | 305,212 | - |
| Sewer | 49,212 | - |
| Solid Waste | <u>270,482</u> | <u>-</u> |
| Total Insurance | <u>1,381,752</u> | <u>-</u> |
| Fleet Services | | |
| Insurance | - | 141,733 |
| Total Internal Service Funds | <u>1,381,752</u> | <u>141,733</u> |
| Trust and Agency Funds | | |
| Firefighters' Pension | | |
| General | 31,737 | - |
| Police Pension | | |
| General | <u>15,565</u> | <u>-</u> |
| Total Trust and Agency Funds | <u>47,302</u> | <u>-</u> |
| Total Primary Government | <u>\$ 4,511,593</u> | <u>\$ 4,006,482</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 6. INTERFUNDS - Continued

A. Interfund Accounts - Continued

| Funds | Due From | Due To |
|------------------------|------------------|-------------------|
| Library Fund | | |
| General | \$ 23,686 | \$ - |
| Insurance | - | 423,810 |
| Total 185 Library Fund | <u>23,686</u> | <u>423,810</u> |
| Library Debt Service | | |
| General | - | 104,987 |
| Total Library | <u>\$ 23,686</u> | <u>\$ 528,797</u> |

B. Interfund Advances

At December 31, 2015, interfund advances consist of the following:

| Funds | Advances To | Advances From |
|------------------------------------|-------------------|-------------------|
| Governmental Funds | | |
| General Fund | | |
| Motor Vehicle Parking System | \$ - | \$ 596,000 |
| Total General Fund | <u>\$ -</u> | <u>\$ 596,000</u> |
| Enterprise Funds | | |
| Motor Vehicle Parking System | | |
| General Fund | \$ 596,000 | \$ - |
| Total Motor Vehicle Parking System | <u>\$ 596,000</u> | <u>\$ -</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 6. INTERFUNDS - Continued

C. Interfund Transfers

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

At December 31, 2015, transfers in (out) consist of the following:

| Funds | Transfers In | Transfers Out |
|--|------------------|------------------|
| Governmental Funds | | |
| General Fund | | |
| Home | \$ 26,990 | \$ - |
| Emergency Telephone System | 129,729 | - |
| Community Development Block Grant | 447,002 | - |
| Neighborhood Stabilization Program 2 | - | 8,213 |
| Washington National TIF Debt Service | 340,000 | - |
| Howard Hartrey TIF | 148,010 | - |
| Capital Improvement Fund | 490,000 | - |
| Water | 3,194,053 | - |
| Sewer | 320,550 | - |
| Motor Vehicle Parking System | 870,000 | - |
| Solid Waste | - | 1,055,967 |
| Howard/Ridge TIF | 60,000 | - |
| Motor Fuel Tax | 833,000 | - |
| West Evanston TIF | 60,000 | - |
| General Obligation Debt Service Fund | - | 2,105,809 |
| Economic Development | 600,000 | - |
| Library | 250,000 | - |
| Total General Fund | <u>7,769,334</u> | <u>3,169,989</u> |
| General Obligation Debt Service Fund | | |
| General | 2,105,809 | - |
| Insurance | 34,756 | - |
| Sewer | 228,070 | - |
| Economic Development | 14,782 | - |
| Neighborhood Stabilization Program 2 | 4,191 | - |
| Emergency Telephone System | 12,038 | - |
| Community Development Block Grant | 6,227 | - |
| Library | 77,268 | - |
| Total General Obligation Debt Service Fund | <u>2,483,141</u> | <u>-</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 6. INTERFUNDS - Continued

C. Interfund Transfers - Continued

| Funds | Transfers In | Transfers Out |
|--|-----------------------|----------------------|
| Nonmajor Governmental Funds | | |
| Economic Development | | |
| Howard/Ridge TIF | \$ 47,500 | \$ - |
| General Obligation Debt Service Fund | - | 14,782 |
| General | - | 600,000 |
| Total Economic Development | <u>47,500</u> | <u>614,782</u> |
| Howard Hartrey TIF | | |
| General | - | 148,010 |
| Howard/Ridge TIF | | |
| Economic Development | - | 47,500 |
| General | - | 60,000 |
| Total Howard/Ridge TIF | <u>-</u> | <u>107,500</u> |
| Washington National TIF Debt Service | | |
| General | - | 340,000 |
| Motor Vehicle Parking System | - | 2,925,296 |
| Total Washington National TIF Debt Service | <u>-</u> | <u>3,265,296</u> |
| West Evanston Tax Increment District | | |
| General | - | 60,000 |
| Capital Improvements | | |
| General | - | 490,000 |
| Total Capital Improvement | <u>-</u> | <u>490,000</u> |
| Neighborhood Stabilization Program 2 | | |
| General Obligation Debt Service | - | 4,191 |
| General | 8,213 | - |
| Total Neighborhood Stabilization Program 2 | <u>8,213</u> | <u>4,191</u> |
| Emergency Telephone System | | |
| General Obligation Debt Service | - | 12,038 |
| General | - | 129,729 |
| Total Emergency Telephone System | <u>-</u> | <u>141,767</u> |
| Motor Fuel Tax | | |
| General | - | 833,000 |
| Community Development Block Grant | | |
| General Obligation Debt Service | - | 6,227 |
| General | - | 447,002 |
| Total Community Development Block Grant | <u>-</u> | <u>453,229</u> |
| Home Fund | | |
| General | - | 26,990 |
| Total Nonmajor Governmental Funds | <u>55,713</u> | <u>6,144,765</u> |
| Total Governmental Funds | <u>10,308,188</u> | <u>9,314,754</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 6. INTERFUNDS - Continued

C. Interfund Transfers - Continued

| Funds | Transfers In | Transfers Out |
|--------------------------------------|----------------------|----------------------|
| Enterprise Funds | | |
| Water | | |
| General | \$ - | \$ 3,194,053 |
| Total Water | <u>-</u> | <u>3,194,053</u> |
| Sewer | | |
| General | - | 320,550 |
| General Obligation Debt Service Fund | - | 228,070 |
| Total Sewer | <u>-</u> | <u>548,620</u> |
| Motor Vehicle Parking System | | |
| General | - | 870,000 |
| Washington National TIF Debt Service | 2,925,296 | - |
| Total Motor Vehicle Parking System | <u>2,925,296</u> | <u>870,000</u> |
| Solid Waste | | |
| General | <u>1,055,967</u> | <u>-</u> |
| Total Enterprise Funds | <u>3,981,263</u> | <u>4,612,673</u> |
| Internal Service Funds | | |
| Insurance Fund | | |
| Debt Service Fund | - | 34,756 |
| Total Internal Service Fund | <u>-</u> | <u>34,756</u> |
| Total Primary Government | <u>14,289,451</u> | <u>13,962,183</u> |
| Component Unit | | |
| Library | | |
| General | - | 250,000 |
| Debt Service Fund | - | 77,268 |
| Total Library | <u>-</u> | <u>327,268</u> |
| Total | <u>\$ 14,289,451</u> | <u>\$ 14,289,451</u> |

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 7. OPERATING LEASES

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

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

Minimum annual lease payments are as follows:

| | |
|------------------------|------------------|
| Year ending 12/31/2016 | \$ 4,500 |
| Year ending 12/31/2017 | 4,500 |
| Year ending 12/31/2018 | <u>1,500</u> |
| | <u>\$ 10,500</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 8. LONG-TERM DEBT

A. Changes in Long-Term Debt

| | Interest Rate | Final Maturity Date | Balance 12/31/2014 (Restated) | Issued | Restated/Refunded | Payments | Balance 12/31/2015 | Due Within One Year |
|--|---------------|---------------------|-------------------------------|---------------|-------------------|---------------|--------------------|---------------------|
| G.O. Debt Governmental Activities | | | | | | | | |
| Series 2006 | 3.85%-5.00% | 12/1/2026 | \$ 9,180,000 | \$ - | \$ - | \$ 340,000 | \$ 8,840,000 | \$ 685,000 |
| Series 2006B | 4.00%-4.25% | 12/1/2023 | 14,340,000 | - | 11,330,000 | 1,130,000 | 1,880,000 | 1,880,000 |
| Series 2007 | 4.00%-5.00% | 12/1/2016 | 12,043,390 | - | - | 1,308,711 | 10,734,679 | 1,063,055 |
| Series 2008A | 3.00%-5.00% | 12/1/2021 | 2,420,000 | - | - | 305,000 | 2,115,000 | 305,000 |
| Series 2008C | 3.00%-5.00% | 12/1/2028 | 7,762,620 | - | - | 410,040 | 7,352,580 | 426,120 |
| Series 2008D | 3.25%-5.00% | 12/1/2016 | 931,840 | - | - | 736,320 | 195,520 | 195,520 |
| Series 2010A | 2.00%-3.625% | 12/1/2029 | 5,350,000 | - | - | - | 5,350,000 | 310,000 |
| Series 2010B | 1.00%-3.30% | 12/1/2019 | 4,155,616 | - | - | 726,711 | 3,428,905 | 772,652 |
| Series 2011A | 2.00%-4.50% | 12/1/2031 | 11,643,054 | - | - | 542,634 | 11,100,420 | 550,432 |
| Series 2012A (SSA#5) | 2.00%-3.25% | 12/1/2032 | 795,000 | - | - | 390,000 | 405,000 | 405,000 |
| Series 2012A | 2.00%-3.25% | 12/1/2032 | 7,870,000 | - | - | 295,000 | 7,575,000 | 285,000 |
| Series 2013A | 2.00%-4.75% | 12/1/2033 | 10,545,000 | - | - | 450,000 | 10,095,000 | 455,000 |
| Series 2013B | 2.00%-3.00% | 12/1/2025 | 20,455,319 | - | - | 2,593,702 | 17,861,617 | 2,538,164 |
| Series 2014 | 1.25%-5.00% | 12/1/2034 | 9,345,000 | - | - | 275,000 | 9,070,000 | 370,000 |
| Series 2015A | | | - | 7,605,000 | - | - | 7,605,000 | 265,000 |
| Series 2015B | | | - | 11,075,000 | - | - | 11,075,000 | 1,000,000 |
| Subtotal Governmental Activities | | | 116,836,839 | 18,680,000 | 11,330,000 | 9,503,118 | 114,683,721 | 11,505,943 |
| Bonds premium | | | 3,018,905 | 79,680 | - | 341,766 | 2,756,819 | - |
| OPEB liability - City | | | 1,846,949 | 1,021,605 | - | 991,835 | 1,876,719 | - |
| OPEB liability - Internal Service Funds | | | 62,105 | 10,659 | - | 433 | 72,331 | - |
| Net pension liability - IMRF | | | 3,735,547 | 10,819,895 | - | - | 14,555,442 | - |
| Net pension liability - Police Pension | | | 92,728,882 | 5,832,214 | - | 8,924,399 | 89,636,697 | - |
| Net pension liability - Firefighters' Pension | | | 75,642,489 | 3,989,662 | - | 3,216,771 | 76,415,380 | - |
| Compensated absences payable - City | | | 9,778,710 | 2,783,424 | - | 3,570,753 | 8,991,381 | 3,506,639 |
| Compensated absences payable - Internal Service Funds | | | 120,606 | 22,065 | - | 47,036 | 95,635 | 19,127 |
| First Bank loan | | | 648,812 | 2,900,000 | - | - | 3,548,812 | 3,548,812 |
| Claims payable | | | 4,942,965 | 239,500 | - | 955,097 | 4,227,368 | 1,209,500 |
| Subtotal Other G.A. Liabilities | | | 192,525,970 | 27,698,704 | - | 18,048,090 | 202,176,584 | 8,284,078 |
| Total Governmental Activity Debt and Liabilities | | | \$ 309,362,809 | \$ 46,378,704 | \$ 11,330,000 | \$ 27,551,208 | \$ 316,860,305 | \$ 19,790,021 |
| G.O. Debt Business-Type Activities | | | | | | | | |
| Series 2007 Sewer | 4.00%-5.00% | 12/1/2016 | \$ 670,000 | \$ - | \$ - | \$ 210,000 | \$ 460,000 | \$ 225,000 |
| Series 2007 Parking | 4.00%-5.00% | 12/1/2016 | 480,000 | - | - | 150,000 | 330,000 | 160,000 |
| Series 2008B Sherman Garage | 3.00%-5.00% | 12/1/2018 | 8,430,000 | - | - | 2,090,000 | 6,340,000 | 2,095,000 |
| Series 2008C Sewer | 3.00%-5.00% | 12/1/2028 | 1,892,380 | - | - | 99,960 | 1,792,420 | 103,880 |
| Series 2010B W/S/San/Pkg | 1.00%-3.30% | 12/1/2019 | 819,383 | - | - | 143,289 | 676,094 | 152,347 |
| Series 2011A W/S | 2.00%-4.50% | 12/1/2031 | 3,571,944 | - | - | 167,366 | 3,404,578 | 169,569 |
| Series 2012A | 2.00%-3.25% | 12/1/2032 | 4,130,000 | - | - | 175,000 | 3,955,000 | 180,000 |
| Series 2013A - Water | 2.00%-4.75% | 12/1/2033 | 1,945,000 | - | - | 75,000 | 1,870,000 | 80,000 |
| Series 2013B | 2.00%-3.00% | 12/1/2025 | 5,149,133 | - | - | 1,139,331 | 4,009,802 | 1,225,020 |
| Series 2014 | 1.25%-5.00% | 12/1/2034 | 2,700,000 | - | - | 70,000 | 2,630,000 | 100,000 |
| Series 2015A | | | - | 5,490,000 | - | - | 5,490,000 | 180,000 |
| Subtotal Business-Type Activities | | | 29,787,840 | 5,490,000 | - | 4,319,946 | 30,957,894 | 4,670,816 |
| IEPA loans | 2.535%-3.59% | Various | 58,412,659 | 1,220,322 | - | 7,731,809 | 51,901,172 | 7,265,495 |
| Bonds premium | | | 778,257 | 307,694 | - | 132,237 | 953,714 | - |
| Compensated absences payable - City | | | 944,350 | 285,178 | - | 302,191 | 927,337 | 185,468 |
| Net pension liability - IMRF | | | 802,243 | 2,323,672 | - | - | 3,125,915 | - |
| OPEB liability | | | 316,702 | 54,377 | - | 10,341 | 360,738 | - |
| Subtotal Other Business-Type Activity Liabilities | | | 2,841,552 | 2,970,921 | - | 444,769 | 5,367,704 | 185,468 |
| Total Business-Type Activities Debt and Liabilities | | | \$ 91,042,051 | \$ 9,681,243 | \$ - | \$ 12,496,524 | \$ 88,226,770 | \$ 12,121,779 |
| Total Governmental and Business-Type Activities Debt and Liabilities | | | \$ 400,404,860 | \$ 56,059,947 | \$ 11,330,000 | \$ 40,047,732 | \$ 405,087,075 | \$ 31,911,800 |

Note: 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 postemployment benefit obligations.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 8. LONG-TERM DEBT - Continued

A. Changes in Long-Term Debt - Continued

Business-Type activities - IEPA Loans

Business-type activities IEPA loans are payable from revenues derived from Sewer and Water service fees. The City has pledged future revenues, net of operating expenses, to repay principal totaling \$132,811,181 in IEPA loans issued in 1994 through 2015. Proceeds from the loans provided financing for the Long-Term Sewer and Water Improvement Program. The IEPA loans, payable from operating revenues, are payable through 2035. Annual principal and interest on the loans are expected to require \$8,519,109 of net revenues for the fiscal year 2016. The total principal and interest remaining to be paid on the loans is \$58,395,578. Principal and interest paid for the current period and total customer net revenues were \$9,162,225 and \$11,187,723, 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 | \$ 132,811,181 | <u>\$ 51,901,172</u> |
| Total Business-Type Activities - IEPA Loan Debt | | | | <u>\$ 51,901,172</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 8. LONG-TERM DEBT - Continued

B. General Obligation Bonds Payable

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

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

In November 2015, the City issued Series 2015A General Obligation Bonds for a total of \$13,095,000 with interest rates ranging from 2.0% to 4.0%. The bonds were issued to provide financing for certain public improvement projects for both governmental and business type activities.

Also in November 2015, the City issued Series 2015B General Obligation Refunding Bonds for a total of \$11,075,000 with interest rates ranging from 4.125% to 4.500%. The bonds were issued to currently refund \$11,330,000 of the currently outstanding General Obligation Bonds, series 2006B.

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 |
| 2016 | \$ 11,505,943 | \$ 4,286,101 | \$ 4,670,816 | \$ 1,152,432 |
| 2017 | 10,123,864 | 3,729,533 | 5,257,126 | 991,172 |
| 2018 | 9,551,234 | 3,442,466 | 4,216,935 | 771,659 |
| 2019 | 9,379,112 | 3,147,508 | 1,079,134 | 626,774 |
| 2020 | 8,731,738 | 2,839,537 | 927,483 | 589,262 |
| 2021-2025 | 37,629,433 | 9,713,172 | 5,176,688 | 2,388,417 |
| 2026-2030 | 19,612,671 | 3,574,734 | 5,889,442 | 1,297,315 |
| 2031-2035 | 8,149,726 | 697,776 | 3,740,270 | 318,815 |
| Total | <u>\$ 114,683,721</u> | <u>\$ 31,430,827</u> | <u>\$ 30,957,894</u> | <u>\$ 8,135,846</u> |

Current Refunding

On November 10, 2015, the City issued \$11,075,000 in General Obligation Refunding Bonds, Series 2015B, due in annual installments of \$1,000,000 to \$1,725,000 plus interest at 2% to 3% through December 1, 2022 to advance refund a portion of the General Obligation Bonds, Series 2006B in the amount of \$11,330,000. The net proceeds of \$11,330,000(after payment of \$107,492 in underwriting fees, insurance and other issuance costs) were used to call the 2006B bonds. This transition resulted in a decrease in future debt payment of \$1,040,953 and an economic gain of \$1,040,458.

C. Special Service District Bonds Payable

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 |
| 2016 | \$ 405,000 | \$ 11,872 |
| Total | <u>\$ 405,000</u> | <u>\$ 11,872</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 8. LONG-TERM DEBT - Continued

D. Notes Payable - IEPA Loans

As of December 31, 2015, the City currently has 24 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 |
| 2016 | \$ 7,265,496 | \$ 1,253,614 |
| 2017 | 6,650,495 | 1,065,691 |
| 2018 | 6,198,906 | 894,309 |
| 2019 | 5,241,369 | 737,489 |
| 2020 | 4,890,608 | 609,088 |
| 2021-2025 | 15,792,653 | 1,580,171 |
| 2026-2030 | 4,704,358 | 302,919 |
| 2031-2035 | 1,157,287 | 51,125 |
| Total | \$ 51,901,172 | \$ 6,494,406 |

E. Loan with First Bank and Trust, Evanston

During the last fiscal year, the City set up a loan/line of credit with First Bank and Trust, Evanston in the amount of \$5,000,000. The loan term is one year with a maturity date of June 16, 2016. As of December 31, 2015, the City had drawn \$3,548,812 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.

F. Postemployment Benefits other than Pensions (Defined Benefit Plan)

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

Contribution requirements are established through Illinois State laws. The City and the Library implicitly contributes the difference between retiree's contributions and unblended rates. Retirees pay 100% of the blended premiums to cover themselves and their covered dependents ranging from \$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, 2015, the City and Library's estimated contribution to the plan is \$1,004,111. The City's and the Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 8. LONG-TERM DEBT - Continued

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

Membership

At December 31, 2014 (date of last actuarial valuation), membership consisted of:

| | |
|--|-----------------------|
| Retirees and beneficias current receiving benefits | 109 |
| Terminated employees entitles to benefits but not yet receiving them | - |
| Active employees | <u>648</u> |
| Total | <u><u>757</u></u> |

The following table shows the components of the City's and the Library's annual OPEB cost for the year ended December 31, 2015, the estimated contributions to the plan and changes in the City's and the Library's net OPEB obligation to the retiree health plan.

| | <u>City</u> | <u>Library</u> |
|---|--------------------------------|-----------------------------|
| Annual required contribution | \$ 1,071,479 | \$ 17,169 |
| Interest on net OPEB obligation | 100,159 | 2,552 |
| Adjustment to annual required contribution | <u>(84,997)</u> | <u>(2,166)</u> |
| Annual pension cost | 1,086,641 | 17,555 |
| Contributions made | <u>(1,002,609)</u> | <u>(1,502)</u> |
| Increase (Decrease) in Net Pension Obligation | 84,032 | 16,053 |
| Net OPEB Obligation - Beginning | <u>2,225,756</u> | <u>56,716</u> |
| Net OPEB Obligation - Ending | <u><u>\$ 2,309,788</u></u> | <u><u>\$ 72,769</u></u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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> |
|--------------------------------|-----------------------------|---|-------------------------------|
| 12/31/2013 | \$ 1,085,522 | 84.58% | \$ 2,064,277 |
| 12/31/2014 | 1,085,542 | 85.12% | 2,225,756 |
| 12/31/2015 | 1,086,641 | 92.27% | 2,309,788 |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 8. LONG-TERM DEBT - Continued

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

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two years prior were as follows.

| Fiscal Period Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Liability |
|------------------------|---------------------|--|-----------------------|
| 12/31/2013 | \$ 16,089 | 9.09% | \$ 40,654 |
| 12/31/2014 | 17,446 | 7.93% | 56,716 |
| 12/31/2015 | 17,555 | 8.56% | 72,769 |

The funded status of the City and the Library plan based on the projected valuation results as of December 31, 2015 was as follows:

| | City | Library |
|---|----------------------|-------------------|
| Actuarial accrued liability (AAL) | \$ 15,832,757 | \$ 171,069 |
| Actuarial value of plan assets | - | - |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 15,832,757</u> | <u>\$ 171,069</u> |
| Funded ratio (actuarial value of plan assets/AAL) | \$ - | \$ - |
| Covered payroll (active plan members) | 53,707,250 | 1,822,983 |
| UAAL as a percentage of covered payroll | 29.48% | 9.38% |

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

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

In the actuarial valuation as of December 31, 2015, the entry-age normal cost method was used. The actuarial assumptions include a 4.50% discount rate and an annual healthcare cost trend rate of 8.50% initially, reduced by decrements to an ultimate rate of 4.50% in the year 2023. Both rates include a 2.5% price inflation assumption. The actuarial value of retiree health plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three year period. Retiree health plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2015 was 30 years.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 9. FUND EQUITY

A. Restricted Net Position - Fiduciary Funds

| | |
|--|-----------------------|
| Fiduciary Funds | |
| Firefighters' Pension Fund restriction for employee pension benefits | \$ 66,741,084 |
| Police Pension Fund restriction for employee pension benefits | <u>98,558,837</u> |
| Total Fiduciary Funds | <u>\$ 165,299,921</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 Dutch elm inoculation | 249,973 |
| Assigned for parkway trees | 52,871 |
| 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 | 477,847 |
| Assigned for Mayor's programs | 93,179 |
| Assigned for Chiaravelle escrow | 204,600 |
| Assigned for IMRF - Pension | 1,773,923 |
| Assigned for compensated absences | 1,804,360 |
| Other assignments | <u>214,363</u> |
| Total General Fund | <u>\$ 5,671,992</u> |
| Capital Improvement Fund | |
| Assigned for capital projects | <u>\$ 7,972,906</u> |
| Nonmajor Governmental Funds | |
| Assigned for special assessment capital project | <u>\$ 2,682,781</u> |
| Total Assigned Fund Balances | <u>\$ 16,327,679</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 10. INDIVIDUAL FUND ACTIVITIES

A. General Obligation Debt Service Fund

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

B. Water Fund

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

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

C. Special Service District No. 4

On August 13, 2007, the City Council adopted Ordinance No. 37-R-07 which extended the life of Special Service District No. 4 until December 31, 2019. Special Service District No. 4 comprises the central business district of the City. The special district was established for the purpose of providing funds for special maintenance and repair and for promotion and advertisement. The annual property tax levy for 2015 was \$320,790 which includes an estimated allowance amount of \$6,416.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 11. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS

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 the City's facilities and contents and other losses including business interruption and loss of rents. The coverage is subject to a deductible of \$50,000 (except \$100,000 for flood and earthquake) for each loss and each location. The City also maintains crime and fidelity insurance coverage with a \$25,000 deductible to a limit of \$2,000,000. In addition, coverage is maintained for ambulance/paramedic liability.

