

FINAL OFFICIAL STATEMENT DATED MAY 16, 2019

**NEW ISSUES
BOOK ENTRY ONLY**

**Ratings: Moody's: "Aa2"
Fitch: "AA+" (Stable Outlook)
(See "BOND RATINGS" herein)**

Subject to compliance by the City and certain 501(c)(3) organizations with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel ("Bond Counsel"), under present law, interest on the Series A 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. Subject to compliance by the City with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series B Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion.



CITY OF EVANSTON COOK COUNTY, ILLINOIS

\$12,750,000 GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2019A

\$12,785,000 GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2019B

Dated: Date of Delivery

Due: December 1, as shown on inside cover

The \$12,750,000 General Obligation Corporate Purpose Bonds, Series 2019A (the "Series A Bonds") and the \$12,785,000 General Obligation Corporate Purpose Bonds, Series 2019B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") of the City of Evanston, Cook County, Illinois (the "City"), will bear interest from their dated date at the rates per annum as shown on the inside cover pages. 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 December 1, 2019. 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" and "– Mandatory Sinking Fund 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 Zions Bancorporation, National Association, Chicago, Illinois, as paying agent and bond registrar (the "Bond Registrar") to Cede & Co., which will, in turn, remit such payments to the DTC participants for subsequent disbursements to the Beneficial Owners (as defined in this Official Statement) of the Bonds. Purchases of the Bonds will be made in book-entry-only form and individual purchasers will not receive physical delivery of bond certificates.

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

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

Not Bank Qualified: The Bonds are not "qualified tax-exempt obligations."

Delivery: Delivery of the Bonds is expected on June 10, 2019.

The date of this Official Statement is May 16, 2019.

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

Maturity and Pricing Schedule, and CUSIP Numbers

City of Evanston, Cook County, Illinois

\$12,750,000 General Obligation Corporate Purpose Bonds, Series 2019A

Year (Dec. 1)	Amount	Rate	Yield	CUSIP*	Year (Dec. 1)	Amount	Rate	Yield	CUSIP*
2022	\$330,000	5.00%	1.72%	299228 GA8	2032	\$540,000	5.00%	2.37%	299228 GL4
2023	350,000	5.00%	1.75%	299228 GB6	2033	565,000	5.00%	2.41%	299228 GM2
2024	365,000	5.00%	1.80%	299228 GC4	2034	595,000	5.00%	2.48%	299228 GN0
2025	385,000	5.00%	1.86%	299228 GD2	2035	625,000	5.00%	2.53%	299228 GP5
2026	400,000	5.00%	1.90%	299228 GE0	2036	655,000	5.00%	2.57%	299228 GQ3
2027	420,000	5.00%	1.99%	299228 GF7	2037	690,000	5.00%	2.61%	299228 GR1
2028	445,000	5.00%	2.06%	299228 GG5	2038	725,000	5.00%	2.65%	299228 GS9
2029	465,000	5.00%	2.13%	299228 GH3	2039	760,000	5.00%	2.68%	299228 GT7
2030	490,000	5.00%	2.23%	299228 GJ9	2040	795,000	5.00%	2.75%	299228 GU4
2031	515,000	5.00%	2.28%	299228 GK6	2041	835,000	5.00%	2.79%	299228 GV2

5.00% \$1,800,000 Term Bond due December 1, 2043; Yield 2.85%; CUSIP 299228 GX8

\$12,785,000 General Obligation Corporate Purpose Bonds, Series 2019B

Year (Dec. 1)	Amount	Rate	Yield	CUSIP*	Year (Dec. 1)	Amount	Rate	Yield	CUSIP*
2020	\$385,000	5.00%	1.66%	299228 GY6	2030	\$630,000	5.00%	2.23%	299228 HJ8
2021	405,000	5.00%	1.69%	299228 GZ3	2031	660,000	5.00%	2.28%	299228 HK5
2022	425,000	5.00%	1.72%	299228 HA7	2032	695,000	5.00%	2.37%	299228 HL3
2023	450,000	5.00%	1.75%	299228 HB5	2033	730,000	5.00%	2.41%	299228 HM1
2024	470,000	5.00%	1.80%	299228 HC3	2034	765,000	5.00%	2.48%	299228 HN9
2025	495,000	5.00%	1.86%	299228 HD1	2035	805,000	5.00%	2.53%	299228 HP4
2026	520,000	5.00%	1.90%	299228 HE9	2036	845,000	5.00%	2.57%	299228 HQ2
2027	545,000	5.00%	1.99%	299228 HF6	2037	885,000	5.00%	2.61%	299228 HR0
2028	570,000	5.00%	2.06%	299228 HG4	2038	930,000	5.00%	2.65%	299228 HS8
2029	600,000	5.00%	2.13%	299228 HH2	2039	975,000	5.00%	2.68%	299228 HT6

* CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Companies Financial. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

This Official Statement (the “Official Statement”) should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports, or other documents are referred to herein, reference should be made to such statutes, reports, or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

No dealer, broker, salesman, or other person has been authorized by the City or the Underwriter (as hereinafter defined) to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either the foregoing or by 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 for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from the City and by DTC and other sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date as of which information is given in this Official Statement.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City’s beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or expected.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE MADE RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS. SPECIFICALLY, THE UNDERWRITER MAY OVERALLOT IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, THE BONDS IN THE OPEN MARKET. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER 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. PRICES OF THE BONDS AS TRADED IN THE SECONDARY MARKET ARE SUBJECT TO ADJUSTMENT UPWARD AND DOWNWARD IN RESPONSE TO CHANGES IN THE CREDIT MARKETS AND OTHER PREVAILING CIRCUMSTANCES. NO GUARANTEE EXISTS AS TO THE FUTURE MARKET VALUE OF THE BONDS. SUCH MARKET VALUE COULD BE SUBSTANTIALLY DIFFERENT FROM THE ORIGINAL PURCHASE PRICE.

THE BONDS HAVE RISK CHARACTERISTICS WHICH REQUIRE CAREFUL ANALYSIS AND CONSIDERATION BEFORE A DECISION TO PURCHASE IS MADE. THE BONDS SHOULD BE PURCHASED BY INVESTORS WHO HAVE ADEQUATE EXPERIENCE TO EVALUATE THE MERITS AND RISKS OF THE BONDS. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFICIAL STATEMENT OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE UNDERWRITER, ITS AFFILIATES, OFFICERS, AND EMPLOYEES OR ANY PROFESSIONAL ASSOCIATED WITH THIS OFFERING AS INVESTMENT OR LEGAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT, AND OTHER ADVISORS AS TO FINANCIAL, LEGAL, AND RELATED MATTERS CONCERNING THE INVESTMENT DESCRIBED HEREIN.

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in Rule 15c2-12 (the “Rule”) under the Securities Exchange Act of 1934, as amended, the City will enter into a Continuing Disclosure Undertaking. For a description of the Continuing Disclosure Undertaking, see “CONTINUING DISCLOSURE” and “THE UNDERTAKING” herein and APPENDIX C.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified to their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement they will be furnished on request.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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

MAYOR
Stephen H. Hagerty

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	Robin Rue Simmons
6 th Ward	Thomas M. Suffredin
7 th Ward	Eleanor Revelle
8 th Ward	Ann Rainey
9 th Ward	Cicely L. Fleming

CITY CLERK
Devon Reid

CITY ADMINISTRATION

City Manager	Wally Bobkiewicz
Chief Financial Officer/Treasurer	Hitesh Desai
Assistant City Manager	Erika Storlie
Corporation Counsel	Michelle L. Masoncup

PROFESSIONAL SERVICES

Bond Counsel

Chapman and Cutler LLP
Chicago, Illinois

Financial Advisors

PFM Financial Advisors LLC
Independent Public Advisors, LLC

Disclosure Counsel

Ice Miller LLP
Chicago, Illinois

Auditor

Sikich LLP
Naperville, Illinois

Bond Registrar and Paying Agent

Zions Bancorporation, National Association
Chicago, Illinois

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- APPENDIX A – City of Evanston Annual Financial Report for Fiscal Year Ended December 31, 2017
- APPENDIX B – Proposed Forms of Bond Counsel Opinions
- APPENDIX C – Form of Continuing Disclosure Undertaking

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OFFICIAL STATEMENT

Relating to

CITY OF EVANSTON COOK COUNTY, ILLINOIS

\$12,750,000 General Obligation Corporate Purpose Bonds, Series 2019A **\$12,785,000 General Obligation Corporate Purpose Bonds, Series 2019B**

INTRODUCTION

This Official Statement sets forth information concerning the offer and sale by the City of Evanston, Cook County, Illinois (the “City”), of its \$12,750,000 General Obligation Corporate Purpose Bonds, Series 2019A (the “Series A Bonds”) and \$12,785,000 General Obligation Corporate Purpose Bonds, Series 2019B (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 of the City under Section 6, Article VII of the 1970 Constitution of the State of Illinois (the “Illinois Constitution”), and a bond ordinance adopted by the City Council of the City (the “City Council”) on April 22, 2019 (as supplemented by the bond order authorized therein and executed in connection with the sale of the Bonds, the “Bond Ordinance”).

The Bonds are general obligations of the City to which the City pledges its full faith and credit and are payable from available funds of the City and the Ad Valorem Property Taxes (as defined herein). See “SECURITY FOR THE BONDS” herein.

The City, with a population of 75,557 as of the U.S. Census Bureau's 2013-2017 American Community Survey (“ACS”) 5-year estimate, is located along Lake Michigan immediately north of Chicago, Illinois. The City 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 16,000 students and 5,200 employees at its Evanston campus. The City’s per capita and median family incomes are substantially higher than Cook County (the “County”) and State of Illinois (the “State”) levels. See “THE CITY – Economic and Demographic Data” herein.

PURPOSE OF THE BONDS

The Series A Bonds are being issued for the purpose of (i) paying a portion of the costs of constructing and equipping a new Robert Crown Community Center, Ice Complex, and Library Center (the “Robert Crown Project”); (ii) paying capitalized interest on the Series A Bonds through December 1, 2019; and (iii) paying costs related to the issuance of the Series A Bonds.

The Series B Bonds are being issued for the purpose of (i) providing for capital improvements at various locations throughout the City, including certain capital expenditures as detailed for the year 2019 in the City’s Capital Improvement Plan, as adopted by the City Council (the “Capital Improvement Project”); (ii) paying capitalized interest on the Series B Bonds through December 1, 2019; and (iii) paying costs related to the issuance of the Series B Bonds.

SOURCES AND USES OF FUNDS

<u>Estimated Sources:</u>	<u>Series A Bonds</u>	<u>Series B Bonds</u>
Par Amount of Bonds	\$12,750,000.00	\$12,785,000.00
Original Issue Premium	2,728,205.50	2,691,285.90
Total Sources of Funds	<u>\$15,478,205.50</u>	<u>\$15,476,285.90</u>
<u>Estimated Uses:</u>		
Deposit to Project Fund	\$15,000,000.00	\$15,000,000.00
Costs of Issuance ⁽¹⁾	173,421.58	169,270.32
Deposit to Capitalized Interest Fund	302,812.50	303,643.75
Contingency	1,971.42	3,371.83
Total Uses of Funds	<u>\$15,478,205.50</u>	<u>\$15,476,285.90</u>

⁽¹⁾Includes Underwriter’s discount, Bond Registrar and Paying Agent fees, legal fees, rating fees, printing, and other miscellaneous costs of issuance.

SECURITY FOR THE BONDS

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel (“Chapman and Cutler LLP” or “Bond Counsel”), are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount (the “Ad Valorem Property Taxes”), 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 Bond Ordinance provides for the levy of the Ad Valorem Property Taxes in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds, excluding capitalized interest through December 1, 2019. The Bond Ordinance will be filed with the County Clerk of the County (the “County Clerk”) and will serve as authorization to the County Clerk to extend and collect the property taxes to pay the Bonds, as set forth in the Bond Ordinance.

Pursuant to the Bond Ordinance, the City may, before the deadline for the filing of an abatement of the Ad Valorem Property Taxes levied by the City for any year, by proper proceedings abate all or a portion of the Ad Valorem Property 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 respective funds for the payment of principal of and interest on the Bonds during the period otherwise provided for from that levy.

It has been the City’s practice to use 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 use certain of these sources to pay debt service on the Bonds, permitting the abatement each year of a portion of the Ad Valorem Property Taxes levied in the Bond Ordinance.

THE BONDS

General

The Bonds will be issued as fully registered bonds and will be 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 page of this Official Statement. The Bonds will be in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable on June 1 and December 1 of each year. The first interest payment date is December 1, 2019.

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 Zions Bancorporation, National Association, Chicago, Illinois, as paying agent and bond registrar (the “Bond Registrar”). Payment of interest shall be made to the registered owner of the Bonds as shown on the registration books of the City maintained by the Bond Registrar at the close of business on the applicable Record Date. The Record Date shall be the 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 these Bonds are 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 The Depository Trust Company, New York, New York (“DTC”). DTC or a successor depository will act as securities depository of the Bonds. 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 or after December 1, 2030, are subject to redemption at the option of the City, in whole or in part, in any order of maturity and if in part, in principal amounts that are integral multiples of \$5,000 and as applicable to any mandatory redemption requirement as the City may determine, on any date on or after December 1, 2029, at a price equal to par plus accrued interest to the date fixed for redemption.

The Series B Bonds maturing on or after December 1, 2030, are subject to redemption at the option of the City, in whole or in part, in any order of maturity and if in part, in principal amounts that are integral multiples of \$5,000 and as applicable to any

mandatory redemption requirement as the City may determine, on any date on or after December 1, 2029, at a price equal to par plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series A Bonds due on December 1, 2043 (the “Term Bonds”), are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on the dates and in the principal amounts as follows:

<u>Series A Term Bond Due December 1, 2043</u>	
<u>Sinking Fund</u>	<u>Principal Amount</u>
<u>Redemption Date</u>	<u>to be Redeemed</u>
December 1, 2042	\$880,000
December 1, 2043 *	920,000

*Stated maturity.

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

Redemption Procedures

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 the Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single series and maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Bonds of such series and maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate (except when the Bonds are held in a book-entry system, in which case the selection of Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book entry depository); *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof in principal amounts of \$5,000 and integral multiples thereof.

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

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed at the option of the City are received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption will be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the City will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the City will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all of such Bonds or portions of such Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, and notwithstanding failure to receive such notice, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Bond Registrar at the redemption price.

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

such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office maintained for such purpose by the Bond Registrar.

Defeasance

Any Bond or Bonds (a) which are paid and cancelled; (b) which have matured and for which sufficient sums been deposited with the Bond Registrar to pay all principal and interest due thereon; or (c) (i) for which sufficient funds and Defeasance Obligations (as hereinafter defined) have been deposited with the Bond Registrar or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity, pursuant to an irrevocable escrow or trust agreement, (ii) accompanied by an opinion of Bond Counsel or other bond counsel as to compliance with the covenants with respect to such Bonds, and (iii) accompanied by an express declaration of defeasance by the City Council; shall cease to have any lien on or right to receive or be paid from Bond Moneys or the Bond Fund (each as defined in the Bond Ordinance) and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set in the Bond Ordinance herein as such relates to lien and security of the outstanding Bonds. "Defeasance Obligations" means (a) noncallable, non-redeemable, direct and general full faith and credit obligations of the United States Treasury ("Directs"), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs, or (c) other noncallable, non-redeemable, obligations unconditionally guaranteed as to timely payment to maturity by the United States Treasury.

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 DTC 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.

DTC 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 (the "Exchange Act"). DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "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 (AS DEFINED HEREIN) 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.

CERTAIN RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Local Economy

The financial health of the City is in part dependent on the strength of the regional and State economy. Many factors affect the economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population, or commercial and industrial activity will occur and what impact such changes would have on the finances of the City.

Finances of the State of Illinois

The State has experienced adverse fiscal conditions resulting in significant shortfalls between general fund revenues and spending demands. In addition, the underfunding of the State's pension systems has contributed to its poor financial health. The State operated without a fully enacted budget for its fiscal years ended June 30 (each, a "State FY") 2016 and 2017. On July 6, 2017, the State enacted its budget for State FY 2018, thus resolving much of the budget impasse, while not resolving significant unfunded pension liabilities or the large unpaid bill backlog. On June 4, 2018, the State enacted its budget for the State FY 2019, again without addressing unfunded pension liabilities or the unpaid bill backlog. Therefore, the unfunded pension liabilities and the unpaid bill backlog will continue to pose significant challenges to the State's finances. Illinois legislators have indicated they intend to address these matters, and issued bonds in State FY 2018 to cover a portion of the bill backlog, but it is not clear when, or if, they will resolve the remainder of the bill backlog or the pension liability.

As part of the State's budget process, legislation was passed which made changes in the Local Government Distributive Fund ("LGDF"). LGDF payments to counties and municipalities, like the City, were reduced by 10% in State FY 2018, and by 5% in State FY 2019. Additionally, the Illinois Department of Revenue (the "Department of Revenue") retained an administrative fee of 2% of locally imposed sales taxes collected on behalf of municipalities in State FY 2018, and is retaining an administrative fee of 1.5% of such sales tax collections in State FY 2019. The City adjusted its budget for income tax and sales tax revenues for its fiscal year ending December 31, 2019 to account for all factors including the above. For the City's fiscal year ending December 31, 2018, the City expects income tax and sales tax revenues to meet or exceed budgeted numbers.

During the impasse, certain appropriations were enacted, including the approval of spending for elementary and secondary education, and certain other spending occurred through statutory transfers, statutory continuing appropriations, court orders, and consent decrees. The City cannot predict whether the State will continue to fund local revenue sharing at current levels, nor can the City predict the lingering effect of the State's budget impasse on the City's finances.

The State currently shares a portion of sales tax, income tax, and motor fuel tax revenue with municipalities, including the City. The State's general fiscal condition, the underfunding of the State's pension systems, and the State's budget impasse have materially adversely affected the State's financial condition and may result in decreased or delayed revenues allocated to the City.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the City. Despite the implementation of network security measures by the City, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware, or computer virus, or may otherwise be breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise networks, and the information stored thereon could be disrupted, accessed, publicly disclosed, lost, or stolen. Although the City does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure, or other loss of information could have an adverse effect on the City's operations and financial health. Further, as cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate, and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

Loss or Change of Bond Rating

The Bonds have received credit ratings from Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings ("Fitch"). The ratings can be changed or withdrawn at any time for reasons both under and outside the City's control. Any change, withdrawal, or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Secondary Market for the Bonds

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the City to comply with the Undertaking (as defined herein) for continuing disclosure (see “CONTINUING DISCLOSURE” herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the “Rule”) adopted by the Commission under the Exchange Act and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rates borne by the Bonds are intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

Various State and federal laws, regulations, and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions, and regulations which would have a material effect, either directly or indirectly, on the City, or the taxing authority of the City. Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by State government. Future actions of the State may affect the overall financial conditions of the City, the taxable value of property within the City, and the ability of the City to levy property taxes or collect revenues for its ongoing operations. For example, Illinois legislators have introduced proposals to modify the Property Tax Extension Limitation Law, as supplemented and amended (the “Limitation Law”), including freezing property taxes (the “Property Tax Freeze Proposal”). If the Property Tax Freeze Proposal or similar legislation were to become law, such reform may freeze the City’s local property tax revenue. The City cannot predict whether, or in what form, any such change may be enacted into law, nor can the City predict the effect of any such change on the City’s finances.

Factors Relating to Tax-Exemption

As discussed under “TAX EXEMPTION” herein, interest on the Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Bond Ordinance. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States (“Congress”) legislative proposals relating to the federal tax exemption of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could 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. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the City’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the City.

The tax-exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency 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 the Service will commence any such audit. 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 proceeding. The commencement of an audit with respect to any tax exempt obligations of the City could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases, and to limitations on legal remedies against local governments. At present, there is no law in the State that authorizes any unit of government in Illinois to petition to reorganize under Chapter 9 of the U.S. Bankruptcy Code (except for the Illinois Power Agency). The various opinions of counsel to be delivered with respect to the Bonds and the Bond Ordinance will be similarly qualified.

THE PROJECTS

The Series A Bonds are being issued for the purpose of (i) paying a portion of the cost to construct and equip a new Robert Crown Community Center, Ice Complex, and Library Center, including but not limited to the demolition of the existing Robert Crown Community Center; (ii) paying capitalized interest on the Series A Bonds through December 1, 2019; and (iii) paying costs related to the issuance of the Series A Bonds.

The Robert Crown Project will include a new building of approximately 135,500 square feet to be used for a public library, an expanded ice arena, a gymnasium, a childcare center, an indoor running track, multi-purpose rooms, and educational and cultural program spaces, together with adjacent turf sports fields. The Robert Crown Project will be located on the current site of the Robert Crown Community Center (the “Robert Crown Center”) and will be owned and operated by the City. The City intends to enter into agreements with various 501(c)(3) organizations (the “501(c)(3) Organizations”) with regard to the use of the Robert Crown Project.

The Robert Crown Center was built in 1974 and is the City’s most-used health and wellness facility. The Robert Crown Center serves as a venue for dozens of sports, summer camps, pre-school, and many other community programs. In 2000, the City Council was advised of the poor condition of the Robert Crown Center and the lack of improvements since its inception. Based on the City Council’s recommendation, an evaluation of the Robert Crown Center was prepared in 2003 by a consultant hired by the City, which highlighted several civil, structural, architectural, and mechanical issues that had developed over the years. On January 19, 2016, the City Council approved a consulting services agreement for fundraising and recommended the City and the Evanston Public Library (the “Library”) proceed with a fundraising campaign for the Robert Crown Project. Friends of the Robert Crown Center is a 501(c)(3) nonprofit charitable organization formed in 2016 to spearhead a community-wide fundraising initiative for the Robert Crown Project (“Friends”), involving the City, the Library, and the 501(c)(3) Organizations. The total cost of the Robert Crown Project is estimated to be \$52.9 million, of which it is anticipated that approximately \$37.6 million will be financed through the \$24,385,000 General Obligation Corporate Purpose Bonds, Series 2018A issued by the City in 2018 and the Series A Bonds, and approximately \$6 million will be financed from the fundraising campaign by Friends in 2019 and 2020. Building construction began in late 2018 and the Robert Crown Project is expected to be completed in the summer of 2020.

The Series B Bonds are being issued for the purpose of (i) providing for the Capital Improvement Project (as described below); (ii) paying capitalized interest on the Series B Bonds through December 1, 2019; and (iii) paying costs related to the issuance of the Series B Bonds.

The Capital Improvement Project will include street patching and resurfacing, alley and viaduct improvements, and other transportation improvements; water main and sewer improvements; parks improvements; and miscellaneous building improvements and other capital projects.

THE CITY

General

The City consists of 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 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 approximately 9,500 people per square mile, The City 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.

The City 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, the town became a city in 1892. 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 president of the University’s Board.

One of the finest universities in the country, Northwestern University not only infuses the City with a certain vitality, but also affects both City revenues and many demographic profiles of the City. A significant number of the students are included in census counts, which tends to cause understated 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.

Government

The City is a home-rule unit of government under the Illinois Constitution and, as such, has no general obligation debt limit, nor is it required to seek referendum approval for the issuance of general obligation indebtedness. However, pursuant to the City's budget policy adopted by the City Council on December 18, 2000, as amended by Resolution No. 42-R-18 adopted by the City Council on June 25, 2018, and as further amended by Resolution No. 44-R-19 adopted by the City Council on April 22, 2019, the City has instituted a self-imposed limit of \$160,000,000 in aggregate principal amount of general obligation debt which is expected and intended to be paid from a general real property tax levy. 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 Chief Financial Officer 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. A small portion of the City is located in the Skokie Park District. The City is engaged in assisting in community and economic development and maintains land use controls.

Public schools are provided by Evanston/Skokie School District 65 and Evanston Township High School District 202. 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, Mr. Bobkiewicz was employed as the City Manager with Santa Paula, California.

Hitesh Desai, *Chief Financial Officer/Treasurer*. Mr. Desai is the Chief Financial Officer/Treasurer and oversees and administers all the City's financial functions, in conjunction with the City Manager. Prior to working for the City, Mr. Desai was the Finance Director of the Village of Carpentersville, Illinois. Mr. Desai has previously served the City as Accounting Manager and Senior Accountant.

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 equalized assessed value ("EAV") growth in the City has grown from \$1.30 billion in 1999 to \$2.74 billion in 2017. Evanston's prudent use of TIF development has added to this growth.

Commercial development in the downtown area has been a priority of City government since the City adopted a "Plan for Downtown Evanston/City Comprehensive Plan" in 1980, with continuing revisions since then. The City has encouraged and supported private development; its 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 creation of two TIF districts to provide support for the Church Street Plaza and Sherman Plaza redevelopment areas.

The City also has eight neighborhood commercial districts. Six of them, Central Street, Noyes Street, Chicago & Dempster, Main & Chicago, and Howard & Chicago, are 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. The remaining two, 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. They have major anchor and supportive retail stores which meet 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 807 (2018 budget full-time equivalent) employees and include: Police – Fraternal Order of Police (FOP) (expired on December 31, 2018); Firefighters - Local 742 of the International Association of Firefighters (IAFF) (expires on December 31, 2022); Police Sergeants - FOP (expires on December 31, 2022); 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 1891A (expires on December 31, 2022). The City has all contracts in place except Police – (FOP) effective January 1, 2019. The City expects the Police FOP contract to be finalized in the near future.

The City has not experienced any work stoppage due to labor difficulties for the last 30 years.

Economic and Demographic Data

The City’s median family income and per capita income remain consistently and significantly above State and County levels, as does the median home value.

Median Family Income

	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
City of Evanston	\$78,886	\$106,149	\$112,742
Cook County	53,784	65,039	73,012
State of Illinois	55,545	68,236	76,533

Source: U.S. Census Bureau, and the 2006-2010 and 2013-2017 ACS 5-year estimates.

Per Capita Income

	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
City of Evanston	\$33,645	\$42,925	\$43,956
Cook County	23,227	29,335	33,722
State of Illinois	23,104	28,782	32,924

Source: U.S. Census Bureau, and the 2006-2010 and 2013-2017 ACS 5-year estimates.

Median Home Values

	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
City of Evanston	\$290,800	\$395,000	\$367,300
Cook County	157,700	265,800	227,400
State of Illinois	130,800	202,500	179,700

Source: U.S. Census Bureau, and the 2006-2010 and 2013-2017 ACS 5-year estimates.

The 2013-2017 ACS 5-year estimates by the U.S. Census Bureau reported that of the 28,727 total occupied housing units, 56.2% of those located in the City were owner-occupied. Selected home value data relative to values of owner-occupied housing units in the City compared with the County and the State are as follows:

Home Values – Owner-Occupied

Value of Specified Owner-Occupied Units	City of Evanston	Cook County	State of Illinois
Under \$50,000	1.8%	4.3%	7.3%
\$50,000 to \$99,999	3.0	9.3	15.7
\$100,000 to \$149,999	6.8	13.5	16.2
\$150,000 to \$199,999	10.5	16.1	16.2
\$200,000 to \$299,999	18.2	23.3	20.5
\$300,000 to \$499,999	24.1	20.9	15.9
\$500,000 or more.....	<u>35.5</u>	<u>10.0</u>	<u>8.2</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median Home Value – Owner-Occupied.....	\$367,300	\$227,400	\$179,700

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimates.

Education and Employment

The 2013-2017 ACS 5-year estimates by the U.S. Census Bureau report that over 65% of adult residents of the City have four or more years of college, compared to 30.9% nationally, and 93% have at least a high school education or higher.

Educational Attainment – Population over 25

<u>Educational Level</u>	<u>Number</u>	<u>Percentage</u>
Graduate or Professional Degree	17,629	36.5%
Bachelor’s Degree	13,886	28.8
Associate’s Degree	1,697	3.5
Some college, no degree	5,802	12.0
High school graduate	6,089	12.6
9th to 12th grade, no diploma	1,379	2.9
Less than 9th grade	<u>1,811</u>	<u>3.8</u>
Total	48,293	100.0%

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimates.

The following table shows the proportion of City residents holding various job categories. Consistent with the high average level of educational attainment, over 61% of job holders who are City residents work in professional or managerial jobs, as compared to 38.7% in the County and 37.2% in the State.

Select Occupation Categories

<u>Type of Occupations</u>	<u>Number</u>	<u>Percentage</u>
Management, business, science, and arts	22,431	61.5%
Service occupations	4,583	12.6
Sales and office occupations	6,717	18.4
Natural Resources, construction, and maintenance	808	2.2
Production, transportation, material moving	<u>1,919</u>	<u>5.3</u>
Total	36,771	100.0%

Source: U.S. Census Bureau, and the 2013-2017 ACS 5-year estimates.

Population

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

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2013-2017</u>
City of Evanston	73,233	74,239	74,549	75,557
Cook County	5,105,067	5,376,741	5,194,675	5,238,541
State of Illinois	11,430,602	12,419,293	12,830,632	12,854,526

Source: U.S. Census Bureau, and the 2013-2017 ACS 5-year estimates.

Building Permits

Building Activity – Value of Permits

<u>Calendar Year</u>	<u>Value of All Building Permits</u>
2018	\$374,489,566
2017	306,352,806
2016	536,538,596
2015	321,578,749
2014	557,445,516

Source: The City.

Transportation

The City 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

<u>Business</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Northshore University Health System	Company headquarters, hospital, and medical research	5,861
Northwestern University	Private university	5,200
Amita Health Saint Francis Hospital	Hospital	1,200
West Minster Pl., McGaw Care Center	Retirement home	600
Northwestern University, Kellogg School of Management	Private university, graduate programs	500
C.E. Niehoff & Co.	Heavy-duty alternators	400
ZS Associates	Marketing consultants	300
Magnetar Capital Partners, LP	Hedge fund advisors	250
Accuity, Inc.	Processing transactions data and software development	230
Dard Products, Inc.	Keytags and desk accessories	125

Source: 2019 Illinois Manufacturers Directory and 2019 Illinois Services Directory.

Industry

Although a small proportion of the total property value and employment numbers, various manufacturing companies operate in the City, including Manufacturers' News, Inc., a compiler and publisher of industrial directories, databases, and statistics; Ward Manufacturing Co., a tool and die manufacturer; and C.E. Niehoff & Co., a manufacturer of automotive components.

Unemployment

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

Average Unemployment Rates⁽¹⁾

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019⁽²⁾</u>
City of Evanston	7.6%	7.8%	6.1%	5.0%	4.9%	4.1%	3.2%	3.1%
Cook County	9.6%	9.6%	7.5%	6.2%	6.1%	5.2%	4.0%	4.0%
State of Illinois	9.0%	9.0%	7.1%	6.0%	5.8%	5.0%	4.3%	4.7%

⁽¹⁾Annual average unemployment rates were revised in 2018.

⁽²⁾Preliminary for February 2019.

Source: Illinois Department of Employment Security.

FINANCES

Budget Process, Accounting, and Financial Control Procedures

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

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

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

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

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities. A fund is a separate, self-balancing accounting entity, and in the City there are three categories of funds: governmental, proprietary, and fiduciary. Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the City not accounted for in some other fund. 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 an Award for Distinguished Budget Presentation from the GFOA for the fiscal year 2016 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, 2016.

The City's financial statements are audited annually as required by State law. Sikich LLP, Certified Public Accountants and Advisors, Naperville, Illinois ("Sikich LLP"), audited the financial statements for fiscal year ended December 31, 2017. Copies of the City's CAFR are available at the City's website. The CAFR for the fiscal year ended December 31, 2017, 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 CAFR 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 Department of Revenue collects both the State sales tax and the City's sales tax. Two percent (2%) of the City's home-rule sales tax collections were retained as an administrative fee by the Department of Revenue for State FY 2018. Beginning with State FY 2019, the Department of Revenue's administrative fee has been reduced to 1.5% of home-rule sales tax collections. As illustrated on the following table, the State sales tax produced \$10.6 million and the home-rule sales tax produced \$6.4 million for the City's fiscal year ended December 31, 2018, based on preliminary unaudited figures. The State sales taxes payable to the City have grown at an average compounded rate of approximately 1.77 percent between fiscal years ended February 29, 2009 and December 31, 2018.

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>
12/31/2018 ⁽¹⁾	\$6,407,406	4.66%	\$10,555,250	6.10%
12/31/2017	6,122,088	(0.56%)	9,948,541	(2.63%)
12/31/2016	6,156,529	0.89%	10,216,966	2.17%
12/31/2015	6,102,128	(0.01%)	9,999,482	2.00%
12/31/2014	6,102,969	2.32%	9,803,582	0.89%
12/31/2013	5,964,747	4.51%	9,717,393	7.86%
12/31/2012	5,707,112	N/A	9,008,956	N/A
12/31/2011	4,902,429	N/A	7,671,007	N/A
2/28/2011	5,724,904	4.78%	8,791,573	2.87%
2/28/2010	5,463,561	(1.96%)	8,546,173	(3.52%)
2/28/2009	5,572,880	(5.73%)	8,857,994	(4.11%)

⁽¹⁾Figures for the fiscal year ended 12/31/2018 are preliminary and unaudited and are subject to change.
Source: The City and the City's CAFR.

Personal Property Replacement Taxes

Personal Property Replacement Taxes ("PPRT") are revenues collected by the State 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 PPRT for the City.

Personal Property Replacement Taxes

<u>FY Ended</u>	<u>Amount</u>
12/31/2018 ⁽¹⁾	\$1,350,173
12/31/2017	1,394,387
12/31/2016	1,425,178
12/31/2015	1,358,443
12/31/2014	1,448,645

⁽¹⁾Figures for the fiscal year ended 12/31/2018 are preliminary and unaudited and are subject to change.
Source: The City and the City's CAFR.

Utility Taxes

The City collects utility taxes on natural gas, electricity, and telephone charges. Based on preliminary unaudited figures, utility taxes generated \$6.7 million for the fiscal year ended December 31, 2018, compared to \$6.6 million for the fiscal year ended December 31, 2017, and \$6.7 million for the fiscal year ended December 31, 2016.

Overview of Budget for Fiscal Years 2017, 2018, and 2019

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

The total budget of the City for the fiscal year ending December 31, 2018 is \$308.8 million. The General Fund portion of the total budget for fiscal year ending December 31, 2018 is \$114.2 million. The City expects the General Fund to end the fiscal year ending December 31, 2018 with a surplus of approximately \$500,000, based on unaudited results.

The total budget of the City for the fiscal year ending December 31, 2019 is \$319.2 million. The General Fund portion of the total budget for fiscal year ending December 31, 2019 is \$114.2 million.

Summary of Financial Information

The following summary of financial information is taken from the CAFR of the City for fiscal years ended December 31, 2013 through December 31, 2017. Preliminary unaudited figures for the fiscal year ended December 31, 2018 are included where they are available. This summary does not purport to be complete. Reference should be made to the CAFR for fiscal year ended December 31, 2017 included as APPENDIX A of this Official Statement. Sikich LLP has neither reviewed nor approved this summary.

General Fund Balance Sheet Fiscal Years Ended

Assets:	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017⁽¹⁾</u>
Cash and Investments	\$10,885,387	\$ 5,070,897	\$ 2,168,922	\$ 6,324,402	\$ 5,767,719
Property Taxes Receivable	12,031,386	11,387,119	27,177,454	28,177,453	28,599,196
Due From Other Governments	7,247,146	6,876,727	8,567,535	7,066,670	6,120,698
Due From Other Funds	3,029,567	3,868,070	2,497,033	3,430,218	3,846,698
All Other Assets	2,983,910	3,454,712	1,340,477	2,879,876	2,945,801
Total Assets	<u>36,177,396</u>	<u>30,657,525</u>	<u>41,751,421</u>	<u>47,878,619</u>	<u>47,280,112</u>
Liabilities:					
Vouchers Payable	1,760,323	2,245,334	2,187,056	3,042,151	3,569,393
Accrued Payroll	2,317,172	293,472	600,834	839,121	1,110,921
Compensated Absences Payable	207,027	302,311	--	--	--
Due To Other Funds/Governments	4,546,512	2,882,454	--	3,368,372	23,967
All Other Liabilities	506,188	420,885	1,042,031	783,589	628,953
Total Liabilities	<u>9,337,222</u>	<u>6,144,456</u>	<u>3,829,921</u>	<u>8,033,233</u>	<u>5,333,234</u>
Deferred Inflows of Resources	10,477,223	9,530,103	27,216,664	28,177,453	28,599,196
Fund Balances:					
Nonspendable	--	--	118,433	--	300,00
Restricted	--	--	--	--	--
Committed	--	--	--	--	--
Assigned	6,361,490	5,347,110	5,671,992	5,045,638	4,179,617
Unassigned	10,001,461	9,635,856	4,914,411	6,622,295	8,868,065
Total Fund Balance	<u>16,362,951</u>	<u>14,982,966</u>	<u>10,704,836</u>	<u>11,667,933</u>	<u>13,347,682</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$36,177,396</u>	<u>\$30,657,525</u>	<u>\$41,751,421</u>	<u>\$47,878,619</u>	<u>\$47,280,112</u>

⁽¹⁾Unaudited figures for the fiscal year ended 12/31/2018 are currently unavailable.
Sources: The City; CAFR for fiscal years ended 12/31/2013 through 12/31/2017.

