

City of Evanston, Illinois



City of
Evanston[™]

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

CITY OF EVANSTON, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2016

Prepared by Administrative Services Department

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INTRODUCTORY SECTION

CITY OF EVANSTON, ILLINOIS

Principal Officials

December 31, 2016

LEGISLATIVE

Elizabeth B. Tisdahl, Mayor

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

Rodney Greene, City Clerk

EXECUTIVE

Wally Bobkiewicz, City Manager

Martin Lyons, City Treasurer/Assistant City Manager

ADMINISTRATIVE

Budget and Finance Manager
Ashley King

Health and Human Services
Director
Evonda Thomas-Smith

Police and Fire Chief
Richard Eddington

City Attorney
Grant Farrar

Administrative Services Director
Erika Storlie

Library Director
Karen Danczak Lyons

Community Development
Director
Mark Muenzer

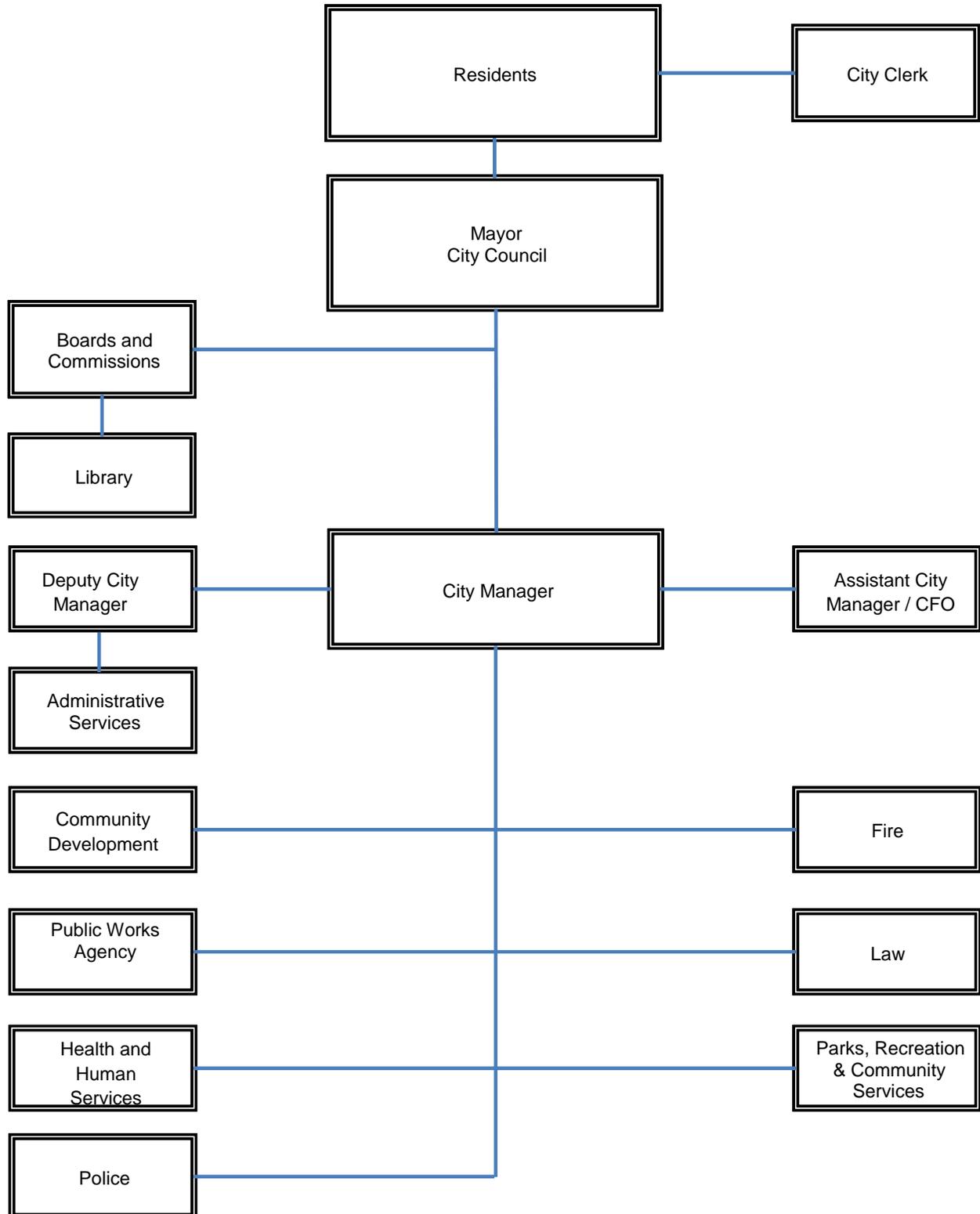
Parks, Recreation, & Community
Services Director
Lawrence Hemingway