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

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

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

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

| | Workers' Compensation | General Liability | Total |
|--------------------------------------|--------------------------|----------------------|---------------------|
| 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 | 2,176,000 | 2,766,965 | 4,942,965 |
| New claims and/or estimate revisions | 339,385 | (390,867) | (51,482) |
| Claims payments | <u>(588,265)</u> | <u>(75,850)</u> | <u>(664,115)</u> |
| December 31, 2015 | <u>\$ 1,927,120</u> | <u>\$ 2,300,248</u> | <u>\$ 4,227,368</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 12. CONTINGENCIES

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

NOTE 13. JOINT VENTURES

A. Solid Waste Agency of Northern Cook County

On March 28, 1988, the City Council authorized agreements providing for the City's participation in the Solid Waste Agency of Northern Cook County (the 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 23 municipalities. The Agency is governed by a Board of Directors consisting of one official selected by each member community who serves a two-year term. Each director has one vote. The Board of Directors determines the general policies of the Agency. The Executive Committee of the Agency consists of seven persons elected by the Board of Directors. Each person is entitled to one vote. The Executive Committee may take action not specifically reserved to the Board of Directors by the Act, the Agency agreement, or the 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.

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, 2015:

| | |
|----------------------------------|---------------------|
| Current assets | \$ 3,745,840 |
| Property, plant, and equipment | <u>9,694,317</u> |
| Total assets | <u>13,440,157</u> |
| Current liabilities | <u>3,684,511</u> |
| Total liabilities | <u>3,684,511</u> |
| Deferred inflows | |
| Deferred rent | <u>171,429</u> |
| Net investment in capital assets | 8,494,317 |
| Restricted net position | 2,592,283 |
| Unrestricted net position | <u>(1,502,383)</u> |
| Net Position | <u>\$ 9,584,217</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 13. JOINT VENTURES - Continued

A. Solid Waste Agency of Northern Cook County - Continued

Summary of Revenues and Expenses for the Year Ended April 30, 2015:

| | |
|----------------|---------------------|
| Total revenues | \$ 14,294,118 |
| Total expenses | <u>(14,279,224)</u> |
| Net Income | <u>\$ 14,894</u> |

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

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 Evanston Housing Corporation (the Corporation) is to lend mortgage funds to qualified, income eligible, first-time homebuyers in the City.

The Corporation is governed by a Board of Directors of ten people, four of whom are selected by the City. The Board of Directors 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 the Corporation for the year ended December 31, 2014 are summarized as follows:

Statement of Financial Position as of December 31, 2014:

| | |
|-------------------------------|-----------------------|
| Cash and cash equivalents | \$ 2,133,506 |
| Mortgage loans receivable | <u>193,746</u> |
| Total assets | <u>2,327,252</u> |
| Payables and accrued expenses | 388,761 |
| Notes payable | <u>3,064,000</u> |
| Total liabilities | <u>3,452,761</u> |
| Net Position | <u>\$ (1,125,509)</u> |

(Note: December 31, 2014 is the most current information available.)

Statement of Activities for the Year Ended December 31, 2014:

| | |
|----------------------------------|------------------|
| Total revenues | \$ 101,263 |
| Total operating expenses | <u>(101,263)</u> |
| Excess of Revenues over Expenses | <u>\$ -</u> |

(Note: December 31, 2014 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS

A. Plan Descriptions

Illinois Municipal Retirement Fund

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

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2015, IMRF membership consisted of:

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

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

Benefits Provided

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Illinois Municipal Retirement Fund - Continued

Contributions

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

Actuarial Assumptions

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Illinois Municipal Retirement Fund - Continued

Discount Rate

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

Changes in Net Pension Liability

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Illinois Municipal Retirement Fund - Continued

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

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 2,416,886 | \$ - |
| Changes in assumption | 3,735,389 | - |
| Net difference between projected and actual earnings on pension plan investments | 13,683,734 | - |
| Total | <u>\$ 19,836,009</u> | <u>\$ -</u> |

The deferred outflows presented in the table above include amounts for both the City and the Library. The City's proportionate share of the deferred outflows and inflows of resources at December 31, 2015 was \$18,240,990. The Library's proportionate share of the deferred outflows of resources at December 31, 2015 was \$1,595,019

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Illinois Municipal Retirement Fund - Continued

Discount Rate Sensitivity

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans

Plan Administration

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

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

The Police and Firefighters' Pension Plans are accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized on an expense and liability when due and payable.

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

Plan Membership

At January 1, 2015, plan membership consisted of:

| | <u>Police Pension</u> | <u>Firefighters' Pension</u> |
|--|-----------------------|----------------------------------|
| Inactive plan members or beneficiaries | | |
| currently receiving benefits | 180 | 142 |
| Inactive plan members entitled to | | |
| but not yet receiving benefits | 6 | 3 |
| <u>Active plan members</u> | <u>163</u> | <u>107</u> |
| Total | 349 | 252 |

Benefits Provided

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

Police Pension Plan

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least age 55, by 3% of the original pension and 3% compounded annually thereafter.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS – Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Benefits Provided - Continued

Police Pension Plan - Continued

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

Firefighters' Pension Plan

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

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

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2015 the City's contribution was 64.61% of covered payroll.

Participants contribute a fixed percentage of their base salary to the Firefighters' Pension Plan. At December 31, 2015, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2015 the City's contribution was 67.07% of covered payroll.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Investment Policy

Police Pension Fund

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

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

| 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> | |

The long-term expected rate of return on the Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are listed in the table above.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 15. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Firefighters' Pension Fund

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

| Firefighters' Pension Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|--------------------|---|
| Cash | 1.0% | 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> | |

The long-term expected rate of return on the Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are listed in the table above.

Investment Valuations

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

Investment Rate of Return

For the year ended December 31, 2015, the Police Pension Plan 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.

For the year ended December 31, 2015, the Firefighters' Pension Plan 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, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Deposits with Financial Institutions

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

Interest Rate Risk

The following table presents the investments and maturities of the Funds' debt securities as of December 31, 2015:

| Police and Firefighters' Pension Investment Type | Fair Value | Investment Maturities (In Years) | |
|---|----------------------|----------------------------------|----------------------|
| | | Less Than 1 Year | 1 - 10 More Years |
| Corporate bonds | \$ 22,695,257 | \$ 944,417 | \$ 21,750,840 |
| U.S. Treasuries | 19,217,626 | 2,926,738 | 16,290,888 |
| Federal Home Loan Bank | 593,979 | - | 593,979 |
| Federal Home Loan Mortgage Corp | 7,739,602 | - | 7,739,602 |
| Fannie Mae | 9,486,365 | 104,532 | 9,381,833 |
| Ginnie Mae | 237,495 | 412 | 237,083 |
| Total Police and Firefighters' Investment | <u>\$ 59,970,324</u> | <u>\$ 3,976,099</u> | <u>\$ 55,994,225</u> |

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

Credit Risk

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

Custodial Credit Risk - Investments

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Custodial Credit Risk - Investments - Continued

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

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

Actuarial Assumptions

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

| | Police Pension | Firefighters' Pension |
|--|---------------------|-----------------------|
| Actuarial valuation date | December 31, 2014 | December 31, 2014 |
| Actuarial cost method | Entry-age normal | Entry-age normal |
| Asset valuation method | Market Value | Market Value |
| Actuarial assumptions: | | |
| Projected salary increases graded by age | From 7.69% to 3.62% | From 7.69% 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, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Discount Rate

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 the 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:

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

Changes in the Net Pension Liability

Police Pension Fund

| | (a) <u>Total Pension Liability</u> | (b) <u>Plan Fiduciary Net Position</u> | (a) - (b) <u>Net Pension Liability</u> |
|--|---|---|---|
| Balances at January 1, 2014 | \$ 183,492,025 | \$ 90,763,143 | \$ 92,728,882 |
| Changes for the period | | | |
| Service cost | 3,439,223 | - | 3,439,223 |
| Interest | 12,284,036 | - | 12,284,036 |
| Difference between expected and actual experience | - | - | - |
| Changes in assumptions | - | - | - |
| Employer contributions | - | 8,644,196 | (8,644,196) |
| Employee contributions | - | 1,565,053 | (1,565,053) |
| Net investment income | - | 8,675,133 | (8,675,133) |
| Benefit payments and refunds | (9,891,045) | (9,891,045) | - |
| Administrative expense | - | - | - |
| Other (net transfer) | - | (68,938) | 68,938 |
| Net Changes | <u>5,832,214</u> | <u>8,924,399</u> | <u>(3,092,185)</u> |
| Balances at December 31, 2014 | <u>\$ 189,324,239</u> | <u>\$ 99,687,542</u> | <u>\$ 89,636,697</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Changes in the Net Pension Liability - Continued

Firefighters' Pension Fund

| | (a) Total Pension Liability | (b) Plan Fiduciary Net Position | (a) - (b) Net Pension Liability |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| Balances at January 1, 2014 | \$ 140,667,430 | \$ 65,024,941 | \$ 75,642,489 |
| Changes for the period | | | |
| Service cost | 2,326,092 | - | 2,326,092 |
| Interest | 9,391,253 | - | 9,391,253 |
| Difference between expected and actual experience | - | - | - |
| Changes in assumptions | - | - | - |
| Employer contributions | - | 6,527,697 | (6,527,697) |
| Employee contributions | - | 919,874 | (919,874) |
| Net investment income | - | 3,549,131 | (3,549,131) |
| Benefit payments and refunds | (7,727,683) | (7,727,683) | - |
| Administrative expense | - | - | - |
| Other (net transfer) | - | (52,248) | 52,248 |
| Net Changes | <u>3,989,662</u> | <u>3,216,771</u> | <u>772,891</u> |
| BALANCES AT DECEMBER 31, 2014 | <u>\$ 144,657,092</u> | <u>\$ 68,241,712</u> | <u>\$ 76,415,380</u> |

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

Police Pension Fund

For the year ended December 31, 2015, the City recognized police pension expense of \$7,584,177. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Contributions subsequent to the measurement date | \$ 8,804,263 | \$ - |
| Difference between expected and actual experience | - | - |
| Changes in assumption | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 2,032,166 |
| Total | <u>\$ 8,804,263</u> | <u>\$ 2,032,166</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

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

| | <u>Year Ending December 31,</u> |
|------------|-------------------------------------|
| 2016 | \$ 8,296,221 |
| 2017 | (508,042) |
| 2018 | (508,041) |
| 2019 | (508,041) |
| Thereafter | <u>-</u> |
| Total | <u>\$ 6,772,097</u> |

Firefighters' Pension Fund

For the year ended December 31, 2015, the City recognized firefighter's pension expense of \$6,637,520. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Contributions subsequent to the measurement date | \$ 6,385,244 | \$ - |
| Difference between expected and actual experience | - | - |
| Changes in assumption | - | - |
| Net difference between projected and actual earnings on pension plan investments | <u>663,068</u> | <u>-</u> |
| Total | <u>\$ 7,048,312</u> | <u>\$ -</u> |

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

| | <u>Year Ending December 31,</u> |
|------------|-------------------------------------|
| 2016 | \$ 6,551,011 |
| 2017 | 165,767 |
| 2018 | 165,767 |
| 2019 | 165,767 |
| Thereafter | <u>-</u> |
| Total | <u>\$ 7,048,312</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 15. PENSION TRUST FUNDS

Fiduciary Funds Summary Financial Information

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

A. Schedule of Net Position

| | <u>Firefighters'</u> <u>Pension</u> | <u>Police</u> <u>Pension</u> | <u>Total</u> |
|----------------------------|--|---------------------------------|-----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 1,183,465 | \$ 2,193,722 | \$ 3,377,187 |
| Investments at fair value | | | |
| U.S. Treasury obligations | 2,442,937 | 16,774,689 | 19,217,626 |
| U.S. agency obligations | 2,405,787 | 15,651,655 | 18,057,442 |
| Corporate bonds | 13,410,621 | 9,284,635 | 22,695,256 |
| Common stock | 5,646,660 | 18,334,861 | 23,981,521 |
| Equity mutual funds | 41,491,173 | 35,951,130 | 77,442,303 |
| Receivables | | | |
| Accrued interest | 142,583 | 358,580 | 501,163 |
| Due from other governments | 31,737 | 15,565 | 47,302 |
| Other | 2,592 | - | 2,592 |
| | <hr/> | <hr/> | <hr/> |
| Total Assets | 66,757,555 | 98,564,837 | 165,322,392 |
| Liabilities | | | |
| Accounts payable | 16,471 | 6,000 | 22,471 |
| | <hr/> | <hr/> | <hr/> |
| Total Liabilities | 16,471 | 6,000 | 22,471 |
| Net Position Held in Trust | | | |
| For Pension Benefits | <u>\$ 66,741,084</u> | <u>\$ 98,558,837</u> | <u>\$ 165,299,921</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 15. PENSION TRUST FUNDS - Continued

Fiduciary Funds Summary Financial Information - Continued

B. Changes in Plan Net Position

| | <u>Firefighters'</u> <u>Pension</u> | <u>Police</u> <u>Pension</u> | <u>Total</u> |
|------------------------------|--|---------------------------------|----------------|
| Additions | | | |
| Contributions | | | |
| Employer | \$ 6,385,243 | \$ 8,804,264 | \$ 15,189,507 |
| Plan members | 956,092 | 1,454,720 | 2,410,812 |
| Miscellaneous income | - | 47 | 47 |
| | <hr/> | <hr/> | <hr/> |
| Total Contributions | 7,341,335 | 10,259,031 | 17,600,366 |
| Investment income | | | |
| Net (depreciation) | | | |
| in fair value of investments | (788,335) | (2,199,756) | (2,988,091) |
| Interest on investments | 1,206,228 | 2,902,399 | 4,108,627 |
| Less investment expenses | (134,798) | (240,956) | (375,754) |
| | <hr/> | <hr/> | <hr/> |
| Total Investment Income | 283,095 | 461,687 | 744,782 |
| | <hr/> | <hr/> | <hr/> |
| Total Additions | 7,624,430 | 10,720,718 | 18,345,148 |
| Deductions | | | |
| Administrative | 99,456 | 102,386 | 201,842 |
| Benefits payments | 8,026,250 | 10,403,247 | 18,429,497 |
| Refunds of contributions | 41,716 | 21,708 | 63,424 |
| | <hr/> | <hr/> | <hr/> |
| Total Deductions | 8,167,422 | 10,527,341 | 18,694,763 |
| | <hr/> | <hr/> | <hr/> |
| Net Increase (Decrease) | (542,992) | 193,377 | (349,615) |
| Net Position Held in Trust | | | |
| For Pension Benefits | | | |
| January 1 | 68,241,712 | 99,687,542 | 167,929,254 |
| Prior Period Adjustment | (957,636) | (1,322,082) | (2,279,718) |
| | <hr/> | <hr/> | <hr/> |
| January 1, Restated | 67,284,076 | 98,365,460 | 165,649,536 |
| | <hr/> | <hr/> | <hr/> |
| December | \$ 66,741,084 | \$ 98,558,837 | \$ 165,299,921 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year ended December 31, 2015

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT

A. Types of Accounts and Securities

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

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

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

Credit Risk is the risk that the issuer of the debt security will not pay its par value upon maturity. The Library's investment policy has several guidelines to minimize the potential losses on individual investment by diversifying the investment portfolio, not permitting the investment in certain high risk securities. State law limits investments in commercial paper, corporate bonds, and mutual bonds funds to the top two ratings issued by nationally recognized statistical rating organizations. Illinois Funds and IMET are an investment pools managed by the State of Illinois, Office of the Treasurer, and a Board of Trustees, 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 United States 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 Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Illinois Funds are not subject to custodial credit risk.

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT - Continued

B. Reconciliation of Cash and Investments

| | |
|---------------------------------|----------------------------|
| Cash and equivalents | \$ 1,322,357 |
| Investments | <u>3,744,525</u> |
| Total per Statement of Position | <u><u>\$ 5,066,882</u></u> |

| | |
|------------------------------|----------------------------|
| Cash in bank | \$ 1,322,357 |
| Vanguard Money Market | 531,988 |
| Vanguard Equity Mutual Funds | <u>3,212,537</u> |
| Total Cash and Investments | <u><u>\$ 5,066,882</u></u> |

C. Summary of Receivables

| | |
|----------------|----------------------------|
| Receivables: | |
| Property taxes | <u><u>\$ 6,439,721</u></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 | 248,586 | - | 18,800,168 |
| Office equipment and furniture | 2,285,009 | - | - | 2,285,009 |
| Infrastructure | 230,006 | - | - | 230,006 |
| Library collections | 9,026,558 | 34,801 | - | 9,061,359 |
| Capitalized leases | <u>266,191</u> | <u>-</u> | <u>-</u> | <u>266,191</u> |
| Total Capital Assets being Depreciated/Amortized | <u>30,359,346</u> | <u>283,387</u> | <u>-</u> | <u>30,642,733</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings and improvements | 7,370,782 | 344,563 | - | 7,715,345 |
| Office equipment and furniture | 2,285,009 | - | - | 2,285,009 |
| Infrastructure | 81,781 | 14,180 | - | 95,961 |
| Library collections | 7,362,026 | 406,966 | - | 7,768,992 |
| Capitalized leases | <u>266,191</u> | <u>-</u> | <u>-</u> | <u>266,191</u> |
| Total Accumulated Depreciation/Amortization | <u>17,365,789</u> | <u>765,709</u> | <u>-</u> | <u>18,131,498</u> |
| Total Capital Assets being Depreciated/Amortized, Net | <u>12,993,557</u> | <u>(482,322)</u> | <u>-</u> | <u>12,511,235</u> |
| Library Activities Capital Assets, Net | <u><u>\$ 13,304,937</u></u> | <u><u>\$ (482,322)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 12,822,615</u></u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT - Continued

E Long-Term Debt

| | Interest Rate | Final Maturity Date | Balance 12/31/2014 (Restated) | Issued | Payments | Refunded | Balance 12/31/2015 | Due Within One Year |
|-------------------------------------|------------------|---------------------------|-------------------------------------|---------------------|-------------------|-------------|-----------------------|------------------------|
| General Obligations Debt | | | | | | | | |
| Series 2007 | 4.00%-5.00% | 12/1/2016 | \$ 1,156,610 | \$ - | \$ 146,289 | \$ - | \$ 1,010,321 | \$ 126,945 |
| Series 2008D | 3.25%-5.00% | 12/1/2016 | 188,160 | - | 148,680 | - | 39,480 | 39,480 |
| Series 2013B | 2.00%-3.00% | 12/1/2025 | 780,547 | - | 186,967 | - | 593,580 | 156,816 |
| | | | 2,125,317 | - | 481,936 | - | 1,643,381 | 323,241 |
| OPEB liability | | | 56,716 | 16,053 | - | - | 72,769 | - |
| Compensated absences payable - City | | | 469,537 | - | 120,731 | - | 348,806 | 69,761 |
| IMRF - net pension liability | | | 396,791 | 1,149,292 | - | - | 1,546,083 | - |
| Total Long-Term Debt | | | <u>\$ 3,048,361</u> | <u>\$ 1,165,345</u> | <u>\$ 602,667</u> | <u>\$ -</u> | <u>\$ 3,611,039</u> | <u>\$ 393,002</u> |

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

| Year Ending December 31 | Principal | Interest |
|----------------------------|---------------------|-------------------|
| 2016 | \$ 323,241 | \$ 62,454 |
| 2017 | 274,011 | 51,944 |
| 2018 | 166,831 | 42,907 |
| 2019 | 106,755 | 36,575 |
| 2020 | 90,778 | 32,567 |
| 2021-2025 | 508,878 | 107,278 |
| 2026-2027 | 172,887 | 13,077 |
| Total | <u>\$ 1,643,381</u> | <u>\$ 346,802</u> |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT - Continued

F. Prior Period Adjustment

The Library has restated fund balances/net position as of January 1, 2015 as follows:

| | Governmental Activities | Library Operating Fund | Library Debt Service Fund |
|--|----------------------------|---------------------------|------------------------------|
| Fund Balances (Deficit)/Net Position, January 1 (as Previously reported): | \$ 15,764,718 | \$ 1,378,970 | \$ 93,595 |
| Restatements: | | | |
| With the implementation of GASB Statement No. 68, the Library is required to retroactively record the net pension liability. The Library recorded the following changes in accounting principle during the year ended December 31, 2015: | | | |
| The Library changed its property tax revenue recognition policy to agree with the tax levy year to the budget year rather than 60 days | (889,328) | (793,324) | (96,004) |
| Change in Accounting Principle | (114,845) | - | - |
| Fund Balances (Deficit)/Net Position, January 1, Restated | \$ 14,760,545 | \$ 585,646 | \$ (2,409) |

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2015

NOTE 17. Prior Period Adjustment

The City has restated fund balances/net position as of January 1, 2015 as follows:

| | Governmental Activities | Business-Type Activities | Major Governmental Funds | | Nonmajor Governmental Funds | Enterprise Funds | Internal Service Funds | Pension Trust Funds |
|---|----------------------------|-----------------------------|--------------------------|----------------------|-----------------------------------|---------------------|------------------------------|---------------------------|
| | | | General Fund | Debt Service Fund | | | | |
| Fund Balances (Deficit)/Net Position, January 1 (as Previously Reported) | \$ 60,643,042 | \$ 270,593,691 | \$ 14,982,966 | \$ 3,796,787 | \$ 37,489,946 | \$ 270,593,691 | \$ 6,066,845 | \$ 167,929,254 |

The City recorded the following restatements:

The City changed its property tax revenue recognition to agree to the tax levy year to budget year rather than 60 days after year end.

| | | | | | | | |
|-------------|---------|-------------|-------------|-------------|---------|---|-------------|
| (2,927,400) | 229,315 | (1,762,959) | (1,753,037) | (1,098,318) | 229,315 | - | (2,279,718) |
|-------------|---------|-------------|-------------|-------------|---------|---|-------------|

To record IPBC terminal reserve

| | | | | | | | |
|-----------|---|---|---|---|---|-----------|---|
| 1,440,141 | - | - | - | - | - | 1,440,141 | - |
|-----------|---|---|---|---|---|-----------|---|

The City changed its long-term loan recognition to match the loan to a deferred outflow of resources, as they are not spendable.

| | | | | | | | |
|---|---|---|---|-------------|---|---|---|
| - | - | - | - | (8,586,612) | - | - | - |
|---|---|---|---|-------------|---|---|---|

With the implementation of GASB Statement No. 68, the City is required to retroactively record the net pension liability and write off the net pension obligation. The City recorded the following changes in accounting principle during the year ended December 31, 2015:

| | | | | | | | | |
|--------------------------------|---------------|-----------|---|---|---|-----------|---|---|
| Change in Accounting Principle | (150,521,454) | (145,013) | - | - | - | (145,013) | - | - |
|--------------------------------|---------------|-----------|---|---|---|-----------|---|---|

With the implementation of GASB Statement No. 71, the City is required to retroactively record a deferred outflow of resources for contributions subsequent to the measurement date for the Police and Fire Pension Funds. The City recorded the following changes in accounting principle during the year ended December 31, 2015:

| | | | | | | | | |
|--------------------------------|------------|---|---|---|---|---|---|---|
| Change in Accounting Principle | 15,171,893 | - | - | - | - | - | - | - |
|--------------------------------|------------|---|---|---|---|---|---|---|

Fund Balances (Deficit)/Net Position

| | | | | | | | | |
|---------------------|-----------------|----------------|---------------|--------------|---------------|----------------|--------------|----------------|
| January 1, Restated | \$ (76,193,778) | \$ 270,677,993 | \$ 13,220,007 | \$ 2,043,750 | \$ 27,805,016 | \$ 270,677,993 | \$ 7,506,986 | \$ 165,649,536 |
|---------------------|-----------------|----------------|---------------|--------------|---------------|----------------|--------------|----------------|

NOTE 18. Subsequent Event

On June 13, 2016, the City has approved the issuance of \$14,000,000 2016A General Obligation Bonds and \$8,155,000 2016B General Obligation Refunding Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EVANSTON, ILLINOIS

Required Supplementary Information
Other Postemployment Benefits

December 31, 2015

Schedule of Funding Progress

| Actuarial Valuation Date December 31, | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Entry-Age | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Covered Payroll | (6) UAAL as a Percentage of Covered Payroll (4) / (5) |
|--|--|--|-------------------------------------|---|---------------------------|---|
| 2010 | \$ - | \$ 12,259,348 | 0.00% | \$ 12,259,348 | \$ 51,896,579 | 23.62% |
| 2011* | - | 16,994,544 | 0.00% | 16,994,544 | 48,101,372 | 35.33% |
| 2012 | - | 17,294,689 | 0.00% | 17,294,689 | 49,784,920 | 34.74% |
| 2013 | - | 16,018,745 | 0.00% | 16,018,745 | 47,024,745 | 34.06% |
| 2014 | - | 15,789,873 | 0.00% | 15,789,873 | 53,652,399 | 29.43% |
| 2015 | - | 16,003,826 | 0.00% | 16,003,826 | 55,530,233 | 28.82% |

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

Schedule of Employer Contributions

| Fiscal Year | Employer Contributions | Annual Required Contribution (ARC) | Percentage Contributed |
|----------------|---------------------------|---|---------------------------|
| 2010 | \$ 650,196 | \$ 1,041,981 | 62.40% |
| 2011* | 804,013 | 939,268 | 85.60% |
| 2012 | 872,419 | 1,128,615 | 77.30% |
| 2013 | 919,845 | 1,101,611 | 83.50% |
| 2014 | 925,407 | 1,102,988 | 83.90% |
| 2015 | 1,004,111 | 1,104,196 | 90.94% |

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Employer Contributions
Illinois Municipal Retirement Fund

December 31, 2015

| | <u>2015*</u> |
|---|--------------------|
| Actuarially determined contribution | \$ 3,977,718 |
| Contributions in relation to the actuarially determined contribution | <u>4,018,268</u> |
| CONTRIBUTION DEFICIENCY (Excess) | <u>\$ (40,550)</u> |
| Percentage contributed | 101.0% |
| Covered-employee payroll | \$ 37,703,487 |
| Contributions as a percentage of covered-employee payroll | 10.7% |

* Schedule to be built prospectively from 2015.