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

Revenues:	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018⁽¹⁾</u>
Taxes	\$38,709,390	\$38,222,153	\$52,628,569	\$54,336,773	\$58,812,954	\$60,490,044
Licenses and Permits	10,617,414	14,503,168	12,184,303	17,933,413	13,357,610	11,680,895
Intergovernmental	18,382,644	17,964,980	18,998,689	18,445,108	18,024,694	19,207,379
Charges for Services	7,722,937	7,792,469	8,224,155	8,694,803	8,679,945	10,412,949
Fines and Forfeits	3,448,523	3,357,965	3,554,188	3,611,901	3,467,693	3,765,058
Investment Income	26,907	13,037	6,573	30,285	38,558	94,681
Miscellaneous	1,418,949	1,138,650	950,964	1,338,381	1,858,107	1,763,275
Total	<u>80,326,764</u>	<u>82,992,422</u>	<u>96,547,441</u>	<u>104,390,664</u>	<u>104,239,561</u>	<u>107,414,281</u>
Expenditures:						
General Management and Support	14,147,518	11,642,286	11,753,081	15,929,441	16,839,903	17,758,836
Public Safety	40,650,660	43,013,173	58,461,316	60,939,168	63,444,262	64,187,767
Public Works	8,797,497	17,398,563	16,866,953	13,240,692	13,032,463	13,523,392
Health & Human Resource Dev.	3,601,469	3,836,705	3,140,999	3,021,327	3,110,698	3,165,206
Recreation & Cultural Opportunities	14,744,293	10,486,537	11,079,855	11,893,837	12,371,359	12,842,485
Housing & Economic Dev.	2,536,209	2,627,187	2,359,753	2,455,754	2,536,144	3,572,658
Total	<u>84,477,646</u>	<u>89,004,451</u>	<u>103,661,957</u>	<u>107,480,219</u>	<u>111,334,829</u>	<u>115,050,345</u>
Transfers In	6,826,313	7,233,511	7,769,334	8,099,626	12,446,096	--
Transfers Out	<u>(3,345,967)</u>	<u>(2,601,467)</u>	<u>(3,169,989)</u>	<u>(4,046,974)</u>	<u>(3,671,079)</u>	<u>--</u>
Interfund Transfers	3,480,346	4,632,044	4,599,345	4,052,652	8,775,017	8,133,142
Fund Balance, Beginning of Year	17,033,487	16,362,951	14,982,966	10,704,836	11,667,933	13,347,682
Prior period adjustment	--	--	(1,762,959)	--	--	(131,583)
Fund Balance, End of Year	<u>\$16,362,951</u>	<u>\$14,982,966</u>	<u>\$10,704,836</u>	<u>\$11,667,933</u>	<u>\$13,347,682</u>	<u>\$13,713,178</u>

⁽¹⁾Figures for the fiscal year ended 12/31/2018 are preliminary and unaudited and are subject to change.
Sources: The City; CAFR for fiscal years ended 12/31/2013 through 12/31/2017.

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.

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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>
08/15/2010	Bonds, Series 2010A	\$ 6,500,000	12/01/2029	2.00% - 3.625%	\$ 4,395,000
08/15/2010	Taxable Bonds, Series 2010B	8,000,000	12/01/2019	2.50% - 3.30%	1,135,000
08/01/2011	Bonds, Series 2011A	19,240,000	12/01/2031	2.00% - 4.50%	12,300,000
07/26/2012	Bonds, Series 2012A	15,720,000	12/01/2032	3.00% - 3.25%	9,355,000
08/15/2013	Bonds, Series 2013A	12,565,000	12/01/2033	2.00% - 4.75%	10,325,000
11/20/2013	Ref. Bonds, Series 2013B	28,875,000	12/01/2025	2.00% - 3.00%	10,885,000
08/21/2014	Bonds, Series 2014	12,045,000	12/01/2034	1.25% - 5.00%	10,275,000
11/10/2015	Bonds, Series 2015A	13,095,000	12/01/2035	2.00% - 4.00%	11,680,000
11/10/2015	Ref. Bonds, Series 2015B	11,075,000	12/01/2022	2.00% - 3.00%	6,775,000
09/28/2016	Bonds, Series 2016A	13,715,000	12/01/2036	2.00% - 4.00%	12,680,000
09/28/2016	Ref. Bonds, Series 2016B	7,635,000	12/01/2026	2.00% - 3.00%	6,275,000
10/16/2017	Bonds, Series 2017A	13,990,000	12/01/2037	3.00% - 4.00%	13,530,000
10/16/2017	Ref. Bonds, Series 2017B	9,225,000	12/01/2027	2.00% - 4.00%	8,240,000
10/16/2017	Taxable Bonds, Series 2017C	5,000,000	12/01/2035	2.05% - 4.00%	5,000,000
08/07/2018	Bonds, Series 2018A	24,385,000	12/01/2043	3.125% - 5.00%	24,385,000
08/07/2018	Bonds, Series 2018B	16,545,000	12/01/2038	3.125% - 5.00%	16,545,000
08/07/2018	Ref. Bonds, Series 2018C	8,020,000	12/01/2028	4.00% - 5.00%	8,020,000
08/07/2018	Taxable Bonds, Series 2018D	3,570,000	12/01/2038	3.70% - 4.25%	3,570,000
	Existing Total				<u>\$175,370,000</u>
Dated Date	Bonds, Series 2019A	\$ 12,750,000	12/01/2043	5.00%	\$ 12,750,000
Dated Date	Bonds, Series 2019B	12,785,000	12/01/2039	5.00%	<u>12,785,000</u>
	Total				<u><u>\$200,905,000</u></u>

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

Total General Obligation Debt Service

Year <u>Ending</u>	Outstanding G.O. Debt		The Bonds		Total <u>Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
12/31/2019	\$ 10,860,000	\$ 6,246,086	\$ -	\$ 606,456 ⁽¹⁾	\$ 17,712,543
12/31/2020	11,115,000	5,937,069	385,000	1,276,750	18,713,819
12/31/2021	11,450,000	5,596,566	405,000	1,257,500	18,709,066
12/31/2022	12,040,000	5,231,584	755,000	1,237,250	19,263,834
12/31/2023	10,675,000	4,813,233	800,000	1,199,500	17,487,733
12/31/2024	10,650,000	4,421,070	835,000	1,159,500	17,065,570
12/31/2025	11,005,000	4,016,915	880,000	1,117,750	17,019,665
12/31/2026	10,105,000	3,587,125	920,000	1,073,750	15,685,875
12/31/2027	9,445,000	3,188,290	965,000	1,027,750	14,626,040
12/31/2028	8,715,000	2,820,290	1,015,000	979,500	13,529,790
12/31/2029	8,095,000	2,488,040	1,065,000	928,750	12,576,790
12/31/2030	7,905,000	2,181,437	1,120,000	875,500	12,081,937
12/31/2031	8,210,000	1,877,053	1,175,000	819,500	12,081,553
12/31/2032	7,290,000	1,556,600	1,235,000	760,750	10,842,350
12/31/2033	6,940,000	1,317,008	1,295,000	699,000	10,251,008
12/31/2034	6,310,000	1,081,062	1,360,000	634,250	9,385,312
12/31/2035	5,680,000	873,891	1,430,000	566,250	8,550,141
12/31/2036	4,525,000	686,421	1,500,000	494,750	7,206,171
12/31/2037	3,810,000	534,901	1,575,000	419,750	6,339,651
12/31/2038	3,020,000	401,825	1,655,000	341,000	5,417,825
12/31/2039	1,395,000	294,025	1,735,000	258,250	3,682,275
12/31/2040	1,445,000	245,200	795,000	171,500	2,656,700
12/31/2041	1,500,000	187,400	835,000	131,750	2,654,150
12/31/2042	1,560,000	127,400	880,000	90,000	2,657,400
12/31/2043	1,625,000	65,000	920,000	46,000	2,656,000
Total	\$175,370,000	\$59,775,494	\$25,535,000	\$18,172,706	\$278,853,200

⁽¹⁾Includes capitalized interest through December 1, 2019.

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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 TIF districts, special service area taxes, and revenues from various enterprise funds including sewer services fees ("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; 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⁽¹⁾

Year Ending	Outstanding G.O. Debt ⁽²⁾		Expected to be Paid From Other Debt Service Sources ⁽²⁾		Net Debt Service ⁽²⁾
	Principal	Interest	Principal	Interest	
12/31/2019	\$ 10,860,000	\$ 6,852,543	\$ 3,640,750	\$ 2,429,556	\$ 11,642,236
12/31/2020	11,500,000	7,213,819	1,953,862	1,458,812	15,301,145
12/31/2021	11,855,000	6,854,066	2,024,268	1,397,326	15,287,473
12/31/2022	12,795,000	6,468,834	2,233,347	1,331,792	15,698,696
12/31/2023	11,475,000	6,012,733	2,320,696	1,256,361	13,910,676
12/31/2024	11,485,000	5,580,570	2,521,099	1,177,366	13,367,105
12/31/2025	11,885,000	5,134,665	2,593,369	1,090,059	13,336,237
12/31/2026	11,025,000	4,660,875	2,539,466	996,942	12,149,467
12/31/2027	10,410,000	4,216,040	2,561,087	904,031	11,160,922
12/31/2028	9,730,000	3,799,790	2,623,099	811,653	10,095,038
12/31/2029	9,160,000	3,416,790	2,524,406	717,894	9,334,491
12/31/2030	9,025,000	3,056,937	2,630,771	631,099	8,820,067
12/31/2031	9,385,000	2,696,553	2,728,876	539,588	8,813,089
12/31/2032	8,525,000	2,317,350	2,341,970	443,273	8,057,107
12/31/2033	8,235,000	2,016,008	2,117,963	361,608	7,771,437
12/31/2034	7,670,000	1,715,312	2,050,418	284,876	7,050,017
12/31/2035	7,110,000	1,440,141	1,929,409	211,503	6,409,228
12/31/2036	6,025,000	1,181,171	1,178,401	140,867	5,886,903
12/31/2037	5,385,000	954,651	988,854	95,932	5,254,864
12/31/2038	4,675,000	742,825	972,307	55,404	4,390,114
12/31/2039	3,130,000	552,275	299,707	14,985	3,367,583
12/31/2040	2,240,000	416,700	-	-	2,656,700
12/31/2041	2,335,000	319,150	-	-	2,654,150
12/31/2042	2,440,000	217,400	-	-	2,657,400
12/31/2043	2,545,000	111,000	-	-	2,656,000
Total	\$200,905,000	\$77,948,200	\$44,774,125	\$16,350,929	\$217,728,146

⁽¹⁾As of the Dated Date.

⁽²⁾Amounts are rounded.

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Overlapping General Obligation Bonded Debt
(As of March 18, 2019)

<u>Taxing Body</u>	<u>Total Outstanding Debt</u>	<u>Percent Allocable</u>	<u>Amount Allocable</u>
Cook County	\$2,950,121,751	1.82%	\$ 53,692,216
Cook County Forest Preserve District ⁽¹⁾	92,605,000	1.82%	1,685,411
Metropolitan Water Reclamation District ⁽²⁾	2,679,240,889	1.86%	49,833,881
Skokie Park District ⁽³⁾	3,076,000	0.62%	19,071
Community Consolidated School District No. 65	71,646,067	90.34%	64,725,057
Township High School District No. 202	26,865,000	90.34%	24,269,841
Community College District No. 535	32,130,000	12.00%	3,855,600
Total Overlapping General Obligation Bonded Debt			<u>\$198,081,077</u>

⁽¹⁾Does not include \$48,305,000 alternate revenue source bonds.

⁽²⁾Does not include \$97,190,000 alternate revenue source bonds.

⁽³⁾Does not include \$19,348,484 alternate revenue source bonds.

Source: Cook County Tax Extension and the MSRB's Electronic Municipal Market Access system ("EMMA").

Debt Ratios

<u>Metric</u>	<u>Value</u>	
True Value (2017)	\$8,220,180,360	
EAV (2017) ⁽¹⁾	2,740,060,120	
Population (U.S. Census Bureau 2013-2017 ACS 5-year population estimate)	75,557	
Direct Debt (Property Tax Supported)	\$ 156,130,875	
Direct Debt (Supported by Other Sources)	44,774,125	
Total Direct Debt	\$ 200,905,000	
Self-imposed Debt Limit (Property Tax Supported) ⁽²⁾	\$ 160,000,000	
Total Overlapping Debt	\$ 198,081,077	
Total Direct and Overlapping Debt	\$ 398,986,077	
Total Direct and Overlapping Debt (Less Debt Supported by Other Sources)	\$ 354,211,952	
		General Obligation Debt (Less Debt Supported by Other Sources)
<u>Debt Ratio</u>	<u>All General Obligation Debt</u>	
Direct Debt Per True Value	2.44%	1.90%
Direct Debt Per EAV	7.33%	5.70%
Direct Debt Per Capita	\$2,659	\$2,066
Direct and Overlapping Debt Per True Value	4.85%	4.31%
Direct and Overlapping Debt Per EAV	14.56%	12.93%
Direct and Overlapping Debt Per Capita	\$5,281	\$4,688

⁽¹⁾Does not include TIF incremental value.

⁽²⁾See "THE CITY – Government" herein for a discussion of the City's self-imposed debt limit. Direct Debt (Supported by Other Sources) is not subject to the self-imposed debt limit.

General Obligation Debt Trends

Year <u>Ending</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Library <u>Component Unit</u>	Total <u>General Obligation</u>
12/31/2018	\$144,701,821	\$25,839,037	\$4,829,139	\$175,369,997
12/31/2017	117,965,915	25,504,953	3,029,128	146,499,996
12/31/2016	112,107,778	29,902,079	1,970,143	143,980,000
12/31/2015	114,683,721	30,957,894	1,643,381	147,284,996
12/31/2014	116,836,839	29,787,840	2,125,321	148,750,000
12/31/2013	117,531,511	30,411,358	2,767,131	150,710,000
12/31/2012	120,938,742	33,221,258	--	154,160,000
12/31/2011	122,579,206	35,115,794	--	157,695,000
2/28/2011	117,322,439	36,212,561	--	153,535,000
2/28/2010	111,233,880	40,236,120	--	151,470,000

Future Financings

The City does not plan to issue additional debt during this calendar year. Fundraising efforts by Friends continue in order to minimize the City's debt liability associated with the Robert Crown Project.

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 Department of Revenue. This is referred to as the equalized assessed valuation or "EAV." See "Real Property Assessment, Tax Levy, and Collections Procedures" herein.

Taxable property is reassessed every three years. The most recent reassessment period was tax year 2017. The following table shows the City's EAV in recent years. The taxes collected in 2017 were payable with respect to the EAV for tax year 2016. The EAV of property for tax year 2017 was approximately \$2.74 billion, which does not include the EAV included in TIF districts (see "Tax Increment Financing" herein).

Historic EAV⁽¹⁾

<u>Tax Year</u>	<u>Total</u>	<u>% Change</u>
2017	\$2,740,060,120	2.61%
2016	2,670,411,769	21.60%
2015	2,196,021,525	-2.16%
2014	2,244,569,975	1.95%
2013	2,201,697,038	-12.44%
2012	2,514,621,552	-7.80%
2011	2,727,367,573	-10.34%
2010	3,041,884,087	-7.99%
2009	3,305,989,369	12.51%
2008	2,938,397,892	5.99%

⁽¹⁾TIF Incremental value 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.

EAV by Classification of Property⁽¹⁾

	<u>2013</u>	<u>Percent</u>	<u>2014</u>	<u>Percent</u>	<u>2015</u>	<u>Percent</u>	<u>2016</u>	<u>Percent</u>	<u>2017</u>	<u>Percent</u>
Residential	\$1,653,524,481	75.10%	\$1,792,383,435	79.85%	\$1,751,252,888	79.75%	\$2,151,672,082	80.57%	\$2,178,182,897	79.49%
Farm	15,956	0.00%	15,467	0.00%	15,467	0.00%	15,467	0.00%	15,467	0.00%
Commercial	452,108,891	20.53%	416,165,953	18.54%	410,670,248	18.70%	483,830,858	18.12%	527,589,667	19.25%
Industrial	94,820,879	4.31%	34,726,327	1.55%	32,549,681	1.48%	33,333,491	1.25%	32,680,857	1.19%
Railroad	1,226,831	0.06%	1,278,793	0.06%	1,533,241	0.07%	1,559,871	0.06%	1,591,232	0.06%
Total EAV	\$2,201,697,038	100.00%	\$2,244,569,975	100.00%	\$2,196,021,525	100.00%	\$2,670,411,769	100.00%	\$2,740,060,120	100.00%

⁽¹⁾Does not include TIF incremental value. See "Tax Incremental Financing" below. The City's TIF incremental value for 2017 was \$77,954,625.

Note: 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 districts. In a TIF district, collections of real property taxes levied by all taxing bodies, to the extent attributed to increases in the EAV of the TIF district over its EAV when the TIF district 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 district. 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 district also may be used to pay debt service on bonds issued by the municipality for qualified redevelopment costs of that district ("TIF Bonds"). To the extent that the tax collections in respect of a TIF district 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 2017 the City has designated five TIF districts. The total incremental EAV of these districts for this tax year totaled \$77,954,625. The EAV for these districts at the time the districts were so designated (the base or "frozen" value) was \$91,489,225.

EAV of Tax Increment Financing Districts

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Frozen Value	\$100,935,488	\$ 99,927,882	\$ 99,927,882	\$ 91,489,225	\$ 91,489,225
Incremental Value	<u>73,305,912</u>	<u>67,584,148</u>	<u>64,362,312</u>	<u>68,721,151</u>	<u>77,954,625</u>
Total EAV ⁽¹⁾	\$162,748,327	\$157,025,794	\$154,808,491	\$158,901,401	\$168,878,659

⁽¹⁾The Total EAV of the TIF districts located in the City may not equal the sum of the Frozen Value and the Incremental EAV where the current EAV of certain TIF districts is less than the Frozen Value.

Source: Cook County Clerk's Office.

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 district.

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.

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>
2017	2018	\$48,494,651	\$45,908,361	94.67%
2016	2017	47,538,529	46,723,572	98.29%
2015	2016	46,394,914	44,974,845	96.94%
2014	2015	45,557,079	44,280,493	97.20%
2013	2014	43,869,798	42,762,685	97.48%
2012	2013	43,330,121	41,776,375	96.41%
2011	2012	43,397,590	42,064,756	96.93%
2010	2011	41,479,398	39,412,004	95.02%
2009	2010	39,779,364	38,018,159	95.57%
2008	2009	38,044,671	36,246,629	95.27%

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>	2017 Equalized <u>Assessed Values</u>	Percentage of Total <u>City EAV</u>
Orrington TT LLC Golub	Commercial buildings and public parking garage	\$ 30,589,645	1.09%
Rotary International	Non-profit organization	27,015,153	0.96%
McCaffery Interests	Commercial buildings	24,085,133	0.85%
FSP 909 Davis Street	Commercial buildings	20,064,249	0.71%
MB Sherman Highlands	Commercial buildings	17,562,846	0.62%
Northshore University Health	Commercial, healthcare	16,190,838	0.57%
1890 Maple LLC	Apartments	15,850,962	0.56%
Omni Orrington Hotel	Hotel	14,841,112	0.53%
TIAA PK Evanston Inc.	Apartment building, super market, retail store	13,801,338	0.49%
Evanston LLC	Commercial buildings	12,869,296	0.46%
Top Ten Total		<u>\$192,870,473</u>	<u>6.84%</u>
City Total 2017 EAV, including TIF incremental value.		<u>\$2,818,014,745</u>	

Source: Cook County Clerk's Office.

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Corporate	\$ 0.4351	\$ 0.3939	\$ 0.3896	\$ 0.2954	\$ 0.2942
Bond & Interest	0.5468	0.5298	0.4990	0.4234	0.4092
Garbage	--	--	--	--	0.0153
Police Pension	0.3740	0.3810	0.4208	0.3788	0.3775
Fire Pension	0.2809	0.2756	0.3286	0.3007	0.3003
IMRF	0.1225	0.1238	0.1238	0.1018	0.0930
General Assistance	--	0.0613	--	--	--
TOTAL	<u>\$ 1.759</u>	<u>\$ 1.765</u>	<u>\$ 1.762</u>	<u>\$ 1.501</u>	<u>\$ 1.490</u>

Tax Rates for Overlapping Taxing Agencies
(Taxes Billed in 2017 – Per \$100 EAV)

<u>Taxing Agency</u>	<u>2017 Rate</u>
City of Evanston	\$ 1.490
Cook County	0.496
Cook County Forest Preserve District	0.062
Consolidated Elections	0.031
City of Evanston Library Fund	0.247
General Assistance	0.034
Elementary School District No. 65	3.673
Evanston Township High School District No. 202	2.329
Oakton Community College District No. 535	0.232
Metropolitan Water Reclamation District	0.402
North Shore Mosquito Abatement District	0.010
Total - property not in park or special purpose district	<u>\$ 9.006</u>

Source: Cook County Clerk's Office.

Real Property Assessment, Tax Levy, and Collection Procedures

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

Real Property Assessment. The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within 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 Department of Revenue. For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The City is located in the North Tri and was reassessed for the 2016 tax levy year.

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

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

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

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

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

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

Equalization. After the Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Department of Revenue is required by statute to review the Assessed Valuations. The Department of Revenue establishes an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county to make all valuations uniform among the 102 counties in the State. 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 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"), currently provides for a variety of different homestead exemptions ("Homestead Exemptions"). Homestead Exemptions reduce the property tax burden of the recipient while increasing the tax burden for all other taxpayers in the taxing district.

The General (Residential) Homestead Exemption reduces the taxable assessed value of an individual's primary residence by an amount equal to the increase in EAV over the 1977 EAV. The maximum assessment deduction for counties with 3,000,000 or more inhabitants is \$7,000 for taxable years 2012 through 2016 and \$10,000 for taxable years 2017 and thereafter. This exemption may be granted on a pro-rated basis for newly constructed homes based upon the number of days in the tax year the home was occupied by the taxpayer.

The Disabled Persons' Homestead Exemption is an additional exemption available to certain disabled individuals who meet State-mandated guidelines. The exemption reduces the taxable assessed value by an additional \$2,000.

The Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer's homestead property to 10% per year if such taxpayer has owned the property for at least ten years as of January 1 of the assessment year (or five years if purchased with certain government assistance) and has a household income of \$100,000 or less ("Qualified Homestead Property"). If the taxpayer's annual income is \$75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties.

The Homestead Improvement Exemption applies to residential properties that have been improved or rebuilt in the 2 years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to the fair cash value up to an annual maximum of \$75,000 for up to four years (or \$25,000 in assessed value, which is 33-1/3% of fair cash value), to the extent the assessed value deduction is attributable solely to such improvements or rebuilding.

There are two additional exemptions for senior citizens. The Senior Citizens Homestead exemption operates annually to reduce the EAV on a senior citizen's home. The maximum reduction for counties with 3,000,000 or more inhabitants is \$5,000 for taxable years 2013 through 2016 and \$8,000 for taxable years 2017 and thereafter. Furthermore, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro-rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and receive an annual income not in excess of \$55,000 through taxable year 2016 and \$65,000 for taxable year 2017 and thereafter. In general, this exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. The exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for this exemption, plus the EAV of improvements since such year. Beginning in taxable year 2017, the amount of the exemption is equal to the greater of the amount calculated as described in the previous sentence (as more completely set forth in the Property Tax Code) or \$2,000.

Beginning January 1, 2015, purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year, and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster, as defined in the Property Tax Code, occurring in taxable year 2012 or any taxable year thereafter. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to the veteran with a disability.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (i) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (ii) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (iii) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Lastly, in addition to the Homestead Exemptions, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

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>
2008	December 1, 2009
2009	December 13, 2010
2010	November 1, 2011
2011	August 1, 2012
2012	August 1, 2013
2013	August 1, 2014
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017
2017	August 1, 2018

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.

PENSION AND RETIREMENT OBLIGATIONS⁽¹⁾

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 the State (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 online at www.imrf.org or 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.

Benefits Provided. IMRF provides two tiers of pension benefits. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings, for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. The final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48.

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 the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96.

Plan Membership. At December 31, 2016, IMRF membership consisted of the following:

Inactive employees or their beneficiaries currently receiving benefits	664
Inactive employees entitled to but not yet receiving benefits	353
Active employees	<u>539</u>
Total	1,556

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

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, 2017 was 10.66% of covered payroll.

⁽¹⁾Source: The City; CAFR for fiscal year ended 12/31/2017.

Actuarial Assumptions. The City's net pension liability was measured as of December 31, 2016 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	12/31/2016
Actuarial Cost Method	Entry-age Normal
Asset Valuation Method	Market Value
Inflation Rate	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Cost of Living Adjustments	3.00%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience. Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City 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 to be available to make all projected future benefit payments of current plan members.

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 7.50% 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	Current Discount Rate		
	1% Decrease (6.50%)	(7.50%)	1% Increase (8.50%)
City	\$41,946,384	\$15,480,181	\$(6,317,096)
Library	4,072,688	1,503,385	(613,344)
Total	\$46,019,072	\$16,983,566	\$(6,930,440)

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Schedule of Changes in Net Pension Liability and Related Ratios.

Total Pension Liability – Calendar Year Ending December 31, 2016	
Service Cost	\$ 3,951,687
Interest	16,947,408
Changes in Benefit Terms	-
Difference Between Expected and Actual Experience	(2,905,680)
Changes of Assumptions	(269,039)
Benefit Payments, including Refunds of Employee Contributions	<u>(12,270,564)</u>
Net Change in Total Pension Liability	5,453,812
Total Pension Liability – Beginning of Year	<u>230,426,570</u>
Total Pension Liability – End of Year	<u>\$235,880,382</u>
Plan Fiduciary Net Position – Calendar Year Ending December 31, 2016	
Contributions – Employer	\$ 3,963,856
Contributions – Employee	1,705,636
Net investment income	14,441,739
Benefit payments, including Refunds of Member Contributions	(12,270,564)
Administrative Expense	<u>(142,981)</u>
Net Change in Plan Fiduciary Net Position	7,697,686
Plan Fiduciary Net Position – Beginning	<u>211,199,130</u>
Plan Fiduciary Net Position – Ending	<u>\$218,896,816</u>
Employer Net Pension Liability	<u>\$ 16,983,566</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	92.80%
Covered-Employee Payroll	\$ 37,477,116
City’s Net Pension Liability as a % of Covered-Employee Payroll	45.32%

Schedule of Employer Contributions.

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% Contributed	Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
2017	\$3,698,900	\$3,695,564	\$ 3,336	99.9%	\$37,514,202	9.9%
2016	3,882,629	3,963,856	(81,227)	102.1%	37,477,116	10.6%
2015	3,977,718	4,018,268	(40,550)	101.0%	37,703,487	10.7%

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.

Benefits Provided. As provided for by State statute, 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 by State statute.

Police Pension Plan

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

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

Firefighters' Pension Plan

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

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

Plan Membership. At January 1, 2017, plan membership consisted of the following:

	Police	Firefighters'
Inactive plan members or their beneficiaries currently receiving benefits	177	137
Inactive plan members entitled to but not yet receiving benefits	17	3
Active plan members	<u>165</u>	<u>103</u>
Total	359	243

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, 2017, the City's contribution was 67.09% of covered payroll.

Participants contribute a fixed percentage of their base salary to the Firefighters' Pension Plan. At December 31, 2017, 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, 2017, the City's contribution was 79.58% of covered payroll.

Actuarial Assumptions⁽¹⁾. The City's total pension liability was determined by an actuarial valuation performed using the following actuarial methods and assumptions:

	Police	Firefighters'
Actuarial Valuation Date	12/31/2017	12/31/2017
Actuarial Cost Method	Entry-age Normal	Entry-age Normal
Asset Valuation Method	Market Value	Market Value
Inflation Rate	2.50%	2.50%
Salary Increases	7.36% - 3.62%	7.36% - 3.62%
Investment Rate of Return	6.50%	6.50%
Cost of Living Adjustments	3.00% - 1.25%	3.00% - 1.25%

Mortality rates were based on the RP-2000 Combined Healthy Mortality table with a Blue Collar Adjustment, projected to the valuation date using Scale BB; disabled mortality rate is based on RP-2000 Disabled Retiree Mortality table, projected to the valuation date using Scale BB.

Discount Rate⁽¹⁾. The discount rate used to measure both the total police pension liability and the total firefighters' pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, both the Police Pension Plan's and the Firefighter's Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity⁽¹⁾. 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 6.50% 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 (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	Current Discount Rate		
	1% Decrease (5.50%)	(6.50%)	1% Increase (7.50%)
Police	\$134,626,063	\$103,897,772	\$ 78,684,576
Firefighters'	111,627,360	89,151,276	70,686,477
Total	\$246,253,423	\$193,049,048	\$149,371,053

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⁽¹⁾Source: The City; Actuarial Valuation Reports for fiscal year ended 12/31/2017. The values contained in the Actuarial Valuation Reports for fiscal year ended 12/31/2017 assume Investment Rates of Return of 6.50% for both the Police Pension Plan and Firefighters' Pension Plan, which is an adjustment from the values contained in the CAFR for fiscal year ended 12/31/2017, which assumed Investment Rates of Return of 6.25%.

Schedule of Changes in Net Pension Liability and Related Ratios⁽¹⁾.

Total Pension Liability – Calendar Year Ending December 31, 2017	Police	Firefighters’
Service Cost	\$ 3,993,751	\$ 2,813,961
Interest	14,088,889	10,507,435
Changes in Benefit Terms	-	-
Difference Between Expected and Actual Experience	424,390	368,761
Changes of Assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(11,475,943)</u>	<u>(8,608,369)</u>
Net Change in Total Pension Liability	7,031,087	5,080,788
Total Pension Liability – Beginning of Year	<u>218,496,352</u>	<u>163,143,565</u>
Total Pension Liability – End of Year	<u>\$225,527,439</u>	<u>\$168,224,353</u>
Plan Fiduciary Net Position – Calendar Year Ending December 31, 2017		
Contributions – Employer	\$ 10,300,549	\$ 8,205,800
Contributions – Employee	1,521,467	974,992
Net investment income	15,240,680	7,974,296
Benefit payments, including Refunds of Member Contributions	(11,475,943)	(8,609,369)
Administrative Expense	<u>(148,631)</u>	<u>(72,640)</u>
Net Change in Plan Fiduciary Net Position	15,438,122	8,473,079
Plan Fiduciary Net Position – Beginning	<u>106,191,545</u>	<u>70,599,998</u>
Plan Fiduciary Net Position – Ending	<u>\$121,629,667</u>	<u>\$ 79,073,077</u>
Employer Net Pension Liability	<u>\$103,897,772</u>	<u>\$ 89,151,276</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	53.93%	47.00%
Covered-Employee Payroll	\$ 15,352,846	\$ 10,311,920
City’s Net Pension Liability as a % of Covered-Employee Payroll	676.73%	864.55%

Schedule of Employer Contributions⁽¹⁾

Police Pension Plan

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% Contributed	Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
2017	\$10,237,200	\$10,300,549	\$ (63,349)	100.6%	\$15,352,846	67.1%
2016	9,380,940	9,450,824	(69,884)	100.7%	17,474,672	54.1%
2015	8,257,475	8,804,264	(546,789)	106.6%	14,921,328	59.0%

Firefighters’ Pension Plan

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% Contributed	Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
2017	\$8,148,709	\$8,205,800	\$ (57,091)	100.7%	\$10,311,920	79.6%
2016	7,350,865	7,396,641	(45,776)	100.6%	10,546,779	70.1%
2015	5,903,483	6,385,244	(481,761)	108.2%	10,396,357	61.4%

⁽¹⁾Source: The City; Actuarial Valuation Reports for fiscal year ended 12/31/2017. The values contained in the Actuarial Valuation Reports for fiscal year ended 12/31/2017 assume Investment Rates of Return of 6.50% for both the Police Pension Plan and Firefighters’ Pension Plan, which is an adjustment from the values contained in the CAFR for fiscal year ended 12/31/2017, which assumed Investment Rates of Return of 6.25%.

OTHER POSTEMPLOYMENT BENEFITS⁽¹⁾

The City's and Library's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other 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 State laws. The City and Library implicitly contribute the difference between retiree's contributions and unblended rates. Retirees pay 100% of the blended premiums to cover themselves and their covered dependents ranging from \$493 for single coverage to \$1,891 for family coverage. The City pays 100% of health care premiums for police officers and firefighters, their dependents, and their surviving spouses and dependent children if they were injured or killed in the line of duty during an emergency, ranging from \$493 for single coverage to \$1,891 for family coverage. For the year ended December 31, 2017, the City and Library's estimated contribution to the plan is \$832,345. The City's and the Library's annual 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.

Plan Membership. At December 31, 2016 (the date of last actuarial valuation), membership consisted of the following:

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

The following table shows the components of the City's annual OPEB cost for the year ended December 31, 2017, the estimated contributions to the plan, and changes in the City's net OPEB obligation to the retiree health plan:

ARC	\$1,271,450
Interest on net OPEB obligation	127,747
Adjustment to Annual Required Contribution	<u>(108,410)</u>
Annual OPEB cost	1,290,787
Contributions made	<u>(822,579)</u>
Change in OPEB obligation	468,208
Net OPEB obligation - Beginning	<u>2,838,835</u>
Net OPEB obligation - Ending	\$3,307,043

Trend Information. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and two years prior were as follows:

Fiscal Year Ending	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation
12/31/2017	\$1,290,787	63.73%	\$3,304,043
12/31/2016	1,287,185	58.89%	2,838,835
12/31/2015	1,086,641	92.27%	2,309,788

Funding Status. As of December 31, 2017, the City's actuarial accrued liability for benefits was \$15,018,773, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$62,745,197, and the percentage of the unfunded actuarial accrued liability to covered payroll was 23.94%.

In the actuarial valuation as of December 31, 2016, the entry-age normal cost method was used. The actuarial assumptions include a 4.5% discount rate and an annual health care cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 4.5%. Both rates include a 3.5% price inflation assumption. The actuarial value of retiree health plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. Retiree health plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2016 was 30 years.

⁽¹⁾Source: The City; CAFR for fiscal year ended 12/31/2017.

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 and the 501(c)(3) Organizations have covenanted or will covenant to comply with all requirements that must be satisfied in order for the interest on the Series A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series A Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series A Bonds. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Series B Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series B Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series B Bonds.

Subject to compliance by the City and the 501(c)(3) Organizations with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series A 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. Subject to the City's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series B 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.

In rendering its opinions, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinions represent 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 City has agreed to confirm that the 501(c)(3) Organizations are 501(c)(3) organizations and certain other matters prior to entering into use agreements with same.

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

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

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City (and the 501(c)(3) Organizations, with respect to the Series A Bonds) comply 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 under the Code, as described above; and (d) the accretion of original issue discount in each year may result in 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 Department of Revenue, under Illinois income tax law, accreted original issue 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 OID 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 OID 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 Congress 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 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.

Interest on the Bonds is not exempt from present State of 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. See APPENDIX B for the proposed forms of Bond Counsel opinions for the Bonds.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements the Rule adopted by the Commission under the Exchange Act. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and a summary of other terms of the Undertaking, including termination, amendment, and remedies, are set forth below under "THE UNDERTAKING" and APPENDIX C hereto.

The City, pursuant to issuing its prior bonds, entered into continuing disclosure undertakings (the "Prior Undertakings") to disseminate its audited financial statements and annual financing information (together, the "Annual Report") and to file notice of certain events with respect to such prior bonds to certain information repositories as required by the Rule. The list of events for which the City is required to provide notice includes rating changes on the prior bonds.

The City failed to file its Annual Report for fiscal year 2015 and failed to file its annual financial information for fiscal years 2013 and 2017 within the required timeframe pursuant to the Prior Undertakings for certain of its prior bonds. Further, the City failed to include certain annual financial information in its Annual Report for fiscal year 2013 with respect to certain water system revenue bonds. Notices of such failures have since been filed on EMMA for the City's outstanding prior bonds.