Public Works Agency Director
Dave Stoneback



City of Evanston

Organizational Chart





Government Finance Officers Association

**Certificate of
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, 2015

Executive Director/CEO



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

July 31, 2017

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

INTRODUCTION

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

This report consists of management's representations concerning the finances of the City of Evanston for the period of January 1, 2016 to December 31, 2016. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City of Evanston's financial statements in conformity with generally accepted accounting principles (GAAP) within the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

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

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

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

The City's financial statements have been audited by Sikich, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Evanston for the fiscal year ended December 31, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY OF EVANSTON

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MAJOR INITIATIVES – FISCAL YEAR 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

AWARDS AND ACKNOWLEDGMENTS

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

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

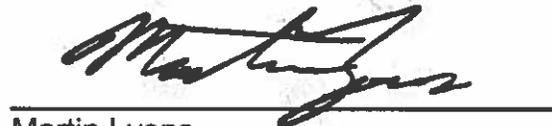
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual 2016 budget. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

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

Respectfully submitted,


Wally Bobkiewicz
City Manager


Martin Lyons
Assistant City Manager/Treasurer

FINANCIAL SECTION



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

630.566.8400 // www.sikich.com

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Evanston, Illinois (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Evanston, Illinois, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

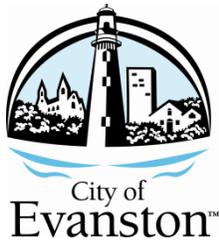
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes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

information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sikich LLP

Naperville, Illinois
July 20, 2017

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**



MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

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

FINANCIAL HIGHLIGHTS

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

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

USING THIS ANNUAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Government-wide Financial Statements

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

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

The City has three kinds of funds:

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

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

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

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

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

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

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

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

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

Notes to the financial statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Other supplementary information includes detail by fund and component unit for receivables, payables, transfers, and payments within the reporting entity. Required supplementary information can be found on pages 80 – 90 of this report.

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

Financial Analysis of the City as a Whole

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

STATEMENT OF POSITION

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

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

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

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

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

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

STATEMENT OF CHANGES IN NET POSITION

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

Financial Analysis of the City's Funds

Governmental Funds

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

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

Major Governmental Funds

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

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

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

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

Combined Nonmajor Governmental Funds

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

Proprietary Funds

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

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

Internal Service Funds

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

General Fund Budgetary Highlights

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

Capital Assets

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

Long-Term Debt

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

Bond Ratings

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

Economic Factors

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

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

Contacting the City's Financial Management

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

CITY OF EVANSTON, ILLINOIS

Statement of Net Position

December 31, 2016

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

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Statement of Net Position

December 31, 2016

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2016

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

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Balance Sheet
 Governmental Funds

December 31, 2016

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

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Balance Sheet
Governmental Funds

December 31, 2016

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

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

December 31, 2016

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2016

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2016

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Net Position
Proprietary Funds

December 31, 2016

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

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Statement of Net Position
Proprietary Funds

December 31, 2016

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2016

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended December 31, 2016

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

(This statement is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended December 31, 2016

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Fiduciary Net Position
Fiduciary Funds

December 31, 2016

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Fiscal Year Ended December 31, 2016

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

See accompanying notes to financial statements.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

Blended Component Unit:

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

Discrete Component Unit:

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

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

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

Joint Ventures:

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Fund Accounting

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

E. Cash and Equivalents

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

F. Investments

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

G. Inventories and Prepaid Items

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

J. Long-Term Obligations

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Self-Insurance

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

L. Deferred Inflows/Outflows of Resources

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

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

M. Property Taxes

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

The property tax calendar for Cook County is as follows:

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. Fund Equity

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

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

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

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

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

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

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

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

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

O. Interfund Transactions

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P. Use of Estimates

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

Q. Conduit Debt

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Equity

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

A. Types of Accounts and Securities

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

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

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

B. Pooling of Cash and Investments

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – Continued

C. Types of Investments

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

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

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

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

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

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

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

D. Deposits

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 4. RECEIVABLES

A. Summary of Receivables

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

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

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

B. Notes Receivable - Special Revenue Funds

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 5. CAPITAL ASSETS

A. Capital Asset Activity

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 5. CAPITAL ASSETS - Continued

A. Capital Asset Activity - Continued

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 5. CAPITAL ASSETS - Continued

A. Capital Asset Activity - Continued

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

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

B. Construction Commitments

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 6. INTERFUNDS

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

A. Interfund Accounts

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

Funds	Due From	Due To
General Fund	\$ 3,623,264	\$ 3,368,372
Debt Service Fund	1,905	777,080
Water Fund	1,171,215	1,233,657
Sewer Fund	1,456,315	-
Solid Waste Fund	-	1,454,116
Motor Vehicle Parking System Fund	29,130	663,196
Nonmajor Governmental Funds	3,910,280	2,213,767
Internal Service Funds	445,061	393,047
Total	\$ 10,637,170	\$ 10,103,235
	Due From	Due To
Library		
Library Funds		
General	\$ -	\$ 193,159
Insurance	-	311
Economic Development		484
Water Fund	40	-
Motor Vehicle Parking System	16	-
Total Library Funds	56	193,954
Library Debt Service		
General	309,962	
Nonmajor Governmental Funds		650,000
Total Library Debt Service	309,962	650,000
Total Library	\$ 310,018	\$ 843,954