Notes to Required Supplementary Information

The information directly above is formatted to comply with the requirements of GASB Statement No. 68.

CITY OF EVANSTON, ILLINOIS

Schedule of Employer Contributions
Police Pension Fund

December 31, 2015

| | <u>2015*</u> |
|---|---------------------|
| Actuarially determined contribution | \$ 8,257,475 |
| Contributions in relation to the actuarially determined contribution | <u>8,746,427</u> |
| CONTRIBUTION DEFICIENCY (Excess) | <u>\$ (488,952)</u> |
| Percentage contributed | 105.9% |
| Covered-employee payroll | \$ 13,537,726 |
| Contributions as a percentage of covered-employee payroll | 64.6% |

* Schedule to be built prospectively from 2014.

Notes to Required Supplementary Information

| | |
|---|---------------------------------|
| Actuarial valuation date | December 31, 2014 |
| Actuarial cost method | Entry-age normal |
| Amortization method | Level percentage of pay, closed |
| Amortization period | 18 years |
| Asset valuation method | Market |
| Investment rate of return, net of investment expenses | 7.00% annually |
| Projected salary increases | 5.25% annually |
| Postretirement benefit increases | |
| Tier 1 | 3.00% compounded annually |
| Tier 2 | 2.00% per year not compounded |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Employer Contributions
Firefighters' Pension Fund

December 31, 2015

| | <u>2015*</u> |
|---|---------------------|
| Actuarially determined contribution | \$ 5,903,483 |
| Contributions in relation to the actuarially determined contribution | <u>6,385,244</u> |
| CONTRIBUTION DEFICIENCY (Excess) | <u>\$ (481,761)</u> |
| Percentage contributed | 108.2% |
| Covered-employee payroll | \$ 9,520,925 |
| Contributions as a percentage of covered-employee payroll | 67.1% |

* Schedule to be built prospectively from 2014.

Notes to Required Supplementary Information

| | |
|---|---------------------------------|
| Actuarial valuation date | December 31, 2014 |
| Actuarial cost method | Entry-age normal |
| Amortization method | Level percentage of pay, closed |
| Amortization period | 18 years |
| Asset valuation method | Market |
| Investment rate of return, net of investment expenses | 7.00% annually |
| Projected salary increases | 5.25% annually |
| Postretirement benefit increases | |
| Tier 1 | 3.00% compounded annually |
| Tier 2 | 2.00% per year not compounded |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

December 31, 2015

| | <u>2015</u> |
|--|-----------------------|
| Total Pension Liability | |
| Service cost | \$ 3,910,996 |
| Interest | 16,235,086 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 1,465,442 |
| Changes of assumptions | 266,906 |
| Benefit payments, including refunds of member contributions | <u>(11,928,345)</u> |
| Net Change in Total Pension Liability | 9,950,085 |
| Total pension liability - Beginning | <u>220,476,485</u> |
| Total Pension Liability - Ending | <u>\$ 230,426,570</u> |
| Plan Fiduciary Net Position | |
| Contributions - employer | \$ 4,018,268 |
| Contributions - member | 1,767,523 |
| Net investment income | 1,062,353 |
| Benefit payments, including refunds of member contributions | (11,928,345) |
| Administrative expense | <u>737,427</u> |
| Net Change in Plan Fiduciary Net Position | (4,342,774) |
| Plan Fiduciary Net Position - Beginning | <u>215,541,904</u> |
| Plan Fiduciary Net Position - Ending | <u>\$ 211,199,130</u> |
| Employer's Net Pension Liability | <u>\$ 19,227,440</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 91.66% |
| Covered-employee payroll | \$ 37,703,487 |
| Employer's net pension liability as a percentage of covered-employee payroll | 51.00% |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

December 31, 2015

| | <u>2015</u> |
|--|------------------------------|
| Total Pension Liability | |
| Service cost | \$ 3,439,223 |
| Interest | 12,284,036 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes of assumptions | - |
| Benefit payments, including refunds of member contributions | <u>(9,891,045)</u> |
| Net Change in Total Pension Liability | 5,832,214 |
| Total pension liability - Beginning | <u>183,492,025</u> |
| Total Pension Liability - Ending | <u><u>\$ 189,324,239</u></u> |
| Plan Fiduciary Net Position | |
| Contributions - employer | \$ 8,644,196 |
| Contributions - member | 1,565,053 |
| Net investment income | 8,675,133 |
| Benefit payments, including refunds of member contributions | (9,891,045) |
| Administrative expense | <u>(68,938)</u> |
| Net Change in Plan Fiduciary Net Position | 8,924,399 |
| Plan Fiduciary Net Position - Beginning | <u>90,763,143</u> |
| Plan Fiduciary Net Position - Ending | <u><u>\$ 99,687,542</u></u> |
| Employer's Net Pension Liability | <u><u>\$ 89,636,697</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 52.65% |
| Covered-employee payroll | \$ 13,537,726 |
| Employer's net pension liability as a percentage of covered-employee payroll | 662.13% |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

December 31, 2015

| | <u>2015</u> |
|--|------------------------------|
| Total Pension Liability | |
| Service cost | \$ 2,326,092 |
| Interest | 9,391,253 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes of assumptions | - |
| 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 | <u><u>\$ 144,657,092</u></u> |
| Plan Fiduciary Net Position | |
| Contributions - employer | 6,527,697 |
| Contributions - member | 919,874 |
| Net investment income | 3,549,131 |
| Benefit payments, including refunds of member contributions | (7,727,683) |
| Administrative expense | <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 | <u><u>\$ 68,241,712</u></u> |
| Employer's Net Pension Liability | <u><u>\$ 76,415,380</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 47.17% |
| Covered-employee payroll | \$ 9,520,925 |
| Employer's net pension liability as a percentage of covered-employee payroll | 802.60% |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

General Fund

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

For the Fiscal Year Ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance |
|--|--------------------|--------------------|----------------------|-----------------------|
| Revenues | | | | |
| Taxes | \$ 38,364,300 | \$ 37,601,418 | \$ 52,628,569 | \$ 14,264,269 |
| Licenses and permits | 13,461,859 | 13,461,859 | 12,184,303 | (1,277,556) |
| Intergovernmental | 18,515,427 | 18,515,427 | 18,998,689 | 483,262 |
| Charges for services | 7,988,251 | 7,988,251 | 8,224,155 | 235,904 |
| Fines | 4,463,774 | 4,463,774 | 3,554,188 | (909,586) |
| Investment income | 50,000 | 50,000 | 6,573 | (43,427) |
| Miscellaneous | 1,278,343 | 1,278,343 | 950,964 | (327,379) |
| Total Revenues | 84,121,954 | 83,359,072 | 96,547,441 | 12,425,487 |
| Expenditures | | | | |
| General management and support | 12,500,681 | 12,500,681 | 11,753,081 | (747,600) |
| Public safety | 42,129,266 | 42,129,266 | 58,461,316 | 16,332,050 |
| Public works | 16,767,153 | 16,767,153 | 16,866,953 | 99,800 |
| Health and human services development | 4,287,811 | 4,287,811 | 3,140,999 | (1,146,812) |
| Recreation and cultural opportunities | 10,735,900 | 10,735,900 | 11,079,855 | 343,955 |
| Housing and economic development | 2,374,528 | 2,374,528 | 2,359,753 | (14,775) |
| Total Expenditures | 88,795,339 | 88,795,339 | 103,661,957 | 14,866,618 |
| Excess (Deficiency) of Revenues Over Expenditures | (4,673,385) | (5,436,267) | (7,114,516) | (2,441,131) |
| Other Financing Sources (Uses) | | | | |
| Sale of assets | 70,000 | 70,000 | - | (70,000) |
| Transfers in | 8,823,695 | 8,826,403 | 7,769,334 | (1,054,361) |
| Transfers (out) | (3,325,128) | (3,325,128) | (3,169,989) | 155,139 |
| Total Other Financing Sources (Uses) | 5,568,567 | 5,571,275 | 4,599,345 | (969,222) |
| Net Change in Fund Balance | \$ 895,182 | \$ 135,008 | (2,515,171) | \$ (3,410,353) |
| Fund Balances | | | | |
| Beginning of Year | | | 14,982,966 | |
| Prior period adjustments | | | <u>(1,762,959)</u> | |
| Beginning of Year, (Restated) | | | <u>13,220,007</u> | |
| End of Year | | | <u>\$ 10,704,836</u> | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Investment Returns
Police Pension Fund

December 31, 2015

| | <u>2015</u> |
|--|-------------|
| Annual money-weighted rate of return, net of investment expense | 9.54% |

CITY OF EVANSTON, ILLINOIS

Schedule of Investment Returns
Firefighters' Pension Fund

December 31, 2015

| | <u>2015</u> |
|--|-------------|
| Annual money-weighted rate of return, net of investment expense | 5.47% |

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

MAJOR GOVERNMENTAL FUNDS

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

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

CITY OF EVANSTON, ILLINOIS

General Fund
Schedule of Revenues - Budget and Actual

For the Fiscal Year ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Over (Under) |
|-----------------------------------|--------------------|-----------------|---------------|--|
| Revenues | | | | |
| Taxes | | | | |
| Property | | | | |
| Current year levy | \$ 12,150,000 | \$ 11,387,118 | \$ 25,563,551 | \$ 13,413,551 |
| Prior year levy | 250,000 | 250,000 | 352,419 | 102,419 |
| Total Property Taxes | 12,400,000 | 11,637,118 | 25,915,970 | 13,515,970 |
| Personal Property Replacement Tax | 646,300 | 646,300 | 1,312,384 | 666,084 |
| Other Taxes | | | | |
| State use tax | 1,260,000 | 1,260,000 | 1,656,710 | 396,710 |
| Sales tax - home rule | 6,180,000 | 6,180,000 | 6,102,128 | (77,872) |
| Auto rental tax | 43,000 | 43,000 | 48,733 | 5,733 |
| Athletic contest tax | 900,000 | 900,000 | 858,155 | (41,845) |
| Utility tax | 8,170,000 | 8,170,000 | 7,081,575 | (1,088,425) |
| Cigarette tax | 300,000 | 300,000 | 225,000 | (75,000) |
| Evanston motor fuel tax | 640,000 | 640,000 | 795,586 | 155,586 |
| Liquor tax | 2,450,000 | 2,450,000 | 2,531,974 | 81,974 |
| Parking tax | 2,500,000 | 2,500,000 | 2,614,820 | 114,820 |
| Real estate transfer tax | 2,875,000 | 2,875,000 | 3,485,534 | 610,534 |
| Total Other Taxes | 25,318,000 | 25,318,000 | 25,400,215 | 82,215 |
| Total Taxes | 38,364,300 | 37,601,418 | 52,628,569 | 14,264,269 |
| Licenses and Permits | | | | |
| Vehicle licenses | 2,850,000 | 2,850,000 | 2,634,172 | (215,828) |
| Business licenses | 50,000 | 50,000 | 104,221 | 54,221 |
| Bed and breakfast licenses | 75 | 75 | - | (75) |
| Collection box license | 2,500 | 2,500 | 3,026 | 526 |
| Pet licenses | 18,000 | 18,000 | 22,318 | 4,318 |
| Contractor licenses | 77,302 | 77,302 | 106,818 | 29,516 |
| Rooming house licenses | 200,000 | 200,000 | 244,468 | 44,468 |
| Liquor licenses | 400,000 | 400,000 | 564,687 | 164,687 |
| One-day liquor licenses | 7,000 | 7,000 | 13,023 | 6,023 |
| Farmer's market licenses | 41,500 | 41,500 | 41,700 | 200 |
| Rental building register | 75,000 | 75,000 | 78,668 | 3,668 |
| Other licenses | 20,000 | 20,000 | 222 | (19,778) |
| Long-term care license | 98,400 | 98,400 | 130,539 | 32,139 |
| Seasonal foot ESTB | 7,500 | 7,500 | 14,592 | 7,092 |
| Mobile food vehicle license | 1,000 | 1,000 | - | (1,000) |
| Hen coop license | 800 | 800 | 829 | 29 |
| Resident care home license | 600 | 600 | 760 | 160 |
| Building permits | 6,700,000 | 6,700,000 | 4,682,618 | (2,017,382) |
| Plumbing permits | 135,000 | 135,000 | 177,854 | 42,854 |
| Electrical permits | 140,000 | 140,000 | 229,371 | 89,371 |
| Signs and awnings | 8,330 | 8,330 | 10,461 | 2,131 |
| Other/miscellaneous permits | 250,920 | 250,920 | 415,484 | 164,564 |
| Elevator permits | 32,000 | 32,000 | 40,137 | 8,137 |
| Heating vent/AC permits | 287,532 | 287,532 | 426,403 | 138,871 |
| Right of way permits | 350,000 | 350,000 | 462,469 | 112,469 |

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

General Fund
 Schedule of Revenues - Budget and Actual

For the Fiscal Year ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|--------------------|-------------------|-------------------|--|
| Revenues - Continued | | | | |
| Licenses and Permits - Continued | | | | |
| Property cleaning permit | \$ - | \$ - | \$ 4,285 | \$ 4,285 |
| Residents parking permit | 128,000 | 128,000 | 114,296 | (13,704) |
| Visitor parking permit | 12,300 | 12,300 | 15,319 | 3,019 |
| Fire suppression/alarm permit | 90,000 | 90,000 | 130,435 | 40,435 |
| Annual sign fees | 25,000 | 25,000 | 25,366 | 366 |
| Moving van permit | 50,000 | 50,000 | (200) | (50,200) |
| Plat PR. and Sign approval HRG fees | 2,100 | 2,100 | 2,130 | 30 |
| Alarm panel franchise fee | 6,000 | 6,000 | 4,410 | (1,590) |
| Northwester/Centel easement | - | - | 47,000 | 47,000 |
| Cable franchise fee | 1,200,000 | 1,200,000 | 1,267,128 | 67,128 |
| PEG Fees - Comcast | 130,000 | 130,000 | 109,507 | (20,493) |
| Nicor franchise fee | 65,000 | 65,000 | 59,787 | (5,213) |
| Total Licenses and Permits | 13,461,859 | 13,461,859 | 12,184,303 | (1,277,556) |
| Intergovernmental - Revenue from Other Agencies | | | | |
| Retailer and service occupation tax | 10,225,000 | 10,225,000 | 9,999,482 | (225,518) |
| State income tax | 7,500,000 | 7,500,000 | 8,266,906 | 766,906 |
| State highway maintenance | 68,000 | 68,000 | 61,757 | (6,243) |
| Health Department Basic Service Grant | 76,000 | 76,000 | - | (76,000) |
| Summer food inspections | 400 | 400 | 300 | (100) |
| Illinois tobacco free community | 31,027 | 31,027 | 24,621 | (6,406) |
| IL HIV Surveillance Grant | 4,000 | 4,000 | 6,482 | 2,482 |
| Childhood Lead Poisoning Grant | 1,000 | 1,000 | 1,870 | 870 |
| Other State/County Grant | 11,000 | 11,000 | 146,725 | 135,725 |
| Tanning parlor inspection | 300 | 300 | - | (300) |
| Fire Department training | 6,000 | 6,000 | 8,197 | 2,197 |
| CRI Grant | 44,000 | 44,000 | 40,647 | (3,353) |
| PEHP Grant | 62,000 | 62,000 | 60,684 | (1,316) |
| Leadbase Paint Control Grant | 100,000 | 100,000 | 20,260 | (79,740) |
| Federal Grant/Aid | 8,000 | 8,000 | 59,938 | 51,938 |
| Commission on Aging Grant - Advocate | 87,150 | 87,150 | 110,066 | 22,916 |
| IL Vacant Property Grant | 71,000 | 71,000 | - | (71,000) |
| Civil Devence Grants (F.E.M.A.) | 17,000 | 17,000 | - | (17,000) |
| Police training | 8,000 | 8,000 | - | (8,000) |
| HUD Emergency Shelter Grant | 135,550 | 135,550 | 171,363 | 35,813 |
| Youth Organization Umbrella Grant | 40,000 | 40,000 | 19,391 | (20,609) |
| RTA Grant | 20,000 | 20,000 | - | (20,000) |
| Total Intergovernmental - Revenue from Other Agencies | 18,515,427 | 18,515,427 | 18,998,689 | 483,262 |
| Charges for Services | | | | |
| Recreation | | | | |
| Recreation - program | 5,367,751 | 5,367,751 | 5,414,190 | 46,439 |
| Recreation - charges | - | - | 20,696 | 20,696 |
| Recreation - deferral | - | - | (28,502) | (28,502) |
| Recreation - unreconciled | 25,000 | 25,000 | 24,043 | (957) |
| Total Recreation Revenue | 5,392,751 | 5,392,751 | 5,430,427 | 37,676 |

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

General Fund
 Schedule of Revenues - Budget and Actual

For the Fiscal Year ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---|--------------------|------------------|------------------|--|
| Revenues - Continued | | | | |
| Charges for Services - Continued | | | | |
| Other Charges for Services | | | | |
| Birth and death records | \$ - | \$ - | \$ 5,299 | \$ 5,299 |
| Health Clinic Fees - food establishment | 185,000 | 185,000 | 328,424 | 143,424 |
| Temporary license fee | 7,500 | 7,500 | 8,466 | 966 |
| Food delivery vehicle | 5,500 | 5,500 | 5,283 | (217) |
| Beverage snack vending machine | 28,000 | 28,000 | 34,751 | 6,751 |
| Tobacco license | 19,000 | 19,000 | 25,949 | 6,949 |
| Beekeeper license | - | - | 73 | 73 |
| Birth certificate | 56,000 | 56,000 | 110,283 | 54,283 |
| Death certificate | 56,000 | 56,000 | 31,688 | (24,312) |
| Funeral director license | 6,000 | 6,000 | 13,490 | 7,490 |
| Temp funeral director licenses | 4,200 | 4,200 | 5,555 | 1,355 |
| Parking meter fee increase | 640,000 | 640,000 | 640,000 | - |
| Weights and exact measures examinations | 1,200 | 1,200 | 155 | (1,045) |
| Senior Taxi coupon sales | 108,000 | 108,000 | 73,175 | (34,825) |
| Fire cost recovery charge | 10,000 | 10,000 | 2,640 | (7,360) |
| Other services charges | - | - | 1,070 | 1,070 |
| Historic preservation | 7,200 | 7,200 | 9,338 | 2,138 |
| Tree preservation revenue | 3,500 | 3,500 | 6,950 | 3,450 |
| Ambulance service | 1,200,000 | 1,200,000 | 1,176,678 | (23,322) |
| Towing charges | 1,000 | 1,000 | - | (1,000) |
| Police report fees | 20,000 | 20,000 | 26,275 | 6,275 |
| Wood recycling | 40,000 | 40,000 | 28,010 | (11,990) |
| Zoning fees | 45,000 | 45,000 | 87,625 | 42,625 |
| Fire building inspections | - | - | 370 | 370 |
| Fire report fee | 8,000 | 8,000 | 10,755 | 2,755 |
| Alarm panel subscription fees | 111,000 | 111,000 | 130,513 | 19,513 |
| Skokie animal board fee | 8,000 | 8,000 | - | (8,000) |
| Background check daycare providers | 400 | 400 | 449 | 49 |
| New pavement degradation | 10,000 | 10,000 | 25,126 | 15,126 |
| I Heart Evanston Trees project | 10,000 | 10,000 | (2,233) | (12,233) |
| Plan review | 5,000 | 5,000 | 7,571 | 2,571 |
| Total Other Service Charges | 2,595,500 | 2,595,500 | 2,793,728 | 198,228 |
| Total Charges for Services | 7,988,251 | 7,988,251 | 8,224,155 | 235,904 |
| Fines | | | | |
| Ticket fines - parking | 3,250,000 | 3,250,000 | 2,530,347 | (719,653) |
| Regular fines | 298,449 | 298,449 | 115,164 | (183,285) |
| Animal ordinance penalties | - | - | 7,884 | 7,884 |
| Boot release fee | 45,000 | 45,000 | 44,303 | (697) |
| Fire false alarm fines | 140,000 | 140,000 | 64,102 | (75,898) |
| Police CTA detail | 400,000 | 400,000 | 418,107 | 18,107 |
| Police false alarm fines | - | - | 38,615 | 38,615 |

(This schedule is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

General Fund
 Schedule of Revenues - Budget and Actual

For the Fiscal Year ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Over (Under) |
|------------------------------------|--------------------|-----------------|---------------|--|
| Revenues - Continued | | | | |
| Fines - Continued | | | | |
| Police equipment fines | \$ - | \$ - | \$ 5,956 | \$ 5,956 |
| Housing code violation fines | 60,000 | 60,000 | 70,646 | 10,646 |
| Permit penalty fees | 7,500 | 7,500 | 18,019 | 10,519 |
| Administrative adjudication fee | 262,825 | 262,825 | 241,045 | (21,780) |
| Total Fines | 4,463,774 | 4,463,774 | 3,554,188 | (909,586) |
| Investment income | 50,000 | 50,000 | 6,573 | (43,427) |
| Other Revenues | | | | |
| Women Out Walking | 5,000 | 5,000 | 3,531 | (1,469) |
| Property sales and rentals | 51,543 | 51,543 | 90,406 | 38,863 |
| Donation | 32,000 | 32,000 | 20,096 | (11,904) |
| Berglund Animal Hospital parking | - | - | 2,400 | 2,400 |
| Damage to City Signage | 2,000 | 2,000 | - | (2,000) |
| Damage to City Traffic Signal | 20,000 | 20,000 | - | (20,000) |
| Damage to street lights | 10,000 | 10,000 | - | (10,000) |
| Miscellaneous revenue | 153,300 | 153,300 | 542,628 | 389,328 |
| Taxicab revenue | - | - | 2,900 | 2,900 |
| Teen Baby Nursery program | 41,000 | 41,000 | - | (41,000) |
| Market Link vouchers | 16,500 | 16,500 | 33,803 | 17,303 |
| Sale of Surplus Prop | - | - | 1,486 | 1,486 |
| Reimbursements - Serve and Protect | 2,000 | 2,000 | 19,241 | 17,241 |
| Reimbursements - Sale Use | 75,000 | 75,000 | 65,204 | (9,796) |
| Reimbursements - Fire Department | 25,000 | 25,000 | 43,229 | 18,229 |
| Payment in lieu of taxes | 267,000 | 267,000 | 61,500 | (205,500) |
| Fund balance applied | 516,000 | 516,000 | - | (516,000) |
| Private Elm Trees Insurance | 41,000 | 41,000 | 38,734 | (2,266) |
| Citizens CPR Class fees | 6,000 | 6,000 | 8,643 | 2,643 |
| Parking permits - Ryan Field | 15,000 | 15,000 | 17,120 | 2,120 |
| JDE Water interface | - | - | 43 | 43 |
| Total Other Revenues | 1,278,343 | 1,278,343 | 950,964 | (327,379) |
| Total Revenues | \$ 84,121,954 | \$ 83,359,072 | \$ 96,547,441 | \$ 12,425,487 |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