The City failed to file notices of certain rating changes by Moody's on certain of its prior bonds within the required timeframe pursuant to the Prior Undertakings and the Rule. Notices of such rating changes have since been filed on EMMA for the City's outstanding prior bonds.

The City has put procedures in place to ensure timely compliance with all of its continuing disclosure undertakings. A failure by the City to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See “THE UNDERTAKING – Consequences of Failure of the City to Provide Information” herein. A failure by the City to comply with the Undertaking 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.

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

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a form of which is attached hereto as APPENDIX C.

Annual Financial Information Disclosure

The City covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below), annually to the MSRB 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. The City is required to deliver such information within 270 days after the last day of the City’s fiscal year (currently December 31), beginning with the fiscal year ending December 31, 2018. 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. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

“Annual Financial Information” means the financial information and operating data of the type contained in the following headings and subheadings of 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 EAV”;
 - “EAV by Classification of Property”;
 - “Tax Extensions and Collections”; and
 - “Historic City Tax Rates.”

“Audited Financial Statements” means the CAFR of the City prepared in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

All or a portion of the Annual Financial Information or Audited Financial Statements may be included by reference to other documents which have been submitted to EMMA. If the information included by reference is contained in an official statement, the official statement must be available from EMMA. The City shall clearly identify each such item of information included by reference.

To the extent that the foregoing are included in or easily derived from the Audited Financial Statements, such information may not necessarily be restated separately under the Annual Financial Information.

Reportable Events Disclosure

The City covenants that it will disseminate in a timely manner, not in excess of ten business days after the occurrence of the Reportable Event (as defined below), Reportable Events disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission or the State 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 filed with EMMA, including financial statements and other externally prepared reports. The “Reportable Events” are:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the 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
- Modifications to the rights of security holders
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the City⁽¹⁾
- 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 to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of name of a trustee, if material
- Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affects security holders, if material⁽²⁾
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflects financial difficulties⁽²⁾

Consequences of Failure of the City to Provide Information

The City shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the City to comply with any provision of the Undertaking, 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 the Undertaking. A default under the Undertaking shall not be deemed a default under the Ordinance, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the City by ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking 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

⁽¹⁾This Reportable Event is considered to occur when any of the following occurs: 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.

⁽²⁾The term “financial obligation” means a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(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 approves or requires the Annual Financial Information, Audited Financial Statements, or notices of a Reportable Event to be filed with a central post office, governmental agency, or similar entity other than the MSRB or in lieu of the MSRB, the City shall, if required, make such dissemination to such central post office, governmental agency, or similar entity without the necessity of amending the Undertaking.

Termination of Undertaking

The Undertaking shall be terminated 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 the MSRB in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of an event, in addition to that which is specifically required by the Undertaking. If the City chooses to include any information from any document or notice of occurrence of an event in addition to that which is specifically required by the Undertaking, the City shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Dissemination of Information; Dissemination Agent

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through EMMA or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

BOND RATINGS

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

UNDERWRITING

Bids for the Bonds were received at a competitive public sale on May 16, 2019.

UMB Bank, N.A., Dallas, Texas (the “Underwriter”), has agreed, subject to the conditions of closing set forth in the notice of sale (the “Notice of Sale”) for the Series A Bonds, to purchase the Series A Bonds at a purchase price of \$15,377,409.24 (consisting of the par amount of the Series A Bonds, plus an original issue premium of \$2,728,205.50, less an underwriter’s discount of \$100,796.26), plus accrued interest, if any.

The Underwriter 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 \$15,379,840.26 (consisting of the par amount of the Series B Bonds, plus an original issue premium of \$2,691,285.90, less an underwriter’s discount of \$96,445.64), 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 Underwriter.

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 PFM Financial Advisors LLC 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 PFM Financial Advisors LLC and Independent Public Advisors, LLC are registered with the Commission and the MSRB 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, which 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 only those portions of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates, or any other financial or economic information in connection therewith), and the description of the federal tax exemption of the interest on the Bonds. 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. Ice Miller LLP, Chicago, Illinois will serve as Disclosure Counsel to the City.

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, as of the date of sale 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/ Stephen H. Hagerty
Mayor

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APPENDIX A

**AUDITED ANNUAL FINANCIAL REPORT OF THE CITY OF EVANSTON, IL
FOR THE YEAR ENDED DECEMBER 31, 2017**

The Comprehensive Annual Financial Report

**The City's Comprehensive Annual Financial Report for the year ended December 31, 2017,
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.

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City of Evanston, Illinois



City of
Evanston[™]

*Comprehensive Annual Financial Report
For the Year Ended December 31, 2017*

CITY OF EVANSTON, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2017

Prepared by the Finance Division of the City Manager's Office

CITY OF EVANSTON, ILLINOIS
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INTRODUCTORY SECTION

CITY OF EVANSTON, ILLINOIS

Principal Officials

December 31, 2017

LEGISLATIVE

Stephen H. Hagerty, 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
Robin Rue Simmons	Alderman – 5 th Ward
Thomas M. Suffredin	Alderman – 6 th Ward
Eleanor Revelle	Alderman – 7 th Ward
Ann Rainey	Alderman – 8 th Ward
Cicely L. Fleming	Alderman – 9 th Ward

Devon Reid, City Clerk

EXECUTIVE

Wally Bobkiewicz, City Manager

Martin Lyons, City Treasurer/Assistant City Manager (through January 5, 2018)

Hitesh Desai, CFO/Treasurer (since April 16, 2018)

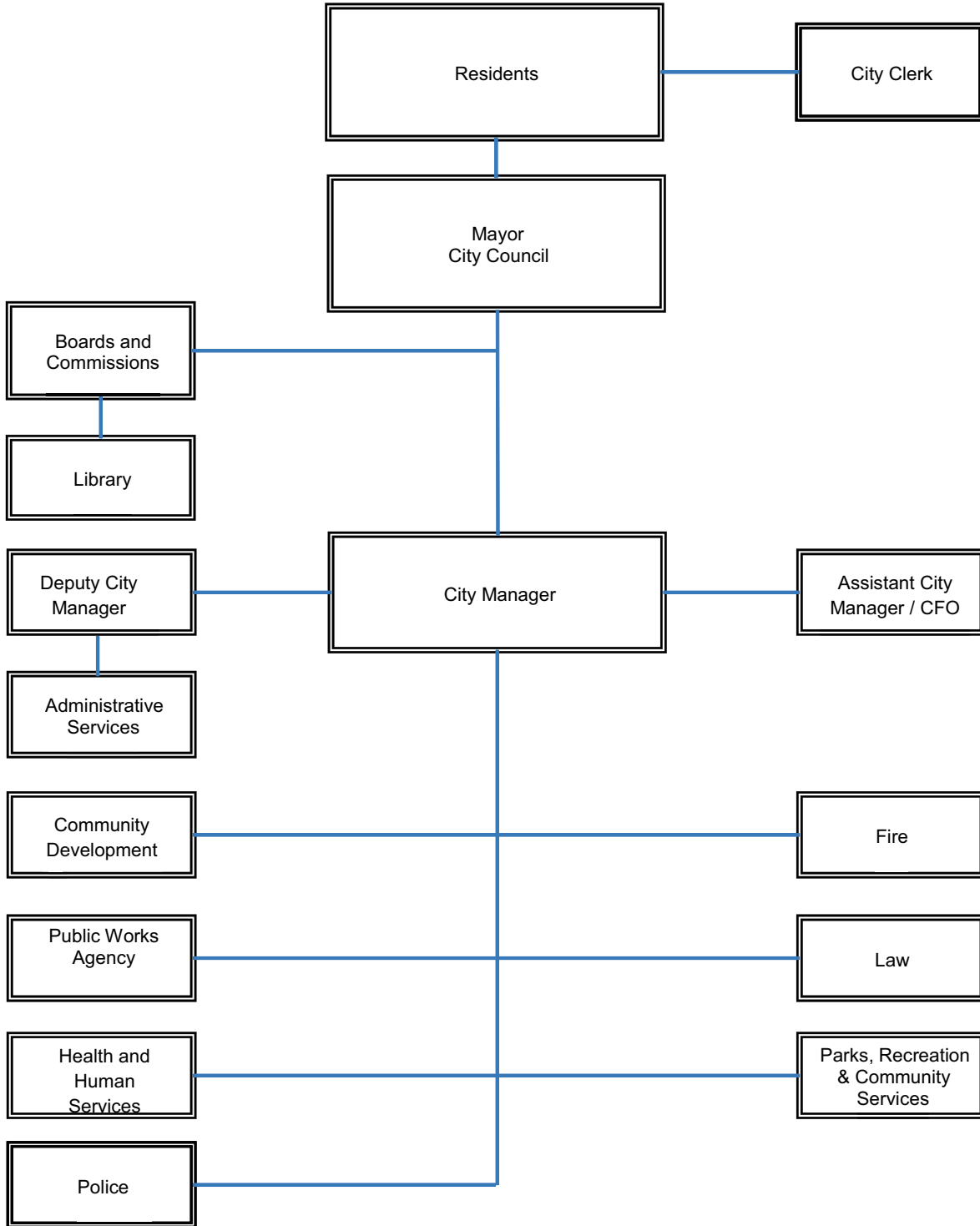
ADMINISTRATIVE

Budget and Finance Manager Ashley King	Health and Human Services Director Evonda Thomas-Smith
Police Chief Richard Eddington	City Attorney Grant Farrar
Administrative Services Director Erika Storlie	Library Director Karen Danczak Lyons
Community Development Director Johanna Leonard	Parks, Recreation, & Community Services Director Lawrence Hemingway
Public Works Agency Director Dave Stoneback	Fire Chief Brian Scott



City of Evanston

Organizational 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, 2016

Christopher P. Morill

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

June 22, 2018

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

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of the City of Evanston (City) for the fiscal year ended December 31, 2017 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, 2017 to December 31, 2017. 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.

The attached 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 May 1, 2014, the City of Evanston assumed all the responsibility of providing the services that were previously provided by the Township. Audits after 2014 include the functions of the Township.

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, 2017, 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, 2017, 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. Evanston has apartments, condominiums, and student housing; its residents are commuters and locally employed workers; its downtown is prospering, and neighborhood commercial centers are also stable. It is a part of the Chicago land economy and has a vigorous commercial and professional economy of its own. A population of approximately 75,000 is diverse by race, religion, age, education,

economics, and occupation. With 8,700 people per square mile, Evanston has double the population density of the average North and Northwest suburb, and approximately half the density of Chicago. The City has over 260 acres in 75 parks and 5 beaches.

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

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

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

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

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

The City Manager is the Chief Executive Officer of the City and is responsible for the management of all City operations under the direction of the City Council. The City Manager appoints and supervises the directors of the City's 10 departments.

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. Wastewater treatment is provided by the Metropolitan Water Reclamation District.

Budget Process: The City's fiscal year 2018 began on January 1, 2018. The City Manager submitted to the City Council a proposed operating budget in October for the fiscal year 2018 commencing the following January 1. The City started the budget process for fiscal year 2019 earlier than usual, beginning in February 2018 with a priority based budget process. The Council is expected to adopt the 2019 budget in November 2018. The City operates under the Illinois Budget Act, adopting a budget by Resolution. All Funds are included in the Resolution.

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 2018, the City projects that 34.05% (\$114.2 million-including transfers) of all City expenditures will occur in the General Fund. Other major funds include the Capital Improvement, General Obligation Debt, Parking, Water, and Sewer Funds.

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

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

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

MAJOR INITIATIVES – FISCAL YEAR 2018

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: assist the Public Works Agency and the City Manager in water sales and ensure that the City's rate of return on water sales is commensurate with capital investment. They will also work with the Community Development Department, City Council, and residents to expand and pursue affordable housing options within the City of Evanston.

The Administrative Services Department will: reorganize to merge the Fleet and Facilities functions into one division. The Department will then consist of Information Technology, Human Resources, Parking and Fleet/Facilities.

The Community Development Department will: develop and implement diverse strategies to address the City Council goal to expand affordable housing options to address the needs of low- moderate- and middle-income households. Staff will also be involved in the CTA's red/purple line modernization study.

The Economic Development division will move from the City Manager's Office to the Community Development Department. Howard Street revitalization will continue, with

openings of Café Coralie and Theo Ubique Theatre. Construction will begin on the “City Grange” mixed-use residential garden education center at 100-130 Chicago Avenue.

The Police Department will: fully implement its body-wearing camera program in 2018. The communications system will be upgraded to allow digital voice logging of all police and fire radio traffic, 911 phone calls, and non-emergency lines. This new system also will help telecommunicators provide pre-arrival instructions to 911 callers.

The Fire Department will: Implement upgraded pre-incident planning and EMS Emergency Patient Care Reporting software. The software combines enhanced mapping and information management to help support critical decisions on the emergency scene. The department will also work with Northwestern University on a cooperative agreement to share an Emergency Operations Center.

The Health and Human Services Department will: advance health equity by engaging new allies in the health equity movement through policy, systems, and environmental change. Staff will develop a comprehensive mental health resource and referral guide to share with City departments and community mental health partners.

The Public Works Agency: will complete the Chicago Avenue/Sheridan Road project and the Fountain Square project as well as the installation of HVAC and electrical upgrades at the Fleetwood-Jourdain Community Center. Staff will complete a citywide streetlight master plan that will set the lighting level standards for the city.

The Parks, Recreation and Community Services will: implement a new transit benefit program to serve more seniors and people with disabilities. Technology will be implemented to allow online purchasing of fitness, skating, and beach passes that can be downloaded onto a smartphone. Staff will continue to work to provide long-term community stabilization and support through street outreach and violence interruption/intervention services to youth and young adults who are directly exposed to and involved in violence.

Library operations are shown separately in the City's 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: focus on the delivery of library services to the immigrant and Latino communities in Evanston. The “Evanston Reads” program will lead the community in reading Claudia Rankie’s *Citizen*.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy: During mid-2017, the City realized that revenues in the General Fund would not match budget estimates. These were mainly due to decreased collections in the following areas:

- Income & sales tax
- Permit Revenue timing
- Parking ticket Revenues

Based on this review, the City Council authorized expense reductions and revenue increases to balance the General Fund. These changes included:

- Negotiation of a change in the start date of union employee raises from January 1 to July 1, 2017;
- A hiring freeze for July – December 2017;
- A freeze of all non-essential expenses such as furniture and equipment and travel and training;
- An increase in the transfer of funds from the Parking Fund;
- One furlough day

These changes were implemented, bringing the end of 2017 into a positive balance for the General Fund.

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, 2016. 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.

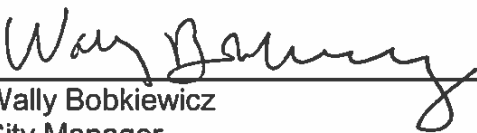
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual 2017 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.

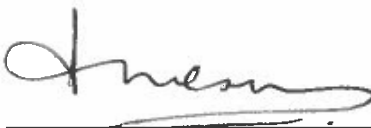
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We acknowledge the contributions and excellent work of Andy Villamin, Melita Roque, Nazmeen Ali and Anna Guthman in preparing the financial statements. Appreciation is also extended to Ashley King and all other Finance Division and City Staff who contributed 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



Hitesh Desai
Chief Financial Officer/Treasurer

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Stephen H. Hagerty, 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, 2017, 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. The financial statements of the Evanston Public Library were not audited in accordance with government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, 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, 2017, 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.

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 *Governmental Auditing Standards*, we have also issued our report dated June 22, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
June 22, 2018

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**



MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

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

FINANCIAL HIGHLIGHTS

- A. The City's net position increased by \$4,026,438 from the prior fiscal year. The governmental net position decreased by \$890,027 or 0.9% from the prior period and the business-type activities net position increased by \$4,916,465 or 1.7% from the prior period.
- B. The governmental activities revenue decreased by \$4,786,256 or 3.5% from the prior period principally due to decrease in Building Permits and litigation settlement receipts. The expenses increased by \$5,351,596 or 4.1% principally due to an increase in administrative costs.
- C. The business-type activities revenue increased by \$973,729 or 2.4%. The expenses increased by \$628,105 or 2.0% from the prior period.
- D. The total cost of all City programs increased by \$5,979,701 or 3.7%. This increase was attributable to increase in administrative costs.

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 Services Fund).

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

The City has three kinds of funds:

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

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

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

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

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

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

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

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

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

Notes to the financial statements

The accompanying notes to financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Other supplementary information includes detail by fund and component unit for receivables, payables, transfers, and payments within the reporting entity. Required supplementary information can be found on pages 79 – 89 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 90. Additional information on capital assets and long-term debt can be found on page 37 and 47, respectively.

Financial Analysis of the City as a Whole

The City's combined net position increased by \$4,026,438 from \$187,620,077, to \$191,646,515.

STATEMENT OF POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 99,861,288	\$ 103,939,418	\$ 19,131,286	\$ 24,450,701	\$ 118,992,574	\$ 128,390,119
Capital Assets	173,725,753	167,678,799	345,208,112	344,972,099	518,933,865	512,650,898
Total Assets	273,587,041	271,618,217	364,339,398	369,422,800	637,926,439	641,041,017
Deferred Outflows	44,109,463	39,709,489	2,932,513	3,882,555	47,041,976	43,592,044
	<u>317,696,504</u>	<u>311,327,706</u>	<u>367,271,911</u>	<u>373,305,355</u>	<u>684,968,415</u>	<u>684,633,061</u>
Long-Term Liabilities	358,414,011	359,259,565	71,064,803	80,634,320	429,478,814	439,893,885
Other Liabilities	12,289,943	10,206,291	2,716,558	4,891,775	15,006,501	15,098,066
Total Liabilities	370,703,954	369,465,856	73,781,361	85,526,095	444,485,315	454,991,951
Deferred Inflows	48,041,760	42,021,032	794,825	-	48,836,585	42,021,032
Total Liabilities and Deferred Inflows	<u>418,745,714</u>	<u>411,486,888</u>	<u>74,576,186</u>	<u>85,526,095</u>	<u>493,321,900</u>	<u>497,012,983</u>
Net Investment in Capital Assets	51,574,591	51,587,637	278,446,440	268,851,203	330,021,031	320,438,840
Restricted	11,990,220	18,523,340	-	-	11,990,220	18,523,340
Unrestricted (Deficit)	(164,614,021)	(170,270,160)	14,249,285	18,928,057	(150,364,736)	(151,342,103)
Total Net Position	<u>\$ (101,049,210)</u>	<u>\$ (100,159,183)</u>	<u>\$ 292,695,725</u>	<u>\$ 287,779,260</u>	<u>\$ 191,646,515</u>	<u>\$ 187,620,077</u>

The City's increase in Net Position principally comes from a decrease in Loan and Bonded Debt from \$217,364,154 to \$208,660,702.

The City's total revenues decreased by \$3,812,527 or 2.2%. The City's total expenses for all programs increased by \$5,979,701 or 3.7%. Business-type activity revenues increased by \$973,729 in the current fiscal period mainly due to seasonal revenues from Water and Sewer Funds and increased revenues in the Solid Waste fund. Business-type activity expenses increased by \$628,105, while Governmental activity expense experienced an increase of \$5,351,596. The list of expenses can be found in the table below.

The governmental activities experienced a decrease of \$890,027 in the net position balance. This is due to net expenses of \$4,687,447, offset by a net transfer in of \$3,797,420 from business activities.

The business-type activities experienced an increase of \$4,916,465 in the net position balance primarily due to the net operating surplus in the Sewer Fund in the amount of \$5,003,683.

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue						
Program Revenues:						
Charges for services	\$ 26,525,620	\$ 31,393,403	\$ 40,657,359	\$ 40,187,376	\$ 67,182,979	\$ 71,580,779
Operating grants and contributions	5,931,678	6,808,596	-	-	5,931,678	6,808,596
Capital grants and contributions	325,000	368,000	-	-	325,000	368,000
General Revenues:						
Sales taxes	16,070,630	17,932,528	-	-	16,070,630	17,932,528
Property taxes	46,563,227	45,610,041	-	-	46,563,227	45,610,041
Utility taxes	6,607,719	6,661,934	-	-	6,607,719	6,661,934
Income taxes	6,767,021	7,155,930	-	-	6,767,021	7,155,930
Other	21,635,913	19,399,072	203,532	(245,486)	21,839,445	19,153,586
Investment income	234,780	118,340	113,874	59,146	348,654	177,486
Total Revenue	<u>130,661,588</u>	<u>135,447,844</u>	<u>40,974,765</u>	<u>40,001,036</u>	<u>171,636,353</u>	<u>175,448,880</u>
Expenses						
General management and support	20,889,788	18,162,579	-	-	20,889,788	18,162,579
Public safety	61,191,026	55,625,369	-	-	61,191,026	55,625,369
Public works	24,793,288	13,668,315	-	-	24,793,288	13,668,315
Health and human resources development	3,354,193	3,319,396	-	-	3,354,193	3,319,396
Recreation and cultural opportunities	14,743,753	14,379,964	-	-	14,743,753	14,379,964
Housing and economic development	7,022,697	21,062,983	-	-	7,022,697	21,062,983
Interest	3,354,290	3,778,833	-	-	3,354,290	3,778,833
Water	-	-	12,239,035	11,450,783	12,239,035	11,450,783
Sewer	-	-	6,540,536	6,683,233	6,540,536	6,683,233
Solid Waste	-	-	4,906,658	4,966,872	4,906,658	4,966,872
Motor vehicle parking system	-	-	8,574,651	8,531,887	8,574,651	8,531,887
Total Expense	<u>135,349,035</u>	<u>129,997,439</u>	<u>32,260,880</u>	<u>31,632,775</u>	<u>167,609,915</u>	<u>161,630,214</u>
Increase (decrease) in net position before transfers	(4,687,447)	5,450,405	8,713,885	8,368,261	4,026,438	13,818,666
Transfers	<u>3,797,420</u>	<u>433,484</u>	<u>(3,797,420)</u>	<u>(433,484)</u>	-	-
Increase/(Decrease) in Net Position	(890,027)	5,883,889	4,916,465	7,934,777	4,026,438	13,818,666
Net Position - Beginning	<u>(100,159,183)</u>	<u>(106,043,072)</u>	<u>287,779,260</u>	<u>279,844,483</u>	<u>187,620,077</u>	<u>173,801,411</u>
Net Position - Ending	<u>\$ (101,049,210)</u>	<u>\$ (100,159,183)</u>	<u>\$ 292,695,725</u>	<u>\$ 287,779,260</u>	<u>\$ 191,646,515</u>	<u>\$ 187,620,077</u>

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statement with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the period in comparison with upcoming financing requirements. Governmental funds reported fund balances of \$36,862,602 as of December 31, 2017 which includes \$300,000 nonspendable, \$11,418,598 restricted, \$16,480,742 assigned and \$8,663,262 unassigned fund balance. The restricted fund balance consists of amounts required to be set aside by external authorities.

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

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund reported an increase of \$1,679,749. The increase is due to net inter-fund transfers to the General Fund in the amount of \$8,775,017 offset by excess of expenditures over revenues in the amount of \$7,095,268.

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

The fund balance of the General Obligation Debt Fund had a decrease of \$504,215, from \$745,996 to \$241,781.

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 \$23,273,139, a decrease of \$4,916,306 from prior period of \$28,189,445. Non-major funds with surpluses for the fiscal year include Motor Fuel, Emergency Telephone System, Neighborhood Improvement, Affordable Housing, Home Fund, Community Development Block Grant, Community Development Loan, Good Neighbor, General Assistance, Dempster Dodge TIF, Howard Ridge TIF, West Evanston TIF and Crown Capital Project. Nonmajor funds with deficits for the period include Economic Development, SSD #4, Chicago Main TIF, SSD #6, Howard Hartrey TIF, Washington National 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 net increase of \$4,916,465 in the net position. The Sewer Fund reported the highest increase in the amount of \$5,003,683. This increase is mainly due to the operating surplus and reduced debt service expense. The Parking Fund added \$608,448 to the net position during the year while Water and Solid Waste Funds reported a decrease of \$606,483 and \$89,183, respectively. Although net position in these proprietary funds showed an overall healthy increase, it is important to keep in mind that the Sewer Fund carries a substantial debt level followed by Parking and Water Funds with lesser debts.

Internal Service Funds

The City's combined internal service fund's net position decreased by \$2,128,048 from \$6,874,639, as of January 1, 2017 to \$4,746,591 as of December 31, 2017. Fleet Fund and Equipment Replacement reported a combined net decrease in net position of \$786,568. The net deficit in the Insurance Fund increased by \$1,341,480 mainly due to increase in potential claim liabilities.

General Fund Budgetary Highlights

Total budgetary basis revenues for the General Fund were \$104,239,561 while total expenditures were \$111,334,829. Overall General Fund revenue came in lower than budget by \$6,768,497. Total expenditures in the General Fund were lower than budgeted amounts by \$2,357,436. The actual net deficiency of \$7,095,268 was offset by \$8,775,017 in net transfers in from other funds.

Capital Assets

The City's Capital Asset policy generally includes capitalizing assets or properties with \$20,000 or more in value (with the exception of vehicles to the \$20,000 threshold). The City's capital assets (net of depreciation) for governmental and business-type activities as of December 31, 2017, were \$518,933,865. The governmental funds capital assets had a net increase of \$6,046,954, while business type capital assets increased by \$236,013. Overall, capital assets increased by 1.2% 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, 2017, the City had outstanding total general obligation bonded debt of \$143,470,868 of which \$25,504,953 was for business type activities to be paid for by the City's Parking, Water, Solid Waste and Sewer Funds. This represents a \$4,397,125 decrease from 2016. The City's general obligation debt service principal payments for 2017 totaled \$15,840,988. During the current year, the City issued \$26,091,464 and refunded \$8,789,464 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 Aa2 by Moody's Investor Rating Service and AA+ by Fitch Ratings.

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 as of the end of fiscal year 2016 increased by 21.6% from \$2,196,021,525 to \$2,670,411,769.

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.

CITY OF EVANSTON, ILLINOIS

Statement of Net Position

December 31, 2017

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Evanston Public
	Activities	Activities		Library
ASSETS				
Cash and equivalents	\$ 15,457,547	\$ 12,182,602	\$ 27,640,149	\$ 5,665,011
Investments	22,197,493	-	22,197,493	-
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	40,970,189	410,000	41,380,189	6,972,225
Utility taxes	773,993	-	773,993	-
Accounts	-	5,645,907	5,645,907	-
Notes	8,435,420	214,000	8,649,420	-
Special assessments	616,153	-	616,153	-
Accrued interest	-	9,479	9,479	-
Other	1,890,739	44,211	1,934,950	95
Due from other governments	6,897,928	-	6,897,928	57,834
Due from primary government	-	-	-	12,794
Due from fiduciary funds	10,000	-	10,000	-
Internal balances	142,598	(142,598)	-	-
Inventories	963,433	767,685	1,731,118	-
Prepaid items	1,505,795	-	1,505,795	-
Capital assets				
Capital assets not being depreciated	37,236,311	6,662,663	43,898,974	311,380
Capital assets being depreciated, net	136,489,442	338,545,449	475,034,891	11,599,662
Total Assets	273,587,041	364,339,398	637,926,439	24,619,001
DEFERRED OUTFLOWS OF RESOURCES				
Pension Items - Police	17,597,313	-	17,597,313	-
Pension Items - Fire	13,605,333	-	13,605,333	-
Pension Items - IMRF	12,906,817	2,932,513	15,839,330	1,538,265
Total Deferred Outflows of Resources	44,109,463	2,932,513	47,041,976	1,538,265
Total Assets and Deferred Outflows of Resources	317,696,504	367,271,911	684,968,415	26,157,266

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CITY OF EVANSTON, ILLINOIS

Statement of Net Position

December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Evanston Public Library
LIABILITIES				
Vouchers payable	\$ 9,540,454	\$ 2,358,856	\$ 11,899,310	\$ 185,487
Retainage payable	-	70,609	70,609	-
Accrued payroll	1,110,921	-	1,110,921	-
Accrued interest	378,652	287,093	665,745	-
Due to other governments	94,969	-	94,969	-
Due to component unit	12,794	-	12,794	-
Due to fiduciary fund	60,020	-	60,020	-
Unearned revenue	1,092,133	-	1,092,133	-
Noncurrent liabilities				
Due within one year	16,556,417	10,882,356	27,438,773	407,593
Due in more than one year	341,857,594	60,182,447	402,040,041	4,669,210
Total Liabilities	370,703,954	73,781,361	444,485,315	5,262,290
DEFERRED INFLOWS OF RESOURCES				
Pension items - Police Pension	2,678,500	-	2,678,500	-
Pension items - Fire Pension	2,699,350	-	2,699,350	-
Pension items - IMRF	1,693,721	384,825	2,078,546	201,861
Property taxes levied for future periods	40,970,189	410,000	41,380,189	6,972,225
Total Deferred Inflows of Resources	48,041,760	794,825	48,836,585	7,174,086
Total Liabilities and Deferred Inflows of Resources	418,745,714	74,576,186	493,321,900	12,436,376
NET POSITION				
Net investment in capital assets	51,574,591	278,446,440	330,021,031	8,752,321
Restricted for				
Highway maintenance	2,373,730	-	2,373,730	-
Emergency telephone system	181,996	-	181,996	-
HUD approved projects	325,996	-	325,996	-
Neighborhood improvements	2,218,337	-	2,218,337	-
Capital improvements	-	-	-	308,399
Debt service	6,245,662	-	6,245,662	4,089
General assistance	644,499	-	644,499	-
Endowment	-	-	-	4,195,455
Unrestricted	(164,614,021)	14,249,285	(150,364,736)	460,626
Total Net Position	\$ (101,049,210)	\$ 292,695,725	\$ 191,646,515	\$ 13,720,890

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General management and support	\$ 20,889,788	\$ 8,144,927	\$ 28,297	\$ -
Public safety	61,191,026	3,408,811	426,450	-
Public works	24,793,288	663,243	2,430,696	-
Health and human resource development	3,354,193	886,734	255,858	-
Recreational and cultural opportunities	14,743,753	5,668,957	453,170	-
Housing and economic development	7,022,697	7,752,948	2,337,207	325,000
Interest	3,354,290	-	-	-
Total governmental activities	<u>135,349,035</u>	<u>26,525,620</u>	<u>5,931,678</u>	<u>325,000</u>
Business-Type Activities				
Water	12,239,035	17,587,796	-	-
Sewer	6,540,536	12,477,659	-	-
Solid waste	4,906,658	4,061,508	-	-
Motor vehicles parking system	8,574,651	6,530,396	-	-
Total business-type activities	<u>32,260,880</u>	<u>40,657,359</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 167,609,915</u>	<u>\$ 67,182,979</u>	<u>\$ 5,931,678</u>	<u>\$ 325,000</u>
Evanston Public Library				
Community Services	\$ 8,903,074	\$ 452,441	\$ 177,985	\$ -
Interest	23,084	-	-	-
Total Evanston Public Library	<u>\$ 8,926,158</u>	<u>\$ 452,441</u>	<u>\$ 177,985</u>	<u>\$ -</u>

	Net (Expense) Revenue and Change in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	Evanston Public Library
	\$ (12,716,564)	\$ -	\$ (12,716,564)	\$ -
	(57,355,765)	-	(57,355,765)	-
	(21,699,349)	-	(21,699,349)	-
	(2,211,601)	-	(2,211,601)	-
	(8,621,626)	-	(8,621,626)	-
	3,392,458	-	3,392,458	-
	(3,354,290)	-	(3,354,290)	-
	(102,566,737)	-	(102,566,737)	-
	-	5,348,761	5,348,761	-
	-	5,937,123	5,937,123	-
	-	(845,150)	(845,150)	-
	-	(2,044,255)	(2,044,255)	-
	-	8,396,479	8,396,479	-
	(102,566,737)	8,396,479	(94,170,258)	-
	-	-	-	(8,272,648)
	-	-	-	(23,084)
	-	-	-	(8,295,732)
General Revenues				
Taxes				
Property tax	46,563,227	-	46,563,227	6,709,404
Other taxes	7,034,356	-	7,034,356	-
Personal property replacement taxes	1,394,387	-	1,394,387	-
Sales and home rule tax	16,070,630	-	16,070,630	-
Utility tax	6,607,719	-	6,607,719	-
Liquor tax	3,009,899	-	3,009,899	-
Parking tax	2,965,327	-	2,965,327	-
Real estate transfer tax	3,888,522	-	3,888,522	-
Income tax	6,767,021	-	6,767,021	-
Investment income	234,780	113,874	348,654	570,974
Gain on sale of capital assets	-	203,532	203,532	-
Miscellaneous	3,343,422	-	3,343,422	395
Transfers	3,797,420	(3,797,420)	-	-
Total	101,676,710	(3,480,014)	98,196,696	7,280,773
Change in Net Position	(890,027)	4,916,465	4,026,438	(1,014,959)
Net Position, January 1	(100,159,183)	287,779,260	187,620,077	14,735,849
Net Position, December 31	\$ (101,049,210)	\$ 292,695,725	\$ 191,646,515	\$ 13,720,890

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Balance Sheet
 Governmental Funds

December 31, 2017

	General	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 4,036,411	\$ 10,000	\$ 9,834,513	\$ 13,880,924
Investments	1,731,308	2,278,821	18,187,364	22,197,493
Receivables				
Property taxes	28,599,196	10,879,993	1,491,000	40,970,189
Utility	773,993	-	-	773,993
Notes	300,000	-	8,135,420	8,435,420
Special assessments	-	-	616,153	616,153
Other	1,861,808	-	12,121	1,873,929
Due from other governments	6,120,698	-	770,992	6,891,690
Due from component unit	-	-	-	-
Due from other funds	3,846,698	-	948,225	4,794,923
Advances to fiduciary funds	10,000	-	-	10,000
Advances to other funds	-	-	-	-
Total Assets	\$ 47,280,112	\$ 13,168,814	\$ 39,995,788	\$ 100,444,714

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Balance Sheet
Governmental Funds

December 31, 2017

	General	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES				
Vouchers payable	\$ 3,569,393	\$ -	\$ 4,190,241	\$ 7,759,634
Accrued payroll	1,110,921	-	-	1,110,921
Due to other governments	-	-	94,969	94,969
Due to other funds	23,967	2,047,040	1,182,072	3,253,079
Due to component unit	-	-	12,794	12,794
Due to fiduciary funds	60,020	-	-	60,020
Advances from other funds	476,800	-	-	476,800
Unearned revenue	92,133	-	1,000,000	1,092,133
Total Liabilities	5,333,234	2,047,040	6,480,076	13,860,350
DEFERRED INFLOWS OF RESOURCES				
Long-term loans	-	-	8,751,573	8,751,573
Property taxes levied for future periods	28,599,196	10,879,993	1,491,000	40,970,189
Total Deferred Inflows of Resources	28,599,196	10,879,993	10,242,573	49,721,762
Total Liabilities and Deferred Inflows of Resources	33,932,430	12,927,033	16,722,649	63,582,112
FUND BALANCES				
Nonspendable				
Notes	300,000	-	-	300,000
Restricted				
Highway maintenance	-	-	2,373,730	2,373,730
Emergency telephone system	-	-	181,996	181,996
HUD approved projects	-	-	325,996	325,996
Neighborhood improvements	-	-	1,646,715	1,646,715
Debt service	-	241,781	6,003,881	6,245,662
Township	-	-	644,499	644,499
Assigned				
Capital improvements	-	-	12,301,125	12,301,125
Other	4,179,617	-	-	4,179,617
Unassigned	8,868,065	-	(204,803)	8,663,262
Total Fund Balances	13,347,682	241,781	23,273,139	36,862,602
Total Liabilities, Inflows of Resources, and Fund Balances	\$ 47,280,112	\$ 13,168,814	\$ 39,995,788	\$ 100,444,714

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, 2017

Fund Balances of Governmental Funds	\$	36,862,602
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	\$	173,725,753
Less internal service fund portion		<u>7,894,234</u>
		165,831,519
OPEB liability payable is not due and payable in the current period and, therefore, is not reported in the governmental funds		(2,761,012)
Interest payable is not due and payable in the current period and, therefore, not reported in the governmental funds		(378,652)
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		(117,965,915)
Bonds premium liability		(4,185,247)
First Bank loan		(648,812)
Compensated absences payable		(10,387,657)
Net pension liability is shown as a liability on the statement of net position		
Illinois Municipal Retirement Fund		(12,614,160)
Police Pension Fund		(110,994,072)
Firefighters' Pension Fund		(94,343,860)
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		11,213,096
Police Pension Fund		14,918,813
Firefighters' Pension Fund		10,905,983
Deferred inflows for long-term loans are not available and, therefore, not revenue in fund financial statements		8,751,573
The net position of the internal service fund is included in the governmental activities on the statement of net position		<u>4,746,591</u>
Net Position of Governmental Funds	\$	<u>(101,049,210)</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, 2017