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 6. INTERFUNDS - Continued

B. Interfund Advances

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 6. INTERFUNDS - Continued

C. Interfund Transfers

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 6. INTERFUNDS - Continued

C. Interfund Transfers - Continued

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 6. INTERFUNDS - Continued

C. Interfund Transfers - Continued

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 6. INTERFUNDS - Continued

C. Interfund Transfers - Continued

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 7. OPERATING LEASES

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

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

Minimum annual lease payments are as follows:

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 8. LONG-TERM DEBT

A. Changes in Long-Term Debt

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 8. LONG-TERM DEBT - Continued

A. Changes in Long-Term Debt - Continued

Business-Type Activities - IEPA Loans

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

IEPA loans payable consist of the following:

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 8. LONG-TERM DEBT - Continued

B. General Obligation Bonds Payable

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

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

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

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

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

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

Current Refunding

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 8. LONG-TERM DEBT - Continued

C. Notes Payable - IEPA Loans

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

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

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

D. Loan with First Bank and Trust, Evanston

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 8. LONG-TERM DEBT - Continued

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

Membership

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

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 8. LONG-TERM DEBT - Continued

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

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

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

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 9. FUND EQUITY

A. Restricted Net Position - Fiduciary Funds

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

B. Assigned Fund Balances

The following are the assigned fund balances:

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 10. INDIVIDUAL FUND ACTIVITIES

A. General Obligation Debt Service Fund

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

B. Water Fund

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

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

C. Special Service District No. 4

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 11. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

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

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

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

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

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

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
December 31, 2014	\$ 2,176,000	\$ 2,766,965	\$ 4,942,965
New claims and/or estimate revisions	339,385	(390,867)	(51,482)
Claims payments	<u>(588,265)</u>	<u>(75,850)</u>	<u>(664,115)</u>
December 31, 2015	1,927,120	2,300,248	<u>4,227,368</u>
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>

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 12. CONTINGENCIES

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

NOTE 13. JOINT VENTURES

A. Solid Waste Agency of Northern Cook County

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 13. JOINT VENTURES - Continued

A. Solid Waste Agency of Northern Cook County - Continued

Summary of Financial Position as of April 30, 2016:

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

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

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

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

B. Evanston Housing Corporation

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS

A. Plan Descriptions

Illinois Municipal Retirement Fund

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

Plan Administration

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

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

Plan Membership

At December 31, 2015, IMRF membership consisted of:

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

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

Benefits Provided

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Illinois Municipal Retirement Fund - Continued

Contributions

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

Actuarial Assumptions

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Illinois Municipal Retirement Fund - Continued

Discount Rate

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

Changes in Net Pension Liability

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Illinois Municipal Retirement Fund - Continued

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

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Illinois Municipal Retirement Fund - Continued

Discount Rate Sensitivity

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans

Plan Administration

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

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

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

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

Plan Membership

At January 1, 2016, plan membership consisted of:

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

Benefits Provided

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS – Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Benefits Provided - Continued

Police Pension Plan

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

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

Firefighters' Pension Plan

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2016, the City's contribution was 54.08% of covered payroll.

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

Investment Policy

Police Pension Fund

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Investment Policy - Continued

Police Pension Fund - Continued

The long-term expected rate of return on the Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are listed in the table above.

Firefighters' Pension Fund

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

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

The long-term expected rate of return on the Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are listed in the table above.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Investment Valuations

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

Investment Rate of Return

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

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

Deposits with Financial Institutions

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

Interest Rate Risk

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Interest Rate Risk (Continued)

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

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

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

Credit Risk

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

Custodial Credit Risk - Investments

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Actuarial Assumptions

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

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

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

Discount Rate

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Discount Rate (Continued)

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

Changes in the Net Pension Liability

Police Pension Fund

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

Changes in the Net Pension Liability - Continued

Firefighters' Pension Fund

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

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

Police Pension Fund

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

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

Police Pension Fund - Continued

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

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

Firefighters' Pension Fund

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 14. EMPLOYEE RETIREMENT SYSTEMS - Continued

A. Plan Descriptions - Continued

Police and Firefighters' Pension Plans - Continued

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

Firefighters' Pension Fund - Continued

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 15. PENSION TRUST FUNDS

Fiduciary Funds Summary Financial Information

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

A. Schedule of Net Position

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 15. PENSION TRUST FUNDS - Continued

Fiduciary Funds Summary Financial Information - Continued

B. Changes in Plan Net Position

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT

A. Types of Accounts and Securities

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

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

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT - Continued

B. Reconciliation of Cash and Investments

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

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

C. Summary of Receivables

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

D. Capital Assets Activity

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 16. EVANSTON LIBRARY COMPONENT UNIT - Continued