General Fund
 Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance |
|--|---------------------|---------------------|-----------------------|---------------------|
| Expenditures | | | | |
| General Management and Support | | | | |
| City Council | \$ 424,917 | \$ 424,917 | \$ 417,835 | \$ (7,082) |
| City Manager and Budget Management | 1,871,492 | 1,871,492 | 1,782,836 | (88,656) |
| City Clerk | 246,214 | 246,214 | 279,999 | 33,785 |
| Law Department | 1,111,997 | 1,111,997 | 1,033,788 | (78,209) |
| Administrative Services | 8,846,061 | 8,846,061 | 8,238,623 | (607,438) |
| Total General Management and Support | 12,500,681 | 12,500,681 | 11,753,081 | (747,600) |
| Public Safety | | | | |
| Police | 27,672,025 | 27,672,025 | 37,135,417 | 9,463,392 |
| Fire | 14,457,241 | 14,457,241 | 21,325,899 | 6,868,658 |
| Total Public Safety | 42,129,266 | 42,129,266 | 58,461,316 | 16,332,050 |
| Public Works | | | | |
| Public Works Director | 507,745 | 507,745 | 545,330 | 37,585 |
| Municipal Services Director | 386,432 | 386,432 | 381,488 | (4,944) |
| City Engineer | 1,646,907 | 1,646,907 | 1,430,307 | (216,600) |
| Traffic Engineer | 5,774,065 | 5,774,065 | 5,662,199 | (111,866) |
| Streets | 8,452,004 | 8,452,004 | 8,843,853 | 391,849 |
| Sanitation | - | - | 3,776 | 3,776 |
| Total Public Works | 16,767,153 | 16,767,153 | 16,866,953 | 99,800 |
| Health and Human Services Development | | | | |
| Health and Human Services Director | 328,009 | 328,009 | 331,074 | 3,065 |
| Health Department | 1,726,708 | 1,726,708 | 1,635,581 | (91,127) |
| Mental Health and Community Purchased Services | 1,373,941 | 1,373,941 | 1,136,261 | (237,680) |
| Human Relations | 859,153 | 859,153 | 38,083 | (821,070) |
| Total Health and Human Services Development | 4,287,811 | 4,287,811 | 3,140,999 | (1,146,812) |
| Recreation and Cultural Opportunities | | | | |
| Recreation | 9,660,286 | 9,660,286 | 9,927,769 | 267,483 |
| Ecology Center | 462,887 | 462,887 | 486,328 | 23,441 |
| Cultural Arts | 612,727 | 612,727 | 665,758 | 53,031 |
| Total Recreation and Cultural Opportunities | 10,735,900 | 10,735,900 | 11,079,855 | 343,955 |
| Housing and Economic Development | | | | |
| Community Development Administration | 337,304 | 337,304 | 350,864 | 13,560 |
| Planning and Zoning | 635,106 | 635,106 | 622,508 | (12,598) |
| Housing Rehabilitation and Property Standards | - | - | 8,784 | 8,784 |
| Building Code Compliance | 1,402,118 | 1,402,118 | 1,377,597 | (24,521) |
| Total Housing and Economic Development | 2,374,528 | 2,374,528 | 2,359,753 | (14,775) |
| Total Expenditures | \$88,795,339 | \$88,795,339 | \$ 103,661,957 | \$14,866,618 |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

General Obligation Debt Fund

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

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual |
|--|------------------------------|----------------------------|
| Revenues | | |
| Taxes | | |
| Property taxes | | |
| Current year levy, net | \$ 10,879,993 | \$ 10,989,093 |
| Prior year levy, net | - | 167,138 |
| Investment income | 1,500 | 7,668 |
| Total Revenues | <u>10,881,493</u> | <u>11,163,899</u> |
| Expenditures | | |
| General management and support | 193,285 | 158,835 |
| Debt Service | | |
| Principal | 9,303,118 | 20,033,118 |
| Interest | 4,320,711 | 4,324,904 |
| Fiscal agent fees | 101,000 | 15,803 |
| Total Expenditures | <u>13,918,114</u> | <u>24,532,660</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(3,036,621)</u> | <u>(13,368,761)</u> |
| Other Financing Sources (Uses) | | |
| Issuance of bonds | - | 11,075,000 |
| Premium on bond issuances | - | 362,986 |
| Transfers in (out) | 2,743,836 | 2,483,141 |
| Total Other Financing Sources (Uses) | <u>2,743,836</u> | <u>13,921,127</u> |
| Net Changes in Fund Balances | <u>\$ (292,785)</u> | <u>552,366</u> |
| Fund Balances | | |
| Beginning of Year | | 3,796,787 |
| Prior period adjustment | | <u>(1,753,037)</u> |
| Beginning of Year, Restated | | <u>2,043,750</u> |
| End of Year | | <u><u>\$ 2,596,116</u></u> |

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

Neighborhood Improvement - to account for a portion of the sales tax revenues derived from retail sales of the Home Depot U.S.A. Inc. store in 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 the requirements of federal law.

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

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

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

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

Capital Projects Funds

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

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

Debt Service Funds

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

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

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

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

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Combining Balance Sheet
 Nonmajor Governmental Funds

December 31, 2015

| | Special Revenue | | | | |
|--|---------------------|-------------------------|----------------------------------|-----------------------------|-----------------------|
| | Motor Fuel Tax | Economic Development | Emergency Telephone System | Neighborhood Improvement | Affordable Housing |
| Assets | | | | | |
| Cash and equivalents | \$ 1,745,296 | \$ 2,099,511 | \$ 392,583 | \$ 169,915 | \$ 978,743 |
| Receivables | | | | | |
| Property tax | - | - | - | - | - |
| Notes | - | 126,602 | - | - | 1,636,031 |
| Special assessments | - | - | - | - | - |
| Other | - | 461,289 | 174,715 | - | 36,721 |
| Due from other governments | 168,107 | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Total Assets | \$ 1,913,403 | \$ 2,687,402 | \$ 567,298 | \$ 169,915 | \$ 2,651,495 |
| Liabilities | | | | | |
| Vouchers payable | \$ 83,010 | \$ 4,818 | \$ 15,580 | \$ - | \$ 21,584 |
| Due to other governments | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total Liabilities | 83,010 | 4,818 | 15,580 | - | 21,584 |
| Deferred Inflows of Resources | | | | | |
| Long-term notes receivable | - | 126,602 | - | - | 1,636,031 |
| Unavailable revenue - property taxes | - | - | - | - | - |
| Total Deferred Inflows of Resources | - | 126,602 | - | - | 1,636,031 |
| Total Liabilities and Deferred Inflows of Resources | 83,010 | 131,420 | 15,580 | - | 1,657,615 |
| Fund Balances | | | | | |
| Restricted for | | | | | |
| Highway Maintenance | 1,830,393 | - | - | - | - |
| Emergency Telephone System | - | - | 551,718 | - | - |
| HUD Approved Projects | - | - | - | - | - |
| Neighborhood Improvements | - | - | - | 169,915 | 993,880 |
| Debt Service | - | - | - | - | - |
| Township | - | - | - | - | - |
| Committed | - | 2,555,982 | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned (deficit) | - | - | - | - | - |
| Total Fund Balances (Deficit) | 1,830,393 | 2,555,982 | 551,718 | 169,915 | 993,880 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 1,913,403 | \$ 2,687,402 | \$ 567,298 | \$ 169,915 | \$ 2,651,495 |

| Special Revenue | | | | | | | |
|---------------------|-----------------------------------|----------------------------|--------------------------------------|--------------------------------|---------------------|-----------------------|--|
| HOME | Community Development Block Grant | Community Development Loan | Neighborhood Stabilization Program 2 | Special Service District No. 4 | General Assistance | Total Special Revenue | |
| \$ 4,500 | \$ 10,218 | \$ 243,748 | \$ 214,397 | \$ - | \$ 521,542 | \$ 6,380,453 | |
| - | - | - | - | 314,374 | 800,000 | 1,114,374 | |
| 4,678,445 | 196,352 | 1,925,242 | - | - | - | 8,562,672 | |
| - | - | - | - | - | - | - | |
| - | - | - | - | - | - | 672,725 | |
| 12,866 | 101,394 | - | - | - | - | 282,367 | |
| - | - | - | - | - | - | - | |
| <u>\$ 4,695,811</u> | <u>\$ 307,964</u> | <u>\$ 2,168,990</u> | <u>\$ 214,397</u> | <u>\$ 314,374</u> | <u>\$ 1,321,542</u> | <u>\$ 17,012,591</u> | |
| \$ 12,482 | \$ 29,871 | \$ 85,383 | \$ - | \$ - | \$ 3,934 | \$ 256,662 | |
| - | - | - | 213,634 | - | - | 213,634 | |
| 114 | 21,859 | - | 763 | 190,544 | 4,369 | 217,649 | |
| - | - | - | - | - | - | - | |
| <u>12,596</u> | <u>51,730</u> | <u>85,383</u> | <u>214,397</u> | <u>190,544</u> | <u>8,303</u> | <u>687,945</u> | |
| 4,678,445 | 196,352 | 1,925,242 | - | - | - | 8,562,672 | |
| - | - | - | - | 314,374 | 800,000 | 1,114,374 | |
| 4,678,445 | 196,352 | 1,925,242 | - | 314,374 | 800,000 | 9,677,046 | |
| 4,691,041 | 248,082 | 2,010,625 | 214,397 | 504,918 | 808,303 | 10,364,991 | |
| - | - | - | - | - | - | 1,830,393 | |
| - | - | - | - | - | - | 551,718 | |
| 4,770 | 59,882 | 158,365 | - | - | - | 223,017 | |
| - | - | - | - | - | - | 1,163,795 | |
| - | - | - | - | - | - | - | |
| - | - | - | - | - | 513,239 | 513,239 | |
| - | - | - | - | - | - | 2,555,982 | |
| - | - | - | - | - | - | - | |
| - | - | - | - | (190,544) | - | (190,544) | |
| <u>4,770</u> | <u>59,882</u> | <u>158,365</u> | <u>-</u> | <u>(190,544)</u> | <u>513,239</u> | <u>6,647,600</u> | |
| <u>\$ 4,695,811</u> | <u>\$ 307,964</u> | <u>\$ 2,168,990</u> | <u>\$ 214,397</u> | <u>\$ 314,374</u> | <u>\$ 1,321,542</u> | <u>\$ 17,012,591</u> | |

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

Combining Balance Sheet
 Nonmajor Governmental Funds

December 31, 2015

| | Debt Service | | | |
|--|---|--|---|--|
| | Special Service District No. 5 | Chicago Main Tax Increment District | Southwest Tax Increment District | Howard Hartrey Tax Increment District |
| Assets | | | | |
| Cash and equivalents | \$ 525,429 | \$ 602,070 | \$ - | \$ 1,296,398 |
| Receivables | | | | |
| Property tax | - | - | - | - |
| Notes | - | - | - | - |
| Special assessments | - | - | - | - |
| Other | - | - | - | - |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total Assets | \$ 525,429 | \$ 602,070 | \$ - | \$ 1,296,398 |
| Liabilities | | | | |
| Vouchers payable | \$ - | \$ 290,000 | \$ - | \$ 2,949 |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | - | 12,334 |
| Unearned revenue | - | - | - | - |
| Total Liabilities | - | 290,000 | - | 15,283 |
| Deferred Inflows of Resources | | | | |
| Long-term notes receivable | - | - | - | - |
| Unavailable revenue - property taxes | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - |
| Total Liabilities and Deferred Inflows of Resources | - | 290,000 | - | 15,283 |
| Fund Balances | | | | |
| Restricted for | | | | |
| Highway Maintenance | - | - | - | - |
| Emergency Telephone System | - | - | - | - |
| HUD Approved Projects | - | - | - | - |
| Neighborhood Improvements | - | - | - | - |
| Debt Service | 525,429 | 312,070 | - | 1,281,115 |
| Township | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned (deficit) | - | - | - | - |
| Total Fund Balances (Deficit) | 525,429 | 312,070 | - | 1,281,115 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 525,429 | \$ 602,070 | \$ - | \$ 1,296,398 |

| Debt Service | | | | | Capital Projects | | | | Total |
|---------------------|----------------|-------------------|-------------------|---------------------|---------------------|---------------------|----------------------|----------------------|-------|
| Washington National | Dempster Dodge | Howard Ridge | West Evanston | Total | Capital | Special | Total | Total | |
| Tax | Tax | Tax | Tax | Debt | Improvements | Assessment | Capital | Nonmajor | |
| Increment | Increment | Increment | Increment | Service | | Projects | Projects | Governmental | |
| District | District | District | District | | | | | Funds | |
| \$ 6,747,788 | \$ - | \$ 150,248 | \$ 447,351 | \$ 9,769,284 | \$ 8,019,809 | \$ 2,674,718 | \$ 10,694,527 | \$ 26,844,264 | |
| - | - | - | - | - | - | - | - | 1,114,374 | |
| - | - | - | - | - | - | - | - | 8,562,672 | |
| - | - | - | - | - | - | 303,578 | 303,578 | 303,578 | |
| - | - | - | - | - | 136,730 | 7,155 | 143,885 | 816,610 | |
| - | - | - | - | - | - | - | - | 282,367 | |
| - | - | - | - | - | - | 908 | 908 | 908 | |
| <u>\$ 6,747,788</u> | <u>\$ -</u> | <u>\$ 150,248</u> | <u>\$ 447,351</u> | <u>\$ 9,769,284</u> | <u>\$ 8,156,539</u> | <u>\$ 2,986,359</u> | <u>\$ 11,142,898</u> | <u>\$ 37,924,773</u> | |
| \$ 33,250 | \$ - | \$ 16,508 | \$ 88 | \$ 342,795 | \$ 2,303,491 | \$ - | \$ 2,303,491 | \$ 2,902,948 | |
| - | - | - | - | - | - | - | - | 213,634 | |
| 272,108 | - | 162,361 | 5,000 | 451,803 | 336,007 | - | 336,007 | 1,005,459 | |
| - | - | - | - | - | - | 303,578 | 303,578 | 303,578 | |
| <u>305,358</u> | <u>-</u> | <u>178,869</u> | <u>5,088</u> | <u>794,598</u> | <u>2,639,498</u> | <u>303,578</u> | <u>2,943,076</u> | <u>4,425,619</u> | |
| - | - | - | - | - | - | - | - | 8,562,672 | |
| - | - | - | - | - | - | - | - | 1,114,374 | |
| - | - | - | - | - | - | - | - | 9,677,046 | |
| <u>305,358</u> | <u>-</u> | <u>178,869</u> | <u>5,088</u> | <u>794,598</u> | <u>2,639,498</u> | <u>303,578</u> | <u>2,943,076</u> | <u>14,102,665</u> | |
| - | - | - | - | - | - | - | - | 1,830,393 | |
| - | - | - | - | - | - | - | - | 551,718 | |
| - | - | - | - | - | - | - | - | 223,017 | |
| - | - | - | - | - | - | 2,682,781 | 2,682,781 | 3,846,576 | |
| 6,442,430 | - | 2,270 | 442,263 | 9,005,577 | - | - | - | 9,005,577 | |
| - | - | - | - | - | - | - | - | 513,239 | |
| - | - | - | - | - | - | - | - | 2,555,982 | |
| - | - | - | - | - | 5,517,041 | - | 5,517,041 | 5,517,041 | |
| - | - | (30,891) | - | (30,891) | - | - | - | (221,435) | |
| <u>6,442,430</u> | <u>-</u> | <u>(28,621)</u> | <u>442,263</u> | <u>8,974,686</u> | <u>5,517,041</u> | <u>2,682,781</u> | <u>8,199,822</u> | <u>23,822,108</u> | |
| <u>\$ 6,747,788</u> | <u>\$ -</u> | <u>\$ 150,248</u> | <u>\$ 447,351</u> | <u>\$ 9,769,284</u> | <u>\$ 8,156,539</u> | <u>\$ 2,986,359</u> | <u>\$ 11,142,898</u> | <u>\$ 37,924,773</u> | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2015

| | Special Revenue | | | | | | |
|--|-------------------|-------------------------|----------------------------------|-----------------------------|-----------------------|-----------------|---|
| | Motor Fuel Tax | Economic Development | Emergency Telephone System | Neighborhood Improvement | Affordable Housing | HOME | Community Development Block Grant |
| Revenues | | | | | | | |
| Taxes | \$ - | \$ 2,116,843 | \$ 977,071 | \$ - | \$ 100,000 | \$ - | \$ - |
| Special assessments | - | - | - | - | - | - | - |
| Intergovernmental | 2,465,781 | - | - | - | - | 465,961 | 1,502,924 |
| Charges for services | - | - | - | - | - | - | - |
| Investment income | 819 | 129 | 190 | - | 111 | 19 | - |
| Miscellaneous | | | | | | | |
| Contributions | - | - | - | - | 125,000 | - | - |
| Other | - | 1,500 | 100 | - | 150 | 6,402 | 3,318 |
| Total Revenues | 2,466,600 | 2,118,472 | 977,361 | - | 225,261 | 472,382 | 1,506,242 |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| General management and support | - | - | - | - | - | - | - |
| Public safety | - | - | 1,192,229 | - | - | - | - |
| Public works | 1,583,238 | - | - | - | - | - | - |
| Recreation and cultural opportunities | - | - | - | - | - | - | - |
| Housing and economic development | - | 2,535,678 | - | - | 214,851 | 490,440 | 993,131 |
| Capital outlay | - | - | - | - | - | - | - |
| Debt service | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Fiscal agent fees | - | - | - | - | - | - | - |
| Total expenditures | 1,583,238 | 2,535,678 | 1,192,229 | - | 214,851 | 490,440 | 993,131 |
| Excess (Deficiency) of Revenues Over Expenditures | 883,362 | (417,206) | (214,868) | - | 10,410 | (18,058) | 513,111 |
| Other Financing Sources (Uses) | | | | | | | |
| Issuance of bonds | - | - | - | - | - | - | - |
| Issuance of loans | - | - | - | - | - | - | - |
| Premium (discount) on bonds issued | - | - | - | - | - | - | - |
| Transfers in | - | 47,500 | - | - | - | - | - |
| Transfers (out) | (833,000) | (614,782) | (141,767) | - | - | (26,990) | (453,229) |
| Total Other Financing Sources (Uses) | (833,000) | (567,282) | (141,767) | - | - | (26,990) | (453,229) |
| Net Change in Fund Balances | 50,362 | (984,488) | (356,635) | - | 10,410 | (45,048) | 59,882 |
| Fund Balances (Deficit), January 1 | 1,780,031 | 3,540,470 | 908,353 | 169,915 | 2,546,920 | 4,580,079 | 184,902 |
| Prior Period Adjustment | - | - | - | - | (1,563,450) | (4,530,261) | (184,902) |
| Fund Balances (Deficit), January 1, Restated | 1,780,031 | 3,540,470 | 908,353 | 169,915 | 983,470 | 49,818 | - |
| Fund Balances (Deficit), December 31 | \$ 1,830,393 | \$ 2,555,982 | \$ 551,718 | \$ 169,915 | \$ 993,880 | \$ 4,770 | \$ 59,882 |

| Debt Service | | | | | | | | |
|----------------------------|--------------------------------------|--------------------------------|--------------------|-----------------------|--------------------------------|-------------------------------------|----------------------------------|--|
| Community Development Loan | Neighborhood Stabilization Program 2 | Special Service District No. 4 | General Assistance | Total Special Revenue | Special Service District No. 5 | Chicago Main Tax Increment District | Southwest Tax Increment District | |
| \$ - | \$ - | \$ 322,055 | \$ 1,313,420 | \$ 4,829,389 | \$ 422,526 | \$ - | \$ - | |
| - | - | - | - | - | - | - | - | |
| - | 130,126 | - | - | 4,564,792 | - | - | - | |
| - | - | - | - | - | - | - | - | |
| 375 | - | 4 | 61 | 1,708 | 5 | - | - | |
| - | - | - | - | 125,000 | - | - | - | |
| 397,708 | - | - | 22,742 | 431,920 | - | - | - | |
| 398,083 | 130,126 | 322,059 | 1,336,223 | 9,952,809 | 422,531 | - | - | |
| - | - | - | 782,701 | 782,701 | - | - | - | |
| - | - | - | - | 1,192,229 | - | - | - | |
| - | - | - | - | 1,583,238 | - | - | - | |
| - | - | - | - | - | - | - | - | |
| 282,380 | 134,148 | 323,000 | - | 4,973,628 | - | 580,000 | 893,387 | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | - | 255,000 | - | - | |
| - | - | - | - | - | 42,150 | 7,930 | - | |
| - | - | - | - | - | - | - | - | |
| 282,380 | 134,148 | 323,000 | 782,701 | 8,531,796 | 297,150 | 587,930 | 893,387 | |
| 115,703 | (4,022) | (941) | 553,522 | 1,421,013 | 125,381 | (587,930) | (893,387) | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | 900,000 | - | |
| - | 8,213 | - | - | 55,713 | - | - | - | |
| - | (4,191) | - | - | (2,073,959) | - | - | - | |
| - | 4,022 | - | - | (2,018,246) | - | 900,000 | - | |
| 115,703 | - | (941) | 553,522 | (597,233) | 125,381 | 312,070 | (893,387) | |
| 2,350,661 | - | (153,365) | 183,099 | 16,091,065 | 464,046 | - | 893,665 | |
| (2,307,999) | - | (36,238) | (223,382) | (8,846,232) | (63,998) | - | (278) | |
| 42,662 | - | (189,603) | (40,283) | 7,244,833 | 400,048 | - | 893,387 | |
| \$ 158,365 | \$ - | \$ (190,544) | \$ 513,239 | \$ 6,647,600 | \$ 525,429 | \$ 312,070 | \$ - | |