	General	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 58,812,954	\$ 10,797,411	\$ 8,546,975	\$ 78,157,340
Licenses and permits	13,357,610	-	-	13,357,610
Special assessments	-	-	260,307	260,307
Intergovernmental	18,024,694	-	4,602,495	22,627,189
Charges for services	8,679,945	-	33,339	8,713,284
Fines and forfeits	3,467,693	-	-	3,467,693
Investment income	38,558	36,782	159,440	234,780
Miscellaneous	1,858,107	83,293	1,901,985	3,843,385
Total Revenues	104,239,561	10,917,486	15,504,541	130,661,588
Expenditures				
Current				
General management and support	16,839,903	98,350	1,214,019	18,152,272
Public safety	63,444,262	-	902,853	64,347,115
Public works	13,032,463	-	1,008,651	14,041,114
Health and human resource development	3,110,698	-	-	3,110,698
Recreational and cultural opportunities	12,371,359	-	-	12,371,359
Housing and economic development	2,536,144	-	4,689,058	7,225,202
Capital outlay	-	-	14,953,180	14,953,180
Debt service				
Principal	-	19,253,327	5,000,000	24,253,327
Interest	-	3,846,469	192,830	4,039,299
Fiscal charges	-	2,218	-	2,218
Total Expenditures	111,334,829	23,200,364	27,960,591	162,495,784
Excess (Deficiency) of Revenues Over Expenditures	(7,095,268)	(12,282,878)	(12,456,050)	(31,834,196)
Other Financing Sources (Uses)				
Issuance of bonds	-	8,481,464	16,630,000	25,111,464
Issuance of loans	-	-	520,000	520,000
Premium (discount) on bonds issued	-	401,638	525,437	927,075
Transfers in	12,446,096	2,895,561	2,086,201	17,427,858
Transfers (out)	(3,671,079)	-	(12,221,894)	(15,892,973)
Total Other Financing Sources (Uses)	8,775,017	11,778,663	7,539,744	28,093,424
Net Change in Fund Balances	1,679,749	(504,215)	(4,916,306)	(3,740,772)
Fund Balances, January 1	11,667,933	745,996	28,189,445	40,603,374
Fund Balances, December 31	\$ 13,347,682	\$ 241,781	\$ 23,273,139	\$ 36,862,602

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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ (3,740,772)
---	----------------

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

Governmental funds report capital outlay as expenditures; however, they are capitalized and and depreciated in the statement of activities	15,824,184
---	------------

Some expenses in the statement of net assets (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds Depreciation	(9,447,877)
---	-------------

The loss on disposal of capital assets increases the expense on the statement of activities	-
---	---

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	(26,558,539)
---	--------------

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	24,253,327
--	------------

The amortization of premium on long-term debt is reported as a reduction of interest expense on the statement of activities	725,212
--	---------

Changes in net other postemployment benefits obligations are reported only in the statement of activities	(412,224)
--	-----------

The change in compensated absences payable is shown as an expense on the statement of activities	(243,180)
--	-----------

The change in the accrual of interest is reported as interest expense on the statement of activities	(37,985)
--	----------

The change in the net pension liability is reported only in the statement of activities	
Illinois Municipal Retirement Fund	1,941,282
Police Pension Fund	1,310,735
Firefighters' Pension Fund	(1,800,293)

The change in deferred inflows and outflows of resources is reported only in the statement of activities	
Illinois Municipal Retirement Fund	(6,865,545)
Police Pension Fund	3,310,933
Firefighters' Pension Fund	2,407,141

The changed in deferred inflows for long-term loans is not expense on the statement of activities	571,622
---	---------

Internal service funds are reported separately in the fund financial statements	<u>(2,128,048)</u>
---	--------------------

Change in Net Position of Governmental Activities	<u>\$ (890,027)</u>
---	---------------------

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Net Position
Proprietary Funds

December 31, 2017

	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	Governmental Activities - Internal Service Funds
Current Assets						
Cash and cash equivalents	\$ 5,596,551	\$ 1,914,625	\$ -	\$ 4,671,426	\$ 12,182,602	\$ 1,576,623
Receivables						
Property taxes	-	-	410,000	-	410,000	-
Accounts - water and sewerage charges						
Accounts - billed	1,766,247	150,437	120,074	-	2,036,758	-
Accounts - unbilled	1,121,419	1,908,988	578,742	-	3,609,149	-
Accrued interest	516	513	-	8,450	9,479	-
Other	2,321	-	28,375	13,515	44,211	16,810
Inventories	581,370	186,314	-	-	767,684	963,433
Prepaid items	-	-	-	-	-	1,505,795
Due from other funds	-	1,124,281	-	51,146	1,175,427	67,438
Due from other governments	-	-	-	-	-	6,238
Advances to other funds	-	-	-	476,800	476,800	-
Total Current Assets	9,068,424	5,285,158	1,137,191	5,221,337	20,712,110	4,136,337
Noncurrent Assets						
Capital assets						
Capital assets not being depreciated	1,637,514	375,176	-	4,649,973	6,662,663	-
Capital assets being depreciated	113,605,950	256,198,944	-	91,309,791	461,114,685	24,615,193
Accumulated depreciation	(27,533,992)	(61,253,278)	-	(33,781,966)	(122,569,236)	(16,720,959)
Total Capital Assets	87,709,472	195,320,842	-	62,177,798	345,208,112	7,894,234
Other assets						
Notes receivable	-	-	-	214,000	214,000	-
Total Noncurrent Assets	87,709,472	195,320,842	-	62,391,798	345,422,112	7,894,234
Total Assets	96,777,896	200,606,000	1,137,191	67,613,135	366,134,222	12,030,571
Deferred Outflows of Resources						
Pension items - IMRF	1,790,725	388,602	257,224	495,962	2,932,513	-
Total Deferred Outflows of Resources	1,790,725	388,602	257,224	495,962	2,932,513	-
Total Assets and Deferred Outflows of Resources	98,568,621	200,994,602	1,394,415	68,109,097	369,066,735	12,030,571

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Statement of Net Position
Proprietary Funds

December 31, 2017

	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	Governmental Activities - Internal Service Funds
Current Liabilities						
Vouchers payable	\$ 972,253	\$ 742,332	\$ 205,750	\$ 438,521	\$ 2,358,856	\$ 1,780,820
Retainage payable	36,965	3,397	-	30,247	70,609	-
Interest payable - restricted	64,135	213,992	-	-	278,127	-
Interest payable	-	-	111	8,855	8,966	-
Notes payable - IEPA	187,465	6,115,014	-	-	6,302,479	-
Current portion of GO bonds payable	992,649	414,456	20,467	2,964,363	4,391,935	-
Claims payable	-	-	-	-	-	1,477,000
Due to other funds	325,000	42,159	1,427,665	-	1,794,824	989,884
Due to component unit	-	-	-	-	-	-
Compensated absences payable	130,748	25,388	4,913	26,893	187,942	26,931
Total Current Liabilities	2,709,215	7,556,738	1,658,906	3,468,879	15,393,738	4,274,635
Noncurrent Liabilities						
Notes payable - IEPA	3,340,824	30,684,805	-	-	34,025,629	-
General obligation bonds payable	19,887,388	2,006,561	22,019	168,147	22,084,115	-
OPEB liability	259,149	76,397	60,656	58,708	454,910	91,121
Net pension liability - IMRF	1,750,120	379,791	251,392	484,717	2,866,020	-
Claims payable	-	-	-	-	-	2,810,500
Compensated absences payable	522,993	101,554	19,653	107,573	751,773	107,724
Total Long-Term Liabilities	25,760,474	33,249,108	353,720	819,145	60,182,447	3,009,345
Total Liabilities	28,469,689	40,805,846	2,012,626	4,288,024	75,576,185	7,283,980
Deferred Inflows of Resources						
Pension items - IMRF	234,991	50,995	33,755	65,084	384,825	-
Deferred property taxes	-	-	410,000	-	410,000	-
Total Deferred Inflows of Resources	234,991	50,995	443,755	65,084	794,825	-
Total Liabilities and Deferred Inflows of Resources	28,704,680	40,856,841	2,456,381	4,353,108	76,371,010	7,283,980
Net Position (Deficit)						
Net investment in capital assets	63,301,146	156,100,006	-	59,045,288	278,446,440	7,894,234
Unrestricted	6,562,795	4,037,755	(1,061,966)	4,710,701	14,249,285	(3,147,643)
Total Net Position (Deficit)	\$ 69,863,941	\$ 160,137,761	\$ (1,061,966)	\$ 63,755,989	\$ 292,695,725	\$ 4,746,591

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2017

	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	Governmental Activities - Internal Service Funds
Operating Revenues						
Charges for services	\$ 16,983,549	\$ 12,455,907	\$ 4,033,078	\$ 6,316,667	\$ 39,789,201	\$ 21,611,583
Miscellaneous	604,247	21,752	28,430	213,729	868,158	19,016
Total Operating Revenues	17,587,796	12,477,659	4,061,508	6,530,396	40,657,359	21,630,599
Operating Expenses Excluding Depreciation						
Administration	1,588,801	1,599,402	939,115	1,995,052	6,122,370	-
Operations	7,511,591	272,307	3,965,745	3,778,746	15,528,389	24,331,220
Total Operating Expenses Excluding Depreciation	9,100,392	1,871,709	4,904,860	5,773,798	21,650,759	24,331,220
Operating Income (Loss) Before Depreciation	8,487,404	10,605,950	(843,352)	756,598	19,006,600	(2,700,621)
Depreciation	2,470,280	3,530,787	-	2,561,771	8,562,838	1,780,829
Operating Income (Loss)	6,017,124	7,075,163	(843,352)	(1,805,173)	10,443,762	(4,481,450)
Non-Operating Revenue (Expenses)						
Investment income	35,784	16,023	-	62,067	113,874	2,852
Interest expense	(668,363)	(1,128,775)	(1,798)	(239,082)	(2,038,018)	-
Gain (loss) on disposal of capital assets	203,532	(9,265)	-	-	194,267	88,015
Total Non-Operating Revenues (Expenses)	(429,047)	(1,122,017)	(1,798)	(177,015)	(1,729,877)	90,867
Income (Loss) Before Transfers	5,588,077	5,953,146	(845,150)	(1,982,188)	8,713,885	(4,390,583)
Transfers						
Transfers in	-	-	755,967	4,120,636	4,876,603	2,300,000
Transfers (out)	(6,194,560)	(949,463)	-	(1,530,000)	(8,674,023)	(37,465)
Total Transfers	(6,194,560)	(949,463)	755,967	2,590,636	(3,797,420)	2,262,535
Net Income (Loss)	(606,483)	5,003,683	(89,183)	608,448	4,916,465	(2,128,048)
Net Position (Deficit), January 1	70,470,424	155,134,078	(972,783)	63,147,541	287,779,260	6,874,639
Net Position (Deficit), December 31	\$ 69,863,941	\$ 160,137,761	\$ (1,061,966)	\$ 63,755,989	\$ 292,695,725	\$ 4,746,591

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended December 31, 2017

	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 16,825,872	\$ 12,695,766	\$ 4,092,480	\$ 6,534,165	\$ 40,148,283	\$ 2,928,507
Receipts from/(payments for) interfund services provided	(1,028,986)	(255,371)	(648,212)	(1,282,315)	(3,214,884)	19,153,702
Receipts from other agencies	-	-	-	-	-	522,849
Payments to suppliers	(7,994,804)	(249,117)	(827,654)	(4,382,732)	(13,454,307)	(2,550,796)
Payments to employees	(415,481)	(1,007,897)	(3,351,534)	(1,277,360)	(6,052,272)	(4,288,303)
Payments for insurance premiums	-	-	-	-	-	(16,867,500)
Net Cash Provided from Operating Activities	7,386,601	11,183,381	(734,920)	(408,242)	17,426,820	(1,101,541)
Cash Flows from Noncapital Financing Activities						
Transfers in (out)	(6,194,560)	(949,463)	755,967	2,590,636	(3,797,420)	2,262,535
Net Cash from Noncapital Financing Activities	(6,194,560)	(949,463)	755,967	2,590,636	(3,797,420)	2,262,535
Cash Flows from Capital and Related Financing Activities						
Sale of capital assets	203,532	-	-	-	203,532	88,015
Acquisition and construction of capital assets	(4,482,684)	(2,159,080)	-	(2,191,624)	(8,833,388)	(1,695,815)
Proceeds from general obligation bonds	980,000	-	-	-	980,000	-
Proceeds from loans	1,736,056	-	-	-	1,736,056	-
Principal paid on general obligation bonds	(913,044)	(396,366)	(19,206)	(4,048,509)	(5,377,125)	-
Interest paid on general obligation bonds	(675,762)	(1,178,746)	(1,841)	(282,483)	(2,138,832)	-
Principal paid on IEPA loans	(110,787)	(6,553,398)	-	-	(6,664,185)	-
Net Cash from Capital and Related Financing Activities	(3,262,689)	(10,287,590)	(21,047)	(6,522,616)	(20,093,942)	(1,607,800)
Cash Flows from Investing Activities						
Interest income	35,268	15,510	-	53,617	104,395	2,852
Net Cash from Investing Activities	35,268	15,510	-	53,617	104,395	2,852
Net Increase (Decrease) in Cash and Cash Equivalents	(2,035,380)	(38,162)	-	(4,286,605)	(6,360,147)	(443,954)
Cash and Cash Equivalents						
Beginning	7,631,931	1,952,787	-	8,958,031	18,542,749	2,020,577
Ending	\$ 5,596,551	\$ 1,914,625	\$ -	\$ 4,671,426	\$ 12,182,602	\$ 1,576,623

(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, 2017

	Water	Sewer	Solid Waste	Motor Vehicle Parking System	Total	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided from Operating Activities						
Operating income (loss)	\$ 6,017,124	\$ 7,075,163	\$ (843,352)	\$ (1,805,173)	\$ 10,443,762	\$ (4,481,450)
Adjustments to reconcile operating income (loss) to net cash provided from operating activities						
Depreciation	2,470,280	3,530,787	-	2,561,771	8,562,838	1,780,829
Changes in assets and liabilities						
Accounts receivable	(761,924)	218,107	30,972	(1,231)	(514,076)	(8,165)
Notes receivable	-	-	-	5,000	5,000	-
Interfund receivable	40	331,935	-	(51,130)	280,845	355,374
Prepaid expenses	-	-	-	-	-	932,155
Inventories	(226)	(37,042)	-	-	(37,268)	(81,783)
Compensated absences	30,205	(3,735)	(4,784)	518	22,204	1,758
OPEB liability	20,888	7,663	15,068	2,986	46,605	9,379
Pension items - IMRF	653,735	150,325	99,120	171,783	1,074,963	-
Vouchers payable	(1,305,999)	(131,981)	(5,493)	(658,669)	(2,102,142)	1,411,646
Interfund payable	262,478	42,159	(26,451)	(634,097)	(355,911)	619,085
Claims payable	-	-	-	-	-	(1,640,369)
Net Cash Provided from Operating Activities	\$ 7,386,601	\$ 11,183,381	\$ (734,920)	\$ (408,242)	\$ 17,426,820	\$ (1,101,541)

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Fiduciary Net Position
Fiduciary Funds

December 31, 2017

	<u>Pension Trust</u>
Assets	
Investments at fair value	
Cash and cash equivalents	\$ 9,037,617
U.S. Treasury obligations	13,809,363
U.S. agency obligations	13,920,414
Corporate bonds	27,519,726
Common stock	37,226,711
Equity mutual funds	98,771,047
Receivables	
Accrued interest	385,903
Due from other governments	60,020
Other	<u>25,633</u>
Total Assets	<u>200,756,434</u>
Liabilities	
Accounts payable	<u>53,690</u>
Total Liabilities	<u>53,690</u>
Net Position Restricted For Pensions	<u><u>\$ 200,702,744</u></u>

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Fiscal Year Ended December 31, 2017

Additions	
Contributions - employer	\$ 18,506,349
Contributions - plan members	<u>2,496,459</u>
Total Contributions	<u>21,002,808</u>
Investment income	
Net appreciation in fair value of investments	18,720,633
Interest on investments	4,894,970
Less investment expenses	<u>(400,627)</u>
Total Investment Income	<u>23,214,976</u>
Total Additions	<u>44,217,784</u>
Deductions	
Administration	221,271
Benefit payments	19,951,713
Refunds of contributions	<u>133,599</u>
Total Deductions	<u>20,306,583</u>
Net Increase	23,911,201
Net Position Restricted For Pensions	
January 1	<u>176,791,543</u>
December 31	<u>\$ 200,702,744</u>

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

Discrete Component Unit:

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

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

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

Joint Ventures:

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

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Fund Accounting

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

The City's and the Library's governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A six-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded when payment is due or when amounts have been accumulated in the debt service fund for payment to be made early in the following year.

The following revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

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

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

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

The City reports the following major governmental funds:

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

E. Cash and Equivalents

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

F. Investments

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

G. Inventories and Prepaid Items

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

J. Long-Term Obligations

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Self-Insurance

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

L. Deferred Inflows/Outflows of Resources

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

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

M. Property Taxes

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

The property tax calendar for Cook County is as follows:

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

Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). On this basis, property tax revenue includes all cash distributions of property tax related to the 2016 tax levy received during the fiscal period between January 1, 2017 and December 31, 2017. A 2% allowance for loss is reflected in the City and the Library financial statements.

The 2017 tax levy collections are intended to finance the 2018 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, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. Fund Equity

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

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

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

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

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

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

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

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

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

O. Interfund Transactions

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P. Use of Estimates

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

Q. Conduit Debt

The City approved the issuance of \$5,000,000 Series 2010 Revenue Bonds during the fiscal year 2010-2011 to provide financial assistance to Chiravalle Montessori School, deemed to be in public interest. The use of proceeds includes the property purchase from the City, improvement to the existing building, refinancing existing debt, and payment of miscellaneous costs. The bonds are secured by the property or mortgages financed and are payable from the monies, securities, and other revenues pledged under the indenture by the school. The City is not obligated in any manner for the repayment of bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of December 31, 2017, outstanding bond balance was \$4,190,000.

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, 2017, outstanding bond balance was \$12,555,000.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Equity

The Insurance Fund, an internal service fund, had a net deficit of \$4,338,505 as of December 31, 2017. The City plans to use current resources to pay for future liabilities.

The Solid Waste Fund had a net deficit of \$1,061,966 as of December 31, 2017. The City plans to use current resources to pay for future liabilities.

The Special Service District No. 4 had a net deficit of \$198,794 as of December 31, 2017. The City plans to use current resources to pay for future liabilities.

The Dempster-Dodge Tax Increment District Fund had a net deficit of \$6,009 as of December 31, 2017. 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, 2017

NOTE 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The City and pension funds categorize the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

A. Types of Accounts and Securities

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

Illinois Funds, created by the Illinois State Legislature under the control of the State Comptroller, operates as qualified external investment pools in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Investment in Illinois Funds is reported at \$1 per share value. Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Funds Treasurer's Office issues a separate financial report for the Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

IMET is a not-for-profit investment trust formed pursuant to the Illinois Municipal code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

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

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

B. Pooling of Cash and Investments

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – Continued

C. Types of Investments

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

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

Illinois Funds	\$ 4,462,472
Treasury Bill	1,999,458
CD	6,703,257
SDA	16,754,431
IMET money market	<u>479,819</u>
Total	<u>\$ 30,399,437</u>

The City has the following recurring fair value measurements as of December 31, 2017. The investments in U.S. agency obligations, corporate fixed income and corporate common stocks are valued using quoted matrix pricing models (Level 2 inputs). Mutual funds are measured based on the net asset value of the shares in the fund, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

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

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

Concentration of Credit Risk. It is the policy of the City to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting from overconcentration in a security, maturity, issuer, or class of securities. At December 31, 2017, the City had 83.74% 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 department in the City's name.

Deposits consist of deposits in interest-bearing and non-interest-bearing checking accounts. At December 31, 2017, the carrying amount of the City's deposits, including cash on hand of \$14,424 was \$20,731,930. The financial institutions' balances totaled \$22,172,977.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 4. RECEIVABLES

A. Summary of Receivables

Other receivables as of December 31, 2017 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		Total
	Governmental Activities	Business-Type Activities	
Receivables (net, where applicable, of allowances for uncollectibles):			
Athletic tax	\$ 728,698	\$ -	\$ 728,698
Wheel tax	444,065	-	444,065
Hotel tax	310,886	-	310,886
Liquor tax	231,326	-	231,326
Rooming tax	78,136	-	78,136
Youth hockey association	23,920	-	23,920
Accrued interest	7,840	-	7,840
Other miscellaneous	65,868	44,211	110,079
Net Total Receivables	<u>\$ 1,890,739</u>	<u>\$ 44,211</u>	<u>\$ 1,934,950</u>

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

B. Notes Receivable - Special Revenue Funds

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

Loan Type	Interest Rates	Beginning	Loans Made	Loan Repayments	Loan Adjustments	Ending
Title Transfer	0% - 8%	\$ 2,390,602	\$ 38,164	\$ 60,825	\$ (7,980)	\$ 2,359,961
Amortizing	0% - 8%	1,207,139	24,075	78,544	(9,462)	1,143,208
Forgivable	0% - 8%	4,423,614	315,000	-	(28,363)	4,710,251
Allowance		(78,000)	-	-	-	(78,000)
Total Loans		<u>\$ 7,943,355</u>	<u>\$ 377,239</u>	<u>\$ 139,369</u>	<u>\$ (45,805)</u>	<u>\$ 8,135,420</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 5. CAPITAL ASSETS

A. Capital Asset Activity

Capital asset activity for the fiscal year ended December 31, 2017 was as follows:

	Beginning	Additions	Deletions	Transfers	Ending
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 7,193,044	\$ -	\$ -	\$ -	\$ 7,193,044
Right of way	18,695,896	-	-	-	18,695,896
Artwork	155,000	-	-	-	155,000
Construction in progress	-	11,192,371	-	-	11,192,371
Total Capital Assets, not being Depreciated	26,043,940	11,192,371	-	-	37,236,311
Capital Assets, being Depreciated/Amortized:					
Buildings and improvements	82,177,124	1,185,474	-	-	83,362,598
Office equipment and furniture	5,856,943	-	-	-	5,856,943
Intangible assets	7,612,047	-	-	-	7,612,047
Machinery and equipment	26,766,465	1,479,407	1,127,304	-	27,118,568
Infrastructure	180,315,853	3,446,339	-	-	183,762,192
Capitalized leases	502,532	-	-	-	502,532
Total Capital Assets being Depreciated/Amortized	303,230,964	6,111,220	1,127,304	-	308,214,880
Less Accumulated Depreciation/Amortization for:					
Buildings and improvements	36,338,486	1,743,155	-	-	38,081,641
Office equipment and furniture	3,789,272	312,468	-	-	4,101,740
Intangible assets	6,177,417	239,350	-	-	6,416,767
Machinery and equipment	17,928,254	1,909,393	1,099,373	-	18,738,274
Infrastructure	96,887,499	7,020,432	-	-	103,907,931
Capitalized leases	475,177	3,908	-	-	479,085
Total Accumulated Depreciation/Amortization	161,596,105	11,228,706	1,099,373	-	171,725,438
Total Capital Assets being Depreciated/Amortized, Net	141,634,859	(5,117,486)	27,931	-	136,489,442
Governmental Activities Capital Assets, Net	\$ 167,678,799	\$ 6,074,885	\$ 27,931	\$ -	\$ 173,725,753

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 5. CAPITAL ASSETS - Continued

A. Capital Asset Activity - Continued

	Beginning	Additions	Deletions	Transfers	Ending
Business-Type activities:					
Capital Assets, not being Depreciated:					
Land	\$ 4,644,510	\$ -	\$ -	\$ -	\$ 4,644,510
Construction in progress	3,880,612	983,430	3,205,641	-	1,658,401
Artwork	359,752	-	-	-	359,752
Total Capital Assets, not being Depreciated	8,884,874	983,430	3,205,641	-	6,662,663
Capital Assets, being Depreciated/Amortized:					
Land improvements	4,911,144	3,094,047	221,691	-	7,783,500
Buildings and improvements	77,901,736	500,000	250,000	-	78,151,736
Leasehold improvements	304,052	468,079	-	-	772,131
Plant	44,707,363	1,812,748	51,377	-	46,468,734
Transmission and distribution system	65,024,617	2,159,056	431,374	-	66,752,299
Sewer system and underground lines	252,047,218	1,871,985	-	-	253,919,203
Intangible assets	1,260,258	-	-	-	1,260,258
Equipment	2,895,833	1,475,274	223,311	-	4,147,796
Parking meters	1,859,028	-	-	-	1,859,028
Total Capital Assets being Depreciated/Amortized	450,304,017	11,381,189	1,177,753	-	461,114,685
Less Accumulated Depreciation/Amortization for:					
Land improvements	1,953,386	238,491	-	-	2,191,877
Buildings and improvements	26,993,282	1,967,920	-	-	28,961,202
Leasehold improvements	289,205	16,427	-	-	305,632
Plant	16,930,397	1,394,919	26,986	-	18,298,330
Transmission and distribution system	8,215,441	1,066,678	431,374	-	8,850,745
Sewer system and underground lines	56,381,462	3,425,149	-	-	59,806,611
Intangible assets	569,368	104,001	-	-	673,369
Equipment	2,319,831	216,863	131,342	-	2,405,352
Parking meters	943,728	132,390	-	-	1,076,118
Total Accumulated Depreciation/Amortization	114,216,792	8,562,838	589,702	-	122,569,236
Total Capital Assets being Depreciated/Amortized, Net	336,087,225	2,818,351	588,051	-	338,545,449
Governmental Activities Capital Assets, Net	\$ 344,972,099	\$ 3,801,781	\$ 3,793,692	\$ -	\$ 345,208,112

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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	\$ 534,298
Public safety	625,697
Public works	6,667,668
Housing and economic development	9,303
Recreation and cultural opportunities	1,610,911
Internal service funds	<u>1,780,829</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 11,228,706</u>
Business-Type Activities:	
Water	\$ 2,470,280
Sewer	3,530,787
Motor vehicle parking	<u>2,561,771</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 8,562,838</u>

B. Construction Commitments

The value of construction contracts signed, where the work has not yet been performed at December 31, 2017 is as follows:

Capital Improvement Fund	\$ 14,994,686
Water Fund	1,174,470
Sewer Fund	<u>324,371</u>
Total Construction Commitments	<u>\$ 16,493,527</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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, 2017, interfund receivables and payables consist of the following:

Funds	Due From	Due To
General Fund	\$ 3,846,698	\$ 83,987
Debt Service Fund	-	2,047,040
Water Fund	-	325,000
Sewer Fund	1,127,665	45,543
Solid Waste Fund	-	1,427,665
Motor Vehicle Parking System Fund	51,146	-
Nonmajor Governmental Funds	1,704,988	1,951,630
Fiduciary	60,020	-
Internal Service Funds	<u>322,274</u>	<u>1,244,720</u>
Total	<u>\$ 7,112,791</u>	<u>\$ 7,125,585</u>

Funds	Due From	Due To
Library		
Library Funds		
General	<u>\$ 12,794</u>	<u>\$ -</u>
Total Library Funds	<u>12,794</u>	<u>-</u>
Total Library	<u>\$ 12,794</u>	<u>\$ -</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 6. INTERFUNDS - Continued

B. Interfund Advances

At December 31, 2017, interfund advances consist of the following:

Funds	Advances To	Advances From
Governmental Funds		
General Fund		
Motor Vehicle Parking System	\$ 476,800	\$ -
Fire Pension	<u>10,000</u>	<u>-</u>
Total General Fund	<u>486,800</u>	<u>-</u>
Enterprise Funds		
Motor Vehicle Parking System		
General Fund	<u>-</u>	<u>476,800</u>
Total Motor Vehicle Parking System	<u>-</u>	<u>476,800</u>
Fiduciary Funds		
Fire Pension	<u>-</u>	<u>10,000</u>
Total Fiduciary Funds	<u>-</u>	<u>10,000</u>
Grand Total	<u>\$ 486,800</u>	<u>\$ 486,800</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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, 2017, transfers in (out) consist of the following:

Funds	Transfers In	Transfers Out
Governmental Funds		
General Fund		
Emergency Telephone System	\$ 60,000	\$ -
Washington National TIF Debt Service	500,000	-
Howard Ridge TIF	60,000	-
Capital Improvement Fund	500,000	-
Water	3,894,560	-
Sewer	480,167	-
Motor Vehicle Parking System	1,530,000	-
Solid Waste	-	755,967
Motor Fuel Tax	957,990	-
West Evanston TIF	30,000	-
General Obligation Debt Service Fund	-	2,055,959
Good Neighbor	500,000	-
Health and Human Services	859,153	859,153
Economic Development	2,996,226	-
Special Service Area #6	78,000	-
Total General Fund	<u>12,446,096</u>	<u>3,671,079</u>
General Obligation Debt Service Fund		
General	2,055,959	-
Insurance	9,632	-
Fleet	27,833	-
Sewer	469,296	-
Community Development Block Grant	6,594	-
Special Assessment	263,427	-
Neighborhood Stabilization Program	4,518	-
Emergency Telephone System	12,977	-
Howard Hartrey TIF	45,325	-
Total General Obligation Debt Service Fund	<u>2,895,561</u>	<u>-</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 6. INTERFUNDS - Continued

C. Interfund Transfers - Continued

Funds	Transfers In	Transfers Out
Nonmajor Governmental Funds		
Economic Development		
General	\$ -	\$ 2,996,226
Total Economic Development	<u>-</u>	<u>2,996,226</u>
Howard Ridge TIF		
General	<u>-</u>	<u>60,000</u>
Total Howard Hartrey TIF	<u>-</u>	<u>60,000</u>
Howard Hartrey TIF		
General Obligation Debt Service Fund	<u>-</u>	<u>45,325</u>
Total Howard Hartrey TIF	<u>-</u>	<u>45,325</u>
Washington National TIF Debt Service		
General	-	500,000
Capital Improvements	936,689	-
Motor Vehicle Parking System	<u>-</u>	<u>4,120,636</u>
Total Washington National TIF Debt Service	<u>936,689</u>	<u>4,620,636</u>
West Evanston Tax Increment District		
General	<u>-</u>	<u>30,000</u>
Total West Evanston Tax Increment District	<u>-</u>	<u>30,000</u>
Capital Improvements		
Good Neighbor Fund	-	500,000
Washington National TIF Debt Service	-	936,689
Crown Capital Fund	-	649,512
General	<u>-</u>	<u>500,000</u>
Total Capital Improvement	<u>-</u>	<u>2,586,201</u>
Special Assessment		
General Obligation Debt Service	<u>-</u>	<u>263,427</u>
Total Special Assessment	<u>-</u>	<u>263,427</u>
Crown Capital Fund		
Capital Improvements	<u>649,512</u>	<u>-</u>
Total Crown Capital Fund	<u>649,512</u>	<u>-</u>
Special Service Area #6		
General	<u>-</u>	<u>78,000</u>
Total Special Service Area #6	<u>-</u>	<u>78,000</u>
Neighborhood Stabilization Program 2		
General Obligation Debt Service	<u>-</u>	<u>4,518</u>
Total Neighborhood Stabilization Program 2	<u>-</u>	<u>4,518</u>
Emergency Telephone System		
General Obligation Debt Service	-	12,977
General	<u>-</u>	<u>60,000</u>
Total Emergency Telephone System	<u>-</u>	<u>72,977</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 6. INTERFUNDS - Continued

C. Interfund Transfers - Continued

Funds	Transfers In	Transfers Out
Nonmajor Governmental Funds - Continued		
Motor Fuel Tax		
General	\$ -	\$ 957,990
Total Motor Fuel Tax	<u>-</u>	<u>957,990</u>
Community Development Block Grant		
General Obligation Debt Service	<u>-</u>	<u>6,594</u>
Total Community Development Block Grant	<u>-</u>	<u>6,594</u>
Good Neighbor		
Capital Improvements	500,000	-
General	<u>-</u>	<u>500,000</u>
Total Good Neighbor	<u>500,000</u>	<u>500,000</u>
 Total Nonmajor Governmental Funds	 <u>2,086,201</u>	 <u>12,221,894</u>
 Total Governmental Funds	 <u>17,427,858</u>	 <u>15,892,973</u>
Enterprise Funds		
Water		
Insurance Fund	-	2,300,000
General	<u>-</u>	<u>3,894,560</u>
Total Water	<u>-</u>	<u>6,194,560</u>
Sewer		
General	-	480,167
General Obligation Debt Service Fund	<u>-</u>	<u>469,296</u>
Total Sewer	<u>-</u>	<u>949,463</u>
Motor Vehicle Parking System		
General	-	1,530,000
Washington National TIF Debt Service	<u>4,120,636</u>	<u>-</u>
Total Motor Vehicle Parking System	<u>4,120,636</u>	<u>1,530,000</u>
Solid Waste		
General	<u>755,967</u>	<u>-</u>
 Total Enterprise Funds	 <u>4,876,603</u>	 <u>8,674,023</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 6. INTERFUNDS - Continued

C. Interfund Transfers - Continued

Funds	Transfers In	Transfers Out
Internal Service Funds		
Fleet Fund		
Debt Service Fund	\$ -	\$ 27,833
Total Fleet Fund	<u>-</u>	<u>27,833</u>
Insurance Fund		
Water	2,300,000	-
General Obligation Debt Service Fund	<u>-</u>	<u>9,632</u>
Total Insurance Fund	<u>2,300,000</u>	<u>9,632</u>
Total Internal Service Funds	<u>2,300,000</u>	<u>37,465</u>
Total Primary Government	<u>24,604,461</u>	<u>24,604,461</u>
Total	<u>\$ 24,604,461</u>	<u>\$ 24,604,461</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, 2017

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 12/31/2018	<u>\$ 1,500</u>
Total	<u>\$ 1,500</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 8. LONG-TERM DEBT

A. Changes in Long-Term Debt

	Interest Rate	Final Maturity Date	Balance 12/31/2016	Issued	Refunded	Payments	Balance 4/31/2017	Due Within One Year
G.O. Debt Governmental Activities								
Series 2007	4.00%-5.00%	12/1/2016	\$ 9,671,624	\$ -	\$ 8,789,464	\$ 882,160	\$ -	\$ -
Series 2008A	3.00%-5.00%	12/1/2021	1,810,000	-	-	310,000	1,500,000	315,000
Series 2008C	3.00%-5.00%	12/1/2028	6,926,460	-	-	442,200	6,484,260	458,280
Series 2010A	2.00%-3.625%	12/1/2029	5,040,000	-	-	320,000	4,720,000	325,000
Series 2010B	1.00%-3.30%	12/1/2019	2,656,253	-	-	826,946	1,829,307	881,241
Series 2011A	2.00%-4.50%	12/1/2031	10,549,988	-	-	563,230	9,986,758	573,825
Series 2012A	2.00%-3.25%	12/1/2032	7,290,000	-	-	660,000	6,630,000	670,000
Series 2013A	2.00%-4.75%	12/1/2033	9,640,000	-	-	465,000	9,175,000	480,000
Series 2013B	2.00%-3.00%	12/1/2025	15,323,453	-	-	2,589,327	12,734,126	2,037,279
Series 2014	1.25%-5.00%	12/1/2034	8,700,000	-	-	375,000	8,325,000	380,000
Series 2015A	2.00%-4.00%	12/1/2035	7,340,000	-	-	285,000	7,055,000	290,000
Series 2015B	2.00%-3.00%	12/1/2022	10,075,000	-	-	1,750,000	8,325,000	1,550,000
Series 2016A	2.00%-4.00%	12/1/2036	9,450,000	-	-	340,000	9,110,000	390,000
Series 2016B	2.00%-3.00%	12/1/2026	7,635,000	-	-	655,000	6,980,000	705,000
Series 2017A	3.00%-4.00%	12/1/2037	-	11,630,000	-	-	11,630,000	385,000
Series 2017B	4.00%-5.00%	12/1/2027	-	8,481,464	-	-	8,481,464	905,609
Series 2017C	2.05%-4.00%	12/1/2035	-	5,000,000	-	-	5,000,000	-
Subtotal Governmental Activities			112,107,778	25,111,464	8,789,464.00	10,463,863	117,965,915	10,346,234
Bonds premium			3,983,384	927,074	-	725,211	4,185,247	-
OPEB liability - City			2,348,788	412,224	-	-	2,761,012	-
OPEB liability - Internal Service Funds			81,742	9,379	-	-	91,121	-
Net pension liability - IMRF			14,555,442	-	-	1,941,282	12,614,160	-
Net pension liability - Police Pension			112,304,807	-	-	1,310,735	110,994,072	-
Net pension liability - Firefighters' Pension			92,543,567	1,800,293	-	-	94,343,860	-
Compensated absences payable - City			10,144,477	4,300,971	-	4,057,791	10,387,657	4,057,791
Compensated absences payable - Internal Service Funds			132,898	28,337	-	26,580	134,655	26,580
First Bank loan			5,128,812	520,000	5,000,000	-	648,812	648,812
Claims payable			5,927,870	-	-	1,640,370	4,287,500	1,477,000
Subtotal Other Governmental Activities Liabilities			247,151,787	7,998,278	5,000,000.00	9,701,969	240,448,096	6,210,183
Total Governmental Activities Debt and Liabilities			\$ 359,259,565	\$ 33,109,742	\$ 13,789,464.00	\$ 20,165,832	\$ 358,414,011	\$ 16,556,417
G.O. Debt Business-Type Activities								
Series 2007 Sewer	4.00%-5.00%	12/1/2016	\$ 235,000	\$ -	\$ -	\$ 235,000	\$ -	\$ -
Series 2007 Parking	4.00%-5.00%	12/1/2016	170,000	-	-	170,000	-	-
Series 2008B Sherman Garage	3.00%-5.00%	12/1/2018	4,245,000	-	-	2,600,000	1,645,000	1,645,000
Series 2008C Sewer	3.00%-5.00%	12/1/2028	1,688,540	-	-	107,800	1,580,740	111,720
Series 2010B W/S/San/Pkg	1.00%-3.30%	12/1/2019	523,747	-	-	163,053	360,694	173,759
Series 2011A W/S	2.00%-4.50%	12/1/2031	3,235,009	-	-	171,771	3,063,238	176,175
Series 2012A	2.00%-3.25%	12/1/2032	3,775,000	-	-	185,000	3,590,000	195,000
Series 2013A - Water	2.00%-4.75%	12/1/2033	1,790,000	-	-	80,000	1,710,000	80,000
Series 2013B	2.00%-3.00%	12/1/2025	2,784,782	-	-	1,249,501	1,535,281	1,535,281
Series 2014	1.25%-5.00%	12/1/2034	2,530,000	-	-	100,000	2,430,000	100,000
Series 2015A	2.00%-4.00%	12/1/2035	5,310,000	-	-	195,000	5,115,000	200,000
Series 2016A	2.00%-4.00%	12/1/2036	3,615,000	-	-	120,000	3,495,000	140,000
Series 2017A	3.00%-4.00%	12/1/2037	-	980,000	-	-	980,000	35,000
Subtotal Business-Type Activities			29,902,078	980,000	-	5,377,125	25,504,953	4,391,935
IEPA loans	2.535%-3.59%	Various	45,256,237	1,736,056	-	6,664,185	40,328,108	6,302,480
Bonds premium			1,024,272	39,369	-	92,544	971,097	-
Compensated absences payable - City			917,513	205,705	-	183,503	939,715	187,941
Net pension liability - IMRF			3,125,915	-	-	259,895	2,866,020	-
OPEB liability			404,774	50,136	-	-	454,910	-
Subtotal Other Business-Type Activities Liabilities			5,472,474	295,210	-	535,942	5,231,742	187,941
Total Business-Type Activities Debt and Liabilities			\$ 80,630,789	\$ 3,011,266	\$ -	\$ 12,577,252	\$ 71,064,803	\$ 10,882,356
Total Governmental and Business-Type Activities Debt and Liabilities			\$ 439,890,354	\$ 36,121,008	\$ 13,789,464.00	\$ 32,743,084	\$ 429,478,814	\$ 27,438,773

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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 \$113,793,446 in IEPA loans issued in 1994 through 2017. 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 2037. Annual principal and interest on the loans are expected to require \$7,237,634 of net revenues for the fiscal year 2018. The total principal and interest remaining to be paid on the loans is \$44,931,749. Principal and interest paid for the current period and total customer net revenues were \$7,737,646 and \$11,541,223, respectively.