E. Long-Term Debt

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

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

NOTE 17. PRIOR PERIOD ADJUSTMENT

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

	Governmental Activities	Business-Type Activities	Enterprise Funds
Fund Balances (Deficit)/Net Position, January 1 (as Previously Reported)	\$ (71,644,744)	\$ 278,406,893	\$ 278,406,893
With the implementation of GASB Statement No. 68, the City is required to retroactively record the net pension liability and write off the net pension obligation. The City recorded the following changes in accounting principle during the year ended December			
Change in Accounting Principle	10,819,895	2,323,671	2,323,671
With the implementation of GASB Statement No. 71, the City is required to retroactively record a deferred outflow of resources for contributions subsequent to the measurement date for the Police and Fire Pension Funds. The City recorded the following changes in accounting principle during the year ended December 31, 2016:			
Change in Accounting Principle	(4,125,930)	(886,082)	(886,082)
With the restatement of the Police and Firefighters' Pension Fund Net Pension Liability to the balance per the actuarial valuation dated December 31, 2016, the City is required to adjust the beginning balance of the Net Pension liability to the balance at December 31, 2015, and remove deferred outflows related to the			
Change in Accounting Principle	(41,092,293)	-	-
Fund Balances (Deficit)/Net Position January 1, Restated	\$ (106,043,072)	\$ 279,844,482	\$ 279,844,482

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EVANSTON, ILLINOIS

Required Supplementary Information
Other Postemployment Benefits

December 31, 2016

Schedule of Funding Progress

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

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

Schedule of Employer Contributions

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

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Employer Contributions
Illinois Municipal Retirement Fund

Last Two Fiscal Years

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

Notes to the Required Supplemental Information

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

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

CITY OF EVANSTON, ILLINOIS

Schedule of Employer Contributions
Police Pension Fund

Last Two Fiscal Years

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

Notes to the Required Supplemental Information

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

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Employer Contributions
Firefighters' Pension Fund

Last Two Fiscal Years

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

Notes to the Required Supplemental Information

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

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

Last Two Fiscal Years

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

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

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

Last Three Fiscal Years

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

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

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

Last Three Fiscal Years

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

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

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

General Fund

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

For the Fiscal Year Ended December 31, 2016

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Schedule of Investment Returns

Police Pension Fund

Last Three Fiscal Years

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

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

CITY OF EVANSTON, ILLINOIS

Schedule of Investment Returns
Firefighters' Pension Fund

Last Three Fiscal Years

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

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

CITY OF EVANSTON, ILLINOIS

Notes to Required Supplementary Information

December 31, 2016

Budgetary Information

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

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

Discrete Component Unit:

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

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

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

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

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

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

MAJOR GOVERNMENTAL FUNDS

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

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

CITY OF EVANSTON, ILLINOIS

General Fund
Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2016

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

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

General Fund
 Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2016

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

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

General Fund
Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2016

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

(This schedule is continued on the following page.)

CITY OF EVANSTON, ILLINOIS

General Fund
 Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2016

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

General Fund
Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended December 31, 2016

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

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

General Obligation Debt Fund

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

For the Fiscal Year Ended December 31, 2016

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

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

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

Debt Service Funds

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

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

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

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

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

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

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

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

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

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

CITY OF EVANSTON, ILLINOIS

Combining Balance Sheet
 Nonmajor Governmental Funds

December 31, 2016

	Special Revenue				
	Motor Fuel Tax	Economic Development	Emergency Telephone System	Neighborhood Improvement	Affordable Housing
Assets					
Cash and equivalents	\$ -	\$ 272,027	\$ -	\$ 169,915	\$ 1,020,021
Investments	1,236,977	393,669	648,393	-	364,998
Receivables					
Property tax	-	-	-	-	-
Notes	-	-	-	-	961,657
Special assessments	-	-	-	-	-
Other	-	451,994	-	-	-
Due from other governments	176,701	-	325,472	-	-
Due from component unit	-	484	-	-	-
Due from other funds	-	1,947,920	-	-	21,211
Advances to other funds	-	-	-	-	-
Total Assets	\$ 1,413,678	\$ 3,066,094	\$ 973,865	\$ 169,915	\$ 2,367,887
Liabilities					
Vouchers payable	\$ -	\$ 69,868	\$ 54,086	\$ -	\$ 5,042
Due to other governments	-	-	-	-	-
Due to other funds	-	-	648,393	-	-
Advances from other funds	-	-	108,325	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	-	69,868	810,804	-	5,042
Deferred Inflows of Resources					
Long-term notes receivable	-	-	-	-	961,657
Unavailable revenue - property taxes	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	961,657
Total Liabilities and Deferred Inflows of Resources	-	69,868	810,804	-	966,699
Fund Balances					
Restricted for					
Highway Maintenance	1,413,678	-	-	-	-
Emergency Telephone System	-	-	163,061	-	-
HUD Approved Projects	-	-	-	-	-
Neighborhood Improvements	-	-	-	169,915	1,401,188
Capital outlay	-	-	-	-	-
Debt Service	-	-	-	-	-
Township	-	-	-	-	-
Committed	-	2,996,226	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances (Deficit)	1,413,678	2,996,226	163,061	169,915	1,401,188
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,413,678	\$ 3,066,094	\$ 973,865	\$ 169,915	\$ 2,367,887