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2015

| | Debt Service | | | | | Total Debt Service |
|--|--|--|---|--|---|--------------------------|
| | Howard Hartrey Tax Increment District | Dempster Dodge Tax Increment District | Washington National Tax Increment District | Howard Ridge Tax Increment District | West Evanston Tax Increment District | |
| Revenues | | | | | | |
| Taxes | \$ 1,248,231 | \$ - | \$ 4,921,484 | \$ 540,576 | \$ - | \$ 7,132,817 |
| Special assessments | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Investment income | 1,986 | - | 3,532 | 1,817 | 257 | 7,597 |
| Miscellaneous | | | | | | |
| Contributions | - | - | - | - | - | - |
| Other | - | - | - | 64,176 | - | 64,176 |
| Total Revenues | 1,250,217 | - | 4,925,016 | 606,569 | 257 | 7,204,590 |
| Expenditures | | | | | | |
| Current | | | | | | |
| General management and support | - | - | - | 581,915 | (8,821) | 573,094 |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Recreation and cultural opportunities | - | - | - | - | - | - |
| Housing and economic development | 2,174,940 | 2,000,000 | 310,290 | - | - | 5,958,617 |
| Capital outlay | - | - | - | - | - | - |
| Debt service | | | | | | |
| Principal | - | - | 545,000 | - | - | 800,000 |
| Interest | - | - | 29,976 | 585 | 7,185 | 87,826 |
| Fiscal agent fees | - | - | 250 | - | - | 250 |
| Total expenditures | 2,174,940 | 2,000,000 | 885,516 | 582,500 | (1,636) | 7,419,787 |
| Excess (Deficiency) of Revenues Over Expenditures | (924,723) | (2,000,000) | 4,039,500 | 24,069 | 1,893 | (215,197) |
| Other Financing Sources (Uses) | | | | | | |
| Issuance of bonds | - | - | - | - | - | - |
| Issuance of loans | - | 2,000,000 | - | - | - | 2,900,000 |
| Premium (discount) on bonds issued | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - |
| Transfers (out) | (148,010) | - | (3,265,296) | (107,500) | (60,000) | (3,580,806) |
| Total Other Financing Sources (Uses) | (148,010) | 2,000,000 | (3,265,296) | (107,500) | (60,000) | (680,806) |
| Net Change in Fund Balances | (1,072,733) | - | 774,204 | (83,431) | (58,107) | (896,003) |
| Fund Balances (Deficit), January 1 | 2,369,483 | - | 6,186,704 | 295,119 | 500,370 | 10,709,387 |
| Prior Period Adjustment | (15,635) | - | (518,478) | (240,309) | - | (838,698) |
| Fund Balances (Deficit), January 1, Restated | 2,353,848 | - | 5,668,226 | 54,810 | 500,370 | 9,870,689 |
| Fund Balances (Deficit), December 31 | \$ 1,281,115 | \$ - | \$ 6,442,430 | \$ (28,621) | \$ 442,263 | \$ 8,974,686 |

| Capital Projects | | | |
|----------------------|-------------------------------------|------------------------|-----------------------------------|
| Capital Improvements | Special Assessment Capital Projects | Total Capital Projects | Total Nonmajor Governmental Funds |
| \$ - | \$ - | \$ - | \$ 11,962,206 |
| - | 147,831 | 147,831 | 147,831 |
| 270,268 | - | 270,268 | 4,835,060 |
| 87,391 | - | 87,391 | 87,391 |
| 3,815 | 2,219 | 6,034 | 15,339 |
| 150,000 | - | 150,000 | 275,000 |
| - | - | - | 496,096 |
| 511,474 | 150,050 | 661,524 | 17,818,923 |
| 172,067 | 4,242 | 176,309 | 1,532,104 |
| - | - | - | 1,192,229 |
| 1,365,064 | - | 1,365,064 | 2,948,302 |
| 7,230 | - | 7,230 | 7,230 |
| - | - | - | 10,932,245 |
| 8,926,479 | 224,708 | 9,151,187 | 9,151,187 |
| - | - | - | 800,000 |
| - | - | - | 87,826 |
| - | - | - | 250 |
| 10,470,840 | 228,950 | 10,699,790 | 26,651,373 |
| (9,959,366) | (78,900) | (10,038,266) | (8,832,450) |
| 7,375,000 | 230,000 | 7,605,000 | 7,605,000 |
| - | - | - | 2,900,000 |
| 420,481 | 13,113 | 433,594 | 433,594 |
| - | - | - | 55,713 |
| (490,000) | - | (490,000) | (6,144,765) |
| 7,305,481 | 243,113 | 7,548,594 | 4,849,542 |
| (2,653,885) | 164,213 | (2,489,672) | (3,982,908) |
| 8,170,926 | 2,518,568 | 10,689,494 | 37,489,946 |
| - | - | - | (9,684,930) |
| 8,170,926 | 2,518,568 | 10,689,494 | 27,805,016 |
| \$ 5,517,041 | \$ 2,682,781 | \$ 8,199,822 | \$ 23,822,108 |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Motor Fuel Tax Fund

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

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|--|------------------------------|---------------------|-------------------|
| Revenues | | | |
| Intergovernmental allotments | \$ 1,750,000 | \$ 2,465,781 | \$ 715,781 |
| Interest | 1,000 | 819 | (181) |
| | <hr/> | | |
| Total Revenues | 1,751,000 | 2,466,600 | 715,600 |
| Expenditures | | | |
| Public Works | 1,700,000 | 1,583,238 | (116,762) |
| | <hr/> | | |
| Excess (Deficiency) of Revenues Over Expenditures | 51,000 | 883,362 | 832,362 |
| Other Financing Sources (Uses) | | | |
| Transfers (out) | (833,000) | (833,000) | - |
| | <hr/> | | |
| Net Change in Fund Balance | <u>\$ (782,000)</u> | 50,362 | <u>\$ 832,362</u> |
| Fund Balances | | | |
| Beginning of Year | | <u>1,780,031</u> | |
| End of Year | | <u>\$ 1,830,393</u> | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Economic Development Fund

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

For the Fiscal Year ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|--|------------------------------|------------------|-------------------|
| Revenues | | | |
| Taxes and special assessments | \$ 1,800,000 | \$ 2,116,843 | \$ 316,843 |
| Interest | 3,700 | 129 | (3,571) |
| Miscellaneous | 65,500 | 1,500 | (64,000) |
| Total Revenues | 1,869,200 | 2,118,472 | 249,272 |
| Expenditures | | | |
| Housing and economic development | 2,723,958 | 2,535,678 | (188,280) |
| Excess (Deficiency) of Revenues Over Expenditures | | | |
| | (854,758) | (417,206) | 437,552 |
| Other Financing Sources (Uses) | | | |
| Transfers in | - | 47,500 | 47,500 |
| Transfers (out) | (481,070) | (614,782) | (133,712) |
| Other Financing Sources (Uses) - Net | (481,070) | (567,282) | (86,212) |
| Net Change in Fund Balance | \$ (1,335,828) | (984,488) | \$ 351,340 |
| Fund Balances | | | |
| Beginning of Year | | 3,540,470 | |
| End of Year | | \$ 2,555,982 | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Emergency Telephone System Fund

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

For the Fiscal Year Ended December 31, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|------------------------|---------------------|-------------------|------------------|
| Revenues | | | | |
| Taxes and special assessments | \$ 1,038,239 | \$ 1,038,239 | \$ 977,071 | \$ (61,168) |
| Interest | 1,000 | 1,000 | 190 | (810) |
| Miscellaneous | - | - | 100 | 100 |
| Total Revenues | <u>1,039,239</u> | <u>1,039,239</u> | <u>977,361</u> | <u>(61,878)</u> |
| Expenditures | | | | |
| Public safety | <u>1,034,206</u> | <u>1,275,167</u> | <u>1,192,229</u> | <u>(82,938)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 5,033 | (235,928) | (214,868) | 21,060 |
| Other Financing Sources (Uses) | | | | |
| Transfers in (out) | <u>(141,767)</u> | <u>(141,767)</u> | <u>(141,767)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ (136,734)</u> | <u>\$ (377,695)</u> | <u>(356,635)</u> | <u>\$ 21,060</u> |
| Fund Balance | | | | |
| Beginning of Year | | | <u>908,353</u> | |
| End of Year | | | <u>\$ 551,718</u> | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year ended December 31, 2015

| | 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> | - | <u>\$ 30,000</u> |
| Fund Balances | | | |
| Beginning of Year | | <u>169,915</u> | |
| End of Year | | <u>\$ 169,915</u> | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Affordable Housing Fund

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

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|----------------------------------|------------------------------|-------------|-----------|
| Revenues | | | |
| Affordable housing demo tax | \$ 30,000 | \$ 100,000 | \$ 70,000 |
| Developer contributions | 125,000 | 125,000 | - |
| Interest | 228 | 111 | (117) |
| Miscellaneous | 249,772 | 150 | (249,622) |
| Total Revenues | 405,000 | 225,261 | (179,739) |
| Expenditures | | | |
| Housing and economic development | 405,000 | 214,851 | (190,149) |
| Net Change in Fund Balance | \$ - | 10,410 | \$ 10,410 |
| Fund Balance | | | |
| Beginning of Year | | 2,546,920 | |
| Prior Period Adjustment | | (1,563,450) | |
| Beginning of Year, Restated | | 983,470 | |
| End of Year | | \$ 993,880 | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

HOME Fund

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

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|--|------------------------------|-----------------|--------------------|
| Revenues | | | |
| Intergovernmental allotments | \$ 216,000 | \$ 465,961 | \$ 249,961 |
| Interest | - | 19 | 19 |
| Miscellaneous | - | 6,402 | 6,402 |
| Total Revenues | 216,000 | 472,382 | 256,382 |
| Expenditures | | | |
| Housing and economic development | 216,000 | 490,440 | 274,440 |
| Excess (Deficiency) of Revenues Over Expenditures | | | |
| | - | (18,058) | (18,058) |
| Other Financing Sources (Uses) | | | |
| Transfers (out) | - | (26,990) | (26,990) |
| Net Change in Fund Balance | \$ - | (45,048) | \$ (45,048) |
| Fund Balance | | | |
| Beginning of Year | | 4,580,079 | |
| Prior Period Adjustment | | (4,530,261) | |
| Beginning of Year, Restated | | 49,818 | |
| End of Year | | \$ 4,770 | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

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

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|--|------------------------------|------------------|------------------|
| Revenues | | | |
| Intergovernmental allotments grant from U.S. Department of Housing and Urban Development | \$ 1,400,000 | \$ 1,502,924 | \$ 102,924 |
| Miscellaneous | 590,111 | 3,318 | (586,793) |
| Total Revenues | 1,990,111 | 1,506,242 | (483,869) |
| Expenditures | | | |
| Housing and economic development | 1,636,384 | 993,131 | (643,253) |
| Total Expenditures | 1,636,384 | 993,131 | (643,253) |
| Excess (Deficiency) of Revenues Over Expenditures | 353,727 | 513,111 | 159,384 |
| Other Financing Sources (Uses) | | | |
| Transfers (out) | (353,727) | (453,229) | (99,502) |
| Other Financing Sources (Uses) - Net | (353,727) | (453,229) | (99,502) |
| Net Change in Fund Balance | \$ - | 59,882 | \$ 59,882 |
| Fund Balance | | | |
| Beginning of Year | | 184,902 | |
| Prior Period Adjustment | | (184,902) | |
| Beginning of Year, Restated | | - | |
| End of Year | | \$ 59,882 | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund
 Schedule of Expenditures - Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|---|------------------------------|------------|--------------|
| Administration/Planning | | | |
| CDBG administration | \$ 296,856 | \$ 280,829 | \$ 16,027 |
| Total Administration/Planning | 296,856 | 280,829 | 16,027 |
| Economic Development | | | |
| Evanston Community Development Corporation | 150,000 | - | (150,000) |
| Total Economic Development | 150,000 | - | (150,000) |
| Housing | | | |
| Rehab construction administration | 184,817 | 127,345 | (57,472) |
| Total Housing | 184,817 | 127,345 | (57,472) |
| Neighborhood Revitalization | | | |
| F/J locker rooms | - | 5,910 | 5,910 |
| Block curb/sidewalk replacement | 99,711 | 80,943 | (18,768) |
| Handyman assistance/elderly home representative | 35,000 | - | (35,000) |
| Alley improvement/paving program | 400,000 | 132,353 | (267,647) |
| Snap lighting | 75,000 | 11,424 | (63,576) |
| Special assessments/alley paving | 10,000 | 3,420 | (6,580) |
| Infant Welfare Society | - | 19,397 | 19,397 |
| YWCA shelter program | - | 25,000 | 25,000 |
| Family Focus Center rehabilitation | 60,000 | 26,447 | (33,553) |
| McGaw YMCA elevator | - | 45,000 | 45,000 |
| School District 65 Oakton Playground | - | 4,115 | 4,115 |
| YOU | 30,000 | - | (30,000) |
| General Project expenditures | 60,000 | - | (60,000) |
| Other improvements | 25,000 | - | (25,000) |
| Total Neighborhood Revitalization | 794,711 | 354,009 | (440,702) |
| Public Services | | | |
| General project expenditures | 7,500 | - | (7,500) |
| Rehabilitation loans | - | 11,450 | 11,450 |
| Evanston Community Defender | 25,000 | 25,000 | - |
| Evanston Rebuilding Warehouse | - | 7,500 | 7,500 |
| Evanston Legal Services | 6,000 | 6,000 | - |
| Youth Job Center of Evanston | 20,000 | 20,000 | - |
| Summer Youth | 40,000 | 49,498 | (9,498) |
| YWCA Domestic Violence | 24,000 | 24,000 | - |
| Family Focus | 19,000 | 19,000 | - |
| Meals at Home | 15,000 | 15,000 | - |
| Evanston School | 6,000 | 9,500 | (3,500) |
| North Shore Senior Center | 15,000 | 15,000 | - |
| Open Studio project | 4,000 | 4,000 | - |
| Second Baptist Church - YAM | 3,500 | - | 3,500 |
| Interfaith Housing Program - Homeshare | 10,000 | 10,000 | - |
| Iwork/hous options | 15,000 | 15,000 | - |
| Total Public Services | 210,000 | 230,948 | 1,952 |
| Total Expenditures | \$ 1,636,384 | \$ 993,131 | \$ (630,195) |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Community Development Loan Fund

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

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|----------------------------------|------------------------------|--------------------|--------------|
| Revenues | | | |
| Intergovernmental allotments | \$ 187,000 | \$ - | \$ (187,000) |
| Interest | 100 | 375 | 275 |
| Miscellaneous | - | 397,708 | 397,708 |
| | | | |
| Total Revenues | 187,100 | 398,083 | 210,983 |
| | | | |
| Expenditures | | | |
| Housing and economic development | 187,100 | 282,380 | 95,280 |
| | | | |
| Net Change in Fund Balance | \$ - | 115,703 | \$ (115,703) |
| | | | |
| Fund Balances | | | |
| Beginning of Year | | 2,350,661 | |
| | | | |
| Prior Period Adjustment | | <u>(2,307,999)</u> | |
| | | | |
| Beginning of Year, Restated | | <u>42,662</u> | |
| | | | |
| End of Year | | <u>\$ 158,365</u> | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Neighborhood Stabilization Program 2 Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|--|------------------------------|----------------|---------------------|
| Revenues | | | |
| Intergovernmental allotments | \$ - | \$ 130,126 | \$ 130,126 |
| Miscellaneous | 500,000 | - | (500,000) |
| Total Revenues | 500,000 | 130,126 | (369,874) |
| Expenditures | | | |
| Housing and economic development | 371,905 | 134,148 | (237,757) |
| Total Expenditures | 371,905 | 134,148 | (237,757) |
| Excess (Deficiency) of Revenues Over Expenditures | 128,095 | (4,022) | (132,117) |
| Other Financing Sources (Uses) | | | |
| Transfers in (out) | | | |
| Tranfers from General Fund | (7,500) | 8,213 | 15,713 |
| Transfers to Debt Service Fund | (4,191) | (4,191) | - |
| Total Other Financing Sources (Uses) | (11,691) | 4,022 | 15,713 |
| Net Change in Fund Balance | \$ 116,404 | - | \$ (116,404) |
| Fund Balances | | | |
| Beginning of year | | - | |
| Ending of year | | \$ - | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Special Service District No. 4 Fund

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

For the Fiscal Year ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|-----------------------------------|------------------------------|----------------|-----------------|
| Revenues | | | |
| Property taxes | | | |
| Current year | \$ 320,000 | \$ 320,790 | \$ 790 |
| Prior year | - | 1,265 | 1,265 |
| Investment income | - | 4 | 4 |
| Total Revenues | 320,000 | 322,059 | 2,059 |
| Expenditures | | | |
| Housing and economic development | 320,000 | 323,000 | 3,000 |
| Net Change in Fund Balance | \$ - | (941) | \$ (941) |
| Fund Balance | | | |
| Beginning of Year | | (153,365) | |
| Prior period adjustment | | (36,238) | |
| Beginning of Year, Restated | | (189,603) | |
| End of Year | | \$ (190,544) | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|--------------------------------|------------------------------|-------------------|-------------|
| Revenues | | | |
| Property taxes | \$ 1,348,553 | \$ 1,313,420 | \$ (35,133) |
| Investment income | 1,000 | 61 | (939) |
| Miscellaneous | 25,000 | 22,742 | (2,258) |
| | <hr/> | | |
| Total Revenues | 1,374,553 | 1,336,223 | (38,330) |
| Expenditures | | | |
| General management and support | 1,370,369 | 782,701 | (587,668) |
| | <hr/> | | |
| Net Change in Fund Balance | \$ 4,184 | 553,522 | \$ 549,338 |
| | <hr/> | | |
| Fund Balance | | | |
| Beginning of Year | | 183,099 | |
| Prior period adjustment | | <u>(223,382)</u> | |
| Beginning of Year, Restated | | <u>(40,283)</u> | |
| Ending | | <u>\$ 513,239</u> | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Capital Improvements

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

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|--|------------------------------|--------------------|---------------------|
| Revenues | | | |
| Intergovernmental allotments | \$ 5,424,000 | \$ 270,268 | \$ (5,153,732) |
| Charges for services | - | 87,391 | 87,391 |
| Investment income | 10,000 | 3,815 | (6,185) |
| Miscellaneous | | | |
| Contributions | - | 150,000 | 150,000 |
| Total Revenues | 5,434,000 | 511,474 | (4,922,526) |
| Expenditures | | | |
| General management and support | - | 172,067 | 172,067 |
| Public works | - | 1,365,064 | 1,365,064 |
| Recreation and cultural opportunities | - | 7,230 | 7,230 |
| Capital outlay | 18,692,150 | 8,926,479 | (9,765,671) |
| Total Expenditures | 18,692,150 | 10,470,840 | (8,221,310) |
| Excess (Deficiency) of Revenues Over Expenditures | (13,258,150) | (9,959,366) | 3,298,784 |
| Other Financing Sources (Uses) | | | |
| Issuance of bonds | 7,585,650 | 7,375,000 | (210,650) |
| Premium on issuance of bonds | - | 420,481 | 420,481 |
| Transfers in | 250,000 | - | (250,000) |
| Transfers (out) | (490,000) | (490,000) | - |
| Total Other Financing Sources (Uses) | 7,345,650 | 7,305,481 | (40,169) |
| Net Change in Fund Balance | \$ (5,912,500) | (2,653,885) | \$ 3,258,615 |
| Fund Balances | | | |
| Beginning of Year | | 8,170,926 | |
| End of Year | | \$ 5,517,041 | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Special Assessment Capital Projects Fund

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

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|--|------------------------------|---------------------|-------------------|
| Revenues | | | |
| Special assessments | \$ 230,000 | \$ 147,831 | \$ (82,169) |
| Investment income | 1,200 | 2,219 | 1,019 |
| Total Revenues | 231,200 | 150,050 | (81,150) |
| Expenditures | | | |
| Current | | | |
| General management and support | - | 4,242 | (4,242) |
| Capital outlay | 501,000 | 224,708 | 276,292 |
| Total Expenditures | 501,000 | 228,950 | 272,050 |
| Excess (Deficiency) of Revenues Over Expenditures | (269,800) | (78,900) | 190,900 |
| Other Financing Sources (Uses) | | | |
| Issuance of bonds | 250,000 | 230,000 | (20,000) |
| Premium on issuance of bonds | - | 13,113 | 13,113 |
| Transfers (out) | (260,698) | - | 260,698 |
| Other Financing Sources (Uses) - Net | (10,698) | 243,113 | 253,811 |
| Net Change in Fund Balance | \$ (280,498) | 164,213 | \$ 444,711 |
| Fund Balance | | | |
| Beginning of Year | | <u>2,518,568</u> | |
| End of Year | | <u>\$ 2,682,781</u> | |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2015

| | Special Service District No. 5 | | Chicago Main Tax Increment District | |
|--|--------------------------------------|------------|--|------------|
| | Original and Final Budget | Actual | Original and Final Budget | Actual |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | | | | |
| Current year levy, net | \$ 425,000 | \$ 418,735 | \$ - | \$ - |
| Prior year levy, net | - | 3,791 | - | - |
| Investment income | 300 | 5 | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 425,300 | 422,531 | - | - |
| Expenditures | | | | |
| General management and support | - | - | - | - |
| Housing and economic development | - | - | 2,900,000 | 580,000 |
| Debt Service | | | | |
| Principal | 390,000 | 255,000 | - | - |
| Interest | 35,175 | 42,150 | - | 7,930 |
| Fiscal agent fees | - | - | - | - |
| Total Expenditures | 425,175 | 297,150 | 2,900,000 | 587,930 |
| Excess (Deficiency) of Revenues Over Expenditures | 125 | 125,381 | (2,900,000) | (587,930) |
| Other Financing Sources (Uses) | | | | |
| Issuance of bonds | - | - | - | - |
| Issuance of loans | - | - | 2,900,000 | 900,000 |
| Transfers in (out) | | | | |
| General | - | - | - | - |
| IMRF | - | - | - | - |
| Economic Development | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | 2,900,000 | 900,000 |
| Net Changes in Fund Balances | \$ 125 | 125,381 | \$ - | 312,070 |
| Fund Balances (Deficit) | | | | |
| Beginning of Year | | 464,046 | | - |
| Prior period adjustment | | (63,998) | | - |
| Beginning of Year, Restated | | 400,048 | | - |
| End of Year | | \$ 525,429 | | \$ 312,070 |

| Southwest Tax Increment District | | Howard Hartrey Tax Increment District | | Washington National Tax Increment District | |
|-------------------------------------|------------------|--|---------------------|--|---------------------|
| Original and Final Budget | Actual | Original and Final Budget | Actual | Original and Final Budget | Actual |
| \$ - | \$ - | \$ 1,150,000 | \$ 1,248,231 | \$ 4,900,000 | \$ 4,888,882 |
| - | - | - | - | - | 32,602 |
| - | - | 4,500 | 1,986 | 10,000 | 3,532 |
| - | - | - | - | - | - |
| - | - | 1,154,500 | 1,250,217 | 4,910,000 | 4,925,016 |
| - | - | - | - | - | - |
| 861,217 | 893,387 | 3,500,000 | 2,174,940 | 2,300,000 | 310,290 |
| - | - | - | - | 545,000 | 545,000 |
| - | - | - | - | 30,000 | 29,976 |
| - | - | - | - | - | 250 |
| 861,217 | 893,387 | 3,500,000 | 2,174,940 | 2,875,000 | 885,516 |
| (861,217) | (893,387) | (2,345,500) | (924,723) | 2,035,000 | 4,039,500 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | (148,010) | (148,010) | (340,000) | (340,000) |
| - | - | - | - | (2,925,296) | (2,925,296) |
| - | - | - | - | - | - |
| - | - | (148,010) | (148,010) | (3,265,296) | (3,265,296) |
| <u>\$ (861,217)</u> | <u>(893,387)</u> | <u>\$ (2,493,510)</u> | <u>(1,072,733)</u> | <u>\$ (1,230,296)</u> | <u>774,204</u> |
| | 893,665 | | 2,369,483 | | 6,186,704 |
| | <u>(278)</u> | | <u>(15,635)</u> | | <u>(518,478)</u> |
| | <u>893,387</u> | | <u>2,353,848</u> | | <u>5,668,226</u> |
| | <u>\$ -</u> | | <u>\$ 1,281,115</u> | | <u>\$ 6,442,430</u> |

(This schedule is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2015

| | Howard Ridge Tax Increment District | | West Evanston Tax Increment District | | Totals | |
|--|--|-------------|---|------------|------------------------------|--------------|
| | Original and Final Budget | Actual | Original and Final Budget | Actual | Original and Final Budget | Actual |
| Revenues | | | | | | |
| Taxes | | | | | | |
| Property taxes | | | | | | |
| Current year levy, net | \$ 545,000 | \$ 529,021 | \$ - | \$ - | \$ 7,020,000 | \$ 7,084,869 |
| Prior year levy, net | - | 11,555 | - | - | - | 47,948 |
| Investment income | 500 | 1,817 | 100 | 257 | 15,400 | 7,597 |
| Miscellaneous | 100,500 | 64,176 | - | - | 100,500 | 64,176 |
| Total Revenues | 646,000 | 606,569 | 100 | 257 | 7,135,900 | 7,204,590 |
| Expenditures | | | | | | |
| General management and support | 690,000 | 581,915 | 95,000 | (8,821) | 785,000 | 573,094 |
| Housing and economic development | - | - | - | - | 9,561,217 | 3,958,617 |
| Debt Service | | | | | | |
| Principal | - | - | - | - | 935,000 | 800,000 |
| Interest | 600 | 585 | 10,000 | 7,185 | 75,775 | 87,826 |
| Fiscal agent fees | - | - | - | - | - | 250 |
| Total Expenditures | 690,600 | 582,500 | 105,000 | (1,636) | 11,356,992 | 5,419,787 |
| Excess (Deficiency) of Revenues Over Expenditures | (44,600) | 24,069 | (104,900) | 1,893 | (4,221,092) | 1,784,803 |
| C | | | | | | |
| Issuance of bonds | 200,000 | - | - | - | 200,000 | - |
| Issuance of loans | - | - | 105,000 | - | 3,005,000 | 900,000 |
| Transfers in (out) | | | | | | |
| General | (60,000) | (60,000) | (60,000) | (60,000) | (608,010) | (608,010) |
| IMRF | - | - | - | - | (2,925,296) | (2,925,296) |
| Economic Development | (47,500) | (47,500) | - | - | (47,500) | (47,500) |
| Total Other Financing Sources (Uses) | 92,500 | (107,500) | 45,000 | (60,000) | (375,806) | (2,680,806) |
| Net Changes in Fund Balances | \$ 47,900 | (83,431) | \$ (59,900) | (58,107) | \$ (4,596,898) | (896,003) |
| Fund Balances (Deficit) | | | | | | |
| Beginning of Year | | 295,119 | | 500,370 | | 10,709,387 |
| Prior period adjustment | | (240,309) | | - | | (838,698) |
| Beginning of Year, Restated | | 54,810 | | 500,370 | | 9,870,689 |
| End of Year | | \$ (28,621) | | \$ 442,263 | | \$ 8,974,686 |

(See independent auditor's report.)