IEPA loans payable consist of the following:

Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance
Various	Various	Various	\$ 113,793,446	<u>\$ 40,328,108</u>
Total Business-Type Activities - IEPA Loan Debt				<u>\$ 40,328,108</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 8. LONG-TERM DEBT - Continued

B. General Obligation Bonds Payable

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

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

In September 2017, the City issued Series 2017A General Obligation Bonds for a total of \$13,990,000 with interest rates ranging from 3.0% to 4.0%. The bonds were issued to provide financing for certain public improvement projects for both governmental and business-type activities.

Also in September 2017, the City issued Series 2017B General Obligation Refunding Bonds for a total of \$9,225,000 with interest rates ranging from 4.0% to 5.0%. The bonds were issued to currently refund \$10,960,000 of the currently outstanding General Obligation Bonds, Series 2007.

In September 2017, the City issued Series 2017C General Obligation Bonds for a total of \$5,000,000 with interest rates ranging from 2.05% to 4.00%. The bonds were issued to provide financing for certain public improvement projects for governmental activities.

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
2018	\$ 10,346,234	\$ 4,012,687	\$ 4,391,935	\$ 908,006
2019	10,228,306	3,635,184	1,259,134	755,043
2020	9,820,126	3,334,080	1,112,483	711,731
2021	10,108,018	3,041,714	1,152,768	671,353
2022-2026	39,806,278	10,663,983	6,445,386	2,658,203
2027-2031	23,861,955	4,693,761	7,158,247	1,366,612
2032-2036	13,795,000	1,234,850	3,985,000	315,455
Total	<u>\$ 117,965,916</u>	<u>\$ 30,616,258</u>	<u>\$ 25,504,953</u>	<u>\$ 7,386,403</u>

Current Refunding

On September 21, 2017, the City issued \$9,225,000 in General Obligation Refunding Bonds, Series 2017B, due in annual installments of \$830,000 to \$1,030,000 plus interest at 2% to 4% through December 1, 2027 to advance refund a portion of the General Obligation Bonds, Series 2007 in the amount of \$10,960,000. The net proceeds of \$9,524,000 (after payment of \$138,074 in underwriting fees, insurance, and other issuance costs) were used to call the 2007 bonds. This transition resulted in a reduction of total debt service payments decrease in future debt payments of \$1,307,356, which results in an economic gain (difference between present value of the debt service payments of the refunded and refunding bonds) of \$1,178,905.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 8. LONG-TERM DEBT - Continued

C. Notes Payable - IEPA Loans

As of December 31, 2017, the City currently has 22 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
2018	\$ 6,302,480	\$ 935,155
2019	5,348,934	777,279
2020	5,000,126	646,925
2021	4,506,244	520,872
2022	3,234,418	421,085
2023-2027	12,254,759	1,037,819
2028-2032	2,619,596	230,132
2033-2037	1,061,550	34,376
Total	<u>\$ 40,328,108</u>	<u>\$ 4,603,643</u>

D. Loan with First Bank and Trust, Evanston

During June 2017, the City drew \$520,000 on a loan with First Bank and Trust, Evanston. The City paid off \$5 million in October 2017 leaving a balance of \$648,812 at the end of 2017.

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

The City and the Library administer a single-employer defined benefit health care plan which provides coverage to active employees and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses at established contribution rates.

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

Contribution requirements are established through Illinois State laws. The City and the Library implicitly contributes the difference between retiree's contributions and unblended rates. Retirees pay 100% of the blended premiums to cover themselves and their covered dependents ranging from \$493 for single coverage to \$1,891 for family coverage. The City pays 100% of health care premiums for police officers and firefighters, their dependents and their surviving spouses and dependent children if they were injured or killed in the line of duty during an emergency, ranging from \$493 for single coverage to \$1,891 for family coverage. For the year ended December 31, 2017, the City and Library's estimated contribution to the plan is \$832,345. 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, 2017

NOTE 8. LONG-TERM DEBT - Continued

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

Membership

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

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

The following table shows the components of the City's and the Library's annual OPEB cost for the year ended December 31, 2017, the estimated contributions to the plan and changes in the City's and the Library's net OPEB obligation to the retiree health plan.

	City	Library
Annual required contribution	\$ 1,271,450	\$ 24,890
Interest on net OPEB obligation	127,747	4,012
Adjustment to annual required contribution	<u>(108,410)</u>	<u>(3,405)</u>
 Annual Pension Cost	 1,290,787	 25,497
Contributions made	<u>(822,579)</u>	<u>(9,766)</u>
 Increase (Decrease) in Net Pension Obligation	 468,208	 15,731
Net OPEB Obligation - Beginning	<u>2,838,835</u>	<u>89,154</u>
 Net OPEB Obligation - Ending	 <u><u>\$ 3,307,043</u></u>	 <u><u>\$ 104,885</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two years prior were as follows.

Fiscal Period Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2015	\$ 1,086,641	92.27%	\$ 2,309,788
12/31/2016	1,287,185	58.89%	2,838,835
12/31/2017	1,290,787	63.73%	3,307,043

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 8. LONG-TERM DEBT - Continued

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

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two years prior were as follows.

Fiscal Period Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2015	\$ 17,555	8.56%	\$ 72,769
12/31/2016	25,386	35.46%	89,154
12/31/2017	25,497	38.30%	104,885

The funded status of the City and the Library plan based on the projected valuation results as of December 31, 2017 was as follows:

	City	Library
Actuarial accrued liability (AAL)	\$ 15,018,773	\$ 306,506
Actuarial value of plan assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 15,018,773</u>	<u>\$ 306,506</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%
Covered payroll (active plan members)	\$ 62,745,197	\$ 1,280,514
UAAL as a percentage of covered payroll	23.94%	23.94%

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

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

In the actuarial valuation as of December 31, 2016, the entry-age normal cost method was used. The actuarial assumptions include a 4.5% discount rate and an annual health care cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 4.5%. Both rates include a 3.5% price inflation assumption. The actuarial value of retiree health plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. Retiree health plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2016 was 30 years.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 9. FUND EQUITY

A. Restricted Net Position - Fiduciary Funds

Fiduciary Funds	
Firefighters' Pension Fund restriction for employee pension benefits	\$ 79,073,077
Police Pension Fund restriction for employee pension benefits	<u>121,629,668</u>
Total Fiduciary Funds	<u>\$ 200,702,745</u>

B. Assigned Fund Balances

The following are the assigned fund balances:

General Fund	
Assigned for Arts Council	\$ 20,948
Assigned for Dutch elm inoculation	499,973
Assigned for parkway trees	60,722
Assigned for Butterfield sculpture	30,883
Assigned for scholarship contributions	10,806
Assigned for Noyes Center	337,086
Assigned for recreation group activities	207,123
Assigned for parks and recreation	480,600
Assigned for Mayor's programs	93,179
Assigned for IMRF - Pension	1,112,052
Assigned for compensated absences	1,181,867
Other assignments	<u>144,378</u>
Total General Fund	<u>4,179,617</u>
Nonmajor Governmental Funds	
Assigned for capital projects	9,303,425
Assigned for special assessment capital projects	<u>2,997,700</u>
Total Nonmajor Governmental Funds	<u>12,301,125</u>
Total Assigned Fund Balances	<u>\$ 16,480,742</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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 was extended further until October 31, 2017. Currently, the City is working with the Village of Skokie to have a new contract with revised terms to supply Lake Michigan water to the Village of Skokie.

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 2017 was \$377,551 which includes an estimated allowance amount of \$7,551.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 11. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

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

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

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

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

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

	Workers' Compensation	General Liability	Total
December 31, 2015	\$ 1,927,120	\$ 2,300,248	\$ 4,227,368
New claims and/or estimate revisions	347,299	2,798,000	3,145,299
Claims payments	<u>(29,549)</u>	<u>(1,415,248)</u>	<u>(1,444,797)</u>
December 31, 2016	<u>2,244,870</u>	<u>3,683,000</u>	<u>5,927,870</u>
New claims and/or estimate revisions	1,469,090	(55,786)	1,413,304
Claims payments	<u>(800,460)</u>	<u>(2,253,214)</u>	<u>(3,053,674)</u>
December 31, 2017	<u>\$ 2,913,500</u>	<u>\$ 1,374,000</u>	<u>\$ 4,287,500</u>

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 12. CONTINGENCIES

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

NOTE 13. JOINT VENTURES

A. Solid Waste Agency of Northern Cook County

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 13. JOINT VENTURES - Continued

A. Solid Waste Agency of Northern Cook County - Continued

Summary of Financial Position as of April 30, 2017:

Current assets	\$ 2,058,663
Capital assets, net of depreciation	<u>8,625,458</u>
Total Assets	<u>10,684,121</u>
Current liabilities	<u>1,989,852</u>
Total Liabilities	<u>1,989,852</u>
Deferred inflows of resources	
Deferred rent	<u>116,571</u>
Net investment in capital assets	8,625,458
Restricted, revenue bonds	-
Unrestricted deficit	<u>(47,760)</u>
Net Position	<u>\$ 8,577,698</u>

Summary of Revenues and Expenses for the Year Ended April 30, 2017:

Total revenues	\$ 12,029,784
Total expenses	<u>(12,540,648)</u>
Net Income	<u>\$ (510,864)</u>

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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, 2016, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	664
Inactive employees entitled to but not yet receiving benefits	353
Active employees	<u>539</u>
Total	<u><u>1,556</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, 2017

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, 2017 was 10.66% of covered payroll.

Actuarial Assumptions

The City's net pension liability was measured as of December 31, 2016 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, 2016
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 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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, 2017

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 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City 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 to be available to make all projected future benefit payments of current plan members.

Changes in Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balances at January 1, 2016	<u>\$ 230,426,570</u>	<u>\$ 211,199,130</u>	<u>\$ 19,227,440</u>
Changes for the period			
Service cost	3,951,687	-	3,951,687
Interest	16,947,408	-	16,947,408
Difference between expected and actual experience	(2,905,680)	-	(2,905,680)
Changes in assumptions	(269,039)	-	(269,039)
Employer contributions	-	3,963,856	(3,963,856)
Employee contributions	-	1,705,636	(1,705,636)
Net investment income	-	14,441,739	(14,441,739)
Benefit payments and refunds	(12,270,564)	(12,270,564)	-
Administrative expense	-	-	-
Other (net transfer)	-	(142,981)	142,981
Net Changes	<u>5,453,812</u>	<u>7,697,686</u>	<u>(2,243,874)</u>
Balances at December 31, 2016	<u>\$ 235,880,382</u>	<u>\$ 218,896,816</u>	<u>\$ 16,983,566</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, 2016, the employer contributions, and the net pension liability at December 31, 2016 was \$17,681,357, \$3,613,055, and \$15,480,181, respectively. The Library's proportionate share of the net pension liability at January 1, 2016, the employer contributions and the net pension liability at December 31, 2016 was \$1,546,083, \$350,801, and \$1,503,385, respectively.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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, 2016, the City recognized pension expense of \$9,529,723. At December 31, 2016, 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	\$ 1,062,946	\$ 1,902,398
Changes in assumption	1,338,868	176,148
Net difference between projected and actual earnings on pension plan investments	10,055,756	-
Employer contributions after the measurement date	3,381,760	
Total	<u>\$ 15,839,330</u>	<u>\$ 2,078,546</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, 2016 was \$15,839,330 and \$2,078,546, respectively. The Library's proportionate share of the deferred outflows and inflows of resources at December 31, 2016 was \$1,538,265 and \$201,861, respectively.

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,	
2017	\$ 5,255,834
2018	3,184,416
2019	2,717,394
2020	229,058
Thereafter	-
Total	<u>\$ 11,386,702</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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 7.50% 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City	\$ 41,946,384	\$ 15,480,181	\$ (6,317,096)
Library	4,072,688	1,503,385	(613,344)
Total	<u>\$ 46,019,072</u>	<u>\$ 16,983,566</u>	<u>\$ (6,930,440)</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

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, 2017, plan membership consisted of:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Inactive plan members or beneficiaries currently receiving benefits	177	137
Inactive plan members entitled to but not yet receiving benefits	17	3
Active plan members	<u>165</u>	<u>103</u>
Total	<u>359</u>	<u>243</u>

Benefits Provided

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS – Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Benefits Provided - Continued

Police Pension Plan

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

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

Firefighters' Pension Plan

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2017, the City's contribution was 67.09% of covered payroll.

Participants contribute a fixed percentage of their base salary to the Firefighters' Pension Plan. At December 31, 2017, 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, 2017, the City's contribution was 79.58% of covered payroll.

Investment Policy

Police Pension Fund

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

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

<u>Police Pension Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Large-Cap Equities	52.00%	3.25%
Domestic Small-Cap Equities	5.00%	3.50%
International Equities	5.00%	4.00%
Fixed Income	32.00%	3.00%
REITS	3.00%	4.00%
Cash	<u>3.00%</u>	-0.25%
Total	<u>100.00%</u>	

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Investment Policy - Continued

Police Pension Fund - Continued

The long-term expected rate of return on the Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are listed in the table above.

Firefighters' Pension Fund

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

Firefighters' Pension Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Ultra Short Fixed Income	0.60%	-0.40%
U.S. Fixed Income	35.80%	1.20%
High Yield	1.50%	5.10%
U.S. Large Cap Growth Equity	15.70%	6.50%
U.S. Large Cap Value Equity	16.30%	6.20%
U.S. Mid Cap Growth Equity	3.60%	7.50%
U.S. Mid Cap Value Equity	3.60%	6.90%
U.S. Small Cap Growth Equity	2.40%	8.40%
U.S. Small Cap Value Equity	2.40%	7.60%
Europe Equity	5.30%	5.10%
Japan Equity	1.40%	5.60%
Emerging Market Equity	0.60%	9.00%
Infrastructure	5.90%	4.60%
Equity Hedge Assets	1.80%	2.00%
Equity Return Assets	<u>3.10%</u>	3.80%
Total	<u>100.00%</u>	

The long-term expected rate of return on the Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are listed in the table above.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Investment Valuations

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

Investment Rate of Return

For the year ended December 31, 2017, the Police Pension Plan annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 14.25%. 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, 2017, the Firefighters' Pension Plan annual money weighted rate of return on pension plan investment, net of pension plan investment expense, was 11.42%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

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

Interest Rate Risk

The following table presents the investments and maturities of the Funds' debt securities as of December 31, 2017:

Police and Firefighters' Pension Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
Corporate bonds	\$ 27,519,726	\$ 2,133,896	\$ 13,329,137	\$ 10,785,074	\$ 1,271,619
U.S. Treasuries	13,809,363	265,746	3,939,695	4,364,731	5,239,191
Federal Home Loan Bank	2,327,251	1,340,820	986,431	-	-
Federal Home Loan Mortgage Corp	4,238,863	529,830	1,532,632	638,258	1,538,143
Fannie Mae	6,149,253	1,131,752	145,411	1,825,012	3,047,078
Ginnie Mae	151,012	873	3,164	31,455	115,520
Other U.S. Government Agencies	1,054,035	435,081	365,107	160,384	93,463
Total Police and Firefighters' Investment	<u>\$ 55,249,503</u>	<u>\$ 5,837,998</u>	<u>\$ 20,301,577</u>	<u>\$ 17,804,914</u>	<u>\$ 11,305,014</u>

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Interest Rate Risk (Continued)

The Police and Firefighters' Pension Funds categorize the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City's Police Pension Fund has the following recurring fair value measurements as of December 31, 2017. The U.S. Treasury Obligations, Domestic and International Equity securities are valued using quoted market prices (Level 1 inputs). Corporate bonds, municipal bonds, and U.S. agency obligations are valued using matrix pricing models (Level 2 inputs).

The City's Firefighters' Pension Fund has the following recurring fair value measurements as of December 31, 2017. The U.S. Treasury Obligations, Domestic and International Equity securities are valued using quoted market prices (Level 1 inputs). Corporate bonds, municipal bonds, and U.S. agency obligations are valued using matrix pricing models (Level 2 inputs).

Credit Risk

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

Custodial Credit Risk - Investments

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Actuarial Assumptions

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

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial valuation date	December 31, 2017	December 31, 2017
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 7.36% to 3.62%	From 7.36% to 3.62%
Inflation	2.50%	2.50%
Interest rate	6.25%	6.25%
Cost-of-living adjustments	From 3.00% to 1.25%	From 3.00% to 1.25%

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

Discount Rate

The discount rate used to measure the total police pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the police pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The discount rate used to measure the total firefighters' pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the firefighter pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Discount Rate (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Police Pension Fund:			
Discount rate	5.25%	6.25%	7.25%
Net pension liability	\$ 143,331,397	\$ 110,994,072	\$ 84,527,419
Firefighters' Pension Fund:			
Discount rate	5.25%	6.25%	7.25%
Net pension liability	<u>\$ 117,990,578</u>	<u>\$ 94,343,860</u>	<u>\$ 74,967,495</u>
Total Net Pension Liability	<u>\$ 261,321,975</u>	<u>\$ 205,337,932</u>	<u>\$ 159,494,914</u>

Changes in the Net Pension Liability

Police Pension Fund

	<u>(a) Total Pension Liability</u>	<u>(b) Plan Fiduciary Net Position</u>	<u>(a) - (b) Net Pension Liability</u>
Balances at January 1, 2017	<u>\$ 218,496,352</u>	<u>\$ 106,191,545</u>	<u>\$ 112,304,807</u>
Changes for the period			
Service cost	3,993,751	-	3,993,751
Interest	14,088,889	-	14,088,889
Difference between expected and actual experience	424,390	-	424,390
Changes in assumptions	7,096,300	-	7,096,300
Employer contributions	-	10,300,549	(10,300,549)
Employee contributions	-	1,521,467	(1,521,467)
Net investment income	-	15,240,680	(15,240,680)
Benefit payments and refunds	(11,475,943)	(11,475,943)	-
Administrative expense	-	(148,631)	148,631.00
Other (net transfer)	-	-	-
Net Changes	<u>14,127,387</u>	<u>15,438,122</u>	<u>(1,310,735)</u>
Balances at December 31, 2017	<u>\$ 232,623,739</u>	<u>\$ 121,629,667</u>	<u>\$ 110,994,072</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Changes in the Net Pension Liability - Continued

Firefighters' Pension Fund

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
	<u> </u>	<u> </u>	<u> </u>
Balances at January 1, 2017	\$ 163,143,565	\$ 70,599,998	\$ 92,543,567
Changes for the period			
Service cost	2,813,961	-	2,813,961
Interest	10,507,435	-	10,507,435
Difference between expected and actual experience	368,761	-	368,761
Changes in assumptions	5,192,584	-	5,192,584
Employer contributions	-	8,205,800	(8,205,800)
Employee contributions	-	974,992	(974,992)
Net investment income	-	7,974,296	(7,974,296)
Benefit payments and refunds	(8,609,369)	(8,609,369)	-
Administrative expense	-	(72,640)	72,640
Other (net transfer)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net Changes	10,273,372	8,473,079	1,800,293
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2017	<u>\$ 173,416,937</u>	<u>\$ 79,073,077</u>	<u>\$ 94,343,860</u>

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

Police Pension Fund

For the year ended December 31, 2017, the City recognized police pension expense of \$12,232,985. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 2,618,987	\$ 2,678,500
Changes in assumption	13,060,118	-
Net difference between projected and actual earnings on pension plan investments	1,918,208	-
	<u> </u>	<u> </u>
Total	<u>\$ 17,597,313</u>	<u>\$ 2,678,500</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

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

Police Pension Fund - Continued

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

	<u>Year Ending December 31,</u>	
2018	\$	3,464,154
2019		3,464,155
2020		3,972,197
2021		2,714,169
2022		1,304,138
Thereafter		<u>-</u>
Total	<u>\$</u>	<u>14,918,813</u>

Firefighters' Pension Fund

For the year ended December 31, 2017, the City recognized firefighters' pension expense of \$10,173,265. At December 31, 2017, 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>
Difference between expected and actual experience	\$ 789,740	\$ 2,699,350
Changes in assumption	9,469,240	-
Net difference between projected and actual earnings on pension plan investments	<u>3,346,353</u>	<u>-</u>
Total	<u>\$ 13,605,333</u>	<u>\$ 2,699,350</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

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

Firefighters' Pension Fund - Continued

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

	<u>Year Ending December 31,</u>	
2018	\$ 2,829,797	
2019	2,829,796	
2020	2,664,029	
2021	1,793,619	
2022	788,742	
Thereafter	<u>-</u>	
Total	<u>\$ 10,905,983</u>	

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 15. PENSION TRUST FUNDS

Fiduciary Funds Summary Financial Information

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

A. Schedule of Net Position

	Firefighters' Pension	Police Pension	Total
Assets			
Cash and cash equivalents	\$ 1,837,582	\$ 7,200,035	\$ 9,037,617
Investments at fair value			
U.S. Treasury obligations	2,248,044	11,561,319	13,809,363
U.S. agency obligations	2,316,957	11,603,457	13,920,414
Corporate bonds	14,466,822	13,052,904	27,519,726
Common stock	5,884,210	31,342,501	37,226,711
Equity mutual funds	52,190,381	46,580,666	98,771,047
Receivables			
Accrued interest	148,734	237,169	385,903
Due from other governments	18,193	41,827	60,020
Other	-	25,633	25,633
	<hr/>	<hr/>	<hr/>
Total Assets	79,110,923	121,645,511	200,756,434
Liabilities			
Accounts payable	37,846	15,844	53,690
	<hr/>	<hr/>	<hr/>
Total Liabilities	37,846	15,844	53,690
Net Position Held in Trust For Pension Benefits			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 79,073,077	\$ 121,629,667	\$ 200,702,744

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 15. PENSION TRUST FUNDS - Continued

Fiduciary Funds Summary Financial Information - Continued

B. Changes in Plan Net Position

	Firefighters' Pension	Police Pension	Total
Additions			
Contributions			
Employer	\$ 8,205,800	\$ 10,300,549	\$ 18,506,349
Plan members	974,992	1,521,467	2,496,459
Total Contributions	<u>9,180,792</u>	<u>11,822,016</u>	<u>21,002,808</u>
Investment income			
Net appreciation			
in fair value of investments	6,044,666	12,675,967	18,720,633
Interest on investments	2,065,886	2,829,084	4,894,970
Less investment expenses	<u>(136,256)</u>	<u>(264,371)</u>	<u>(400,627)</u>
Total Investment Income	<u>7,974,296</u>	<u>15,240,680</u>	<u>23,214,976</u>
Total Additions	<u>17,155,088</u>	<u>27,062,696</u>	<u>44,217,784</u>
Deductions			
Administrative	72,640	148,631	221,271
Benefits payments	8,609,369	11,342,344	19,951,713
Refunds of contributions	<u>-</u>	<u>133,599</u>	<u>133,599</u>
Total Deductions	<u>8,682,009</u>	<u>11,624,574</u>	<u>20,306,583</u>
Net Increase	8,473,079	15,438,122	23,911,201
Net Position Held in Trust For Pension Benefits			
January 1	<u>70,599,998</u>	<u>106,191,545</u>	<u>176,791,543</u>
December 31	<u>\$ 79,073,077</u>	<u>\$ 121,629,667</u>	<u>\$ 200,702,744</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT

A. Types of Accounts and Securities

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

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

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

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

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

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

Custodial Credit Risk. For a deposit, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. At December 31, 2017, all of the Library's deposits were insured or collateralized.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT - Continued

B. Reconciliation of Cash and Investments

Cash and Equivalents	\$ 1,279,356
Investments	4,385,655
Total per Statement of Position	<u>\$ 5,665,011</u>

Cash in bank	\$ 1,279,356
Vanguard Money Market	322,165
Vanguard Equity Mutual Funds	4,063,490
Total Cash and Investments	<u>\$ 5,665,011</u>

C. Summary of Receivables

Receivables:	
Property taxes	<u>\$ 6,972,225</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	18,994,231	647,359	-	19,641,590
Office equipment and furniture	2,285,009	-	-	2,285,009
Infrastructure	230,006	-	-	230,006
Library collections	8,610,141	-	(312,907)	8,297,234
Capitalized leases	266,191	-	-	266,191
Total capital assets being depreciated/amortized	<u>30,385,578</u>	<u>647,359</u>	<u>(312,907)</u>	<u>30,720,030</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and improvements	8,108,899	389,279	-	8,498,178
Office equipment and furniture	2,285,009	-	-	2,285,009
Infrastructure	110,718	14,757	-	125,475
Library collections	7,590,744	354,772	-	7,945,516
Capitalized leases	266,190	-	-	266,190
Total Accumulated Depreciation/Amortization	<u>18,361,560</u>	<u>758,808</u>	<u>-</u>	<u>19,120,368</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>12,024,018</u>	<u>(111,449)</u>	<u>(312,907)</u>	<u>11,599,662</u>
Library Activities Capital Assets, Net	<u>\$ 12,335,398</u>	<u>\$ (111,449)</u>	<u>\$ (312,907)</u>	<u>\$ 11,911,042</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2017

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT - Continued

E. Long-Term Debt

	Interest Rate	Final Maturity Date	Balance 12/31/2016	Issued	Payments	Balance 12/31/2017	Due Within One Year
General Obligations Debt							
Series 2007	4.00%-5.00%	12/1/2027	\$ 883,376	\$ -	\$ 883,376	\$ -	\$ -
Series 2013B	2.00%-3.00%	12/1/2025	436,764	-	161,171	275,593	87,440
Series 2016A	2.00%-4.00%	12/1/2036	650,000	-	20,000	630,000	25,000
Series 2017A	3.00%-4.00%	12/1/2037	-	1,380,000	-	1,380,000	40,000
Series 2017B	4.00%-5.00%	12/1/2027	-	743,535	-	743,535	79,391
			1,970,140	2,123,535	1,064,547	3,029,128	231,831
OPEB liability			89,154	15,731	-	104,885	-
Compensated absences payable - City			414,712	24,693	-	439,405	175,762
IMRF pension contributions			1,546,083	-	42,698	1,503,385	-
Total Long-Term Debt			<u>\$ 4,020,089</u>	<u>\$ 2,163,959</u>	<u>\$ 1,107,245</u>	<u>\$ 5,076,803</u>	<u>\$ 407,593</u>

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

Year Ending December 31,	Principal	Interest
2018	\$ 231,831	\$ 101,573
2019	182,561	86,778
2020	167,390	81,648
2021	174,214	76,815
2022	181,602	71,740
2023-2027	941,529	265,562
2028-2032	555,000	137,481
2033-2037	595,000	53,669
Total	<u>\$ 3,029,128</u>	<u>\$ 875,265</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EVANSTON, ILLINOIS

Required Supplementary Information
Other Postemployment Benefits

December 31, 2017

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)
2012	\$ -	\$ 17,294,689	\$ -	\$ 17,294,689	\$ 49,784,920	34.74%
2013	-	16,018,745	-	16,018,745	47,024,745	34.06%
2014	-	15,789,873	-	15,789,873	53,652,399	29.43%
2015	-	16,003,826	-	16,003,826	55,530,233	28.82%
2016	-	14,727,934	-	14,727,934	61,860,592	23.81%
2017	-	15,325,279	-	15,325,279	64,025,711	23.94%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2012	\$ 872,419	\$ 1,128,615	77.30%
2013	919,845	1,101,611	83.50%
2014	925,407	1,102,988	83.90%
2015	1,004,111	1,104,196	90.94%
2016	766,541	1,312,571	58.40%
2017	832,345	1,296,340	64.21%

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Employer Contributions
Illinois Municipal Retirement Fund

Last Three Fiscal Years

<u>FISCAL YEAR ENDED DECEMBER 31,</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 3,977,718	\$ 3,882,629	\$ 3,695,564
Contributions in relation to the actuarially determined contribution	<u>4,018,268</u>	<u>3,963,856</u>	<u>3,702,271</u>
Contribution Deficiency (Excess)	<u>\$ (40,550)</u>	<u>\$ (81,227)</u>	<u>\$ (6,707)</u>
Percentage contributed	101.0%	102.1%	100.2%
Covered-employee payroll	\$ 37,703,487	\$ 37,477,116	\$ 37,480,368
Contributions as a percentage of covered-employee payroll	10.7%	10.6%	9.9%

Notes to the Required Supplemental Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% annually and postretirement benefit increases of 3.00% compounded annually.

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Employer Contributions
Police Pension Fund

Last Four Fiscal Years

<u>FISCAL YEAR ENDED DECEMBER 31,</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 8,257,475	\$ 9,380,940	\$ 10,237,200	\$ 11,083,443
Contributions in relation to the actuarially determined contribution	<u>8,644,196</u>	<u>8,804,264</u>	<u>9,450,824</u>	<u>10,300,549</u>
Contribution Deficiency (Excess)	<u>\$ (386,721)</u>	<u>\$ 576,676</u>	<u>\$ 786,376</u>	<u>\$ 782,894</u>
Percentage contributed	104.7%	93.9%	92.3%	92.9%
Covered-employee payroll	\$ 13,537,726	\$ 14,921,328	\$ 17,474,672	\$ 15,352,846
Contributions as a percentage of covered-employee payroll	63.9%	59.0%	54.1%	67.1%

Notes to the Required Supplemental Information

The information presented was determined as part of the actuarial valuations as of January 1. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was market and the significant actuarial assumptions were an investment rate of return at 6.25% annually, projected salary increases assumption of 3.62% to 7.36% annually and postretirement benefit increases of 3.00% compounded annually.

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Employer Contributions
Firefighters' Pension Fund

Last Four Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017
Actuarially determined contribution	\$ 5,903,483	\$ 7,350,865	\$ 8,148,709	\$ 8,771,718
Contributions in relation to the actuarially determined contribution	6,527,697	6,385,244	7,396,641	8,205,800
Contribution Deficiency (Excess)	\$ (624,214)	\$ 965,621	\$ 752,068	\$ 565,918
Percentage contributed	110.6%	86.9%	90.8%	93.5%
Covered-employee payroll	\$ 9,520,925	\$ 10,396,357	\$ 10,546,779	\$ 10,311,920
Contributions as a percentage of covered-employee payroll	68.6%	61.4%	70.1%	79.6%

Notes to the Required Supplemental Information

The information presented was determined as part of the actuarial valuations as of January 1. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was market; and the significant actuarial assumptions were an investment rate of return at 6.25% annually, projected salary increases assumption of 3.62% to 7.36% annually and postretirement benefit increases of 3.00% compounded annually.

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 3,898,440	\$ 3,910,996	\$ 3,951,687
Interest	14,880,724	16,235,086	16,947,408
Changes in benefit terms	-	-	-
Differences between expected and actual experience	3,043,895	1,465,442	(2,905,680)
Changes of assumptions	7,927,038	266,906	(269,039)
Benefit payments, including refunds of member contributions	(11,468,097)	(11,928,345)	(12,270,564)
Net Change in Total Pension Liability	18,282,000	9,950,085	5,453,812
Total Pension Liability - Beginning	202,194,485	220,476,485	230,426,570
Total Pension Liability - Ending	<u>\$ 220,476,485</u>	<u>\$ 230,426,570</u>	<u>\$ 235,880,382</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 3,963,983	\$ 4,018,268	\$ 3,963,856
Contributions - member	1,710,168	1,767,523	1,705,636
Net investment income	12,425,190	1,062,353	14,441,739
Benefit payments, including refunds of member contributions	(11,468,097)	(11,928,345)	(12,270,564)
Administrative expense	2,322,043	737,427	(142,981)
Net Change in Plan Fiduciary Net Position	8,953,287	(4,342,774)	7,697,686
Plan Fiduciary Net Position - Beginning	206,588,617	215,541,904	211,199,130
Plan Fiduciary Net Position - Ending	<u>\$ 215,541,904</u>	<u>\$ 211,199,130</u>	<u>\$ 218,896,816</u>
Employer's Net Pension Liability	<u>\$ 4,934,581</u>	<u>\$ 19,227,440</u>	<u>\$ 16,983,566</u>
Plan fiduciary net position as a percentage of the total pension liability	97.76%	91.66%	92.80%
Covered-employee payroll	\$ 35,171,426	\$ 37,703,487	\$ 37,477,116
Employer's net pension liability as a percentage of covered-employee payroll	14.03%	51.00%	45.32%

There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the current actuarial valuation, dated December 31, 2016, is 7.50%. The discount rate used in the prior actuarial valuations, dated December 31, 2015 and December 31, 2014 was 7.49% and 7.50%, respectively.