Special Revenue								
HOME	Community Development Block Grant	Community Development Loan	Neighborhood Stabilization Program 2	Special Service District No. 4	Good Neighbor	General Assistance	Total Special Revenue	
\$ -	\$ -	\$ 208,504	\$ 99,472	\$ -	\$ 1,000,000	\$ 591,211	\$ 3,361,150	
-	-	-	-	-	-	14,822	2,658,859	
-	-	-	-	329,460	-	900,000	1,229,460	
4,890,677	196,352	1,894,669	-	-	-	-	7,943,355	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	451,994	
20,072	421,403	1,316	-	-	-	-	944,964	
-	-	-	-	-	-	-	484	
1,071	8,741	81,164	-	-	-	-	2,060,107	
-	-	-	39,741	-	-	-	39,741	
\$ 4,911,820	\$ 626,496	\$ 2,185,653	\$ 139,213	\$ 329,460	\$ 1,000,000	\$ 1,506,033	\$ 18,690,114	
\$ 10,025	\$ 120,989	\$ 79,254	\$ -	\$ 80,750	\$ -	\$ 2,710	\$ 422,724	
-	-	-	132,410	-	-	-	132,410	
8,741	245,049	809	6,803	111,526	-	16,935	1,038,256	
-	-	-	-	-	-	-	108,325	
-	-	-	-	-	1,000,000	-	1,000,000	
18,766	366,038	80,063	139,213	192,276	1,000,000	19,645	2,701,715	
4,890,677	196,352	1,894,669	-	-	-	-	7,943,355	
-	-	-	-	329,460	-	900,000	1,229,460	
4,890,677	196,352	1,894,669	-	329,460	-	900,000	9,172,815	
4,909,443	562,390	1,974,732	139,213	521,736	1,000,000	919,645	11,874,530	
-	-	-	-	-	-	-	1,413,678	
-	-	-	-	-	-	-	163,061	
2,377	64,106	210,921	-	-	-	-	277,404	
-	-	-	-	-	-	-	1,571,103	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	586,388	586,388	
-	-	-	-	-	-	-	2,996,226	
-	-	-	-	-	-	-	-	
-	-	-	-	(192,276)	-	-	(192,276)	
2,377	64,106	210,921	-	(192,276)	-	586,388	6,815,584	
\$ 4,911,820	\$ 626,496	\$ 2,185,653	\$ 139,213	\$ 329,460	\$ 1,000,000	\$ 1,506,033	\$ 18,690,114	

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

Combining Balance Sheet
 Nonmajor Governmental Funds

December 31, 2016

	Debt Service			
	Special Service District No. 5	Chicago Main Tax Increment District	Special Service Area No. 6	Howard Hartrey Tax Increment District
Assets				
Cash and equivalents	\$ -	\$ 135,077	\$ 165,699	\$ -
Investments	-	-	-	726,204
Receivables				
Property tax	-	-	210,000	-
Notes	-	-	-	-
Special assessments	-	-	-	-
Other	-	-	-	-
Due from other governments	-	-	-	85,305
Due from component unit	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Total Assets	\$ -	\$ 135,077	\$ 375,699	\$ 811,509
Liabilities				
Vouchers payable	\$ -	\$ -	\$ 87,405	\$ 81,587
Due to other governments	-	-	-	-
Due to other funds	-	-	-	86,249
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	-	-	87,405	167,836
Deferred Inflows of Resources				
Long-term notes receivable	-	-	-	-
Unavailable revenue - property taxes	-	-	210,000	-
Total Deferred Inflows of Resources	-	-	210,000	-
Total Liabilities and Deferred Inflows of Resources	-	-	297,405	167,836
Fund Balances				
Restricted for				
Highway Maintenance	-	-	-	-
Emergency Telephone System	-	-	-	-
HUD Approved Projects	-	-	-	-
Neighborhood Improvements	-	-	-	-
Capital outlay	-	-	-	-
Debt Service	-	135,077	-	643,673
Township	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	78,294	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (Deficit)	-	135,077	78,294	643,673
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 135,077	\$ 375,699	\$ 811,509