ENTERPRISE FUNDS

Water Fund - To account for all activity related to providing water to Evanston residents, as well as the Village of Skokie and the Northwest Water Commission. All activities necessary to provide such services are accounted for in this fund, including, but not limited to: administration, operation, maintenance, debt service, and billing/collection.

Sewer Fund - To account for all activity related to providing sewer service to City residents and businesses. Activities necessary to provide such service include, but are not limited to: administration, operations, financing, capital improvements/maintenance, and billing/collection.

Parking Fund - To account for all City-owned parking facilities/garages, lots, and metered spaces. Maple Avenue and Sherman Plaza Garage activities have been included in this Fund beginning in FY09-10. All activities are accounted for including administration, operations, financing, and revenue collection.

Solid Waste Fund - To account for all activity related to refuse, recycling, and yard waste collection and disposal. Activities necessary to provide such service include, but are not limited to: administration, operations, and revenue collection.

CITY OF EVANSTON, ILLINOIS

Water Fund

Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2015

| | Budget | Actual |
|---|------------------------|----------------------|
| Operating Revenues | | |
| Charges for services | \$ 15,253,000 | \$ 15,005,360 |
| Miscellaneous | 506,100 | 716,246 |
| Total Operating Revenues | <u>15,759,100</u> | <u>15,721,606</u> |
| Operating Expenses Excluding Depreciation | | |
| Administration | 1,528,130 | 1,473,338 |
| Operations | | |
| Pumping | 2,426,701 | 1,752,932 |
| Filtration | 2,612,781 | 2,015,362 |
| Distribution | 1,724,142 | 2,395,818 |
| Meter maintenance | 194,336 | 202,921 |
| Other | 19,349,100 | 420,562 |
| Total Operating Expenses Excluding Depreciation | <u>27,835,190</u> | <u>8,260,933</u> |
| Operating Income (Loss) Before Depreciation | (12,076,090) | 7,460,673 |
| Depreciation | - | 2,096,633 |
| Operating Income (Loss) | <u>(12,076,090)</u> | <u>5,364,040</u> |
| Non-Operating Revenues (Expenses) | | |
| Investment income | 10,000 | 5,981 |
| Interest Expense | (434,254) | (390,461) |
| Net book value of fixed assets disposed | - | 302,700 |
| Total Non-Operating Revenues (Expenses) | <u>(424,254)</u> | <u>(81,780)</u> |
| Income (Loss) Before Transfers | <u>(12,500,344)</u> | <u>5,282,260</u> |
| Transfers | | |
| Transfers (out) | <u>(3,194,053)</u> | <u>(3,194,053)</u> |
| Total Transfers In (Out) | <u>(3,194,053)</u> | <u>(3,194,053)</u> |
| Net Income | <u>\$ (15,694,397)</u> | <u>2,088,207</u> |
| Net Position | | |
| Beginning of Year | | 66,279,631 |
| Change in accounting principle | | (101,305) |
| Prior period adjustment | | <u>(55,806)</u> |
| Beginning of Year, Restated | | <u>66,122,520</u> |
| End of Year | | <u>\$ 68,210,727</u> |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Water Fund - Operation and Maintenance Account
Schedule of Operating Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2015

| | <u>Budget</u> | <u>Actual</u> |
|------------------------------|---------------|---------------|
| Charges for Services, Net | | |
| Water Sales | | |
| Evanston | \$ 6,983,000 | \$ 6,952,396 |
| Skokie | 2,970,000 | 2,863,525 |
| Northwest Water Commission | 5,300,000 | 5,189,439 |
| | <hr/> | <hr/> |
| Total Charges for Services | 15,253,000 | 15,005,360 |
| | <hr/> | <hr/> |
| Miscellaneous | | |
| Fees and outside work | 45,000 | 40,911 |
| Fees, merchandise, and other | 461,100 | 675,335 |
| | <hr/> | <hr/> |
| Total Miscellaneous | 506,100 | 716,246 |
| | <hr/> | <hr/> |
| Total Operating Revenues | \$ 15,759,100 | \$ 15,721,606 |

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

Fleet Services Fund - To account for the cost of operating the municipal service center maintenance facility for transportation vehicles/equipment used by City departments. Such costs are billed to the user departments.

Equipment Replacement Fund - To account for the costs associated with the purchase of vehicles and equipment.

Insurance Fund - To account for all costs related to general liability and workers' compensation claims. Beginning with FY10-11, health insurance premiums are also accounted for in this Fund. This internal service fund uses "funding premium" payments from City operating funds to pay claim and premium costs incurred.

CITY OF EVANSTON, ILLINOIS

Internal Service Funds
Combining Statement of Net Position

December 31, 2015

| | Equipment | | | |
|-------------------------------------|---------------------|-------------------|---------------------|---------------------|
| | Replacement | Fleet Services | Insurance | Total |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 1,069,403 | \$ - | \$ 1,183,113 | \$ 2,252,516 |
| Receivables - other | - | 6,238 | - | 6,238 |
| Inventories | - | 806,876 | - | 806,876 |
| Prepaid items | 395,071 | - | 1,470,348 | 1,865,419 |
| Due from other funds | 141,733 | - | 1,240,019 | 1,381,752 |
| Total Current Assets | 1,606,207 | 813,114 | 3,893,480 | 6,312,801 |
| Capital Assets | | | | |
| Capital Assets being depreciated | 23,074,067 | 617,552 | - | 23,691,619 |
| Accumulated depreciation | (15,034,715) | (617,404) | - | (15,652,119) |
| Total Capital Assets | 8,039,352 | 148 | - | 8,039,500 |
| Total Assets | 9,645,559 | 813,262 | 3,893,480 | 14,352,301 |
| Current Liabilities | | | | |
| Vouchers payable | 328,518 | 166,886 | 1,677 | 497,081 |
| Due to other funds | - | 141,733 | - | 141,733 |
| Compensated absences payable | - | 13,341 | 5,786 | 19,127 |
| Claims payable | - | - | 1,209,500 | 1,209,500 |
| Total Current Liabilities | 328,518 | 321,960 | 1,216,963 | 1,867,441 |
| Long-Term Liabilities | | | | |
| Compensated absences payable | - | 53,363 | 23,145 | 76,508 |
| OPEB liability | - | 72,331 | - | 72,331 |
| Claims payable | - | - | 3,017,868 | 3,017,868 |
| Total Long-Term Liabilities | - | 125,694 | 3,041,013 | 3,166,707 |
| Total Liabilities | 328,518 | 447,654 | 4,257,976 | 5,034,148 |
| Net Position (Deficit) | | | | |
| Net Investment in Capital Assets | 8,039,352 | 148 | - | 8,039,500 |
| Unrestricted | 1,277,689 | 365,460 | (364,496) | 1,278,653 |
| Total Net Position (Deficit) | \$ 9,317,041 | \$ 365,608 | \$ (364,496) | \$ 9,318,153 |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Internal Service Funds

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

For the Fiscal Year Ended December 31, 2015

| | Equipment Replacement | Fleet Services | Insurance | Total |
|---|--------------------------|-------------------|---------------------|---------------------|
| Operating Revenues | | | | |
| Charges for services | | | | |
| General Fund | \$ 1,242,590 | \$ 2,632,726 | \$ 2,275,216 | \$ 6,150,532 |
| Sewer Fund | - | 186,615 | 269,988 | 456,603 |
| Solid Waste | 177,132 | 312,975 | - | 490,107 |
| Water Fund | - | 131,101 | 468,493 | 599,594 |
| Motor Vehicle Parking System Fund | 30,000 | 23,092 | 319,649 | 372,741 |
| Library Fund | 1,700 | 2,500 | - | 4,200 |
| Emergency Telephone System | - | - | 17,448 | 17,448 |
| Economic Development | - | - | 17,448 | 17,448 |
| Community Development Block Grant | - | - | 17,448 | 17,448 |
| Claims reimbursements | - | - | 291,311 | 291,311 |
| Health insurance contributions | - | - | 13,992,626 | 13,992,626 |
| Miscellaneous | - | 46,934 | 47 | 46,981 |
| Total Operating Revenues | 1,451,422 | 3,335,943 | 17,669,674 | 22,457,039 |
| Operating Expenses | | | | |
| General support | - | 253,031 | - | 253,031 |
| Major maintenance | 53,399 | 2,570,689 | - | 2,624,088 |
| General liability claims | - | - | 692,338 | 692,338 |
| Workers' compensation claims | - | - | 1,813,262 | 1,813,262 |
| Health Insurance Premiums | - | - | 13,406,758 | 13,406,758 |
| Other | - | - | 171,226 | 171,226 |
| Total Operating Expenses | 53,399 | 2,823,720 | 16,083,584 | 18,960,703 |
| Operating Income Before Depreciation | 1,398,023 | 512,223 | 1,586,090 | 3,496,336 |
| Depreciation | 1,684,835 | - | - | 1,684,835 |
| Operating Income (Loss) | (286,812) | 512,223 | 1,586,090 | 1,811,501 |
| Non-Operating Revenues (Expenses) | | | | |
| Investment income | - | - | 136 | 136 |
| Gain on sale of property | 34,286 | - | - | 34,286 |
| Total Non-Operating Revenues (Expenses) | 34,286 | - | 136 | 34,422 |
| Income (Loss) Before Transfers | (252,526) | 512,223 | 1,586,226 | 1,845,923 |
| Transfers | | | | |
| Transfers (out) | - | (25,820) | (8,936) | (34,756) |
| Total Transfers In (Out) | - | (25,820) | (8,936) | (34,756) |
| Change in Net Position | (252,526) | 486,403 | 1,577,290 | 1,811,167 |
| Total Net Position (Deficit) - Beginning | 9,569,567 | (120,795) | (3,381,927) | 6,066,845 |
| Prior period adjustment | - | - | 1,440,141 | 1,440,141 |
| Total Net Position (Deficit) - Beginning, Restated | 9,569,567 | (120,795) | (1,941,786) | 7,506,986 |
| Total Net Position (Deficit) - Ending | \$ 9,317,041 | \$ 365,608 | \$ (364,496) | \$ 9,318,153 |

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Internal Service Funds
 Combining Statement of Cash Flows

For the Fiscal Year Ended December 31, 2015

| | Equipment Replacement | Fleet Services | Insurance | Total |
|---|--------------------------|------------------|-------------------|---------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts from customers and users | \$ 1,451,422 | \$ 3,355,261 | \$ 17,669,674 | \$ 22,476,357 |
| Receipts from/(payments for) interfund services provided | 409,431 | (287,366) | (91,064) | 31,001 |
| Payments to suppliers | 761,251 | (1,867,214) | (277,982) | (1,383,945) |
| Payments to employees | - | (1,183,151) | (2,476,669) | (3,659,820) |
| Payments for insurance premiums | - | - | (14,122,356) | (14,122,356) |
| Net Cash Provided from Operating Activities | 2,622,104 | 17,530 | 701,603 | 3,341,237 |
| Cash Flows from Noncapital Financing Activities | | | | |
| Transfers in (out) | - | (25,820) | (8,936) | (34,756) |
| Net Cash from Noncapital Financing Activities | - | (25,820) | (8,936) | (34,756) |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Sale of capital assets | 85,036 | - | - | 85,036 |
| Acquisition and construction of capital assets | (2,389,156) | - | - | (2,389,156) |
| Net Cash from Capital and Related Financing Activities | (2,304,120) | - | - | (2,304,120) |
| Cash Flows from Investing Activities | | | | |
| Interest Income | - | - | 136 | 136 |
| Net Cash from Investing Activities | - | - | 136 | 136 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 317,984 | (8,290) | 692,803 | 1,002,497 |
| Cash and Equivalents | | | | |
| Beginning | 751,419 | 8,290 | 490,310 | 1,250,019 |
| Ending | \$ 1,069,403 | \$ - | \$ 1,183,113 | \$ 2,252,516 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided from Operating Activities | | | | |
| Operating Income (Loss) | \$ (286,812) | \$ 512,223 | \$ 1,586,090 | \$ 1,811,501 |
| Adjustments to reconcile operating income to net cash provided from operating activities | | | | |
| Depreciation | 1,684,835 | - | - | 1,684,835 |
| Changes in assets and liabilities | | | | |
| Increase/decrease in accounts receivable miscellaneous | - | 19,318 | - | 19,318 |
| Interfund receivable | 409,431 | 141,733.00 | (91,064) | 460,100 |
| Prepaid expenses | 621,740 | - | (30,207) | 591,533 |
| Inventories | - | (55,728) | - | (55,728) |
| Compensated absences | - | (53,902) | 28,931 | (24,971) |
| OPEB liability | - | 10,226 | - | 10,226 |
| Vouchers payable | 192,910 | (127,241) | (76,549) | (10,880) |
| Interfund payable | - | (429,099) | - | (429,099) |
| Claims payable | - | - | (715,598) | (715,598) |
| Net Cash Provided from Operating Activities | \$ 2,622,104 | \$ 17,530 | \$ 701,603 | \$ 3,341,237 |

(See independent auditor's report.)

COMPONENT UNIT - PUBLIC LIBRARY

**CITY OF EVANSTON LIBRARY COMPONENT UNIT
EVANSTON, ILLINOIS**

Combining Balance Sheet/Statement of Net Position

December 31, 2015

| | Operating | Endowment | Debt Service | Total | Adjustments | Statement of Net Position |
|--|---------------------|---------------------|-------------------|----------------------|----------------------|------------------------------|
| Assets | | | | | | |
| Cash and investments | \$ 1,180,706 | \$ 3,744,525 | \$ 141,651 | \$ 5,066,882 | \$ - | \$ 5,066,882 |
| Property taxes receivable | 6,054,180 | - | 385,541 | 6,439,721 | - | 6,439,721 |
| Other receivables | 95 | - | - | 95 | - | 95 |
| Capital assets not being depreciated | - | - | - | - | 311,380 | 311,380 |
| Capital assets net of accumulated depreciation | - | - | - | - | 12,511,235 | 12,511,235 |
| Total Assets | 7,234,981 | 3,744,525 | 527,192 | 11,506,698 | 12,822,615 | 24,329,313 |
| Deferred Outflows of Resources | | | | | | |
| Pension items - IMRF | - | - | - | - | 1,595,019 | 1,595,019 |
| Total Assets and Deferred Outflows of Resources | \$ 7,234,981 | \$ 3,744,525 | \$ 527,192 | \$ 11,506,698 | \$ 14,417,634 | \$ 25,924,332 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | \$ 283,420 | \$ - | \$ - | \$ 283,420 | \$ - | \$ 283,420 |
| Other payable | 3,270 | - | - | 3,270 | - | 3,270 |
| Due to primary government | 400,124 | - | 104,987 | 505,111 | - | 505,111 |
| Unearned revenue | 4,141 | - | - | 4,141 | - | 4,141 |
| Total Current Liabilities | 690,955 | - | 104,987 | 795,942 | - | 795,942 |
| Noncurrent Liabilities | | | | | | |
| Due within one year | 69,761 | - | - | 69,761 | 323,241 | 393,002 |
| Due in more than one year | - | - | - | - | 3,218,037 | 3,218,037 |
| Total Noncurrent Liabilities | 69,761 | - | - | 69,761 | 3,541,278 | 3,611,039 |
| Total Liabilities | 760,716 | - | 104,987 | 865,703 | 3,541,278 | 4,406,981 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable property taxes | 6,054,180 | - | 385,541 | 6,439,721 | - | 6,439,721 |
| Total Liabilities and Deferred Inflows of Resources | 6,814,896 | - | 490,528 | 7,305,424 | 3,541,278 | 10,846,702 |
| Fund Balances | | | | | | |
| Net investment in capital assets | - | - | - | - | 11,179,234 | 11,179,234 |
| Restricted for endowment | - | 3,744,525 | - | 3,744,525 | - | 3,744,525 |
| Unassigned/unrestricted | 420,085 | - | 36,664 | 456,749 | (302,878) | 153,871 |
| Total Fund Balances/Net Position | 420,085 | 3,744,525 | 36,664 | 4,201,274 | 10,876,356 | 15,077,630 |
| Total Liabilities, Deferred Inflows, and Fund Balances/Net Position | \$ 7,234,981 | \$ 3,744,525 | \$ 527,192 | \$ 11,506,698 | \$ 14,417,634 | \$ 25,924,332 |

(See independent auditor's report.)

**CITY OF EVANSTON LIBRARY COMPONENT UNIT
EVANSTON, ILLINOIS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances/ Statement of Activities
Governmental Fund

For Fiscal Year Ended December 31, 2015

| | Operating | Endowment | Debt Service | Total | Adjustments | Statement of Activities |
|--|------------------|------------------|----------------|------------------|------------------|----------------------------|
| Revenues | | | | | | |
| Property taxes | \$ 5,916,852 | \$ - | \$ 601,811 | \$ 6,518,663 | \$ - | \$ 6,518,663 |
| Intergovernmental | | | | | | |
| Personal property replacement tax | 46,059 | - | - | 46,059 | - | 46,059 |
| State grant revenue | 181,283 | - | - | 181,283 | - | 181,283 |
| Charges for services | 445,800 | - | - | 445,800 | - | 445,800 |
| Other | | | | | | |
| Investment income | 2,682 | (53,728) | - | (51,046) | - | (51,046) |
| Donations | - | 50,500 | - | 50,500 | - | 50,500 |
| Miscellaneous | 185 | - | - | 185 | - | 185 |
| Total Revenues | 6,592,861 | (3,228) | 601,811 | 7,191,444 | - | 7,191,444 |
| Expenditures | | | | | | |
| Current | | | | | | |
| Community services | 6,604,133 | - | - | 6,604,133 | (137,844) | 6,466,289 |
| Debt Service | | | | | | |
| Principal | - | - | 481,936 | 481,936 | (481,936) | - |
| Interest and fiscal charges | - | - | 80,802 | 80,802 | - | 80,802 |
| Total Expenditures | 6,604,133 | - | 562,738 | 7,166,871 | (619,780) | 6,547,091 |
| Excess (Deficiency) of Revenues Over Expenditures | (11,272) | (3,228) | 39,073 | 24,573 | 619,780 | 644,353 |
| Other Financing Sources (Uses) | | | | | | |
| Transfer in | 172,979 | - | - | 172,979 | (172,979) | - |
| Transfer (out) | (327,268) | (172,979) | - | (500,247) | 172,979 | (327,268) |
| Total Other Financing Sources (Uses) | (154,289) | (172,979) | - | (327,268) | - | (327,268) |
| Change in Fund Balance/Net Position | (165,561) | (176,207) | 39,073 | (302,695) | 619,780 | 317,085 |
| Fund Balances/Net Position | | | | | | |
| Beginning of Year | 1,378,970 | 3,920,732 | 93,595 | 5,393,297 | 10,371,421 | 15,764,718 |
| Change in accounting principle | - | - | - | - | (114,845) | (114,845) |
| Prior period adjustment | (793,324) | - | (96,004) | (889,328) | - | (889,328) |
| Beginning of Year, Restated | 585,646 | 3,920,732 | (2,409) | 4,503,969 | 10,256,576 | 14,760,545 |
| End of Year | \$ 420,085 | \$ 3,744,525 | \$ 36,664 | \$ 4,201,274 | \$ 10,876,356 | \$ 15,077,630 |

(See independent auditor's report.)

**CITY OF EVANSTON LIBRARY COMPONENT UNIT
EVANSTON, ILLINOIS**

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

For the Fiscal Year Ended December 31, 2015

| | Original and Final Budget | Actual | Variance |
|--|------------------------------|------------------|-------------------|
| Revenues | | | |
| Property taxes | \$ 5,813,505 | \$ 5,916,852 | \$ 103,347 |
| Intergovernmental | | | |
| Personal property replacement tax | 50,200 | 46,059 | (4,141) |
| State grant revenue | 183,327 | 181,283 | (2,044) |
| Charges for services | 412,360 | 445,800 | 33,440 |
| Other | | | |
| Investment income | - | 2,682 | 2,682 |
| Miscellaneous | - | 185 | 185 |
| Total Revenues | 6,459,392 | 6,592,861 | 133,469 |
| Expenditures | | | |
| General management and support | 6,303,124 | 6,604,133 | 301,009 |
| Total Expenditures | 6,303,124 | 6,604,133 | (301,009) |
| Excess (Deficiency) of Revenues Over Expenditures | | | |
| | 156,268 | (11,272) | 434,478 |
| Other Financing Sources (Uses) | | | |
| Transfers in | 171,000 | 172,979 | 1,979 |
| Transfers (out) | (327,268) | (327,268) | - |
| Total Other Financing Sources (Uses) | (156,268) | (154,289) | (1,979) |
| Net Change in Fund Balance | \$ - | (165,561) | \$ 432,499 |
| Fund Balance | | | |
| Beginning of Year | | 1,378,970 | |
| Prior period adjustment | | (793,324) | |
| Beginning of Year, Restated | | 585,646 | |
| End of Year | | \$ 420,085 | |

(See independent auditor's report.)

STATISTICAL SECTION

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

| <u>Contents</u> | <u>Page(s)</u> |
|--|----------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have been changed over time. | 131-134 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 135-137 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 138-142 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 143-145 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 146-150 |

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

CITY OF EVANSTON, ILLINOIS

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011* | 2012 | 2013 | 2014 | 2015** |
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 31,133 | \$ 31,542 | \$ 37,278 | \$ 41,109 | \$ 49,483 | \$ 57,663 | \$ 60,105 | \$ 47,214 | \$ 46,633 | \$ 47,953 |
| Restricted | 30,034 | 23,168 | 26,238 | 23,645 | 23,187 | 31,559 | 31,754 | 24,720 | 25,446 | 16,409 |
| Unrestricted | 25,171 | 28,231 | 17,539 | 10,400 | 4,072 | (24,033) | (23,729) | (13,846) | (11,436) | (136,007) |
| Total Governmental Activities Net Position | \$ 86,338 | \$ 82,941 | \$ 81,055 | \$ 75,154 | \$ 76,742 | \$ 65,189 | \$ 68,130 | \$ 58,088 | \$ 60,643 | \$ (71,645) |
| Business-Type Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 140,621 | \$ 159,185 | \$ 172,399 | \$ 192,921 | \$ 207,162 | \$ 215,755 | \$ 228,738 | \$ 239,243 | \$ 246,382 | \$ 255,622 |
| Restricted | 9,374 | 1,986 | 1,987 | 3,378 | 1,624 | 1,034 | 710 | 712 | 649 | - |
| Unrestricted | 21,417 | 23,589 | 27,586 | 25,417 | 19,141 | 25,385 | 26,363 | 25,484 | 23,563 | 22,785 |
| Total Business-Type Activities Net Position | \$ 171,412 | \$ 184,760 | \$ 201,972 | \$ 221,716 | \$ 227,927 | \$ 242,174 | \$ 255,811 | \$ 265,439 | \$ 270,594 | \$ 278,407 |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | \$ 171,754 | \$ 190,727 | \$ 209,677 | \$ 234,030 | \$ 256,645 | \$ 273,418 | \$ 288,843 | \$ 286,457 | \$ 293,015 | \$ 303,575 |
| Restricted | 39,408 | 25,154 | 28,225 | 27,023 | 24,811 | 32,593 | 32,464 | 25,432 | 26,095 | 16,409 |
| Unrestricted | 46,588 | 51,820 | 45,125 | 35,817 | 23,213 | 1,352 | 2,634 | 11,638 | 12,127 | (113,222) |
| Total Primary Government Net Position | \$ 257,750 | \$ 267,701 | \$ 283,027 | \$ 296,870 | \$ 304,669 | \$ 307,363 | \$ 323,941 | \$ 323,527 | \$ 331,237 | \$ 206,762 |

* The City changed its fiscal year end to December 31, 2011.