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 3,439,223	\$ 3,488,385	\$ 3,679,212	\$ 3,993,751
Interest	12,284,036	12,663,010	13,192,680	14,088,889
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	3,928,479	(3,214,201)	424,390
Changes of assumptions	-	5,791,392	11,039,027	7,096,300
Benefit payments, including refunds of member contributions	(9,891,045)	(10,424,955)	(10,970,916)	(11,475,943)
Net Change in Total Pension Liability	5,832,214	15,446,311	13,725,802	14,127,387
Total Pension Liability - Beginning	183,492,025	189,324,239	204,770,550	218,496,352
Total Pension Liability - Ending	\$ 189,324,239	\$ 204,770,550	\$ 218,496,352	\$ 232,623,739
Plan Fiduciary Net Position				
Contributions - employer	\$ 8,644,196	\$ 8,804,264	\$ 9,450,824	\$ 10,300,549
Contributions - member	1,565,053	1,454,720	1,731,740	1,521,467
Net investment income	8,675,133	430,756	7,544,856	15,240,680
Benefit payments, including refunds of member contributions	(9,891,045)	(10,424,955)	(10,970,916)	(11,475,943)
Administrative expense	(68,938)	(71,408)	(123,796)	(148,631)
Net Change in Plan Fiduciary Net Position	8,924,399	193,377	7,632,708	15,438,122
Plan Fiduciary Net Position - Beginning	90,763,143	99,687,542	98,558,837	106,191,545
Prior period adjustment	-	(1,322,082)	-	-
Plan Fiduciary Net Position - Beginning, restated	90,763,143	98,365,460	98,558,837	106,191,545
Plan Fiduciary Net Position - Ending	\$ 99,687,542	\$ 98,558,837	\$ 106,191,545	\$ 121,629,667
Employer's Net Pension Liability	\$ 89,636,697	\$ 106,211,713	\$ 112,304,807	\$ 110,994,072
Plan fiduciary net position as a percentage of the total pension liability	52.65%	48.13%	48.60%	52.29%
Covered-employee payroll	\$ 13,537,726	\$ 14,921,328	\$ 17,474,672	\$ 15,352,846
Employer's net pension liability as a percentage of covered-employee payroll	662.13%	711.81%	642.67%	722.95%

There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the valuation dated December 31, 2017 is 6.25%. The discount rate used in the prior actuarial valuation, dated December 31, 2015, is 6.50%. The discount rate used in the valuation dated, dated December 31, 2014 was 6.75%.

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 2,326,092	\$ 2,431,680	\$ 2,731,257	\$ 2,813,961
Interest	9,391,253	9,656,198	9,922,911	10,507,435
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	1,184,609	(3,239,221)	368,761
Changes of assumptions	-	4,239,272	7,971,672	5,192,584
Benefit payments, including refunds of member contributions	(7,727,683)	(8,067,965)	(8,343,940)	(8,609,369)
Net Change in Total Pension Liability	3,989,662	9,443,794	9,042,679	10,273,372
Total Pension Liability - Beginning	140,667,430	144,657,092	154,100,886	163,143,565
Total Pension Liability - Ending	\$ 144,657,092	\$ 154,100,886	\$ 163,143,565	\$ 173,416,937
Plan Fiduciary Net Position				
Contributions - employer	\$ 6,527,697	\$ 6,385,244	\$ 7,396,641	\$ 8,205,800
Contributions - member	919,874	956,092	997,198	974,992
Net investment income	3,549,131	228,236	3,894,765	7,974,296
Benefit payments, including refunds of member contributions	(7,727,683)	(8,067,965)	(8,343,940)	(8,609,369)
Administrative expense	(52,248)	(44,597)	(85,750)	(72,640)
Net Change in Plan Fiduciary Net Position	3,216,771	(542,990)	3,858,914	8,473,079
Plan Fiduciary Net Position - Beginning	65,024,941	68,241,712	66,741,084	70,599,998
Prior period adjustment	-	(957,638)	-	-
Plan Fiduciary Net Position - Beginning, restated	65,024,941	67,284,074	66,741,084	70,599,998
Plan Fiduciary Net Position - Ending	\$ 68,241,712	\$ 66,741,084	\$ 70,599,998	\$ 79,073,077
Employer's Net Pension Liability	\$ 76,415,380	\$ 87,359,802	\$ 92,543,567	\$ 94,343,860
Plan fiduciary net position as a percentage of the total pension liability	47.17%	43.31%	43.27%	45.60%
Covered-employee payroll	\$ 9,520,925	\$ 10,396,357	\$ 10,546,779	\$ 10,311,920
Employer's net pension liability as a percentage of covered-employee payroll	802.60%	840.29%	877.46%	914.90%

There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the valuation dated December 31, 2017 is 6.25%. The discount rate used in the prior actuarial valuation, dated December 31, 2015, is 6.50%. The discount rate used in the actuarial valuation dated December 31, 2014 was 6.75%.

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

General Fund

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

For the Fiscal Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	\$ 59,299,516	\$ 59,299,516	\$ 58,812,954	\$ (486,562)
Licenses and permits	17,259,150	17,259,150	13,357,610	(3,901,540)
Intergovernmental	19,665,851	19,665,851	18,024,694	(1,641,157)
Charges for services	8,865,395	8,865,395	8,679,945	(185,450)
Fines	3,763,000	3,698,000	3,467,693	(230,307)
Investment income	50,100	50,100	38,558	(11,542)
Miscellaneous	2,170,046	2,170,046	1,858,107	(311,939)
Total Revenues	111,073,058	111,008,058	104,239,561	(6,768,497)
Expenditures				
General management and support	17,789,893	17,789,893	16,839,903	(949,990)
Public safety	62,399,352	62,399,352	63,444,262	1,044,910
Public works	14,961,997	14,961,997	13,032,463	(1,929,534)
Health and human services development	3,539,815	3,539,815	3,110,698	(429,117)
Recreation and cultural opportunities	12,253,380	12,253,380	12,371,359	117,979
Housing and economic development	2,747,828	2,747,828	2,536,144	(211,684)
Total Expenditures	113,692,265	113,692,265	111,334,829	(2,357,436)
Excess (Deficiency) of Revenues Over Expenditures	(2,619,207)	(2,684,207)	(7,095,268)	(4,411,061)
Other Financing Sources (Uses)				
Transfers in	8,564,927	8,564,927	12,446,096	3,881,169
Transfers (out)	(5,853,079)	(5,853,079)	(3,671,079)	2,182,000
Total Other Financing Sources (Uses)	2,711,848	2,711,848	8,775,017	6,063,169
Net Change in Fund Balance	\$ 92,641	\$ 27,641	1,679,749	\$ 1,652,108
Fund Balances				
Beginning of Year			<u>11,667,933</u>	
End of Year			<u>\$ 13,347,682</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Investment Returns
Police Pension Fund

Last Four Fiscal Years

<u>FISCAL YEAR ENDED DECEMBER 31,</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	9.54%	1.45%	6.90%	14.25%

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Investment Returns
Firefighters' Pension Fund

Last Four Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expense	5.47%	0.36%	5.90%	11.42%

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Notes to Required Supplementary Information
December 31, 2017

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, 2017. The operating budget includes proposed expenditures and the means of financing them.
2. Public budget hearings are conducted. Taxpayer comments are received and noted.
3. The budget is legally enacted through passage of a resolution.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. There were budget allocations within General Fund.
5. Budgets are legally adopted on a basis consistent with GAAP except that property taxes are budgeted as revenue in the year they are levied. For purposes of preparing the General Fund - budget and actual (budgetary basis) schedule of revenues, expenditures, and changes in fund balance, GAAP revenues and expenditures have been adjusted to the budgetary basis.

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, 2017 to the EPL Board of Trustees. Upon approval of the budget proposal by the EPL Board of Trustees, 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 of Trustees considers the budget proposal. Taxpayer comments are received and noted.
3. The budget is legally enacted through passage of a resolution by the Library Board of Trustees.
4. The Library Director is authorized to transfer budgeted amounts between library departments within any library fund; however, any revisions that alter the total expenditures of any library fund must be approved by the EPL Board of Trustees. There were budget allocations within the Library Fund but the total did not change.
5. Budgets are legally adopted on a basis consistent with GAAP except that property taxes are budgeted as revenue in the year they are levied. For purposes of preparing the Library Operating Fund - budget and actual (budgetary basis) schedule of revenues, expenditures, and changes in fund balance, GAAP revenues and expenditures have been adjusted to the budgetary basis.

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

The following funds had an excess of actual budgetary expenditures over original and final budget for the fiscal year ended December 31, 2017:

Fund	Actual	Budget	Variance
Special Service District No. 4	\$ 329,000	\$ 320,000	\$ 9,000
Community Development Block Grant Fund	1,900,376	1,454,683	445,693
Chicago-Main TIF Fund	3,669,512	3,640,000	29,512
Howard Hartrey TIF Fund	599,668	-	599,668
Dempster-Dodge TIF Fund	2,092,108	2,044,000	48,108
West Evanston TIF Fund	14,234	10,000	4,234
Special Assessment Capital Projects Fund	6307	-	6,307

**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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues				
Taxes				
Property				
Current year levy	\$ 28,639,628	\$ 28,639,628	\$ 28,294,363	\$ (345,265)
Prior year levy	-	-	-	-
Total Property Taxes	28,639,628	28,639,628	28,294,363	(345,265)
Personal Property Replacement Tax	1,451,300	1,451,300	1,394,387	1,394,387
Other Taxes				
State use tax	1,750,000	1,750,000	1,926,695	176,695
Sales tax - home rule	6,613,588	6,613,588	6,122,088	(491,500)
Auto rental tax	50,000	50,000	56,792	6,792
Athletic contest tax	1,000,000	1,000,000	848,053	(151,947)
Municipal hotel tax	2,100,000	2,100,000	2,009,287	(90,713)
Utility tax	7,100,000	7,100,000	6,607,719	(492,281)
Cigarette tax	200,000	200,000	287,871	87,871
Evanston motor fuel tax	750,000	750,000	867,530	117,530
Medical Cannabis tax	10,000	10,000	3,675	(6,325)
Liquor tax	3,100,000	3,100,000	3,009,899	(90,101)
Parking tax	3,170,000	3,170,000	2,965,327	(204,673)
Amusement tax	265,000	265,000	247,968	(17,032)
Foreign fire tax	-	-	282,778	282,778
Real estate transfer tax	3,100,000	3,100,000	3,888,522	788,522
Total Other Taxes	29,208,588	29,208,588	29,124,204	(84,384)
Total Taxes	59,299,516	59,299,516	58,812,954	(486,562)
Licenses and Permits				
Vehicle licenses	2,850,000	2,850,000	2,641,402	(208,598)
Business licenses	50,000	50,000	83,627	33,627
Bed and breakfast licenses	150	150	-	(150)
Collection box license	2,500	2,500	3,000	500
Pet licenses	28,000	28,000	30,920	2,920
Contractor licenses	150,000	150,000	113,950	(36,050)
Rooming house licenses	215,000	215,000	136,330	(78,670)
Liquor licenses	500,000	500,000	482,590	(17,410)
One-day liquor licenses	12,000	12,000	7,191	(4,809)
Farmer's market licenses	50,000	50,000	43,746	(6,254)
Rental building register	75,000	75,000	159,788	84,788
Other licenses	20,000	20,000	14,101	(5,899)
Long-term care license	120,000	120,000	98,640	(21,360)
Seasonal foot ESTB	20,000	20,000	14,323	(5,677)
Mobile food vehicle license	1,000	1,000	1,077	77
Hen coop license	800	800	982	182
Resident care home license	600	600	1,180	580
Building permits	9,232,000	9,232,000	6,317,593	(2,914,407)
Plumbing permits	200,000	200,000	124,845	(75,155)
Electrical permits	300,000	300,000	167,060	(132,940)
Signs and awnings	10,000	10,000	6,111	(3,889)
Other/miscellaneous permits	475,000	475,000	399,336	(75,664)
Elevator permits	30,000	30,000	47,391	17,391
Heating vent/AC permits	700,000	700,000	380,367	(319,633)
Right of way permits	450,000	450,000	341,488	(108,512)

(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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues - Continued				
Licenses and Permits - Continued				
Property cleaning permit	\$ 20,000	\$ 20,000	\$ 460	\$ (19,540)
Residents parking permit	128,000	128,000	91,419	(36,581)
Visitor parking permit	13,000	13,000	14,534	1,534
Fire suppression/alarm permit	110,000	110,000	100,484	(9,516)
Annual sign fees	20,000	20,000	30,692	10,692
Moving van permit	50,000	50,000	33,600	(16,400)
Plat PR. and Sign approval HRG fees	2,100	2,100	1,400	(700)
IL Bell franchise fee	-	-	200,683	200,683
Alarm panel franchise fee	4,000	4,000	630	(3,370)
Northwestern University easement	-	-	47,000	47,000
Cable franchise fee	1,200,000	1,200,000	1,033,174	(166,826)
PEG fees - Comcast	145,000	145,000	153,521	8,521
Nicor franchise fee	75,000	75,000	32,975	(42,025)
Total Licenses and Permits	17,259,150	17,259,150	13,357,610	(3,901,540)
Intergovernmental - Revenue from Other Agencies				
Retailer and service occupation tax	10,942,386	10,942,386	9,948,542	(993,844)
State income tax	7,800,000	7,800,000	6,767,021	(1,032,979)
State highway maintenance	68,000	68,000	74,082	6,082
Health Department Basic Service Grant	76,000	76,000	76,181	181
Summer food inspections	200	200	300	100
Illinois tobacco free community	26,000	26,000	20,911	(5,089)
IL HIV Surveillance Grant	4,000	4,000	3,208	(792)
Childhood Lead Poisoning Grant	2,000	2,000	2,007	7
Other State/County Grant	51,000	51,000	151,808	100,808
Tanning parlor inspection	300	300	-	(300)
Fire Department training	6,000	6,000	-	(6,000)
CRI Grant	14,100	14,100	42,080	27,980
PEHP Grant	30,000	30,000	55,727	25,727
Leadbase Paint Control Grant	100,000	100,000	22,580	(77,420)
Federal Grant/Aid	228,000	228,000	509,281	281,281
Commission on Aging Grant - Advocate	80,000	80,000	124,506	44,506
Civil Defense Grants (F.E.M.A.)	-	-	4,320	4,320
Police training	5,000	5,000	-	(5,000)
Police DUI Reimbursement	15,000	15,000	16,356	1,356
HUD Emergency Shelter Grant	135,000	135,000	127,374	(7,626)
Other Federal Aid	42,865	42,865	38,035	(4,830)
Youth Organization Umbrella Grant	40,000	40,000	40,375	375
Total Intergovernmental - Revenue from Other Agencies	19,665,851	19,665,851	18,024,694	(1,641,157)
Charges for Services				
Recreation				
Recreation - program	5,647,895	5,647,895	5,470,882	(177,013)
Recreation - charges	3,000	3,000	154	(2,846)
Recreation - unreconciled	25,500	25,500	28,992	3,492
Total Recreation Revenue	5,676,395	5,676,395	5,500,028	(176,367)

(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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues - Continued				
Charges for Services (Continued)				
Other Charges for Services				
Health Clinic Fees - food establishment	\$ 190,000	\$ 190,000	\$ 221,909	\$ 31,909
Temporary license fee	7,500	7,500	9,988	2,488
Food delivery vehicle	5,000	5,000	4,700	(300)
Beverage snack vending machine	30,000	30,000	50,399	20,399
Tobacco license	17,000	17,000	12,272	(4,728)
Beekeeper license	-	-	200	200
Birth and death records	-	-	2,219	2,219
Birth certificate	95,000	95,000	113,069	18,069
Death certificate	36,000	36,000	22,006	(13,994)
Funeral director license	6,300	6,300	10,208	3,908
Temp funeral director licenses	4,000	4,000	1,909	(2,091)
Parking meter fee increase	640,000	640,000	640,000	-
Parking enforcement Reimbursement	-	-	22,214	22,214
Weights and exact measures examinations	1,200	1,200	-	(1,200)
Senior Taxi coupon sales	100,000	100,000	125,183	25,183
Fire cost recovery charge	1,000	1,000	2,120	1,120
Historic preservation	8,000	8,000	9,865	1,865
Tree preservation revenue	3,500	3,500	19,074	15,574
Ambulance service	1,750,000	1,750,000	1,517,615	(232,385)
Towing charges	1,000	1,000	-	(1,000)
Police report fees	20,000	20,000	27,708	7,708
Wood recycling	40,000	40,000	-	(40,000)
Zoning fees	60,000	60,000	65,661	5,661
Fire building inspections	100	100	-	(100)
Fire report fee	9,000	9,000	25,553	16,553
Passport processing Fee	6,000	6,000	31,854	25,854
Alarm panel subscription fees	125,000	125,000	109,498	(15,502)
Skokie animal board fee	8,000	8,000	-	(8,000)
Background check daycare providers	400	400	552	152
New pavement degradation	10,000	10,000	127,156	117,156
I Heart Evanston Trees project	10,000	10,000	2,068	(7,932)
Plan review	5,000	5,000	4,917	(83)
Total Other Service Charges	3,189,000	3,189,000	3,179,917	(9,083)
Total Charges for Services	8,865,395	8,865,395	8,679,945	(185,450)
Fines				
Ticket fines - parking	2,750,000	2,750,000	2,591,978	(158,022)
Regular fines	115,000	115,000	106,545	(8,455)
Building code violations	-	-	1,501	1,501
Animal ordinance penalties	15,000	15,000	2,105	(12,895)
Boot release fee	45,000	45,000	51,587	6,587
Fire false alarm fines	115,000	115,000	84,705	(30,295)
Police CTA detail	400,000	400,000	386,144	(13,856)
Police false alarm fines	-	-	51,215	51,215
Housing code violation fines	65,000	-	34,402	34,402
Permit penalty fees	8,000	8,000	4,111	(3,889)
Administrative adjudication fee	250,000	250,000	153,400	(96,600)
Total Fines	3,763,000	3,698,000	3,467,693	(230,307)

(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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues - Continued				
Investment Income	\$ 50,100	\$ 50,100	\$ 38,558	\$ (11,542)
Other Revenues				
Police equipment reimbursement	4,500	4,500	13,833	9,333
Aging well revenue	-	-	1,400	1,400
Holiday food drive	10,000	10,000	11,250	1,250
Women Out Walking	5,000	5,000	4,024	(976)
Property sales and rentals	103,100	103,100	141,926	38,826
Donation	31,400	31,400	77,325	45,925
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	398,996	398,996	807,564	408,568
Market Link vouchers	15,000	15,000	27,620	12,620
Sale of other assets	70,550	70,550	2,697	(67,853)
Reimbursements - serve and protect	4,000	4,000	34,216	30,216
Reimbursements - sale use	75,000	75,000	17,650	(57,350)
Reimbursements - fire department	75,000	75,000	58,357	(16,643)
Payment in lieu of taxes	267,000	267,000	178,312	(88,688)
Fund balance applied	1,016,000	1,016,000	-	(1,016,000)
Chargeback revenue	-	-	413,796	413,796
Private Elm Trees Insurance	41,000	41,000	40,290	(710)
Citizens CPR class fees	6,500	6,500	11,375	4,875
Parking permits - Ryan Field	15,000	15,000	16,472	1,472
Total Other Revenues	2,170,046	2,170,046	1,858,107	(311,939)
Total Revenues	\$ 111,073,058	\$ 111,008,058	\$ 104,239,561	\$ (6,768,497)

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

General Fund
Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance
Expenditures				
General Management and Support				
City Council	\$ 495,897	\$ 495,897	\$ 495,880	\$ (17)
City Manager and Budget Management	6,610,871	6,610,871	6,153,913	(456,958)
City Clerk	271,429	271,429	247,134	(24,295)
Law Department	835,146	835,146	753,141	(82,005)
Administrative Services	9,576,550	9,576,550	9,189,835	(386,715)
Total General Management and Support	17,789,893	17,789,893	16,839,903	(949,990)
Public Safety				
Police	38,111,146	38,111,146	38,954,351	843,205
Fire	24,288,206	24,288,206	24,489,911	201,705
Total Public Safety	62,399,352	62,399,352	63,444,262	1,044,910
Public Works				
Public Works Director	3,939,132	3,939,132	3,191,443	(747,689)
Municipal Service Center	2,310,937	2,310,937	2,082,087	(228,850)
City Engineer	370,806	370,806	347,176	(23,630)
Traffic Engineer	4,306,101	4,306,101	4,171,379	(134,722)
Streets	3,824,528	3,824,528	3,032,200	(792,328)
Sanitation	210,493	210,493	208,178	(2,315)
Total Public Works	14,961,997	14,961,997	13,032,463	(1,929,534)
Health and Human Services Development				
Health and Human Services Director	370,173	370,173	389,373	19,200
Health Department	1,895,236	1,895,236	1,590,240	(304,996)
Mental Health and Community Purchased Services	415,253	415,253	190,296	(224,957)
Human Relations	859,153	859,153	940,789	81,636
Total Health and Human Services Development	3,539,815	3,539,815	3,110,698	(429,117)
Recreation and Cultural Opportunities				
Recreation	11,010,222	11,010,222	11,188,390	178,168
Ecology Center	502,676	502,676	502,793	117
Cultural Arts	740,482	740,482	680,176	(60,306)
Total Recreation and Cultural Opportunities	12,253,380	12,253,380	12,371,359	117,979
Housing and Economic Development				
Community Development Administration	368,666	368,666	329,612	(39,054)
Planning and Zoning	700,522	700,522	627,826	(72,696)
Housing Rehabilitation and Property Standards	1	1	-	(1)
Building Code Compliance	1,678,639	1,678,639	1,578,706	(99,933)
Total Housing and Economic Development	2,747,828	2,747,828	2,536,144	(211,684)
Total Expenditures	\$ 113,692,265	\$ 113,692,265	\$ 111,334,829	\$ (2,357,436)

(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, 2017

	Original and Final Budget	Actual
Revenues		
Taxes		
Property taxes		
Current year levy, net	\$ 10,879,993	\$ 10,793,952
Prior year levy, net	-	3,459
Investment income	1,500	36,782
Miscellaneous Revenue	-	83,293
Total Revenues	<u>10,881,493</u>	<u>10,917,486</u>
Expenditures		
General management and support	-	98,350
Debt Service		
Principal	19,663,863	19,253,327
Interest	3,872,024	3,846,469
Fiscal agent fees	120,250	2,218
Total Expenditures	<u>23,656,137</u>	<u>23,200,364</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,774,644)</u>	<u>(12,282,878)</u>
Other Financing Sources (Uses)		
Issuance of bonds	-	8,481,464
Premium on bond issuances	-	401,638
Transfers in	3,244,144	2,895,561
Total Other Financing Sources (Uses)	<u>3,244,144</u>	<u>11,778,663</u>
Net Changes in Fund Balances	<u>\$ (9,530,500)</u>	(504,215)
Fund Balances		
Beginning of Year		<u>745,996</u>
End of Year		<u>\$ 241,781</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

Special Service Area No. 6 Fund - to account for promotion, advertisement, and street maintenance costs of the area located in the City's commercial district surrounding Dempster, Chicago, and Main. Financing is provided by the City through an annual special service area property tax levy.

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.

Dempster-Dodge 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.

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.

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

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CITY OF EVANSTON, ILLINOIS

Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2017

	Special Revenue			
	Motor Fuel Tax	Emergency Telephone System	Neighborhood Improvement	Affordable Housing
Assets				
Cash and equivalents	\$ -	\$ -	\$ 170,171	\$ 1,139,051
Investments	2,209,142	655,571	-	369,294
Receivables				
Property tax	-	-	-	-
Notes	-	-	-	1,100,240
Special assessments	-	-	-	-
Other	-	-	-	-
Due from other governments	164,588	310,049	-	-
Due from component unit	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Total Assets	\$ 2,373,730	\$ 965,620	\$ 170,171	\$ 2,608,585
Liabilities				
Vouchers payable	\$ -	\$ 20,184	\$ -	\$ 31,801
Due to other governments	-	-	-	-
Due to component unit	-	-	-	-
Due to other funds	-	763,440	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	-	783,624	-	31,801
Deferred Inflows of Resources				
Long-term notes receivable	-	-	-	1,100,240
Unavailable revenue - property taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	1,100,240
Total Liabilities and Deferred Inflows of Resources	-	783,624	-	1,132,041
Fund Balances				
Restricted for				
Highway Maintenance	2,373,730	-	-	-
Emergency Telephone System	-	181,996	-	-
HUD Approved Projects	-	-	-	-
Neighborhood Improvements	-	-	170,171	1,476,544
Debt Service	-	-	-	-
Township	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (Deficit)	2,373,730	181,996	170,171	1,476,544
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,373,730	\$ 965,620	\$ 170,171	\$ 2,608,585

Special Revenue								
HOME	Community Development Block Grant	Community Development Loan	Neighborhood Stabilization Program 2	Special Service District No. 4	Good Neighbor	General Assistance	Total Special Revenue	
\$ 8,284	\$ -	\$ 151,603	\$ 94,969	\$ -	\$ 1,001,884	\$ 629,955	\$ 3,195,917	
-	-	-	-	-	-	14,955	3,248,962	
-	-	-	-	370,000	-	900,000	1,270,000	
5,008,706	196,352	1,830,122	-	-	-	-	8,135,420	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
41,541	251,940	-	-	-	-	-	768,118	
-	-	-	-	-	-	-	-	
-	-	132,009	-	-	-	-	132,009	
-	-	-	-	-	-	-	-	
<u>\$ 5,058,531</u>	<u>\$ 448,292</u>	<u>\$ 2,113,734</u>	<u>\$ 94,969</u>	<u>\$ 370,000</u>	<u>\$ 1,001,884</u>	<u>\$ 1,544,910</u>	<u>\$ 16,750,426</u>	
\$ 40,548	\$ 55,824	\$ 31,000	\$ -	\$ -	\$ -	\$ 411	\$ 179,768	
-	-	-	94,969	-	-	-	94,969	
-	-	-	-	-	-	-	-	
-	132,009	-	-	198,794	-	-	1,094,243	
-	-	-	-	-	-	-	-	
-	-	-	-	-	1,000,000	-	1,000,000	
<u>40,548</u>	<u>187,833</u>	<u>31,000</u>	<u>94,969</u>	<u>198,794</u>	<u>1,000,000</u>	<u>411</u>	<u>2,368,980</u>	
5,008,706	196,352	1,830,122	-	-	-	-	8,135,420	
-	-	-	-	370,000	-	900,000	1,270,000	
<u>5,008,706</u>	<u>196,352</u>	<u>1,830,122</u>	<u>-</u>	<u>370,000</u>	<u>-</u>	<u>900,000</u>	<u>9,405,420</u>	
5,049,254	384,185	1,861,122	94,969	568,794	1,000,000	900,411	11,774,400	
-	-	-	-	-	-	-	2,373,730	
-	-	-	-	-	-	-	181,996	
9,277	64,107	252,612	-	-	-	-	325,996	
-	-	-	-	-	-	-	1,646,715	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	644,499	644,499	
-	-	-	-	-	-	-	-	
-	-	-	-	-	1,884	-	1,884	
-	-	-	-	(198,794)	-	-	(198,794)	
<u>9,277</u>	<u>64,107</u>	<u>252,612</u>	<u>-</u>	<u>(198,794)</u>	<u>1,884</u>	<u>644,499</u>	<u>4,976,026</u>	
<u>\$ 5,058,531</u>	<u>\$ 448,292</u>	<u>\$ 2,113,734</u>	<u>\$ 94,969</u>	<u>\$ 370,000</u>	<u>\$ 1,001,884</u>	<u>\$ 1,544,910</u>	<u>\$ 16,750,426</u>	

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

Combining Balance Sheet
 Nonmajor Governmental Funds

December 31, 2017

	Debt Service			
	Chicago Main Tax Increment District	Special Service Area No. 6	Howard Hartrey Tax Increment District	Washington National Tax Increment District
Assets				
Cash and equivalents	\$ 1,342	\$ 2,207	\$ -	\$ -
Investments	-	-	-	4,769,451
Receivables				
Property tax	-	221,000	-	-
Notes	-	-	-	-
Special assessments	-	-	-	-
Other	-	-	-	-
Due from other governments	-	-	-	-
Due from component unit	-	-	-	-
Due from other funds	60,000	-	-	493,237
Advances to other funds	-	-	-	-
Total Assets	\$ 61,342	\$ 223,207	\$ -	\$ 5,262,688
Liabilities				
Vouchers payable	\$ 149	\$ -	\$ -	\$ 144
Due to other governments	-	-	-	-
Due to component unit	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	149	-	-	144
Deferred Inflows of Resources				
Long-term notes receivable	-	-	-	-
Unavailable revenue - property taxes	-	221,000	-	-
Total Deferred Inflows of Resources	-	221,000	-	-
Total Liabilities and Deferred Inflows of Resources	149	221,000	-	144
Fund Balances				
Restricted for				
Highway Maintenance	-	-	-	-
Emergency Telephone System	-	-	-	-
HUD Approved Projects	-	-	-	-
Neighborhood Improvements	-	-	-	-
Debt Service	61,193	-	-	5,262,544
Township	-	-	-	-
Committed	-	-	-	-
Assigned	-	2,207	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (Deficit)	61,193	2,207	-	5,262,544
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 61,342	\$ 223,207	\$ -	\$ 5,262,688

Debt Service			Capital Projects					Total
Dempster-Dodge	Howard Ridge	West Evanston	Total	Capital	Special	Crown	Total	Total
Tax	Tax	Tax	Debt	Improvements	Assessment	Capital	Capital	Nonmajor
Increment	Increment	Increment	Service		Projects	Projects	Projects	Governmental
District	District	District						Funds
\$ -	\$ -	\$ -	\$ 3,549	\$ 3,327,740	\$ 2,766,446	\$ 540,861	\$ 6,635,047	\$ 9,834,513
-	11,144	514,730	5,295,325	9,418,978	224,099	-	9,643,077	18,187,364
-	-	-	221,000	-	-	-	-	1,491,000
-	-	-	-	-	-	-	-	8,135,420
-	-	-	-	-	616,153	-	616,153	616,153
-	-	-	-	7,840	4,281	-	12,121	12,121
-	-	-	-	-	2,874	-	2,874	770,992
-	-	-	-	-	-	-	-	-
-	262,979	-	816,216	-	-	-	-	948,225
-	-	-	-	-	-	-	-	-
\$ -	\$ 274,123	\$ 514,730	\$ 6,336,090	\$ 12,754,558	\$ 3,613,853	\$ 540,861	\$ 16,909,272	\$ 39,995,788
\$ -	\$ 26,745	\$ 144	\$ 27,182	\$ 3,983,291	\$ -	\$ -	\$ 3,983,291	\$ 4,190,241
-	-	-	-	-	-	-	-	94,969
-	-	-	-	12,794	-	-	12,794	12,794
6,009	-	81,820	87,829	-	-	-	-	1,182,072
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,000,000
6,009	26,745	81,964	115,011	3,996,085	-	-	3,996,085	6,480,076
-	-	-	-	-	616,153	-	616,153	8,751,573
-	-	-	221,000	-	-	-	-	1,491,000
-	-	-	221,000	-	616,153	-	616,153	10,242,573
6,009	26,745	81,964	336,011	3,996,085	616,153	-	4,612,238	16,722,649
-	-	-	-	-	-	-	-	2,373,730
-	-	-	-	-	-	-	-	181,996
-	-	-	-	-	-	-	-	325,996
-	-	-	-	-	-	-	-	1,646,715
-	247,378	432,766	6,003,881	-	-	-	-	6,003,881
-	-	-	-	-	-	-	-	644,499
-	-	-	-	-	-	-	-	-
-	-	-	2,207	8,758,473	2,997,700	540,861	12,297,034	12,301,125
(6,009)	-	-	(6,009)	-	-	-	-	(204,803)
(6,009)	247,378	432,766	6,000,079	8,758,473	2,997,700	540,861	12,297,034	23,273,139
\$ -	\$ 274,123	\$ 514,730	\$ 6,336,090	\$ 12,754,558	\$ 3,613,853	\$ 540,861	\$ 16,909,272	\$ 39,995,788

(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, 2017

	Special Revenue				
	Motor Fuel Tax	Economic Development	Emergency	Neighborhood Improvement	Affordable Housing
			Telephone System		
Revenues					
Taxes	\$ -	\$ -	\$ 978,523	\$ -	\$ 97,000
Special assessments	-	-	-	-	-
Intergovernmental	1,899,884	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	18,158	-	7,178	256	5,623
Miscellaneous					
Contributions	-	-	-	-	325,000
Other	-	-	-	-	8,056
Total Revenues	1,918,042	-	985,701	256	435,679
Expenditures					
Current					
General management and support	-	-	-	-	-
Public safety	-	-	893,789	-	-
Public works	-	-	-	-	-
Housing and economic development	-	-	-	-	360,323
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-
Total Expenditures	-	-	893,789	-	360,323
Excess (Deficiency) of Revenues Over Expenditures	1,918,042	-	91,912	256	75,356
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	-	-
Issuance of loans	-	-	-	-	-
Premium (discount) on bonds issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	(957,990)	(2,996,226)	(72,977)	-	-
Total Other Financing Sources (Uses)	(957,990)	(2,996,226)	(72,977)	-	-
Net Change in Fund Balances	960,052	(2,996,226)	18,935	256	75,356
Fund Balances (Deficit), January 1	1,413,678	2,996,226	163,061	169,915	1,401,188
Fund Balances (Deficit), December 31	\$ 2,373,730	\$ -	\$ 181,996	\$ 170,171	\$ 1,476,544

Special Revenue							
HOME	Community Development Block Grant	Community Development Loan	Neighborhood Stabilization Program 2	Special Service District No. 4	Good Neighbor	General Assistance	Total Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ 322,477	\$ -	\$ 933,020	\$ 2,331,020
-	-	-	-	-	-	-	-
227,450	1,906,708	-	37,641	-	-	-	4,071,683
-	-	-	-	-	-	-	-
5,685	-	3,392	-	5	1,884	1,547	43,728
-	-	-	-	-	1,000,000	-	1,325,000
21,820	263	51,369	-	-	-	33,019	114,527
254,955	1,906,971	54,761	37,641	322,482	1,001,884	967,586	7,885,958
-	-	-	-	-	-	909,475	909,475
-	-	-	-	-	-	-	893,789
-	-	-	-	-	-	-	-
248,055	1,900,376	13,070	33,123	329,000	-	-	2,883,947
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
248,055	1,900,376	13,070	33,123	329,000	-	909,475	4,687,211
6,900	6,595	41,691	4,518	(6,518)	1,001,884	58,111	3,198,747
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(6,594)	-	(4,518)	-	(1,000,000)	-	(5,038,305)
-	(6,594)	-	(4,518)	-	(1,000,000)	-	(5,038,305)
6,900	1	41,691	-	(6,518)	1,884	58,111	(1,839,558)
2,377	64,106	210,921	-	(192,276)	-	586,388	6,815,584
\$ 9,277	\$ 64,107	\$ 252,612	\$ -	\$ (198,794)	\$ 1,884	\$ 644,499	\$ 4,976,026

(This schedule in 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, 2017

	Debt Service			
	Chicago Main Tax Increment District	Special Service Area No. 6	Howard Hartrey Tax Increment District	Washington National Tax Increment District
Revenues				
Taxes	\$ 75,430	\$ 215,245	\$ -	\$ 5,249,949
Special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	9	22	1,320	45,923
Miscellaneous				
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	75,439	215,267	1,320	5,295,872
Expenditures				
Current				
General management and support	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Housing and economic development	582,012	213,354	599,668	100,679
Capital outlay	-	-	-	-
Debt service				
Principal	3,000,000	-	-	-
Interest	87,500	-	-	-
Fiscal agent fees	-	-	-	-
Total Expenditures	3,669,512	213,354	599,668	100,679
Excess (Deficiency) of Revenues Over Expenditures	(3,594,073)	1,913	(598,348)	5,195,193
Other Financing Sources (Uses)				
Issuance of bonds	2,960,000	-	-	-
Issuance of loans	520,000	-	-	-
Premium (discount) on bonds issued	40,189	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	(78,000)	(45,325)	(5,557,325)
Total Other Financing Sources (Uses)	3,520,189	(78,000)	(45,325)	(5,557,325)
Net Change in Fund Balances	(73,884)	(76,087)	(643,673)	(362,132)
Fund Balances (Deficit), January 1	135,077	78,294	643,673	5,624,676
Fund Balances (Deficit), December 31	\$ 61,193	\$ 2,207	\$ -	\$ 5,262,544