Debt Service				Capital Projects				Total
Washington National	Dempster-Dodge	Howard Ridge	West Evanston	Total	Capital	Special	Total	Total
Tax	Tax	Tax	Tax	Debt	Improvements	Assessment	Capital	Nonmajor
Increment	Increment	Increment	Increment	Service		Capital	Projects	Governmental
District	District	District	District			Projects	Projects	Funds
\$ 1,532,723	\$ -	\$ 65,070	\$ -	\$ 1,898,569	\$ 7,620,462	\$ 2,769,704	\$ 10,390,166	\$ 15,649,885
4,721,659	-	1,726	510,839	5,960,428	5,382,522	221,523	5,604,045	14,223,332
-	-	-	-	210,000	-	-	-	1,439,460
-	-	-	-	-	-	-	-	7,943,355
-	-	-	-	-	-	236,596	236,596	236,596
-	-	-	-	-	-	4,281	4,281	456,275
-	-	-	-	85,305	-	2,874	2,874	1,033,143
-	-	-	-	-	650,000	-	650,000	650,484
788,972	-	14,699	1,028	804,699	393,747	1,243	394,990	3,259,796
-	-	-	-	-	-	-	-	39,741
\$ 7,043,354	\$ -	\$ 81,495	\$ 511,867	\$ 8,959,001	\$ 14,046,731	\$ 3,236,221	\$ 17,282,952	\$ 44,932,067
\$ 1,024,931	\$ -	\$ 26,472	\$ -	\$ 1,220,395	\$ 1,660,791	\$ 342	\$ 1,661,133	\$ 3,304,252
-	-	-	-	-	310,378	-	310,378	442,788
393,747	29,415	1,028	94,607	605,046	570,398	67	570,465	2,213,767
-	-	54,079	-	54,079	-	-	-	162,404
-	-	-	-	-	-	-	-	1,000,000
1,418,678	29,415	81,579	94,607	1,879,520	2,541,567	409	2,541,976	7,123,211
-	-	-	-	-	-	236,596	236,596	8,179,951
-	-	-	-	210,000	-	-	-	1,439,460
-	-	-	-	210,000	-	236,596	236,596	9,619,411
1,418,678	29,415	81,579	94,607	2,089,520	2,541,567	237,005	2,778,572	16,742,622
-	-	-	-	-	-	-	-	1,413,678
-	-	-	-	-	-	-	-	163,061
-	-	-	-	-	-	-	-	277,404
-	-	-	-	-	-	2,999,216	2,999,216	4,570,319
-	-	-	-	-	3,915,000	-	3,915,000	3,915,000
5,624,676	-	30,807	417,260	6,851,493	-	-	-	6,851,493
-	-	-	-	-	-	-	-	586,388
-	-	-	-	-	-	-	-	2,996,226
-	-	-	-	78,294	7,590,164	-	7,590,164	7,668,458
-	(29,415)	(30,891)	-	(60,306)	-	-	-	(252,582)
5,624,676	(29,415)	(84)	417,260	6,869,481	11,505,164	2,999,216	14,504,380	28,189,445
\$ 7,043,354	\$ -	\$ 81,495	\$ 511,867	\$ 8,959,001	\$ 14,046,731	\$ 3,236,221	\$ 17,282,952	\$ 44,932,067

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2016

	Special Revenue				
	Motor Fuel Tax	Economic Development	Emergency Telephone System	Neighborhood Improvement	Affordable Housing
Revenues					
Taxes	\$ -	\$ 2,257,692	\$ 1,038,331	\$ -	\$ 106,780
Special assessments	-	-	-	-	-
Intergovernmental	1,896,461	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	6,613	8,761	2,472	-	1,392
Miscellaneous					
Contributions	-	-	-	-	125,000
Other	-	271,359	-	-	323,343
Total Revenues	1,903,074	2,537,812	1,040,803	-	556,515
Expenditures					
Current					
General management and support	-	-	-	-	-
Public safety	-	-	1,287,253	-	-
Public works	130,789	-	-	-	-
Housing and economic development	-	1,279,750	-	-	149,207
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-
Total Expenditures	130,789	1,279,750	1,287,253	-	149,207
Excess (Deficiency) of Revenues Over Expenditures	1,772,285	1,258,062	(246,450)	-	407,308
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	-	-
Issuance of loans	-	-	-	-	-
Premium (discount) on bonds issued	-	-	-	-	-
Transfers in	-	47,500	-	-	-
Transfers (out)	(2,189,000)	(865,318)	(142,207)	-	-
Total Other Financing Sources (Uses)	(2,189,000)	(817,818)	(142,207)	-	-
Net Change in Fund Balances	(416,715)	440,244	(388,657)	-	407,308
Fund Balances (Deficit), January 1	1,830,393	2,555,982	551,718	169,915	993,880
Fund Balances (Deficit), December 31	\$ 1,413,678	\$ 2,996,226	\$ 163,061	\$ 169,915	\$ 1,401,188