** The City implemented GASB Statemetn No. 68 which resulted in a decrease in unrestricted net position

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Changes in Net Position

Last Ten Fiscal Years
(amounts expressed in thousands)

| | Fiscal Year Ended | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011* | 2012 | 2013 | 2014 | 2015 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| General government | \$ 19,951 | \$ 20,072 | \$ 18,017 | \$ 19,773 | \$ 17,517 | \$ 17,911 | \$ 22,508 | \$ 18,892 | \$ 13,811 | \$ 12,493 |
| Public safety | 46,368 | 48,763 | 49,484 | 50,488 | 53,226 | 43,465 | 52,740 | 57,090 | 58,795 | 57,443 |
| Public works | 16,505 | 21,566 | 21,628 | 18,509 | 15,626 | 12,399 | 11,099 | 13,782 | 25,825 | 20,011 |
| Health and human resource development | 6,108 | 4,982 | 4,546 | 4,760 | 4,541 | 3,547 | 3,200 | 3,601 | 3,837 | 2,911 |
| Housing and economic development | 7,924 | 7,090 | 6,965 | 20,066 | 10,857 | 11,630 | 19,101 | 11,123 | 12,443 | 10,532 |
| Culture and recreation | 18,303 | 20,634 | 20,002 | 9,120 | 20,142 | 15,607 | 17,438 | 16,433 | 9,358 | 14,794 |
| Interest on long-term debt | 6,926 | 5,522 | 4,041 | 4,396 | 5,595 | 3,114 | 1,786 | 377 | 3,919 | 3,757 |
| Total governmental activities expenses | 122,085 | 128,629 | 124,683 | 127,112 | 127,504 | 107,673 | 127,872 | 121,298 | 127,988 | 121,941 |
| Business-Type Activities | | | | | | | | | | |
| Water | 8,778 | 8,668 | 9,391 | 9,133 | 8,713 | 7,450 | 10,172 | 11,193 | 11,977 | 10,748 |
| Sewer | 9,588 | 8,972 | 8,726 | 8,779 | 8,784 | 7,083 | 7,872 | 7,649 | 7,293 | 6,608 |
| Solid waste | - | - | - | - | - | 4,317 | 4,612 | 4,732 | 4,856 | 5,150 |
| Motor vehicle parking system | 2,963 | 2,403 | 8,896 | 8,841 | 8,425 | 6,673 | 8,297 | 8,369 | 7,856 | 7,862 |
| Sherman garage | 1,613 | 4,270 | - | - | - | - | - | - | - | - |
| Maple avenue garage | 2,910 | 2,682 | - | - | - | - | - | - | - | - |
| Total Business-Type Activities | 25,852 | 26,995 | 27,013 | 26,753 | 25,922 | 25,523 | 30,953 | 31,943 | 31,982 | 30,368 |
| Total primary government expenses | \$ 147,937 | \$ 155,624 | \$ 151,696 | \$ 153,865 | \$ 153,426 | \$ 133,196 | \$ 158,825 | \$ 153,241 | \$ 159,970 | \$ 152,309 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 13,630 | \$ 12,639 | \$ 13,348 | \$ 13,087 | \$ 12,796 | \$ 9,219 | \$ 9,478 | \$ 8,917 | \$ 9,374 | \$ 8,629 |
| Culture and recreation | 4,353 | 4,521 | 4,637 | 4,902 | 5,265 | 4,587 | 9,934 | 5,236 | 5,360 | 5,572 |
| Other activities | 8,779 | 14,518 | 10,289 | 7,946 | 9,377 | 8,523 | 11,349 | 12,179 | 15,253 | 11,268 |
| Operating grants and contributions | 3,679 | 5,982 | 5,117 | 5,898 | 9,851 | 9,861 | 13,453 | 10,102 | 7,151 | 5,535 |
| Capital grants and contributions | 185 | 118 | 113 | 4,037 | 8,026 | 3,941 | 2,017 | 2,956 | 501 | 275 |
| Total Governmental Activities Program Revenues | 30,626 | 37,778 | 33,504 | 35,870 | 45,315 | 36,131 | 46,231 | 39,390 | 37,639 | 31,279 |
| Business-Type Activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water | 12,639 | 13,239 | 13,685 | 12,694 | 13,738 | 12,369 | 14,967 | 14,658 | 15,052 | 15,722 |
| Sewer | 14,394 | 14,239 | 13,774 | 13,243 | 13,393 | 11,377 | 14,115 | 13,510 | 12,785 | 12,511 |
| Sherman garage | 779 | 1,950 | - | - | - | - | - | - | - | - |
| Solid waste | - | - | - | - | - | 2,900 | 3,490 | 3,651 | 3,971 | 4,004 |
| Motor vehicle parking system | 3,059 | 3,084 | 6,719 | 6,772 | 5,987 | 4,928 | 6,663 | 6,255 | 6,080 | 6,164 |
| Maple avenue garage fund | 1,417 | 1,430 | - | - | - | - | - | - | - | - |
| Operating grants and contributions | - | - | - | - | - | - | 395 | 939 | 15 | - |
| Total Business-Type Activities Program Revenues | 32,288 | 33,942 | 34,178 | 32,709 | 33,118 | 31,574 | 39,630 | 39,013 | 37,903 | 38,401 |
| Total Primary Government Program Revenues | \$ 62,914 | \$ 71,720 | \$ 67,682 | \$ 68,579 | \$ 78,433 | \$ 67,705 | \$ 85,861 | \$ 78,403 | \$ 75,542 | \$ 69,680 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (91,459) | \$ (90,851) | \$ (91,179) | \$ (91,242) | \$ (82,189) | \$ (71,542) | \$ (81,641) | \$ (81,908) | \$ (90,349) | \$ (90,662) |
| Business-Type Activities | 6,436 | 6,947 | 7,165 | 5,956 | 7,196 | 6,051 | 8,677 | 7,070 | 5,921 | 8,033 |
| Total Primary Government Net Expense | \$ (85,023) | \$ (83,904) | \$ (84,014) | \$ (85,286) | \$ (74,993) | \$ (65,491) | \$ (72,964) | \$ (74,838) | \$ (84,428) | \$ (82,629) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 61,983 | \$ 46,947 | \$ 56,217 | \$ 58,839 | \$ 47,040 | \$ 33,399 | \$ 47,874 | \$ 46,349 | \$ 48,579 | \$ 45,840 |
| Sales taxes | 14,387 | 16,172 | 15,500 | 14,880 | 15,577 | 13,495 | 15,888 | 16,965 | 17,362 | 17,758 |
| Investment earnings | 3,752 | 3,653 | 360 | 721 | 557 | 32 | 398 | 79 | (258) | 30 |
| Miscellaneous | 17,287 | 25,799 | 26,684 | 24,601 | 27,501 | 21,244 | 25,348 | 27,369 | 26,612 | 30,950 |
| Transfers | (616) | (5,116) | (9,469) | (13,700) | (99) | (8,180) | (4,926) | (2,586) | 610 | 631 |
| Total Governmental Activities | 96,793 | 87,455 | 89,292 | 85,341 | 90,576 | 59,990 | 84,582 | 88,176 | 92,905 | 95,209 |
| Business-Type Activities | | | | | | | | | | |
| Investment earnings | 1,344 | 1,287 | 606 | 87 | 23 | 16 | 34 | 33 | (156) | 27 |
| Miscellaneous | - | - | (28) | - | - | - | - | (61) | - | 301 |
| Transfers | 616 | 5,116 | 9,469 | 13,700 | 99 | 8,180 | 4,926 | 2,586 | (610) | (631) |
| Total Business-Type Activities | 1,960 | 6,403 | 10,047 | 13,787 | 122 | 8,196 | 4,960 | 2,558 | (766) | (303) |
| Changes in Net Position | | | | | | | | | | |
| Governmental Activities | \$ 5,334 | \$ (3,396) | \$ (1,887) | \$ (5,901) | \$ 8,387 | \$ (11,552) | \$ 2,941 | \$ 6,268 | \$ 2,556 | \$ 4,547 |
| Business-Type Activities | 8,396 | 13,350 | 17,212 | 19,743 | 7,318 | 14,247 | 13,637 | 9,628 | 5,155 | 7,730 |
| Total Primary Government | \$ 13,730 | \$ 9,954 | \$ 15,325 | \$ 13,842 | \$ 15,705 | \$ 2,695 | \$ 16,578 | \$ 15,896 | \$ 7,711 | \$ 12,277 |

* The City changed its fiscal year end to December 31, 2011.

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(amounts expressed in thousands)

| | Fiscal Year Ended | | | | | | | | | |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011* | 2012 | 2013 | 2014 | 2015 |
| General Fund | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - | \$ 118 |
| Reserved/Restricted | 1,327 | 1,108 | 1,275 | 1,585 | 1,995 | - | - | - | - | - |
| Unreserved/Restricted | 24,866 | 24,840 | 19,752 | 18,603 | 20,009 | - | - | - | - | - |
| Assigned | - | - | - | - | - | 7,590 | 6,848 | 6,362 | 5,347 | 5,672 |
| Unassigned | - | - | - | - | - | 10,803 | 10,186 | 10,001 | 9,636 | 4,914 |
| Total General Fund | \$ 26,193 | \$ 25,948 | \$ 21,027 | \$ 20,188 | \$ 22,004 | \$ 18,393 | \$ 17,034 | \$ 16,363 | \$ 14,983 | \$ 10,704 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 31,741 | \$ 29,739 | \$ 31,757 | \$ 28,953 | \$ 28,738 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in | | | | | | | | | | |
| Special Revenue Funds | 5,587 | 6,649 | 10,356 | 10,807 | 10,907 | - | - | - | - | - |
| Capital Projects Funds | 23,965 | 25,620 | 20,899 | 9,276 | 9,665 | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | 1,419 | - | 407 | 1,430 | 2,158 |
| Restricted | - | - | - | - | - | 32,353 | 32,431 | 25,359 | 26,003 | 16,409 |
| Committed | - | - | - | - | - | 806 | 2,150 | 3,507 | 3,540 | 2,556 |
| Assigned | - | - | - | - | - | 10,074 | 5,307 | 8,372 | 10,467 | 5,517 |
| Unassigned | - | - | - | - | - | (175) | 1,105 | (149) | (153) | (221) |
| Total All Other Governmental Funds | \$ 61,293 | \$ 62,008 | \$ 63,012 | \$ 49,036 | \$ 49,310 | \$ 44,477 | \$ 40,993 | \$ 37,496 | \$ 41,287 | \$ 26,419 |

* The City changed its fiscal year end to December 31, 2011.

Notes: Fund balances for debt service have been included in the reserved amounts.

1. Fund balances for debt service have been included in the reserved amounts.
2. Starting fiscal year ending December 31, 2011, financials are presented per the new reporting standards of GASB 54.

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(amounts expressed in thousands)

| | Fiscal Year Ended | | | | | | | | | |
|--|-------------------|----------------|-------------------|--------------------|-----------------|-------------------|-------------------|----------------|-----------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011* | 2012 | 2013 | 2014 | 2015 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 77,137 | \$ 75,767 | \$ 84,035 | \$ 84,726 | \$ 73,559 | \$ 56,466 | \$ 79,331 | \$ 78,254 | \$ 77,933 | \$ 75,747 |
| Licenses, fees and permits | 8,061 | 10,276 | 8,820 | 7,279 | 8,661 | 6,776 | 10,470 | 10,617 | 14,503 | 12,184 |
| Fines and penalties | 4,029 | 4,660 | 4,442 | 4,151 | 4,003 | 3,280 | 3,470 | 3,449 | 3,358 | 148 |
| Charges for services | 7,167 | 7,732 | 8,399 | 8,680 | 9,786 | 6,283 | 7,763 | 7,723 | 7,793 | 23,834 |
| Special assessments | 565 | 520 | 516 | 240 | 429 | 235 | 293 | 275 | 167 | 8,312 |
| Intergovernmental | 21,402 | 22,625 | 21,013 | 20,696 | 26,456 | 23,183 | 29,252 | 27,844 | 24,300 | 3,554 |
| Investment earnings | 3,695 | 3,402 | 272 | 714 | 555 | 22 | 397 | 94 | 89 | 30 |
| Other Revenues | 5,578 | 5,116 | 4,679 | 4,642 | 6,390 | 4,133 | 2,915 | 1,906 | 1,791 | 1,722 |
| Total Revenues | 127,634 | 130,098 | 132,176 | 131,128 | 129,839 | 100,378 | 133,891 | 130,162 | 129,934 | 125,531 |
| Expenditures | | | | | | | | | | |
| General government | 14,539 | 18,190 | 16,498 | 16,184 | 23,463 | 13,594 | 18,532 | 17,611 | 13,314 | 13,444 |
| Public safety | 39,690 | 42,466 | 49,999 | 48,970 | 50,352 | 42,140 | 54,611 | 56,431 | 59,425 | 59,654 |
| Public works | 14,282 | 18,868 | 18,913 | 16,062 | 14,053 | 7,574 | 9,380 | 11,982 | 19,821 | 19,815 |
| Recreation and cultural opportunities | 16,683 | 19,118 | 18,942 | 18,100 | 17,399 | 16,192 | 14,309 | 14,775 | 10,524 | 3,141 |
| Health and human development | 5,850 | 4,982 | 4,546 | 4,760 | 4,541 | 3,588 | 3,200 | 3,601 | 3,837 | 11,087 |
| Housing and economic development | 7,683 | 7,089 | 6,963 | 9,120 | 11,345 | 11,999 | 19,095 | 11,305 | 9,348 | 13,292 |
| Pensions | 5,645 | - | - | - | - | - | - | - | - | - |
| Capital outlay | 18,986 | 12,416 | 8,209 | 7,960 | 7,112 | 5,832 | 8,523 | 5,948 | 6,286 | 9,151 |
| Debt service | | | | | | | | | | |
| Interest | 6,927 | 5,128 | 5,143 | 4,953 | 4,878 | 4,384 | 5,175 | 4,996 | 4,411 | 4,413 |
| Fiscal agent fees | 517 | 42 | 28 | 5 | 12 | 79 | 76 | 127 | 43 | 16 |
| Principal | 11,530 | 10,815 | 9,885 | 7,524 | 7,650 | 10,106 | 13,055 | 34,259 | 10,040 | 20,833 |
| Total Governmental Activities Expenditure | 142,332 | 139,114 | 139,126 | 133,638 | 140,805 | 115,488 | 145,956 | 161,035 | 137,049 | 154,846 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | (14,698) | (9,016) | (6,950) | (2,510) | (10,966) | (15,110) | (12,065) | (30,873) | (7,115) | (29,315) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from borrowing | 24,916 | 31,444 | 24,340 | - | 13,393 | 15,420 | 12,618 | 34,982 | 9,989 | 22,377 |
| Capitalized interest income | - | - | 839 | - | 120 | - | - | - | - | - |
| Capitalized interest expense | - | - | - | - | - | - | - | - | - | - |
| Escrow funding | (14,368) | (15,590) | (13,280) | - | - | - | - | - | - | - |
| Transfers in | 6,529 | 8,975 | 5,927 | 11,019 | 5,727 | 5,839 | 9,271 | 8,182 | 9,202 | 10,308 |
| Transfers (out) | (10,528) | (15,344) | (14,794) | (23,324) | (6,184) | (14,593) | (14,668) | (11,879) | (9,665) | (9,315) |
| Total Other Financing Sources (Uses) | 6,549 | 9,485 | 3,032 | (12,305) | 13,056 | 6,666 | 7,221 | 31,285 | 9,526 | 23,370 |
| Net Changes in Fund Balance | \$ (8,149) | \$ 469 | \$ (3,917) | \$ (14,815) | \$ 2,090 | \$ (8,444) | \$ (4,844) | \$ 412 | \$ 2,411 | \$ (5,945) |
| Debt Service as a Percentage of | | | | | | | | | | |
| Noncapital Expenditures | 14.96% | 12.58% | 11.48% | 9.93% | 9.36% | 13.29% | 13.26% | 25.31% | 11.05% | 17.62% |

* The City changed its fiscal year end to December 31, 2011.

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Equalized Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

| Levy Year Ended | Residential Property | Farm Property | Commercial Property | Industrial Property | Railroad Property | Total Equalized Assessed Value | Total Actual Value | Total Tax Rate |
|-----------------|----------------------|---------------|---------------------|---------------------|-------------------|--------------------------------|--------------------|----------------|
| 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 | 3,041,884,086 | 9,125,652,258 | 1.364 |
| 2011 | 2,100,690,657 | 15,956 | 513,880,731 | 111,899,205 | 881,024 | 2,727,367,573 | 8,182,102,719 | 1.591 |
| 2012 | 1,944,932,067 | 15,956 | 462,671,239 | 106,007,084 | 995,206 | 2,514,621,552 | 7,543,864,656 | 1.551 |
| 2013 | 1,653,524,481 | 15,956 | 452,108,891 | 94,820,879 | 1,226,831 | 2,201,697,038 | 6,605,091,114 | 1.760 |
| 2014 | 1,792,383,435 | 15,467 | 416,165,953 | 34,726,327 | 1,278,793 | 2,244,569,975 | 6,733,709,925 | 1.856 |

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

| 2014 Levy | | | | 2005 Levy | | | |
|------------------------------|--------------------------------------|------|--------------------------------------|----------------------------------|--------------------------------------|------|--------------------------------------|
| Tax Payer | Total Equalized Assessed Value (EAV) | Rank | Percentage of Total City Taxable EAV | Tax Payer | Total Equalized Assessed Value (EAV) | Rank | Percentage of Total City Taxable EAV |
| Rotary International | \$ 25,715,912 | 1 | 1.15% | Golub & Company | \$ 23,175,168 | 1 | 0.96% |
| FSP 909 Davis Street | 20,391,572 | 2 | 0.91% | Rotary International | 22,007,653 | 2 | 0.91% |
| Lowe Enterprises | 18,484,963 | 3 | 0.82% | REP CBRE | 19,828,403 | 3 | 0.82% |
| McCaffery Interests | 15,636,226 | 4 | 0.70% | Church Street Plaza | 14,627,674 | 4 | 0.60% |
| Evanston Hotel Assoc. | 9,992,465 | 5 | 0.45% | Church & Chicago Ltd Partnership | 12,463,272 | 5 | 0.51% |
| Inland | 9,759,474 | 6 | 0.43% | Evanston Hotel Assoc. | 12,361,644 | 6 | 0.51% |
| Northshore University Health | 9,557,404 | 7 | 0.43% | Albertson's (Jewel & Osco) | 10,717,417 | 7 | 0.44% |
| Target Proptax T927 | 7,492,520 | 8 | 0.33% | Target Proptax T927 | 9,159,847 | 8 | 0.38% |
| TIAA Pk Evanston Inc | 7,379,412 | 9 | 0.33% | Evanston NW Healthcare | 9,124,467 | 9 | 0.38% |
| 500 Davis St Holdings | 7,013,472 | 10 | 0.31% | The Home Depot | 7,735,969 | 10 | 0.32% |
| Total | <u>\$ 131,423,421</u> | | <u>5.86%</u> | Total | <u>\$ 141,201,514</u> | | <u>5.83%</u> |
| Total EAV | <u>\$ 2,244,569,975</u> | | | Total EAV | <u>\$ 2,423,486,132</u> | | |

Source: Cook County

CITY OF EVANSTON, ILLINOIS

Property Tax Levies and Collections

Last Ten Levy Years

| Tax Levy Year | Taxes Levied for the Fiscal Year | Collected Receipts | | Collections in Subsequent Years | Total Collected to Date | |
|---------------|----------------------------------|--------------------|--------------------|---------------------------------|-------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2006 | \$ 34,399,146 | \$ 33,249,612 | 96.66% | \$ 437,287 | \$ 33,686,899 | 97.93% |
| 2007 | 35,550,694 | 34,061,461 | 95.81% | 400,850 | 34,462,311 | 96.94% |
| 2008 | 38,044,671 | 36,246,629 | 95.27% | 358,214 | 36,604,843 | 96.22% |
| 2009 | 39,779,364 | 38,018,159 | 95.57% | 464,506 | 38,482,665 | 96.74% |
| 2010 | 41,479,398 | 39,412,004 | 95.02% | 764,463 | 40,176,467 | 96.86% |
| 2011 | 43,397,590 | 42,064,756 | 96.93% | 348,189 | 42,412,945 | 97.73% |
| 2012 | 43,330,121 | 41,776,375 | 96.41% | 559,130 | 42,335,505 | 97.70% |
| 2013 | 43,869,798 | 42,762,685 | 97.48% | 338,420 | 43,101,105 | 98.25% |
| 2014 | 45,557,079 | 44,280,493 | 97.20% | 270,619 | 44,551,112 | 97.79% |
| 2015 | 46,394,914 | See Note | See Note | See Note | See Note | See Note |

Note: Levy Year 2015 is collected beyond fiscal year end 2015 through December 31, 2016.

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

| Fiscal Year Ended | Population | (1) Equalized Assessed Valuation | (2) Gross General Obligation Bonded Debt | Debt Service Monies Available | (3) Debt Payable From Other Revenues | Net General Obligation Debt | Total Personal Income | Net Debt to Equalized Assessed Valuation | Net Debt to Total Personal Income | Net General Obligation Bonded Debt Per Capita |
|-------------------|------------|-------------------------------------|---|-------------------------------|---|-----------------------------|-----------------------|--|-----------------------------------|---|
| 2007 | 74,239 | \$ 2,242,753,022 | \$ 187,745,000 | \$ 6,504,507 | \$ 96,780,000 | \$ 84,460,493 | \$ 2,902,967,617 | 3.77% | 2.91% | \$ 1,137.68 |
| 2008 | 74,239 | 2,245,892,746 | 181,750,000 | 6,146,567 | 81,455,000 | 94,148,433 | 2,902,967,617 | 4.19% | 3.24% | 1,268.18 |
| 2009 | 74,239 | 2,772,340,029 | 171,945,001 | 7,317,930 | 62,079,183 | 102,547,888 | 2,902,967,617 | 3.70% | 3.53% | 1,381.32 |
| 2010 | 74,239 | 2,938,397,892 | 149,315,000 | 5,989,400 | 46,882,320 | 96,443,280 | 2,902,967,617 | 3.28% | 3.32% | 1,299.09 |
| 2011 | 74,486 | 3,305,989,369 | 151,695,000 | 5,309,064 | 50,097,260 | 96,288,676 | 3,157,759,484 | 2.91% | 3.05% | 1,292.71 |
| 2011* | 74,486 | 3,041,884,087 | 155,855,000 | 2,629,020 | 47,111,060 | 106,114,920 | 3,197,311,550 | 3.49% | 3.32% | 1,424.63 |
| 2012 | 74,486 | 2,727,367,573 | 152,644,999 | 16,085,747 | 44,899,176 | 91,660,076 | 3,176,902,386 | 3.36% | 2.89% | 1,230.57 |
| 2013 | 74,619 | 2,514,621,552 | 149,534,997 | 12,520,761 | 40,042,921 | 96,971,315 | 3,113,477,775 | 3.86% | 3.11% | 1,299.55 |
| 2014 | 75,570 | 2,201,697,038 | 150,421,841 | 12,209,139 | 34,614,357 | 103,598,345 | 3,262,734,750 | 4.71% | 3.18% | 1,370.89 |
| 2015 | 75,570 | 2,244,569,975 | 150,069,048 | 438,453 | 37,651,325 | 111,979,270 | 3,262,734,750 | 4.99% | 3.43% | 1,481.80 |

* The City changed its fiscal year end to December 31, 2011.

Notes: (1) Equalized assessed values do not include tax increment financing district incremental equalized assessed values.

(2) Excludes limited purpose special service district bonds.

(3) These amounts include the general obligation bonds that are being repaid from the Water Fund, Solid Waste Fund, Sewer Fund, Motor Vehicle Parking System Fund, Howard Hartrey Tax Increment District, Washington National Tax Increment District, and Special Assessment Fund.