Debt Service			Capital Projects					Total
Dempster- Dodge Tax Increment District	Howard Ridge Tax Increment District	West Evanston Tax Increment District	Total Debt Service	Capital Improvements	Special Assessment Capital Projects	Crown Capital	Total Capital Projects	Total Nonmajor Governmental Funds
\$ 48,001	\$ 583,827	\$ 43,503	\$ 6,215,955	\$ -	\$ -	\$ -	\$ -	\$ 8,546,975
-	-	-	-	-	260,307	-	260,307	260,307
-	-	-	-	530,812	-	-	530,812	4,602,495
-	-	-	-	33,339	-	-	33,339	33,339
1	21	3,898	51,194	56,607	7,911	-	64,518	159,440
-	-	-	-	412,945	-	-	412,945	1,737,945
-	32,000	12,339	44,339	5,174	-	-	5,174	164,040
48,002	615,848	59,740	6,311,488	1,038,877	268,218	-	1,307,095	15,504,541
-	-	-	-	298,237	6,307	-	304,544	1,214,019
-	-	-	-	9,064	-	-	9,064	902,853
-	-	-	-	-	-	1,008,651	1,008,651	1,008,651
-	307,391	2,007	1,805,111	-	-	-	-	4,689,058
-	-	-	-	14,953,180	-	-	14,953,180	14,953,180
2,000,000	-	-	5,000,000	-	-	-	-	5,000,000
92,108	995	12,227	192,830	-	-	-	-	192,830
-	-	-	-	-	-	-	-	-
2,092,108	308,386	14,234	6,997,941	15,260,481	6,307	1,008,651	16,275,439	27,960,591
(2,044,106)	307,462	45,506	(686,453)	(14,221,604)	261,911	(1,008,651)	(14,968,344)	(12,456,050)
2,040,000	-	-	5,000,000	10,730,000	-	900,000	11,630,000	16,630,000
-	-	-	520,000	-	-	-	-	520,000
27,512	-	-	67,701	457,736	-	-	457,736	525,437
-	-	-	-	1,436,689	-	649,512	2,086,201	2,086,201
-	(60,000)	(30,000)	(5,770,650)	(1,149,512)	(263,427)	-	(1,412,939)	(12,221,894)
2,067,512	(60,000)	(30,000)	(182,949)	11,474,913	(263,427)	1,549,512	12,760,998	7,539,744
23,406	247,462	15,506	(869,402)	(2,746,691)	(1,516)	540,861	(2,207,346)	(4,916,306)
(29,415)	(84)	417,260	6,869,481	11,505,164	2,999,216	-	14,504,380	28,189,445
\$ (6,009)	\$ 247,378	\$ 432,766	\$ 6,000,079	\$ 8,758,473	\$ 2,997,700	\$ 540,861	\$ 12,297,034	\$ 23,273,139

(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, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 1,920,000	\$ 1,899,884	\$ (20,116)
Interest	1,000	18,158	17,158
Total Revenues	1,921,000	1,918,042	(2,958)
Expenditures			
Public Works	1,391,000	-	(1,391,000)
Excess (Deficiency) of Revenues Over Expenditures	530,000	1,918,042	1,388,042
Other Financing Sources (Uses)			
Transfers (out)	(857,990)	(957,990)	(100,000)
Net Change in Fund Balance	<u>\$ (327,990)</u>	960,052	<u>\$ 1,288,042</u>
Fund Balances			
Beginning of Year		<u>1,413,678</u>	
End of Year		<u>\$ 2,373,730</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, 2017

	Original and Final Budget	Actual	Variance
Revenues			
None	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures			
None	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers (out)	-	(2,996,226)	(2,996,226)
Other Financing Sources (Uses) - Net	-	(2,996,226)	(2,996,226)
Net Change in Fund Balance	<u>\$ -</u>	<u>(2,996,226)</u>	<u>\$ (2,996,226)</u>
Fund Balances			
Beginning of Year		<u>2,996,226</u>	
End of Year		<u>\$ -</u>	

(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, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Taxes and special assessments	\$ 1,020,700	\$ 978,523	\$ (42,177)
Interest	1,000	7,178	6,178
Total Revenues	1,021,700	985,701	(35,999)
Expenditures			
Public safety	957,441	893,789	(63,652)
Excess (Deficiency) of Revenues Over Expenditures	64,259	91,912	27,653
Other Financing Sources (Uses)			
Transfers (out)	(72,977)	(72,977)	-
Net Change in Fund Balance	<u>\$ (8,718)</u>	18,935	<u>\$ 27,653</u>
Fund Balance			
Beginning of Year		<u>163,061</u>	
End of Year		<u>\$ 181,996</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, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 256	\$ 256
Expenditures			
Housing and economic development	100,000	-	(100,000)
Net Change in Fund Balance	<u>\$ (100,000)</u>	256	<u>\$ 100,256</u>
Fund Balances			
Beginning of Year		<u>169,915</u>	
End of Year		<u>\$ 170,171</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, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Affordable housing demo tax	\$ 50,000	\$ 97,000	\$ 47,000
Developer contributions	125,000	325,000	200,000
Interest	230	5,623	5,393
Miscellaneous	460,600	8,056	(452,544)
Total Revenues	635,830	435,679	(200,151)
Expenditures			
Housing and economic development	1,707,252	360,323	(1,346,929)
Net Change in Fund Balance	<u>\$ (1,071,422)</u>	75,356	<u>\$ 1,146,778</u>
Fund Balance			
Beginning of Year		<u>1,401,188</u>	
End of Year		<u>\$ 1,476,544</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

HOME Fund

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

For the Fiscal Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 585,861	\$ 227,450	\$ (358,411)
Interest	-	5,685	5,685
Miscellaneous	-	21,820	21,820
Total Revenues	585,861	254,955	(330,906)
Expenditures			
Housing and economic development	586,692	248,055	(338,637)
Net Change in Fund Balance	<u>\$ (831.00)</u>	6,900	<u>\$ 7,731</u>
Fund Balance			
Beginning of Year		<u>2,377</u>	
End of Year		<u>\$ 9,277</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments			
grant from U.S. Department of Housing and Urban Development	\$ 2,272,494	\$ 1,906,708	\$ (365,786)
Miscellaneous	-	263	263
Total Revenues	2,272,494	1,906,971	(365,523)
Expenditures			
Housing and economic development	1,454,683	1,900,376	445,693
Total Expenditures	1,454,683	1,900,376	445,693
Excess (Deficiency) of Revenues Over Expenditures	817,811	6,595	(811,216)
Other Financing Sources (Uses)			
Transfers (out)	(827,295)	(6,594)	820,701
Other Financing Sources (Uses) - Net	(827,295)	(6,594)	820,701
Net Change in Fund Balance	\$ (9,484)	1	\$ 9,485
Fund Balance			
Beginning of Year		64,106	
End of Year		\$ 64,107	

(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, 2017

	Original and Final Budget	Actual	Variance
Administration/Planning			
CDBG administration	\$ 863,722	\$ 297,826	\$ (565,896)
Total Administration/Planning	863,722	297,826	(565,896)
Economic Development			
Evanston Community Development Corporation	175,500	115,000	(60,500)
Total Economic Development	175,500	115,000	(60,500)
Housing			
Rehab construction administration	198,821	206,274	7,453
Targeted housing code enforcement	-	316,578	316,578
Total Housing	198,821	522,852	324,031
Neighborhood Revitalization			
Street resurfacing	-	249,682	249,682
Snap lighting	-	45,376	45,376
Ridgeville Reba Park project	-	76,127	76,127
Alley improvement/paving program	-	223,245	223,245
Over the rainbow	-	50,000	50,000
CJE senior life	-	9,875	9,875
YOU	-	33,412	33,412
Special assessments	-	860	860
Total Neighborhood Revitalization	-	688,577	688,577
Public Services			
Moran/Defender	-	21,800	21,800
Evanston Legal Services	-	7,000	7,000
Youth Job Center of Evanston	-	21,800	21,800
City/Cert. of Rehab & Records	-	30,000	30,000
Summer youth	-	22,000	22,000
YWCA Domestic Violence	-	24,800	24,800
Connection for Homeless	-	15,100	15,100
Family Focus	-	15,000	15,000
Children's Home + Aid	-	7,000	7,000
Meals at Home	-	14,700	14,700
North Shore Senior Center	-	10,500	10,500
Evanston Schoars	-	5,200	5,200
Open Studio Art	-	4,000	4,000
Open Communities	-	7,500	7,500
Interfaith Housing Program - Homeshare	-	12,500	12,500
Graffiti	-	41,921	41,921
Iwork/hous options	-	15,300	15,300
Contributions to other agencies	216,640	-	(216,640)
Total Public Services	216,640	276,121	59,481
Total Expenditures	\$ 1,454,683	\$ 1,900,376	\$ 445,693

(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, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 3,392	\$ 3,392
Miscellaneous	293,000	51,369	(241,631)
Total Revenues	293,000	54,761	(238,239)
Expenditures			
Housing and economic development	293,000	13,070	(279,930)
Net Change in Fund Balance	<u>\$ -</u>	41,691	<u>\$ 41,691</u>
Fund Balances			
Beginning of Year		<u>210,921</u>	
End of Year		<u>\$ 252,612</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, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 139,500	\$ 37,641	\$ (101,859)
Total Revenues	<u>139,500</u>	<u>37,641</u>	<u>(101,859)</u>
Expenditures			
Housing and economic development	<u>94,381</u>	<u>33,123</u>	<u>(61,258)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>45,119</u>	<u>4,518</u>	<u>(40,601)</u>
Other Financing Sources (Uses)			
Transfers (out)			
Transfers to Debt Service Fund	<u>(4,518)</u>	<u>(4,518)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(4,518)</u>	<u>(4,518)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 40,601</u>	<u>-</u>	<u>\$ (40,601)</u>
Fund Balances			
Beginning of Year		<u>-</u>	
End of Year		<u>\$ -</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Special Service District No. 4 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes			
Current year	\$ 320,000	\$ 322,477	\$ 2,477
Investment income	-	5	5
Total Revenues	320,000	322,482	2,482
Expenditures			
Housing and economic development	320,000	329,000	9,000
Net Change in Fund Balance	<u>\$ -</u>	<u>(6,518)</u>	<u>\$ (6,518)</u>
Fund Balance			
Beginning of Year		<u>(192,276)</u>	
End of Year		<u>\$ (198,794)</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Miscellaneous	\$ 1,000,000	\$ 1,000,000	\$ -
Investment income	-	1,884	1,884
Total Revenues	1,000,000	1,001,884	1,884
Expenditures			
Housing and economic development	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	1,000,000	1,001,884	1,884
Other Financing Sources (Uses)			
Transfers (out)	(1,000,000)	(1,000,000)	-
Other Financing Sources (Uses) - Net	(1,000,000)	(1,000,000)	-
Net Change in Fund Balance	\$ -	1,884	\$ 1,884
Fund Balance			
Beginning of Year		-	
End of Year		\$ 1,884	

(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, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 900,000	\$ 933,020	\$ 33,020
Investment income	1,000	1,547	547
Miscellaneous	25,000	33,019	8,019
Total Revenues	926,000	967,586	41,586
Expenditures			
General management and support	1,178,971	909,475	(269,496)
Net Change in Fund Balance	<u>\$ (252,971)</u>	58,111	<u>\$ 311,082</u>
Fund Balance			
Beginning of Year		<u>586,388</u>	
Ending		<u>\$ 644,499</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Capital Improvements Fund

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

For the Fiscal Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 1,920,000	\$ 530,812	\$ (1,389,188)
Charges for services	-	33,339	33,339
Investment income	-	56,607	56,607
Miscellaneous	-	5,174	5,174
Contributions	-	412,945	412,945
Total Revenues	1,920,000	1,038,877	(881,123)
Expenditures			
General management and support	-	298,237	298,237
Public safety	-	9,064	9,064
Capital outlay	28,630,782	14,953,180	(13,677,602)
Total Expenditures	28,630,782	15,260,481	(13,370,301)
Excess (Deficiency) of Revenues Over Expenditures	(26,710,782)	(14,221,604)	12,489,178
Other Financing Sources (Uses)			
Issuance of bonds	12,295,000	10,730,000	(1,565,000)
Premium on issuance of bonds	-	457,736	457,736
Transfers in	7,710,000	1,436,689	(6,273,311)
Transfers (out)	(500,000)	(1,149,512)	(649,512)
Total Other Financing Sources (Uses)	19,505,000	11,474,913	(8,030,087)
Net Change in Fund Balance	\$ (7,205,782)	(2,746,691)	\$ 4,459,091
Fund Balances			
Beginning of Year		<u>11,505,164</u>	
End of Year		<u>\$ 8,758,473</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Crown Capital Fund

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

For the Fiscal Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance
Revenues			
None	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures			
Public works	1,377,730	1,008,651	(369,079)
Excess (Deficiency) of Revenues Over Expenditures	(1,377,730)	(1,008,651)	369,079
Other Financing Sources (Uses)			
Issuance of bonds	-	900,000	900,000
Transfers in	-	649,512	649,512
Total Other Financing Sources (Uses)	-	1,549,512	1,549,512
Net Change in Fund Balance	<u>\$ (1,377,730)</u>	540,861	<u>\$ 1,918,591</u>
Fund Balances			
Beginning of Year		-	
End of Year		<u>\$ 540,861</u>	

(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, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Special assessments	\$ 230,000	\$ 260,307	\$ 30,307
Investment income	1,200	7,911	6,711
Total Revenues	231,200	268,218	37,018
Expenditures			
Current			
General management and support	-	6,307	6,307
Total Expenditures	-	6,307	6,307
Excess (Deficiency) of Revenues Over Expenditures	231,200	261,911	30,711
Other Financing Sources (Uses)			
Issuance of bonds	250,000	-	(250,000)
Premium on issuance of bonds	-	-	-
Transfers (out)	(513,427)	(263,427)	250,000
Other Financing Sources (Uses) - Net	(263,427)	(263,427)	-
Net Change in Fund Balance	\$ (32,227)	(1,516)	\$ 30,711
Fund Balance			
Beginning of Year		2,999,216	
End of Year		\$ 2,997,700	

(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, 2017

	Chicago Main Tax Increment District		Special Service Area No. 6		Howard Hartrey Tax Increment District	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
Revenues						
Taxes						
Property taxes	\$ -	\$ 75,430	\$ 220,000	\$ 215,245	\$ -	\$ -
Investment income	-	9	500	22	-	1,320
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	75,439	220,500	215,267	-	1,320
Expenditures						
Housing and economic development	3,580,000	582,012	290,730	213,354	-	599,668
Debt Service						
Principal	-	3,000,000	-	-	-	-
Interest	60,000	87,500	-	-	-	-
Total Expenditures	3,640,000	3,669,512	290,730	213,354	-	599,668
Excess (Deficiency) of Revenues Over Expenditures	(3,640,000)	(3,594,073)	(70,230)	1,913	-	(598,348)
Other Financing Sources (Uses)						
Issuance of bonds	-	2,960,000	-	-	-	-
Issuance of loans	-	520,000	-	-	-	-
Premium (discount) on bonds issued	-	40,189	-	-	-	-
Transfers in (out)						
General	-	-	-	(78,000)	-	-
Capital improvement	-	-	-	-	-	-
Other	-	-	-	-	(599,667)	(45,325)
Total Other Financing Sources (Uses)	-	3,520,189	-	(78,000)	(599,667)	(45,325)
Net Changes in Fund Balances	<u>\$ (3,640,000)</u>	<u>(73,884)</u>	<u>\$ (70,230)</u>	<u>(76,087)</u>	<u>\$ (599,667)</u>	<u>(643,673)</u>
Fund Balances (Deficit)						
Beginning of Year		<u>135,077</u>		<u>78,294</u>		<u>643,673</u>
End of Year		<u>\$ 61,193</u>		<u>\$ 2,207</u>		<u>\$ -</u>

Washington National Tax Increment District		Dempster-Dodge Tax Increment District		Howard Ridge Tax Increment District		West Evanston Tax Increment District		Total	
Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
\$ 5,145,000	\$ 5,249,949	\$ -	\$ 48,001	\$ 555,000	\$ 583,827	\$ -	\$ 43,503	\$ 5,920,000	\$ 6,215,955
10,000	45,923	-	1	400	21	150	3,898	11,050	51,194
-	-	-	-	130,000	32,000	-	12,339	130,000	44,339
5,155,000	5,295,872	-	48,002	685,400	615,848	150	59,740	6,061,050	6,311,488
600,000	100,679	-	-	1,538,000	307,391	-	2,007	6,008,730	1,805,111
-	-	2,004,000	2,000,000	-	-	-	-	2,004,000	5,000,000
-	-	40,000	92,108	600	995	10,000	12,227	110,600	192,830
600,000	100,679	2,044,000	2,092,108	1,538,600	308,386	10,000	14,234	8,123,330	6,997,941
4,555,000	5,195,193	(2,044,000)	(2,044,106)	(853,200)	307,462	(9,850)	45,506	(2,062,280)	(686,453)
-	-	50,000	2,040,000	-	-	-	-	50,000	5,000,000
-	-	-	-	-	-	-	-	-	520,000
-	-	-	27,512	-	-	-	-	-	67,701
(350,000)	(500,000)	-	-	(60,000)	(60,000)	(30,000)	(30,000)	(440,000)	(668,000)
(5,470,000)	(936,689)	-	-	-	-	-	-	(5,470,000)	(936,689)
(4,120,636)	(4,120,636)	-	-	-	-	-	-	(4,720,303)	(4,165,961)
(9,940,636)	(5,557,325)	50,000	2,067,512	(60,000)	(60,000)	(30,000)	(30,000)	(10,580,303)	(182,949)
<u>\$ (5,385,636)</u>	<u>(362,132)</u>	<u>\$ (1,994,000)</u>	<u>23,406</u>	<u>\$ (913,200)</u>	<u>247,462</u>	<u>\$ (39,850)</u>	<u>15,506</u>	<u>\$ (12,642,583)</u>	<u>(869,402)</u>
	<u>5,624,676</u>		<u>(29,415)</u>		<u>(84)</u>		<u>417,260</u>		<u>6,869,481</u>
	<u>\$ 5,262,544</u>		<u>\$ (6,009)</u>		<u>\$ 247,378</u>		<u>\$ 432,766</u>		<u>\$ 6,000,079</u>

(See independent auditor's report.)

ENTERPRISE FUNDS

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Water Fund
 Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2017

	Original and Final Budget	Actual
Operating Revenues		
Charges for services	\$ 17,274,000	\$ 16,983,549
Miscellaneous	519,400	604,247
Total Operating Revenues	<u>17,793,400</u>	<u>17,587,796</u>
Operating Expenses Excluding Depreciation		
Administration	1,090,255	1,588,801
Operations		
Pumping	2,533,492	2,434,814
Filtration	2,656,063	2,242,524
Distribution	16,963,651	2,354,563
Meter maintenance	-	228
Other	1,310,017	479,462
Total Operating Expenses Excluding Depreciation	<u>24,553,478</u>	<u>9,100,392</u>
Operating Income (Loss) Before Depreciation	(6,760,078)	8,487,404
Depreciation	-	2,470,280
Operating Income (Loss)	<u>(6,760,078)</u>	<u>6,017,124</u>
Non-Operating Revenue (Expenses)		
Investment income	1,600	35,784
Interest expense	(395,115)	(668,363)
Gain on disposal of capital assets	-	203,532
Total Non-Operating Revenues (Expenses)	<u>(393,515)</u>	<u>(429,047)</u>
Income (Loss) Before Transfers	<u>(7,153,593)</u>	<u>5,588,077</u>
Transfers		
Transfers (out)	<u>(3,369,559)</u>	<u>(6,194,560)</u>
Total Transfers	<u>(3,369,559)</u>	<u>(6,194,560)</u>
Net Income (Loss)	<u>\$ (10,523,152)</u>	<u>(606,483)</u>
Net Position		
Beginning of Year		70,470,424
End of Year		<u>\$ 69,863,941</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, 2017

	Original and Final Budget	Actual
Charges for Services, Net		
Water Sales		
Evanston	\$ 7,274,000	\$ 7,448,975
Skokie	4,000,000	3,635,940
Northwest Water Commission	6,000,000	5,898,634
	<hr/>	<hr/>
Total Charges for Services	17,274,000	16,983,549
	<hr/>	<hr/>
Miscellaneous		
Fees and outside work	36,000	49,220
Fees, merchandise, and other	483,400	555,027
	<hr/>	<hr/>
Total Miscellaneous	519,400	604,247
	<hr/>	<hr/>
Total Operating Revenues	\$ 17,793,400	\$ 17,587,796

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

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

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.

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, 2017

	Equipment Replacement	Fleet Services	Insurance	Total
Current Assets				
Cash and cash equivalents	\$ 1,186,577	\$ 320,046	\$ 70,000	\$ 1,576,623
Receivables - other	16,810	-	-	16,810
Inventories	-	963,433	-	963,433
Prepaid items	-	-	1,505,795	1,505,795
Due from other governments	-	6,238	-	6,238
Due from other funds	67,438	-	-	67,438
Total Current Assets	1,270,825	1,289,717	1,575,795	4,136,337
Capital Assets				
Capital assets being depreciated	23,997,641	617,552	-	24,615,193
Accumulated depreciation	(16,103,512)	(617,447)	-	(16,720,959)
Total Capital Assets	7,894,129	105	-	7,894,234
Total Assets	9,164,954	1,289,822	1,575,795	12,030,571
Current Liabilities				
Vouchers payable	122,624	126,289	1,531,907	1,780,820
Due to other funds	298,682	625,000	66,202	989,884
Compensated absences payable	-	21,193	5,738	26,931
Claims payable	-	-	1,477,000	1,477,000
Total Current Liabilities	421,306	772,482	3,080,847	4,274,635
Long-Term Liabilities				
Compensated absences payable	-	84,771	22,953	107,724
OPEB liability	-	91,121	-	91,121
Claims payable	-	-	2,810,500	2,810,500
Total Long-Term Liabilities	-	175,892	2,833,453	3,009,345
Total Liabilities	421,306	948,374	5,914,300	7,283,980
Net Position (Deficit)				
Net investment in capital assets	7,894,129	105	-	7,894,234
Unrestricted (deficit)	849,519	341,343	(4,338,505)	(3,147,643)
Total Net Position (Deficit)	\$ 8,743,648	\$ 341,448	\$ (4,338,505)	\$ 4,746,591

(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, 2017

	Equipment Replacement	Fleet Services	Insurance	Total
Operating Revenues				
Charges for services				
General Fund	\$ 1,180,488	\$ 1,801,059	\$ 2,281,864	\$ 5,263,411
Sewer Fund	-	192,213	269,988	462,201
Solid Waste	182,445	322,362	-	504,807
Water Fund	-	132,754	468,492	601,246
Motor Vehicle Parking System Fund	30,900	23,783	319,648	374,331
Library Fund	4,885	5,440	-	10,325
Emergency Telephone System	-	-	17,448	17,448
Economic Development	-	-	17,448	17,448
Community Development Block Grant	1,339	824	17,448	19,611
HOME	-	-	820	820
Claims reimbursements	-	-	102,934	102,934
Health insurance contributions				
Contributions from other funds	-	-	10,907,595	10,907,595
Employee contributions	-	-	2,806,557	2,806,557
Other contributions	-	-	522,849	522,849
Miscellaneous	-	19,016	-	19,016
Total Operating Revenues	1,400,057	2,497,451	17,733,091	21,630,599
Operating Expenses				
General support	-	1,168,869	571,379	1,740,248
Major maintenance	74,539	1,722,489	-	1,797,028
General liability claims	-	-	3,130,571	3,130,571
Workers' compensation claims	-	-	2,653,980	2,653,980
Health insurance premiums	-	-	15,009,393	15,009,393
Total Operating Expenses	74,539	2,891,358	21,365,323	24,331,220
Operating Income (Loss) Before Depreciation	1,325,518	(393,907)	(3,632,232)	(2,700,621)
Depreciation	1,780,829	-	-	1,780,829
Operating Income (Loss)	(455,311)	(393,907)	(3,632,232)	(4,481,450)
Non-Operating Revenue (Expenses)				
Investment income	2,129	339	384	2,852
Gain on sale of property	88,015	-	-	88,015
Total Non-Operating Revenues (Expenses)	90,144	339	384	90,867
Income (Loss) Before Transfers	(365,167)	(393,568)	(3,631,848)	(4,390,583)
Transfers				
Transfers in	-	-	2,300,000	2,300,000
Transfers (out)	-	(27,833)	(9,632)	(37,465)
Total Transfers	-	(27,833)	2,290,368	2,262,535
Change in Net Position	(365,167)	(421,401)	(1,341,480)	(2,128,048)
Net Position (Deficit) - Beginning	9,108,815	762,849	(2,997,025)	6,874,639
Net Position (Deficit) - Ending	\$ 8,743,648	\$ 341,448	\$ (4,338,505)	\$ 4,746,591

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Internal Service Funds
 Combining Statement of Cash Flows

For the Fiscal Year Ended December 31, 2017

	Equipment Replacement	Fleet Services	Insurance	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ -	\$ 19,016	\$ 2,909,491	\$ 2,928,507
Receipts from/(payments for) interfund services provided	1,283,646	3,080,291	14,789,765	19,153,702
Receipts from other agencies	-	-	522,849	522,849
Payments to suppliers	(82,704)	(1,896,713)	(571,379)	(2,550,796)
Payments to employees	-	(1,151,976)	(3,136,327)	(4,288,303)
Payments for insurance premiums	-	-	(16,867,500)	(16,867,500)
Net Cash Provided from Operating Activities	1,200,942	50,618	(2,353,101)	(1,101,541)
Cash Flows from Noncapital Financing Activities				
Interfund transfers	-	(27,833)	2,290,368	2,262,535
Net Cash from Noncapital Financing Activities	-	(27,833)	2,290,368	2,262,535
Cash Flows from Capital and Related Financing Activities				
Sale of capital assets	88,015	-	-	88,015
Acquisition and construction of capital assets	(1,695,815)	-	-	(1,695,815)
Net Cash from Capital and Related Financing Activities	(1,607,800)	-	-	(1,607,800)
Cash Flows from Investing Activities				
Interest income	2,129	339	384	2,852
Net Cash from Investing Activities	2,129	339	384	2,852
Net Increase (Decrease) in Cash and Cash Equivalents	(404,729)	23,124	(62,349)	(443,954)
Cash and Equivalents				
Beginning	1,591,306	296,922	132,349	2,020,577
Ending	\$ 1,186,577	\$ 320,046	\$ 70,000	\$ 1,576,623
Reconciliation of Operating Income (Loss) to Net Cash				
Provided from Operating Activities				
Operating Income (loss)	\$ (455,311)	\$ (393,907)	\$ (3,632,232)	\$ (4,481,450)
Adjustments to reconcile operating income to net cash provided from operating activities				
Depreciation	1,780,829	-	-	1,780,829
Changes in assets and liabilities				
Increase/decrease in accounts receivable miscellaneous	(8,165)	-	-	(8,165)
Interfund receivable	(67,438)	-	422,812	355,374
Prepaid expenses	-	-	932,155	932,155
Inventories	-	(81,783)	-	(81,783)
Compensated absences	-	7,514	(5,756)	1,758
OPEB liability	-	9,379	-	9,379
Vouchers payable	-	(92,441)	1,504,087	1,411,646
Interfund payable	(48,973)	601,856	66,202	619,085
Claims payable	-	-	(1,640,369)	(1,640,369)
Net Cash Provided from Operating Activities	\$ 1,200,942	\$ 50,618	\$ (2,353,101)	\$ (1,101,541)

(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, 2017

	Operating	Endowment	Capital Improvement
Assets			
Cash and investments	\$ 957,290	\$ 4,385,655	\$ 322,066
Property taxes receivable	6,626,435	-	-
Other receivables	95	-	-
Due from other governments	57,834	-	-
Due from primary government	-	-	-
Due from other funds	198,905	-	-
Capital assets not being depreciated	-	-	-
Capital assets net of accumulated depreciation	-	-	-
Total Assets	7,840,559	4,385,655	322,066
Deferred Outflows of Resources			
Pension items - IMRF	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 7,840,559	\$ 4,385,655	\$ 322,066
Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position			
Current Liabilities			
Accounts Payable	\$ 171,820	\$ -	\$ 13,667
Due to Primary Government	-	-	-
Due to other funds	-	190,200	-
Total Current Liabilities	171,820	190,200	13,667
Noncurrent Liabilities			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total Noncurrent Liabilities	-	-	-
Total Liabilities	171,820	190,200	13,667
Deferred Inflows of Resources			
Pension items - IMRF	-	-	-
Unavailable Property Taxes	6,626,435	-	-
Total Deferred Inflows of Resources	6,626,435	-	-
Total Liabilities and Deferred Inflows of Resources	6,798,255	190,200	13,667
Fund Balances/Net Position			
Net investment in capital assets	-	-	-
Restricted for debt service	-	-	-
Restricted for capital improvements	-	-	308,399
Restricted for endowment	-	4,195,455	-
Unassigned/unrestricted	1,042,304	-	-
Total Fund Balances/Net Position	1,042,304	4,195,455	308,399
Total Liabilities, Deferred Inflows, and Fund Balances/Net Position	\$ 7,840,559	\$ 4,385,655	\$ 322,066

Debt Service	Total	Adjustments	Statement of Net Position
\$ -	\$ 5,665,011	\$ -	\$ 5,665,011
345,790	6,972,225	-	6,972,225
-	95	-	95
-	57,834	-	57,834
12,794	12,794	-	12,794
-	198,905	(198,905)	-
-	-	311,380	311,380
-	-	11,599,662	11,599,662
358,584	12,906,864	11,712,137	24,619,001
-	-	1,538,265	1,538,265
\$ 358,584	\$ 12,906,864	\$ 13,250,402	\$ 26,157,266
\$ -	\$ 185,487	\$ -	\$ 185,487
-	-	-	-
8,705	198,905	(198,905)	-
8,705	384,392	(198,905)	185,487
-	-	407,593	407,593
-	-	4,669,210	4,669,210
-	-	5,076,803	5,076,803
8,705	384,392	4,877,898	5,262,290
-	-	201,861	201,861
345,790	6,972,225	-	6,972,225
345,790	6,972,225	201,861	7,174,086
354,495	7,356,617	5,079,759	12,436,376
-	-	8,752,321	8,752,321
4,089	4,089	-	4,089
-	308,399	-	308,399
-	4,195,455	-	4,195,455
-	1,042,304	(581,678)	460,626
4,089	5,550,247	8,170,643	13,720,890
\$ 358,584	\$ 12,906,864	\$ 13,250,402	\$ 26,157,266

(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, 2017

	Operating	Endowment	Capital Improvement
Revenues			
Property taxes	\$ 6,370,507	\$ -	\$ -
Intergovernmental			
Personal property replacement tax	-	-	-
Grant revenue	108,001	-	-
Charges for services	329,579	-	-
Fines and forfeits	122,862	-	-
Other			
Investment income	5,169	565,798	-
Donations	69,984	-	-
Miscellaneous	395	-	-
Total Revenues	7,006,497	565,798	-
Expenditures			
Current			
Community services	6,805,048	-	-
Capital Outlay	-	-	1,091,917
Debt Service			
Payment Primary Government	-	-	-
Principal	-	-	-
Interest and fiscal charges	-	-	30,790
Total Expenditures	6,805,048	-	1,122,707
Excess (Deficiency) or Revenues Over Expenditures	201,449	565,798	(1,122,707)
Other Financing Sources (Uses)			
Issuance of bonds	-	-	1,380,000
Premium on bond issuances	-	-	51,106
Transfer in	190,200	-	-
Transfer (out)	-	(190,200)	-
Total Other Financing Sources (Uses)	190,200	(190,200)	1,431,106
Change in Fund Balance/Net Position	391,649	375,598	308,399
Fund Balances/Net Position			
Beginning of Year	650,655	3,819,857	-
End of Year	\$ 1,042,304	\$ 4,195,455	\$ 308,399

Debt Service	Total	Adjustments	Statement of Activities
\$ 338,897	\$ 6,709,404	\$ -	\$ 6,709,404
-	-	-	-
-	108,001	-	108,001
-	329,579	-	329,579
-	122,862	-	122,862
7	570,974	-	570,974
-	69,984	-	69,984
-	395	-	395
338,904	7,911,199	-	7,911,199
112	6,805,160	2,097,914	8,903,074
-	1,091,917	(1,091,917)	-
-	-	-	-
1,064,547	1,064,547	(1,064,547)	-
78,610	109,400	(86,316)	23,084
1,143,269	9,071,024	(144,866)	8,926,158
(804,365)	(1,159,825)	144,866	(1,014,959)
743,535	2,123,535	(2,123,535)	-
35,210	86,316	(86,316)	-
-	190,200	(190,200)	-
-	(190,200)	190,200	-
778,745	2,209,851	(2,209,851)	-
(25,620)	1,050,026	(2,064,985)	(1,014,959)
29,709	4,500,221	10,235,628	14,735,849
\$ 4,089	\$ 5,550,247	\$ 8,170,643	\$ 13,720,890

(See independent auditor's report.)