Special Revenue							
HOME	Community Development Block Grant	Community Development Loan	Neighborhood Stabilization Program 2	Special Service District No. 4	Good Neighbor	General Assistance	Total Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ 321,266	\$ -	\$ 827,615	\$ 4,551,684
-	-	-	-	-	-	-	-
178,211	2,016,478	-	91,446	-	-	-	4,182,596
-	-	-	-	-	-	-	-
14	-	4,656	-	2	-	801	24,711
-	-	-	-	-	1,000,000	-	1,125,000
27,259	10,197	208,541	-	-	-	49,590	890,289
205,484	2,026,675	213,197	91,446	321,268	1,000,000	878,006	10,774,280
-	-	-	-	-	-	804,857	804,857
-	-	-	-	-	-	-	1,287,253
-	-	-	-	-	-	-	130,789
207,877	2,018,936	160,641	73,823	323,000	-	-	4,213,234
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
207,877	2,018,936	160,641	73,823	323,000	-	804,857	6,436,133
(2,393)	7,739	52,556	17,623	(1,732)	1,000,000	73,149	4,338,147
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	47,500
-	(3,515)	-	(17,623)	-	(1,000,000)	-	(4,217,663)
-	(3,515)	-	(17,623)	-	(1,000,000)	-	(4,170,163)
(2,393)	4,224	52,556	-	(1,732)	-	73,149	167,984
4,770	59,882	158,365	-	(190,544)	-	513,239	6,647,600
\$ 2,377	\$ 64,106	\$ 210,921	\$ -	\$ (192,276)	\$ -	\$ 586,388	\$ 6,815,584

(This schedule is continued on the following pages.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2015

	Debt Service				
	Special Service District No. 5	Chicago Main Tax Increment District	Special Service Area No. 6	Howard Hartrey Tax Increment District	Washington National Tax Increment District
Revenues					
Taxes	\$ (180)	\$ -	\$ 223,296	\$ 1,233,675	\$ 4,729,649
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	35	-	2	2,319	14,012
Miscellaneous					
Contributions	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	(145)	-	223,298	1,235,994	4,743,661
Expenditures					
Current					
General management and support	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Housing and economic development	5,653	1,740,437	145,004	131,679	1,105,900
Capital outlay	-	-	-	-	-
Debt service					
Principal	405,000	-	-	-	-
Interest	23,186	16,556	-	-	-
Fiscal agent fees	-	-	-	-	-
Total Expenditures	433,839	1,756,993	145,004	131,679	1,105,900
Excess (Deficiency) of Revenues Over Expenditures	(433,984)	(1,756,993)	78,294	1,104,315	3,637,761
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	-	-
Issuance of loans	-	1,580,000	-	-	-
Premium (discount) on bonds issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	(91,445)	-	-	(1,741,757)	(4,455,515)
Total Other Financing Sources (Uses)	(91,445)	1,580,000	-	(1,741,757)	(4,455,515)
Net Change in Fund Balances	(525,429)	(176,993)	78,294	(637,442)	(817,754)
Fund Balances (Deficit), January 1	525,429	312,070	-	1,281,115	6,442,430
Fund Balances (Deficit), December 31	\$ -	\$ 135,077	\$ 78,294	\$ 643,673	\$ 5,624,676

Dempster- Dodge Tax Increment District	Debt Service			Capital Projects			Total Nonmajor Governmental Funds
	Howard Ridge Tax Increment District	West Evanston Tax Increment District	Total Debt Service	Capital Improvements	Special Assessment Capital Projects	Total Capital Projects	
\$ -	\$ 533,105	\$ -	\$ 6,719,545	\$ -	\$ -	\$ -	\$ 11,271,229
-	-	-	-	-	168,571	168,571	168,571
-	-	-	-	2,177,914	-	2,177,914	6,360,510
-	-	-	-	96,586	-	96,586	96,586
-	374	1,684	18,426	16,690	3,964	20,654	63,791
-	-	-	-	243,000	-	243,000	1,368,000
-	282,307	11,311	293,618	1,305	-	1,305	1,185,212
-	815,786	12,995	7,031,589	2,535,495	172,535	2,708,030	20,513,899
-	-	-	-	183,084	8,751	191,835	996,692
-	-	-	-	26,000	-	26,000	1,313,253
-	-	-	-	104,970	-	104,970	235,759
971	679,056	(521)	3,808,179	-	-	-	8,021,413
-	-	-	-	9,953,056	-	9,953,056	9,953,056
-	-	-	405,000	-	-	-	405,000
28,444	693	8,519	77,398	-	-	-	77,398
-	-	-	-	2,000	-	2,000	2,000
29,415	679,749	7,998	4,290,577	10,269,110	8,751	10,277,861	21,004,571
(29,415)	136,037	4,997	2,741,012	(7,733,615)	163,784	(7,569,831)	(490,672)
-	-	-	-	8,990,000	460,000	9,450,000	9,450,000
-	-	-	1,580,000	-	-	-	1,580,000
-	-	-	-	357,683	53,349	411,032	411,032
-	-	-	-	4,864,055	-	4,864,055	4,911,555
-	(107,500)	(30,000)	(6,426,217)	(490,000)	(360,698)	(850,698)	(11,494,578)
-	(107,500)	(30,000)	(4,846,217)	13,721,738	152,651	13,874,389	4,858,009
(29,415)	28,537	(25,003)	(2,105,205)	5,988,123	316,435	6,304,558	4,367,337
-	(28,621)	442,263	8,974,686	5,517,041	2,682,781	8,199,822	23,822,108
\$ (29,415)	\$ (84)	\$ 417,260	\$ 6,869,481	\$ 11,505,164	\$ 2,999,216	\$ 14,504,380	\$ 28,189,445