Source: Cook County and City Finance Division

CITY OF EVANSTON, ILLINOIS

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

| Fiscal Year Ended | Governmental Activities | | | Business- Type Activities | | | Total Primary Government | Percentage of Personal Income | (1) Per Capita |
|-------------------|--------------------------|--------------------------------|---------------|---------------------------|---------------------|---------------|--------------------------|-------------------------------|----------------|
| | General Obligation Bonds | Special Service District Bonds | Capital Lease | General Obligation Bonds | Water Revenue Bonds | IEPA Loans | | | |
| 2007 | \$ 110,920,000 | \$ 3,070,000 | \$ - | \$ 76,825,000 | \$ 3,240,000 | \$ 99,490,921 | \$ 293,545,921 | 10.11% | \$ 3,954 |
| 2008 | 115,220,000 | 2,785,000 | - | 66,530,000 | 2,755,000 | 103,410,887 | 290,700,887 | 10.01% | 3,916 |
| 2009 | 115,961,136 | 2,165,000 | 1,035,370 | 55,983,865 | 2,245,000 | 101,775,223 | 279,165,594 | 9.62% | 3,760 |
| 2010 | 109,078,880 | 2,155,000 | 708,552 | 40,236,120 | 1,720,000 | 95,370,544 | 249,269,096 | 8.59% | 3,358 |
| 2011 | 115,482,439 | 1,840,000 | 363,759 | 36,212,561 | 1,170,000 | 87,059,150 | 242,127,909 | 7.67% | 3,251 |
| 2011* | 120,739,206 | 1,840,000 | - | 35,115,794 | 1,170,000 | 79,081,272 | 237,946,272 | 7.44% | 3,195 |
| 2012 | 119,423,742 | 1,515,000 | - | 33,221,257 | 595,000 | 70,375,368 | 225,130,367 | 7.09% | 3,022 |
| 2013 | 119,123,639 | 1,175,000 | - | 30,411,358 | 305,000 | 64,658,382 | 215,673,379 | 6.93% | 2,890 |
| 2014 | 119,060,744 | 795,000 | - | 30,566,097 | - | 58,412,659 | 208,834,500 | 6.40% | 2,763 |
| 2015 | 117,752,440 | 405,000 | - | 31,911,608 | - | 51,901,172 | 209,138,551 | 6.69% | 2,767 |

* The City changed its fiscal year end to December 31, 2011.

- Notes: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 (2) See the Schedule of Demographics and Economic Statistics for personal income and population data.

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Direct and Overlapping Governmental Activities Debt

As of December 31, 2015

| | Total Outstanding | Percentage of Debt Applicable to the City | The City's Share of Debt (1) |
|--|----------------------|--|------------------------------------|
| Direct debt - bonds, notes, and contracts outstanding | \$ 126,013,721 | 100.00% | \$ 126,013,721 |
| Other bonded debt by taxing body | | | |
| County of Cook | 3,629,037,767 | 1.75% | 63,508,161 |
| Cook County Forest Preserve District | 191,698,444 | 1.75% | 3,354,723 |
| Metropolitan Water Reclamation District | 2,655,365,000 | 1.82% | 48,327,643 |
| Community College District 535 | 37,480,000 | 11.65% | 4,366,420 |
| High School District 202 | 24,485,764 | 90.13% | 22,069,019 |
| School District 65 | 81,287,568 | 90.13% | 73,264,485 |
| Skokie Park District | 6,515,000 | 63.00% | 4,104,450 |
| Total Overlapping Debt | 6,625,869,543 | | 218,994,901 |
| | \$ 6,751,883,264 | | \$ 345,008,622 |

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

Source: Cook County Clerk's Offices

CITY OF EVANSTON, ILLINOIS

Legal Debt Margin

December 31, 2015

The City is a home rule municipality.

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

To date, the Illinois General Assembly has set no limits for home rule municipalities.

CITY OF EVANSTON, ILLINOIS

Pledged-Revenue Coverage

Last Ten Fiscal Years

| Fiscal Year Ended | Water Revenue Bonds | | | | | |
|----------------------|-------------------------------|--------------------------------|-------------------------------|--------------|------------|----------|
| | Utility Service Charges | Less: Operating Expenses | Net Available Resources | Debt Service | | Coverage |
| | | | | Principal | Interest | |
| 2007 | \$ 13,196,942 | \$ 6,900,063 | \$ 6,296,879 | \$ 470,000 | \$ 145,088 | 10.24 |
| 2008 | 13,787,014 | 7,138,056 | 6,648,958 | 485,000 | 128,713 | 10.83 |
| 2009 | 13,878,833 | 7,866,909 | 6,011,924 | 510,000 | 110,913 | 9.68 |
| 2010 | 12,742,603 | 7,756,760 | 4,985,843 | 525,000 | 91,556 | 8.09 |
| 2011 | 13,752,681 | 7,191,577 | 6,561,104 | 550,000 | 71,269 | 10.56 |
| 2011* | 12,368,533 | 6,146,652 | 6,221,881 | - | 24,672 | 252.18 |
| 2012 | 14,967,204 | 8,430,599 | 6,536,605 | 575,000 | 37,687 | 10.67 |
| 2013 | 14,657,748 | 8,175,707 | 6,482,041 | 290,000 | 19,688 | 20.93 |
| 2014 | 15,051,732 | 7,938,838 | 7,112,894 | 305,000 | 6,672 | 22.82 |
| 2015 | NA | NA | NA | - | - | NA |

The City has no revenue bonds outstanding after December 31, 2014.

* The City changed its fiscal year end to December 31, 2011.

Note: Detail regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expense.

Source: Various City departments

CITY OF EVANSTON, ILLINOIS

Demographic and Economic Statistics

Last Ten Years

| Calendar Year | Population | Total Personal Income | Per Capita Personal Income | Median Age | Education % of Population with HS Diploma or Higher | School Enrollment | Unemployment Rate |
|---------------|------------|-----------------------|----------------------------|------------|---|-------------------|-------------------|
| 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% |
| 2015 | 75,570 | 3,124,063,800 | 41,340 | 34.4 | 93.9% | 11,088 | 4.5% |

Source: Various Government agencies

CITY OF EVANSTON, ILLINOIS

Principal Employers

Current Year and Nine Years Ago

| 2015 | | | | 2006 | | | |
|----------------------------------|------------------|----------|-------------|----------------------------------|------------------|----------|-------------|
| <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 | 4,114 | 21% | 2 | Evanston Northwestern Healthcare | 3,000 | 21% | 2 |
| Evanston School District 65 | 1,554 | 8% | 3 | St. Francis Hospital | 1,870 | 13% | 3 |
| St. Francis Hospital | 1,000 | 5% | 4 | Evanston School District 65 | 1,100 | 8% | 4 |
| City of Evanston | 839 | 4% | 5 | City of Evanston | 891 | 6% | 5 |
| Presbyterian Homes/McGaw Care | 606 | 3% | 6 | Evanston Township High School | 550 | 4% | 6 |
| School District 202 | 585 | 3% | 7 | Presbyterian Homes/McGaw Care | 500 | 3% | 7 |
| Rotary International | 500 | 2% | 8 | Rotary International | 400 | 3% | 8 |
| Whole Foods | 386 | 2% | 9 | Solucient | 275 | 2% | 9 |
| C.E. Neifhoff & Co. | 350 | 2% | 10 | Whole Foods | 190 | 1% | 10 |
| Total | <u>19,468</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 | | | | | | | | | |
|------------------------------------|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011* | 2012 | 2013 | 2014 | 2015 |
| General Government | | | | | | | | | | |
| City Clerk | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 3.00 | 2.80 | 2.20 | 2.20 | 2.00 |
| City Manager's Office | 7.25 | 13.70 | 31.53 | 27.70 | 22.00 | 8.00 | 12.00 | 12.00 | 14.00 | 13.00 |
| MBIS / IT | 23.80 | 25.50 | - | - | 13.00 | 12.00 | 11.50 | 9.00 | 11.00 | 12.00 |
| Legal | 7.00 | 7.00 | 7.00 | 6.00 | 7.00 | 7.00 | 7.00 | 8.00 | 7.00 | 8.00 |
| Human Resources | 8.00 | 8.00 | 8.00 | 8.00 | 5.00 | 5.00 | 7.50 | 8.00 | 8.50 | 6.50 |
| Finance | 25.50 | 26.50 | 29.50 | 28.50 | 19.50 | 19.00 | 17.10 | 17.00 | 17.50 | 20.50 |
| Parking Systems | - | - | - | - | 13.00 | 12.00 | 12.00 | 9.00 | 12.00 | 12.00 |
| Facilities Management | 21.20 | - | - | - | - | 19.00 | 20.20 | 16.00 | - | - |
| Community Development | 36.00 | 36.00 | 35.00 | 33.00 | 28.00 | 27.00 | 27.00 | 24.00 | 21.00 | 19.00 |
| Community College District 535 | | | | | | | | | | |
| Police | 221.75 | 220.75 | 220.75 | 218.50 | 219.00 | 222.00 | 225.00 | 220.00 | 227.00 | 227.00 |
| Fire | 111.00 | 111.00 | 112.00 | 111.00 | 107.00 | 108.00 | 110.00 | 106.00 | 110.00 | 110.00 |
| Human and Health Services | 40.15 | 29.68 | 24.90 | 26.40 | 15.90 | 17.00 | 17.70 | 20.00 | 21.10 | 22.10 |
| Public Works | 90.25 | 108.45 | 105.45 | 83.25 | 58.80 | 49.00 | 49.25 | 97.00 | 108.45 | 107.45 |
| Human Relations | 4.00 | - | - | - | - | - | - | - | - | - |
| Library | 67.19 | 66.69 | 69.35 | 67.50 | 52.00 | 52.00 | 56.38 | 63.00 | 63.13 | 66.45 |
| Recreation, Parks, and Forestry | 119.90 | 115.90 | 112.75 | 131.75 | 132.00 | 105.00 | 105.21 | 69.00 | 69.64 | 74.23 |
| Total General Government | 784.99 | 771.17 | 758.23 | 743.60 | 694.20 | 665.00 | 680.64 | 680.20 | 692.52 | 700.23 |
| Other Functions | | | | | | | | | | |
| Neighborhood Stabilization Program | - | - | - | - | 1.00 | 1.00 | 2.00 | 1.00 | 1.31 | 0.50 |
| Housing Rehabilitation | - | - | - | - | - | - | - | - | - | 1.75 |
| General Assistance Fund | - | - | - | - | - | - | - | - | - | 4.00 |
| HOME Fund | - | - | - | - | - | - | - | - | - | 0.40 |
| Emergency Telephone System | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 5.00 | 5.00 |
| CDBG | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 3.00 | 1.53 | 3.00 | 2.60 | 2.60 |
| Economic Development Fund | 1.45 | 1.30 | 2.30 | 2.30 | 5.00 | 6.00 | 7.00 | 5.00 | 6.25 | 6.25 |
| Downtown II TIF Fund | 1.00 | - | - | - | - | - | - | - | - | - |
| Capital Improvements Fund | - | - | - | - | 1.00 | - | - | - | - | - |
| Maple Ave. Garage | 1.00 | 1.00 | 1.00 | - | - | - | - | - | - | - |
| Parking Fund | 14.50 | 14.50 | 14.50 | 15.50 | 14.00 | 15.00 | 15.50 | 15.50 | 15.50 | 15.50 |
| Water | 43.00 | 43.00 | 43.00 | 43.00 | 42.00 | 41.00 | 42.50 | 40.00 | 42.50 | 44.50 |
| Sewer | 14.00 | 14.00 | 14.00 | 14.00 | 12.00 | 11.00 | 13.00 | 11.00 | 13.33 | 11.33 |
| Solid Waste | - | - | - | - | - | 6.00 | 10.00 | 8.00 | 9.66 | 9.66 |
| Fleet Services | 17.00 | 15.00 | 15.00 | 15.00 | 11.00 | 12.00 | 12.00 | 10.00 | 12.00 | 12.50 |
| Insurance Fund | 1.30 | 1.00 | 2.00 | 2.00 | 3.00 | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 |
| Total Other Functions | 99.25 | 95.80 | 97.80 | 98.80 | 96.00 | 104.00 | 112.53 | 101.50 | 113.15 | 118.99 |
| Total All Funds | 884.24 | 866.97 | 856.03 | 842.40 | 790.20 | 769.00 | 793.17 | 781.70 | 805.67 | 819.22 |

* The City changed its fiscal year end to December 31, 2011.

Source: City of Evanston HR Division

CITY OF EVANSTON, ILLINOIS

Property Tax Rates per \$100 - Direct and Overlapping Governments

Last Ten Levy Years

| Government Unit | Tax Levy Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| City of Evanston | 1.527 | 1.283 | 1.295 | 1.204 | 1.365 | 1.592 | 1.551 | 1.760 | 1.856 | 1.766 |
| Consolidated Elections | - | 0.012 | - | 0.021 | - | 0.025 | - | - | - | - |
| Cook County | 0.500 | 0.446 | 0.415 | 0.394 | 0.423 | 0.462 | 0.531 | 0.560 | 0.591 | 0.568 |
| Cook County Forest Preserve District | 0.057 | 0.053 | 0.051 | 0.049 | 0.051 | 0.058 | 0.063 | 0.069 | 0.073 | 0.069 |
| Suburban T.B. Sanitarium | 0.005 | - | - | - | - | - | - | - | - | - |
| Metropolitan Water Reclamation District | 0.284 | 0.263 | 0.252 | 0.261 | 0.274 | 0.320 | 0.370 | 0.417 | 0.440 | 0.430 |
| North Shore Mosquito Abatement District | 0.009 | 0.008 | 0.008 | 0.008 | 0.009 | 0.010 | 0.010 | 0.007 | 0.007 | 0.011 |
| Evanston Township | 0.058 | 0.050 | 0.050 | 0.042 | 0.046 | 0.011 | 0.010 | 0.053 | 0.056 | - |
| Community College 535 | 0.166 | 0.141 | 0.140 | 0.140 | 0.160 | 0.196 | 0.219 | 0.256 | 0.270 | 0.258 |
| School District 202 | 2.099 | 1.750 | 1.722 | 1.616 | 1.819 | 2.061 | 2.308 | 2.689 | 2.836 | 2.659 |
| School District 65 | 3.045 | 2.535 | 2.552 | 2.401 | 2.655 | 2.818 | 3.149 | 3.671 | 3.872 | 3.686 |
| Total Tax Rate for Property not in Park District or Special Service District | 7.750 | 6.541 | 6.485 | 6.136 | 6.802 | 7.553 | 8.211 | 9.482 | 10.001 | 9.447 |
| Percent of Total Tax Rate Levied by City of Evanston | 19.70% | 19.61% | 19.97% | 19.62% | 20.07% | 21.08% | 18.89% | 18.56% | 18.56% | 18.69% |

Source: Cook County Assessor's office

CITY OF EVANSTON, ILLINOIS

Water Sold by Type of Customer

Last Ten Fiscal Years
(in 100 cubic feet)

| | Fiscal Year Ended | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011* | 2012 | 2013 | 2014 | 2015 |
| Type of Customer | | | | | | | | | | |
| Residential | \$ 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 | \$ 2,098,160 |
| Industrial | 16,307 | 16,579 | 15,722 | 13,624 | 14,195 | 11,552 | 14,758 | 12,392 | 11,627 | 10,772 |
| 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 | 1,045,791 |
| Government | 96,777 | 100,278 | 89,420 | 69,229 | 75,308 | 50,129 | 66,561 | 61,908 | 53,732 | 55,485 |
| Total | \$ 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 | \$ 3,210,208 |
| Total direct rate per 100 cubic feet | \$ 1.47 | \$ 1.52 | \$ 1.52 | \$ 1.52 | \$ 1.52 | \$ 1.52 | \$ 1.75 | \$ 1.80 | \$ 1.98 | \$ 2.18 |

* The City changed its fiscal year end to December 31, 2011.

Source: City Utilities Department

CITY OF EVANSTON, ILLINOIS

Water Sold by Major Customers

Last Ten Fiscal Years

| | Fiscal Year Ended | | | | | | | | | |
|-------------------------------|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011* | 2012 | 2013 | 2014 | 2015 |
| Type of Customer | | | | | | | | | | |
| Evanston residents/businesses | \$ 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 | \$ 6,975,785 |
| Village of Skokie | 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 | 2,854,684 |
| Northwest Water Commission | 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 | 5,183,391 |
| Total | \$ 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 | \$ 15,013,860 |

* The City changed its fiscal year end to December 31, 2011.

Source: City Utilities Department

CITY OF EVANSTON, ILLINOIS

Operating Indicators by Function/Programs

Last Ten Years

| | Calendar Year | | | | | | | | | |
|--|---------------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| <u>Function/Program</u> | | | | | | | | | | |
| Police | | | | | | | | | | |
| Violent offenses | 224 | 282 | 299 | 255 | 214 | 180 | 230 | 131 | 97 | 80 |
| Property offenses | 2,942 | 2,825 | 2,739 | 2,412 | 2,119 | 2,144 | 2,078 | 1,980 | 1,959 | 1,872 |
| 911 calls received | 55,795 | 59,135 | 56,717 | 52,198 | 35,991 | 51,969 | 44,875 | 42,551 | 44,177 | 46,749 |
| Fire | | | | | | | | | | |
| Emergency responses | 8,173 | 8,517 | 9,134 | 8,566 | 8,917 | 9,063 | 9,330 | 9,373 | 9,617 | 9,630 |
| Fires extinguished | 220 | 192 | 185 | 154 | 157 | 157 | 154 | 129 | 120 | 99 |
| Inspections | 1,320 | 1,050 | 1,810 | 709 | 680 | 620 | 640 | 660 | 740 | 760 |
| Other Public Works | | | | | | | | | | |
| Street resurfacing (estimated miles) | 3.3 | 3.3 | 3.3 | 3.3 | 3.4 | 3.4 | 3.4 | 3.4 | 4.9 | 2.7 |
| Parks and Recreation | | | | | | | | | | |
| Athletic field usage (hours) | 15,561 | 15,165 | 17,121 | 16,185 | 18,966 | 20,075 | 16,761 | 16,367 | 16,270 | 15,531 |
| Picnic permits issued | 319 | 373 | 403 | 431 | 460 | 437 | 541 | 445 | 448 | 404 |
| Library | | | | | | | | | | |
| Volumes in collection | 495,575 | 458,017 | 502,019 | 502,019 | 471,262 | 436,382 | 426,342 | 400,034 | 401,300 | 481,626 |
| Total volumes borrowed | 897,141 | 867,743 | 945,952 | 945,952 | 951,667 | 891,769 | 989,638 | 1,056,243 | 1,074,972 | 1,071,401 |
| Water | | | | | | | | | | |
| New connections | 104 | 61 | 57 | 28 | 29 | 16 | 4 | - | 18 | 9 |
| Water main breaks | 48 | 36 | 52 | 52 | 38 | 28 | 66 | 51 | 70 | 23 |
| Average daily consumption (millions of gallons) | 41.41 | 42.91 | 40.09 | 39.41 | 38.91 | 38.39 | 39.85 | 35.81 | 36.79 | 36.63 |
| Peak daily consumption (millions of gallons) | 66.49 | 66.00 | 65.40 | 58.94 | 57.02 | 65.95 | 69.21 | 56.95 | 48.91 | 50.59 |

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 | | | | | | | | | |
|--|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| <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 trucks | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Other Public Works | | | | | | | | | | |
| Streets (miles) | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 |
| Streetlights | 5,641 | 5,641 | 5,641 | 5,641 | 5,641 | 5,641 | 5,641 | 5,641 | 5,641 | 5,641 |
| 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 | 6 |
| Water | | | | | | | | | | |
| Water mains (miles) | 159 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 156.4 |
| Fire hydrants | 1347 | 1370 | 1370 | 1399 | 1399 | 1399 | 1399 | 1399 | 1477 | 1484 |
| 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

Source: City Finance division

COMPLIANCE SECTION



630.566.8400 // www.sikich.com

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Naperville, Illinois 60563

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

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
STATE OF ILLINOIS PUBLIC ACT 85-1142**

The Honorable Mayor
Members of the City Council
City of Evanston, Illinois

We have examined management's assertion that the City of Evanston, Illinois (the City) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2015. As discussed in that representation letter, management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with statutory requirements.

In our opinion, management's assertion that the City of Evanston, Illinois, complied with the aforementioned requirements for the year ended December 31, 2015, is fairly stated in all material respects.

This report is intended solely for the information and use of the City Council, management, the joint review board, the Illinois State Comptroller, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Naperville, Illinois
August 5, 2016

A handwritten signature in dark ink, appearing to read 'Sikich LLP'.

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 2016A (the “*Bonds*”), to the amount of \$13,715,000, 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 (%) |
|------|-------------|----------|
| 2017 | 480,000 | 2.000 |
| 2018 | 555,000 | 2.000 |
| 2019 | 560,000 | 3.000 |
| 2020 | 575,000 | 3.000 |
| 2021 | 600,000 | 3.000 |
| 2022 | 620,000 | 4.000 |
| 2023 | 645,000 | 4.000 |
| 2024 | 670,000 | 3.000 |
| 2025 | 685,000 | 4.000 |
| 2026 | 715,000 | 4.000 |
| 2027 | 690,000 | 2.000 |
| 2028 | 700,000 | 2.000 |
| 2029 | 715,000 | 2.125 |
| 2030 | 730,000 | 2.375 |
| 2031 | 745,000 | 2.375 |
| 2032 | 770,000 | 2.500 |
| 2033 | 785,000 | 2.625 |
| 2034 | 805,000 | 2.625 |
| 2035 | 825,000 | 2.750 |
| 2036 | 845,000 | 2.750 |

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, 2017.

Bonds maturing on or after December 1, 2027, 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, 2026, 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 2016B (the “*Bonds*”), to the amount of \$7,635,000, 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 (%) |
|------|-------------|----------|
| 2017 | 655,000 | 2.000 |
| 2018 | 705,000 | 2.000 |
| 2019 | 720,000 | 2.000 |
| 2020 | 730,000 | 2.000 |
| 2021 | 745,000 | 3.000 |
| 2022 | 770,000 | 3.000 |
| 2023 | 790,000 | 3.000 |
| 2024 | 815,000 | 3.000 |
| 2025 | 840,000 | 3.000 |
| 2026 | 865,000 | 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, 2017.

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 \$13,715,000 General Obligation Corporate Purpose Bonds, Series 2016A (the “*2016A Bonds*”) and \$7,635,000 General Obligation Refunding Bonds, Series 2016B (the “*2016B Bonds*” and, together with the 2016A Bonds, the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted by the City Council of the City on the 11th day of July, 2016 (as supplemented by the Bond Order authorized therein and executed in connection with the sale of the Bonds, the “*Ordinance*”).

In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means information of the type contained under the following headings and subheadings of, and in the following appendices and exhibits to, the Official Statement:

- All of the tables under the heading “FINANCES”;
- All of the tables under the heading “GENERAL OBLIGATION BONDED INDEBTEDNESS” (other than the table entitled “Total and Scheduled for Abatement General Obligation Debt Service”); and
- The following tables under the heading “REAL PROPERTY TAXATION”:
 - “Historic Equalized Assessed Valuation”;
 - “Equalized Assessed Valuation by Classification of Property”;
 - “Tax Extensions and Collections”;
 - “Historic City Tax Rates.”

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the City prepared pursuant to the principles and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated September 7, 2016, 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: September 28, 2016

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, 2016. 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**

2016A BONDS

| YEAR OF MATURITY | CUSIP NUMBER |
|---------------------|-----------------|
| 2017 | 299228 AA4 |
| 2018 | 299228 AB2 |
| 2019 | 299228 AC0 |
| 2020 | 299228 AD8 |
| 2021 | 299228 AE6 |
| 2022 | 299228 AF3 |
| 2023 | 299228 AG1 |
| 2024 | 299228 AH9 |
| 2025 | 299228 AJ5 |
| 2026 | 299228 AK2 |
| 2027 | 299228 AL0 |
| 2028 | 299228 AM8 |
| 2029 | 299228 AN6 |
| 2030 | 299228 AP1 |
| 2031 | 299228 AQ9 |
| 2032 | 299228 AR7 |
| 2033 | 299228 AS5 |
| 2034 | 299228 AT3 |
| 2035 | 299228 AU0 |
| 2036 | 299228 AV8 |

2016B BONDS

| YEAR OF MATURITY | CUSIP NUMBER |
|---------------------|-----------------|
| 2017 | 299228 AW6 |
| 2018 | 299228 AX4 |
| 2019 | 299228 AY2 |
| 2020 | 299228 AZ9 |
| 2021 | 299228 BA3 |
| 2022 | 299228 BB1 |
| 2023 | 299228 BC9 |
| 2024 | 299228 BD7 |
| 2025 | 299228 BE5 |
| 2026 | 299228 BF2 |