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

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

For the Fiscal Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Taxes			
Property taxes	\$ 6,376,358	\$ 6,370,507	\$ (5,851)
Intergovernmental			
Personal property replacement tax	46,100	-	(46,100)
Grant revenue	107,418	108,001	583
Charges for services	336,020	329,579	(6,441)
Fines and forfeits	164,000	122,862	(41,138)
Other			
Investment income	5,400	5,169	(231)
Donations	24,849	69,984	45,135
Miscellaneous	-	395	395
Total Revenues	<u>7,060,145</u>	<u>7,006,497</u>	<u>(53,648)</u>
Expenditures			
General management and support	<u>6,917,052</u>	<u>6,805,048</u>	<u>(112,004)</u>
Total Expenditures	<u>6,917,052</u>	<u>6,805,048</u>	<u>(112,004)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>143,093</u>	<u>201,449</u>	<u>58,356</u>
Other Financing Sources (Uses)			
Transfers in	190,200	190,200	-
Transfers (out)	<u>(333,293)</u>	<u>-</u>	<u>333,293</u>
Total Other Financing Sources (Uses)	<u>(143,093)</u>	<u>190,200</u>	<u>333,293</u>
Net Changes in Fund Balances	<u>\$ -</u>	<u>391,649</u>	<u>\$ 391,649</u>
Fund Balances			
Beginning of Year		<u>650,655</u>	
End of Year		<u>\$ 1,042,304</u>	

(See independent auditor's report.)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
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.	132-137
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	138-140
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	141-145
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	146-147
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.	148-153

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)

	2009	2010	2011	2011*	2012	2013	2014	2015**	2016	2017
Governmental Activities										
Net investment in capital assets	\$ 37,278	\$ 41,109	\$ 49,483	\$ 57,663	\$ 60,105	\$ 47,214	\$ 46,633	\$ 47,953	\$ 51,588	\$ 51,575
Restricted	26,238	23,645	23,187	31,559	31,754	24,720	25,446	16,409	18,523	11,990
Unrestricted	17,539	10,400	4,072	(24,033)	(23,729)	(13,846)	(11,436)	(136,007)	(170,270)	(164,614)
Total Governmental Activities Net Position	\$ 81,055	\$ 75,154	\$ 76,742	\$ 65,189	\$ 68,130	\$ 58,088	\$ 60,643	\$ (71,645)	\$ (100,159)	\$ (101,049)
Business-Type Activities										
Net investment in capital assets	\$ 172,399	\$ 192,921	\$ 207,162	\$ 215,755	\$ 228,738	\$ 239,243	\$ 246,382	\$ 255,622	\$ 268,851	\$ 278,446
Restricted	1,987	3,378	1,624	1,034	710	712	649	-	-	-
Unrestricted	27,586	25,417	19,141	25,385	26,363	25,484	23,563	22,785	18,928	14,249
Total Business-Type Activities Net Position	\$ 201,972	\$ 221,716	\$ 227,927	\$ 242,174	\$ 255,811	\$ 265,439	\$ 270,594	\$ 278,407	\$ 287,779	\$ 292,695
Primary Government										
Net investment in capital assets	\$ 209,677	\$ 234,030	\$ 256,645	\$ 273,418	\$ 288,843	\$ 286,457	\$ 293,015	\$ 303,575	\$ 320,439	\$ 330,021
Restricted	28,225	27,023	24,811	32,593	32,464	25,432	26,095	16,409	18,523	11,990
Unrestricted	45,125	35,817	23,213	1,352	2,634	11,638	12,127	(113,222)	(151,342)	(150,365)
Total Primary Government Net Position	\$ 283,027	\$ 296,870	\$ 304,669	\$ 307,363	\$ 323,941	\$ 323,527	\$ 331,237	\$ 206,762	\$ 187,620	\$ 191,646

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

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

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Changes in Net Position

Last Ten Fiscal Years

(amounts expressed in thousands)

	2009	2010	2011	2011*	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
General government	\$ 18,017	\$ 19,773	\$ 17,517	\$ 17,911	\$ 22,508	\$ 18,892	\$ 13,811	\$ 12,493	\$ 18,163	\$ 20,890
Public safety	49,484	50,488	53,226	43,465	52,740	57,090	58,795	57,443	55,625	61,191
Public works	21,628	18,509	15,626	12,399	11,099	13,782	25,825	20,011	13,668	24,793
Health and human resource development	4,546	4,760	4,541	3,547	3,200	3,601	3,837	2,911	3,319	3,354
Housing and economic development	6,965	20,066	10,857	11,630	19,101	11,123	12,443	10,532	21,063	7,023
Culture and recreation	20,002	9,120	20,142	15,607	17,438	16,433	9,358	14,794	14,380	14,744
Interest on long-term debt	4,041	4,396	5,595	3,114	1,786	377	3,919	3,757	3,779	3,354
Total Governmental Activities Expenses	124,683	127,112	127,504	107,673	127,872	121,298	127,988	121,941	129,997	135,349
Business-Type Activities										
Water	9,391	9,133	8,713	7,450	10,172	11,193	11,977	10,748	11,450	12,239
Sewer	8,726	8,779	8,784	7,083	7,872	7,649	7,293	6,608	6,683	6,540
Solid waste	-	-	-	4,317	4,612	4,732	4,856	5,150	4,967	4,907
Motor vehicle parking system	8,896	8,841	8,425	6,673	8,297	8,369	7,856	7,862	8,532	8,575
Total Business-Type Activities Expenses	27,013	26,753	25,922	25,523	30,953	31,943	31,982	30,368	31,632	32,261
Total Primary Government Expenses	\$ 151,696	\$ 153,865	\$ 153,426	\$ 133,196	\$ 158,825	\$ 153,241	\$ 159,970	\$ 152,309	\$ 161,629	\$ 167,610
Program Revenues										
Governmental Activities										
Charges for services										
General government	\$ 13,348	\$ 13,087	\$ 12,796	\$ 9,219	\$ 9,478	\$ 8,917	\$ 9,374	\$ 8,629	\$ 10,094	\$ 8,145
Culture and recreation	4,637	4,902	5,265	4,587	9,934	5,236	5,360	5,572	5,560	5,669
Other activities	10,289	7,946	9,377	8,523	11,349	12,179	15,253	11,268	15,739	12,712
Operating grants and contributions	5,117	5,898	9,851	9,861	13,453	10,102	7,151	5,535	6,809	5,931
Capital grants and contributions	113	4,037	8,026	3,941	2,017	2,956	501	275	368	325
Total Governmental Activities Program Revenues	33,504	35,870	45,315	36,131	46,231	39,390	37,639	31,279	38,570	32,782

	2009	2010	2011	2011*	2012	2013	2014	2015	2016	2017
Business-Type Activities										
Charges for services										
Water	\$ 13,685	\$ 12,694	\$ 13,738	\$ 12,369	\$ 14,967	\$ 14,658	\$ 15,052	\$ 15,722	\$ 16,419	\$ 17,588
Sewer	13,774	13,243	13,393	11,377	14,115	13,510	12,785	12,511	13,049	12,478
Sherman garage	-	-	-	-	-	-	-	-	-	-
Solid waste	-	-	-	2,900	3,490	3,651	3,971	4,004	4,031	4,061
Motor vehicle parking system	6,719	6,772	5,987	4,928	6,663	6,255	6,080	6,164	6,688	6,530
Maple avenue garage fund	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	395	939	15	-	38,400	-
Total Business-Type Activities Program Revenues	34,178	32,709	33,118	31,574	39,630	39,013	37,903	38,401	78,587	40,657
Total Primary Government Program Revenues	\$ 67,682	\$ 68,579	\$ 78,433	\$ 67,705	\$ 85,861	\$ 78,403	\$ 75,542	\$ 69,680	\$ 117,157	\$ 73,439
Net (Expense)/Revenue										
Governmental Activities	\$ (91,179)	\$ (91,242)	\$ (82,189)	\$ (71,542)	\$ (81,641)	\$ (81,908)	\$ (90,349)	\$ (90,662)	\$ (91,427)	\$ (102,567)
Business-Type Activities	7,165	5,956	7,196	6,051	8,677	7,070	5,921	8,033	46,955	8,396
Total Primary Government Net Expense	\$ (84,014)	\$ (85,286)	\$ (74,993)	\$ (65,491)	\$ (72,964)	\$ (74,838)	\$ (84,428)	\$ (82,629)	\$ (44,472)	\$ (94,171)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 56,217	\$ 58,839	\$ 47,040	\$ 33,399	\$ 47,874	\$ 46,349	\$ 48,579	\$ 45,840	\$ 45,610	\$ 46,563
Sales taxes	15,500	14,880	15,577	13,495	15,888	16,965	17,362	17,758	17,932	16,071
Investment earnings	360	721	557	32	398	79	(258)	30	118	235
Miscellaneous	26,684	24,601	27,501	21,244	25,348	27,369	26,612	30,950	33,217	35,011
Transfers	(9,469)	(13,700)	(99)	(8,180)	(4,926)	(2,586)	610	631	434	3,797
Total Governmental Activities	89,292	85,341	90,576	59,990	84,582	88,176	92,905	95,209	97,311	101,677
Business-Type Activities										
Investment earnings	606	87	23	16	34	33	(156)	27	59	114
Miscellaneous	(28)	-	-	-	-	(61)	-	301	(245)	203
Transfers	9,469	13,700	99	8,180	4,926	2,586	(610)	(631)	(434)	(3,797)
Total Business-Type Activities	10,047	13,787	122	8,196	4,960	2,558	(766)	(303)	(620)	(3,480)
Changes in Net Position										
Governmental Activities	(1,887)	(5,901)	8,387	(11,552)	2,941	6,268	2,556	4,547	5,884	(890)
Business-Type Activities	17,212	19,743	7,318	14,247	13,637	9,628	5,155	7,730	46,335	4,916
Total Primary Government	\$ 15,325	\$ 13,842	\$ 15,705	\$ 2,695	\$ 16,578	\$ 15,896	\$ 7,711	\$ 12,277	\$ 52,219	\$ 4,026

* 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)

	2009	2010	2011	2011*	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	-	-	-	-	-	-	-	118	\$ -	\$ 300
Reserved/Restricted	1,275	1,585	1,995	-	-	-	-	-	-	-
Unreserved/Restricted	19,752	18,603	20,009	-	-	-	-	-	-	-
Assigned	-	-	-	7,590	6,848	6,362	5,347	5,672	5,046	4,180
Unassigned	-	-	-	10,803	10,186	10,001	9,636	4,914	6,622	8,868
Total General Fund	\$ 21,027	\$ 20,188	\$ 22,004	\$ 18,393	\$ 17,034	\$ 16,363	\$ 14,983	\$ 10,586	\$ 11,668	\$ 13,348
All Other Governmental Funds										
Reserved	\$ 31,757	\$ 28,953	\$ 28,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special Revenue Funds	10,356	10,807	10,907	-	-	-	-	-	-	-
Capital Projects Funds	20,899	9,276	9,665	-	-	-	-	-	-	-
Nonspendable	-	-	-	1,419	-	407	1,430	2,158	-	-
Restricted	-	-	-	32,353	32,431	25,359	26,003	16,409	18,523	11,418
Committed	-	-	-	806	2,150	3,507	3,540	2,556	2,996	-
Assigned	-	-	-	10,074	5,307	8,372	10,467	5,517	7,668	12,301
Unassigned	-	-	-	(175)	1,105	(149)	(153)	(221)	(252)	(204)
Total All Other Governmental Funds	\$ 63,012	\$ 49,036	\$ 49,310	\$ 44,477	\$ 40,993	\$ 37,496	\$ 41,287	\$ 26,419	\$ 28,935	\$ 23,515

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

Notes:

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

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(amounts expressed in thousands)

	2009	2010	2011	2011*	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 84,035	\$ 84,726	\$ 73,559	\$ 56,466	\$ 79,331	\$ 78,254	\$ 77,933	\$ 75,747	\$ 76,047	\$ 78,157
Licenses, fees and permits	8,820	7,279	8,661	6,776	10,470	10,617	14,503	12,184	17,933	13,358
Fines and penalties	4,442	4,151	4,003	3,280	3,470	3,449	3,358	148	3,612	3,468
Charges for services	8,399	8,680	9,786	6,283	7,763	7,723	7,793	23,834	8,791	8,713
Special assessments	516	240	429	235	293	275	167	8,312	169	260
Intergovernmental	21,013	20,696	26,456	23,183	29,252	27,844	24,300	3,554	24,886	22,627
Investment earnings	272	714	555	22	397	94	89	30	118	235
Other revenues	4,679	4,642	6,390	4,133	2,915	1,906	1,791	1,722	3,892	3,843
Total Revenues	132,176	131,128	129,839	100,378	133,891	130,162	129,934	125,531	135,448	130,661
Expenditures										
General government	16,498	16,184	23,463	13,594	18,532	17,611	13,314	13,444	17,064	18,152
Public safety	49,999	48,970	50,352	42,140	54,611	56,431	59,425	59,654	62,252	64,347
Public works	18,913	16,062	14,053	7,574	9,380	11,982	19,821	19,815	13,477	14,041
Recreation and cultural opportunities	18,942	18,100	17,399	16,192	14,309	14,775	10,524	11,087	11,894	12,371
Health and human development	4,546	4,760	4,541	3,588	3,200	3,601	3,837	3,141	3,021	3,111
Housing and economic development	6,963	9,120	11,345	11,999	19,095	11,305	9,348	13,292	10,477	7,225
Capital outlay	8,209	7,960	7,112	5,832	8,523	5,948	6,286	9,151	9,953	14,953
Debt service										
Interest	5,143	4,953	4,878	4,384	5,175	4,996	4,411	4,413	4,276	4,040
Fiscal agent fees	28	5	12	79	76	127	43	16	14	2
Principal	9,885	7,524	7,650	10,106	13,055	34,259	10,040	20,833	19,661	24,253
Total Governmental Activities Expenditure	139,126	133,638	140,805	115,488	145,956	161,035	137,049	154,846	152,089	162,495
Net (Expense)/Revenue										
Governmental Activities	(6,950)	(2,510)	(10,966)	(15,110)	(12,065)	(30,873)	(7,115)	(29,315)	(16,641)	(31,834)

	2009	2010	2011	2011*	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
Proceeds from borrowing	\$ 24,340	\$ -	\$ 13,393	\$ 15,420	\$ 12,618	\$ 34,982	\$ 9,989	\$ 22,377	\$ 19,652	\$ 26,558
Capitalized interest income	839	-	120	-	-	-	-	-	-	-
Capitalized interest expense	-	-	-	-	-	-	-	-	-	-
Escrow funding	(13,280)	-	-	-	-	-	-	-	-	-
Transfers in	5,927	11,019	5,727	5,839	9,271	8,182	9,202	10,308	16,011	17,428
Transfers (out)	(14,794)	(23,324)	(6,184)	(14,593)	(14,668)	(11,879)	(9,665)	(9,315)	(15,542)	(15,893)
Total Other Financing Sources (Uses)	3,032	(12,305)	13,056	6,666	7,221	31,285	9,526	23,370	20,121	28,093
Net Changes in Fund Balance	\$ (3,917)	\$ (14,815)	\$ 2,090	\$ (8,444)	\$ (4,844)	\$ 412	\$ 2,411	\$ (5,945)	\$ 3,480	\$ (3,741)
Debt Service as a Percentage of Noncapital Expenditures	11.48%	9.93%	9.36%	13.29%	13.26%	25.31%	11.05%	17.62%	16.84%	19.18%

* 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
2007	\$ 2,149,123,958	\$ 16,895	\$ 560,536,782	\$ 62,154,048	\$ 508,346	\$ 2,772,340,029	\$ 8,317,020,087	\$ 1.283
2008	2,324,551,100	16,895	560,106,493	53,168,671	554,733	2,938,397,892	8,815,193,676	1.295
2009	2,564,394,619	15,956	615,808,511	125,104,411	665,872	3,305,989,369	9,917,968,107	1.204
2010	2,233,194,054	15,956	623,156,869	184,687,438	829,769	3,041,884,086	9,125,652,258	1.364
2011	2,100,690,657	15,956	513,880,731	111,899,205	881,024	2,727,367,573	8,182,102,719	1.591
2012	1,944,932,067	15,956	462,671,239	106,007,084	995,206	2,514,621,552	7,543,864,656	1.551
2013	1,653,524,481	15,956	452,108,891	94,820,879	1,226,831	2,201,697,038	6,605,091,114	1.760
2014	1,792,383,435	15,467	416,165,953	34,726,327	1,278,793	2,244,569,975	6,733,709,925	1.856
2015	1,751,252,888	15,467	410,670,248	32,549,681	1,533,241	2,196,021,525	6,588,064,575	1.766
2016	2,151,672,082	15,467	483,830,858	33,333,491	1,559,871	2,670,411,769	8,011,235,307	1.501

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.

CITY OF EVANSTON, ILLINOIS

Principal Property Taxpayers

Current Year and Nine Years Ago

2016 Levy				2007 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
Orrington TT LLC Golub	\$ 26,079,776	1	0.98%	Golub & Company	\$ 29,187,724	1	1.30%
Rotary International	25,560,764	2	0.96%	REP CBRE	21,716,555	2	0.97%
McCaffery Interests	19,943,770	3	0.75%	Rotary International	21,533,721	3	0.96%
FSP 909 Davis Street	18,942,487	4	0.71%	Church Street Plaza	17,782,985	4	0.79%
MB Sherman Highlands	16,617,333	5	0.62%	Church & Chicago Ltd Partnership	14,786,152	5	0.66%
1890 Maple LLC	14,716,958	6	0.55%	Omni Orrington Hotel	13,761,924	6	0.61%
Omni Orrington Hotel	13,851,298	7	0.52%	Evanston Plaza Freed	13,373,273	7	0.60%
FDS 1007 Evanston LLC	13,727,884	8	0.51%	Evanstone Hotel Assoc.	12,251,240	8	0.55%
TIAA PK Evanston Inc	13,058,329	9	0.49%	Albertson's (Jewel & Osco)	9,461,347	9	0.42%
Northshore University Health	12,416,693	10	0.46%	Kap Sum Properties LLC	9,327,365	10	0.42%
Total	<u>\$ 174,915,293</u>		<u>6.55%</u>	Total	<u>\$ 163,182,286</u>		<u>7.27%</u>
Total EAV	<u>\$ 2,670,411,769</u>			Total EAV	<u>\$ 2,245,892,746</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
2007	\$ 35,550,694	\$ 34,061,461	95.81%	\$ 400,850	\$ 34,462,311	96.94%
2008	38,044,671	36,246,629	95.27%	358,214	36,604,843	96.22%
2009	39,779,364	38,018,159	95.57%	464,506	38,482,665	96.74%
2010	41,479,398	39,412,004	95.02%	764,463	40,176,467	96.86%
2011	43,397,590	42,064,756	96.93%	348,189	42,412,945	97.73%
2012	43,330,121	41,776,375	96.41%	559,130	42,335,505	97.70%
2013	43,869,798	42,762,685	97.48%	338,420	43,101,105	98.25%
2014	45,557,079	44,280,493	97.20%	270,619	44,551,112	97.79%
2015	46,394,914	44,974,845	96.94%	205,607	45,180,452	97.38%
2016	47,538,529	46,723,672	98.29%	97,249	46,820,921	98.49%
2017	48,161,247	See Note	See Note	See Note	See Note	See Note

Note: Levy Year 2016 is collected beyond fiscal year end 2016 through December 31, 2017.

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended	Population	(1) Equalized Assessed Valuation	(2) Gross General Obligation Bonded Debt	Debt Service Monies Available	(3) Debt Payable From Other Revenues	Net General Obligation Debt	Total Personal Income	Net Debt to Equalized Assessed Valuation	Net Debt to Total Personal Income	Net General Obligation Bonded Debt Per Capita
2009	74,239	\$ 2,772,340,029	\$ 171,945,001	\$ 7,317,930	\$ 62,079,183	\$ 102,547,888	\$ 2,902,967,617	3.70%	3.53%	\$ 1,381.32
2010	74,239	2,938,397,892	149,315,000	5,989,400	46,882,320	96,443,280	2,902,967,617	3.28%	3.32%	1,299.09
2011	74,486	3,305,989,369	151,695,000	5,309,064	50,097,260	96,288,676	3,157,759,484	2.91%	3.05%	1,292.71
2011*	74,486	3,041,884,087	155,855,000	2,629,020	47,111,060	106,114,920	3,197,311,550	3.49%	3.32%	1,424.63
2012	74,486	2,727,367,573	152,644,999	16,085,747	44,899,176	91,660,076	3,176,902,386	3.36%	2.89%	1,230.57
2013	74,619	2,514,621,552	149,534,997	12,520,761	40,042,921	96,971,315	3,113,477,775	3.86%	3.11%	1,299.55
2014	75,570	2,201,697,038	150,421,841	12,209,139	34,614,357	103,598,345	3,262,734,750	4.71%	3.18%	1,370.89
2015	75,570	2,244,569,975	150,069,048	438,453	37,651,325	111,979,270	3,124,063,800	4.99%	3.58%	1,481.80
2016	75,603	2,196,021,525	147,069,822	745,997	7,597,490	138,726,335	3,235,052,370	6.32%	4.29%	1,834.93
2017	75,472	2,670,411,769	148,627,212	241,781	6,245,662	142,139,769	3,316,617,040	5.32%	4.29%	1,883.34

* 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	Notes Payable	Capital Lease	General Obligation Bonds	Water Revenue Bonds	IEPA Loans			
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	648,812	-	33,221,257	595,000	70,375,368	225,130,367	7.09%	3,022
2013	119,123,639	1,175,000	648,812	-	30,411,358	305,000	64,658,382	215,673,379	6.93%	2,890
2014	119,060,744	795,000	648,812	-	30,566,097	-	58,412,659	208,834,500	6.40%	2,763
2015	117,752,440	405,000	3,548,812	-	31,911,608	-	51,901,172	205,519,032	6.69%	2,767
2016	116,091,162	-	5,128,812	-	30,926,350	-	45,256,237	197,402,561	5.95%	2,544
2017	122,151,162	-	648,000	-	26,476,050	-	403,281,018	552,556,230	16.66%	7,321

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

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

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Direct and Overlapping Governmental Activities Debt

As of December 31, 2017

	Total Outstanding	Percentage of Debt Applicable to the City	The City's Share of Debt
Direct debt - bonds, notes, and contracts outstanding	\$ 149,276,024	100.00%	\$ 149,276,024
Other bonded debt by taxing body			
High School District 202	23,025,000	90.20%	20,769,225
School District 65	72,830,826	90.20%	65,695,539
Skokie Park District	23,227,668	0.63%	146,375
Community College District 535	33,965,000	11.98%	4,069,451
County of Cook	3,085,186,750	1.86%	57,419,376
Cook County Forest Preserve District	151,010,000	1.86%	2,810,494
Metropolitan Water Reclamation District	2,599,522,271	1.90%	49,319,263
Total Overlapping Debt	5,988,767,515		200,229,723
	\$ 6,138,043,539		\$ 349,505,747

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, 2017

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	Less:	Net	Debt Service		Coverage
	Service Charges	Operating Expenses	Available Resources	Principal	Interest	
2009	\$ 13,878,833	\$ 7,866,909	\$ 6,011,924	\$ 510,000	\$ 110,913	9.68
2010	12,742,603	7,756,760	4,985,843	525,000	91,556	8.09
2011	13,752,681	7,191,577	6,561,104	550,000	71,269	10.56
2011*	12,368,533	6,146,652	6,221,881	-	24,672	252.18
2012	14,967,204	8,430,599	6,536,605	575,000	37,687	10.67
2013	14,657,748	8,175,707	6,482,041	290,000	19,688	20.93
2014	15,051,732	7,938,838	7,112,894	305,000	6,672	22.82
2015	NA	NA	NA	-	-	NA
2016	NA	NA	NA	-	-	NA
2017	NA	NA	NA	-	-	NA

N/A - The City has no revenue bonds outstanding after December 31, 2014.

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

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

Source: Various City departments

CITY OF EVANSTON, ILLINOIS

Demographic and Economic Statistics

Last Ten Years

Calendar Year	Population	Total Personal Income	Per Capita Personal Income	Median Age	Education % of Population with HS Diploma or Higher	School Enrollment	Unemployment Rate
2008	74,239	\$ 2,902,967,617	\$ 39,103	32.5	94.0%	9,550	4.6%
2009	74,239	2,902,967,617	39,103	32.5	94.0%	9,550	4.7%
2010	74,486	3,157,759,484	42,394	34.3	94.0%	9,550	7.9%
2011	74,486	3,197,311,550	42,925	34.3	94.0%	11,369	7.3%
2012	74,486	3,176,902,386	42,651	35.1	93.6%	11,418	6.8%
2013	74,619	3,113,477,775	41,725	34.4	93.9%	10,293	6.7%
2014	75,570	3,262,734,750	43,175	34.4	93.9%	10,429	4.2%
2015	75,570	3,124,063,800	41,340	34.4	93.9%	11,088	4.5%
2016	75,603	3,235,052,370	42,790	35.2	94.0%	12,104	4.3%
2017	75,472	3,316,617,040	43,945	35.3	94.0%	12,026	3.9%

Source: Various Government agencies

CITY OF EVANSTON, ILLINOIS

Principal Employers

Current Year and Nine Years Ago

2017				2008			
Employer	Employees	%	Rank	Employer	Employees	%	Rank
Northwestern University	6,573	40%	1	Northwestern University	5,325	36%	1
Northshore University Healthcare	4,264	26%	2	Evanston Northwestern Healthcare	3,780	25%	2
Evanston School District 65	1,512	9%	3	St. Francis Hospital	1,649	11%	3
St. Francis Hospital	1,000	6%	4	City of Evanston	1,000	7%	4
City of Evanston	807	5%	5	Evanston School District 65	700	5%	5
Presbyterian Homes/McGaw Care	490	3%	6	Evanston Township High School	566	4%	6
School District 202	807	3%	7	Presbyterian Homes/McGaw Care	533	4%	7
Rotary International	533	2%	8	Rotary International	460	3%	8
C.E. Neifhoff & Co.	350	2%	9	Jewel/Osco Food Store	455	3%	9
ZS Associates	275	2%	10	Mather LifeWays Retirement	450	3%	10
Total	<u>16,611</u>			Total	<u>14,918</u>		

Source: City Economic Development Division

CITY OF EVANSTON, ILLINOIS

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

	2009	2010	2011	2011*	2012	2013	2014	2015	2016	2017
Function/Program										
General Government										
City Clerk	2.00	2.00	2.00	3.00	2.80	2.20	2.20	2.00	2.00	1.00
City Manager's Office	31.53	27.70	22.00	8.00	12.00	12.00	14.00	13.00	19.00	17.50
MBIS / IT	-	-	13.00	12.00	11.50	9.00	11.00	12.00	11.00	13.00
Legal	7.00	6.00	7.00	7.00	7.00	8.00	7.00	8.00	8.00	4.50
Human Resources	8.00	8.00	5.00	5.00	7.50	8.00	8.50	6.50	6.50	8.50
Finance	29.50	28.50	19.50	19.00	17.10	17.00	17.50	20.50	18.00	19.50
Parking Systems	-	-	13.00	12.00	12.00	9.00	12.00	12.00	12.00	12.00
Facilities Management	-	-	-	19.00	20.20	16.00	-	-	20.20	22.20
Community Development	35.00	33.00	28.00	27.00	27.00	24.00	21.00	19.00	21.50	20.50
Community College District 535										
Police	220.75	218.50	219.00	222.00	225.00	220.00	227.00	227.00	230.80	225.80
Fire	112.00	111.00	107.00	108.00	110.00	106.00	110.00	110.00	110.00	110.00
Human and Health Services	24.90	26.40	15.90	17.00	17.70	20.00	21.10	22.10	21.10	19.10
Public Works	105.45	83.25	58.80	49.00	49.25	97.00	108.45	107.45	84.25	86.25
Recreation, Parks, and Forestry	112.75	131.75	132.00	105.00	105.21	69.00	69.64	74.23	77.13	77.81
Total General Government	688.88	676.10	642.20	613.00	624.26	617.20	629.39	633.78	641.48	637.66
Library	69.35	67.50	52.00	52.00	56.38	63.00	63.13	66.87	66.87	66.87
Neighborhood Stabilization Program	-	-	1.00	1.00	2.00	1.00	1.31	0.50	0.45	0.30
Housing Rehabilitation	-	-	-	-	-	-	-	1.75	1.75	1.75
General Assistance Fund	-	-	-	-	-	-	-	4.00	4.00	4.00
HOME Fund	-	-	-	-	-	-	-	0.40	0.50	0.50
Affordable Housing Fund	-	-	-	-	-	-	-	-	-	0.70
Emergency Telephone System	4.00	5.00	5.00	5.00	5.00	4.00	5.00	5.00	5.00	5.00
CDBG	2.00	2.00	2.00	3.00	1.53	3.00	2.60	2.60	2.80	2.50
Economic Development Fund	2.30	2.30	5.00	6.00	7.00	5.00	6.25	6.25	5.75	5.75
Downtown II TIF Fund	-	-	-	-	-	-	-	-	-	-
Capital Improvements Fund	-	-	1.00	-	-	-	-	-	-	-
Maple Ave. Garage	1.00	-	-	-	-	-	-	-	-	-
Parking Fund	14.50	15.50	14.00	15.00	15.50	15.50	15.50	15.50	15.50	15.00
Source: City Finance division	-	-	-	-	-	-	-	-	-	-
Water	43.00	43.00	42.00	41.00	42.50	40.00	42.50	44.50	44.50	43.50
Sewer	14.00	14.00	12.00	11.00	13.00	11.00	13.33	11.33	11.33	11.33
Solid Waste	-	-	-	6.00	10.00	8.00	9.66	9.66	9.66	9.66
Fleet Services	15.00	15.00	11.00	12.00	12.00	10.00	12.00	12.50	12.50	11.50
Insurance Fund	2.00	2.00	3.00	4.00	4.00	4.00	5.00	5.00	5.00	5.50
Total Other Functions	167.15	166.30	148.00	156.00	168.91	164.50	176.28	185.86	118.74	183.86
Total All Funds	856.03	842.40	790.20	769.00	793.17	781.70	805.67	819.64	760.22	821.52

* 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City of Evanston	1.295	1.204	1.365	1.592	1.551	1.760	1.856	1.766	1.762	1.501
Consolidated Elections	-	0.021	-	0.025	-	-	-	-	-	-
Cook County	0.415	0.394	0.423	0.462	0.531	0.560	0.591	0.568	0.552	0.533
Cook County Forest Preserve District	0.051	0.049	0.051	0.058	0.063	0.069	0.073	0.069	0.069	0.063
Metropolitan Water Reclamation District	0.252	0.261	0.274	0.320	0.370	0.417	0.440	0.430	0.426	0.406
North Shore Mosquito Abatement District	0.008	0.008	0.009	0.010	0.010	0.007	0.007	0.011	0.012	0.010
Evanston Township	0.050	0.042	0.046	0.011	0.010	0.053	0.056	-	-	-
Community College 535	0.140	0.140	0.160	0.196	0.219	0.256	0.270	0.258	0.271	0.231
School District 202	1.722	1.616	1.819	2.061	2.308	2.689	2.836	2.659	2.792	2.332
School District 65	2.552	2.401	2.655	2.818	3.149	3.671	3.872	3.686	3.810	3.676
Total Tax Rate for Property not in Park District or Special Service District	6.485	6.136	6.802	7.553	8.211	9.482	10.001	9.447	9.694	8.752
Percent of Total Tax Rate Levied by the City	19.97%	19.62%	20.07%	21.08%	18.89%	18.56%	18.56%	18.69%	18.18%	17.15%

Source: Cook County Assessor's office

CITY OF EVANSTON, ILLINOIS

Water Sold by Type of Customer

Last Ten Fiscal Years
(in 100 cubic feet)

	2009	2010	2011	2011*	2012	2013	2014	2015	2016	2017
Type of Customer										
Residential	\$ 2,260,284	\$ 2,174,255	\$ 2,187,244	\$ 1,804,433	\$ 2,276,492	\$ 2,189,588	\$ 2,065,980	\$ 2,098,160	\$ 1,998,740	2,285,759
Industrial	15,722	13,624	14,195	11,552	14,758	12,392	11,627	10,772	21,381	12,777
Commercial	1,193,241	1,109,556	1,153,949	928,621	1,117,431	1,105,077	1,036,034	1,045,791	2,313,154	1,115,236
Government	89,420	69,229	75,308	50,129	66,561	61,908	53,732	55,485	82,066	67,547
Total	\$ 3,558,667	\$ 3,366,664	\$ 3,430,696	\$ 2,794,735	\$ 3,475,242	\$ 3,368,965	\$ 3,167,373	\$ 3,210,208	\$ 4,415,341	\$ 3,481,319
Total direct rate per 100 cubic feet	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.75	\$ 1.80	\$ 1.98	\$ 2.18	\$ 2.18	\$ 2.31

* 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

	2009	2010	2011	2011*	2012	2013	2014	2015	2016	2017
Type of Customer										
Evanston residents/businesses	\$ 5,430,019	\$ 5,396,739	\$ 5,377,297	\$ 4,719,084	\$ 6,124,221	\$ 5,915,560	\$ 6,301,307	\$ 6,975,785	\$ 6,820,350	\$ 7,556,362
Village of Skokie	2,689,304	2,676,163	2,885,096	2,304,066	2,989,109	2,772,424	2,805,425	2,854,684	2,941,912	3,651,338
Northwest Water Commission	4,820,074	4,506,066	4,781,645	3,710,581	5,033,996	5,183,425	5,074,770	5,183,391	5,695,812	5,898,670
Total	\$ 12,939,397	\$ 12,578,968	\$ 13,044,038	\$ 10,733,731	\$ 14,147,326	\$ 13,871,409	\$ 14,181,502	\$ 15,013,860	\$ 15,458,074	\$ 17,106,370

* 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Function/Program</u>										
Police										
Violent offenses	299	255	214	180	230	131	97	80	130	122
Property offenses	2,739	2,412	2,119	2,144	2,078	1,980	1,959	1,872	1,681	1,777
911 calls received	56,717	52,198	35,991	51,969	44,875	42,551	44,177	46,749	42,763	38,525
Fire										
Emergency responses	9,134	8,566	8,917	9,063	9,330	9,373	9,617	9,630	10,267	10,058
Fires extinguished	185	154	157	157	154	129	120	99	114	90
Inspections	1,810	709	680	620	640	660	740	760	-	1,125
Other Public Works										
Street resurfacing (estimated miles)	3.3	3.3	3.4	3.4	3.4	3.4	4.9	2.7	2.9	2.9
Parks and Recreation										
Athletic field usage (hours)	17,121	16,185	18,966	20,075	16,761	16,367	16,270	15,531	27,426	22,496
Picnic permits issued	403	431	460	437	541	445	448	404	229	371
Library										
Volumes in collection	502,019	502,019	471,262	436,382	426,342	400,034	401,300	481,626	534,533	540,696
Total volumes borrowed	945,952	945,952	951,667	891,769	989,638	1,056,243	1,074,972	1,071,401	1,078,653	1,040,580
Water										
New connections	57	28	29	16	4	-	18	9	3	5
Water main breaks	52	52	38	28	66	51	70	23	28	31
Average daily consumption (millions of gallons)	40.09	39.41	38.91	38.39	39.85	35.81	36.79	36.63	39.645	40.606
Peak daily consumption (millions of gallons)	65.40	58.94	57.02	65.95	69.21	56.95	48.91	50.59	55.084	58.047

Note: Indicators are not available for general government functions

CITY OF EVANSTON, ILLINOIS

Capital Assets Statistics by Function

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Function/Program</u>										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Budgeted sworn officers	165	165	164	164	164	164	164	164	165	165
Fire Stations	5	5	5	5	5	5	5	5	5	5
Other Public Works										
Streets (miles)	147	147	147	147	147	147	147	147	147	147
Streetlights	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,736	5,718
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	6	6	6
Water										
Water mains (miles)	157	157	157	157	157	157	157	156.4	155.6	155.3
Fire hydrants	1,370	1,399	1,399	1,399	1,399	1,399	1,477	1,484	1,490	1,502
Storage capacity (millions of gallons)	22	22	22	22	22	22	22	22	22	22

Note: No capital asset indicators are available for the general government or library function

Source: Various City departments

COMPLIANCE SECTION



1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

**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, 2017. As discussed in that representation letter, management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with statutory requirements.

In our opinion, management's assertion that the City of Evanston, Illinois, complied with the aforementioned requirements for the year ended December 31, 2017, is fairly stated in all material respects.

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

Sikich LLP

Naperville, Illinois
June 22, 2018

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APPENDIX B

PROPOSED FORMS OF BOND COUNSEL OPINIONS

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PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Mayor and City Council
City of Evanston,
Cook County, Illinois

We hereby certify that we have examined a 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 5.00% General Obligation Corporate Purpose Bonds, Series 2019A (the “*Bonds*”), to the amount of \$12,750,000, dated the date hereof, due serially on December 1 of the years and in the amounts as follows:

YEAR	AMOUNT (\$)
2022	330,000
2023	350,000
2024	365,000
2025	385,000
2026	400,000
2027	420,000
2028	445,000
2029	465,000
2030	490,000
2031	515,000
2032	540,000
2033	565,000
2034	595,000
2035	625,000
2036	655,000
2037	690,000
2038	725,000
2039	760,000
2040	795,000
2041	835,000
2043	1,800,000

the Bonds due on December 1, 2043, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2042	\$880,000
2043	920,000 (stated maturity)

and the Bonds due on or after December 1, 2030, being subject to redemption prior to maturity at the option of the City as a whole or in part in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2029, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to compliance by the City and certain 501(c)(3) organizations with certain covenants (the "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 under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of the Covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Mayor and City Council
City of Evanston,
Cook County, Illinois

We hereby certify that we have examined a 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 5.00% General Obligation Corporate Purpose Bonds, Series 2019B (the “*Bonds*”), to the amount of \$12,785,000, dated the date hereof, due serially on December 1 of the years and in the amounts and bearing interest as follows:

YEAR	AMOUNT (\$)
2020	385,000
2021	405,000
2022	425,000
2023	450,000
2024	470,000
2025	495,000
2026	520,000
2027	545,000
2028	570,000
2029	600,000
2030	630,000
2031	660,000
2032	695,000
2033	730,000
2034	765,000
2035	805,000
2036	845,000
2037	885,000
2038	930,000
2039	975,000

the Bonds due on or after December 1, 2030, being subject to redemption prior to maturity at the option of the City as a whole or in part in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2029, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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**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 \$12,750,000 General Obligation Corporate Purpose Bonds, Series 2019A, and \$12,785,000 General Obligation Corporate Purpose Bonds, Series 2019B (together, the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted by the City Council of the City on the 22nd day of April, 2019 (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 is defined in the Official Statement.

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.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated May 16, 2019, 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: June 10, 2019

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, 2018. 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
15. (a) Incurrence of a Financial Obligation of the City, if material, or (b) an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

* 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**

SERIES 2019A

YEAR OF MATURITY	CUSIP NUMBER (299228)
2022	GA8
2023	GB6
2024	GC4
2025	GD2
2026	GE0
2027	GF7
2028	GG5
2029	GH3
2030	GJ9
2031	GK6
2032	GL4
2033	GM2
2034	GN0
2035	GP5
2036	GQ3
2037	GR1
2038	GS9
2039	GT7
2040	GU4
2041	GV2
2043	GX8

SERIES 2019B

YEAR OF MATURITY	CUSIP NUMBER (299228)
2020	GY6
2021	GZ3
2022	HA7
2023	HB5
2024	HC3
2025	HD1
2026	HE9
2027	HF6
2028	HG4
2029	HH2
2030	HJ8
2031	HK5
2032	HL3
2033	HM1
2034	HN9
2035	HP4
2036	HQ2
2037	HR0
2038	HS8
2039	HT6

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