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Motor Fuel Tax Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 1,710,000	\$ 1,896,461	\$ 186,461
Interest	1,000	6,613	5,613
	<hr/>		
Total Revenues	1,711,000	1,903,074	192,074
Expenditures			
Public Works	-	130,789	130,789
	<hr/>		
Excess (Deficiency) of Revenues Over Expenditures	1,711,000	1,772,285	61,285
Other Financing Sources (Uses)			
Transfers (out)	(2,189,000)	(2,189,000)	-
	<hr/>		
Net Change in Fund Balance	<u>\$ (478,000)</u>	<u>(416,715)</u>	<u>\$ 61,285</u>
Fund Balances			
Beginning of Year		<u>1,830,393</u>	
End of Year		<u>\$ 1,413,678</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, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Taxes and special assessments	\$ 2,165,000	\$ 2,257,692	\$ 92,692
Interest	100	8,761	8,661
Miscellaneous	50,000	271,359	221,359
Total Revenues	2,215,100	2,537,812	322,712
Expenditures			
Housing and economic development	1,933,377	1,279,750	(653,627)
Excess (Deficiency) of Revenues Over Expenditures			
	281,723	1,258,062	976,339
Other Financing Sources (Uses)			
Transfers in	47,500	47,500	-
Transfers (out)	(615,322)	(865,318)	(249,996)
Other Financing Sources (Uses) - Net	(567,822)	(817,818)	(249,996)
Net Change in Fund Balance	\$ (286,099)	440,244	\$ 726,343
Fund Balances			
Beginning of Year		2,555,982	
End of Year		\$ 2,996,226	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Emergency Telephone System Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Taxes and special assessments	\$ 1,018,000	\$ 1,038,331	\$ 20,331
Interest	1,000	2,472	1,472
Total Revenues	1,019,000	1,040,803	21,803
Expenditures			
Public safety	1,374,436	1,287,253	(87,183)
Excess (Deficiency) of Revenues Over Expenditures	(355,436)	(246,450)	108,986
Other Financing Sources (Uses)			
Transfers (out)	(142,207)	(142,207)	-
Net Change in Fund Balance	\$ (497,643)	(388,657)	\$ 108,986
Fund Balance			
Beginning of Year		551,718	
End of Year		\$ 163,061	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Neighborhood Improvement Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Taxes and special assessments	\$ 20,000	\$ -	\$ (20,000)
Expenditures			
Housing and economic development	100,000	-	(100,000)
Net Change in Fund Balance	<u>\$ (80,000)</u>	-	<u>\$ 80,000</u>
Fund Balances			
Beginning of Year		<u>169,915</u>	
End of Year		<u>\$ 169,915</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Affordable Housing Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Affordable housing demo tax	\$ 30,000	\$ 106,780	\$ 76,780
Developer contributions	125,000	125,000	-
Interest	228	1,392	1,164
Miscellaneous	5,400	323,343	317,943
	<hr/>		
Total Revenues	160,628	556,515	395,887
Expenditures			
Housing and economic development	929,347	149,207	(780,140)
	<hr/>		
Net Change in Fund Balance	<u>\$ (768,719)</u>	407,308	<u>\$ 1,176,027</u>
Fund Balance			
Beginning of Year		<u>993,880</u>	
End of Year		<u>\$ 1,401,188</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

HOME Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 393,868	\$ 178,211	\$ (215,657)
Interest	-	14	14
Miscellaneous	8,300	27,259	18,959
	<hr/>	<hr/>	<hr/>
Total Revenues	402,168	205,484	(196,684)
Expenditures			
Housing and economic development	402,168	207,877	(194,291)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	<u>\$ -</u>	(2,393)	<u>\$ (2,393)</u>
Fund Balance			
Beginning of Year		<hr/> 4,770	
End of Year		<hr/> \$ 2,377	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments grant from U.S. Department of Housing and Urban Development	\$ 2,595,000	\$ 2,016,478	\$ (578,522)
Miscellaneous	-	10,197	10,197
Total Revenues	2,595,000	2,026,675	(568,325)
Expenditures			
Housing and economic development	1,753,284	2,018,936	265,652
Total Expenditures	1,753,284	2,018,936	265,652
Excess (Deficiency) of Revenues Over Expenditures	841,716	7,739	(833,977)
Other Financing Sources (Uses)			
Transfers (out)	(841,341)	(3,515)	837,826
Other Financing Sources (Uses) - Net	(841,341)	(3,515)	837,826
Net Change in Fund Balance	\$ 375	4,224	\$ 3,849
Fund Balance			
Beginning of Year		59,882	
End of Year		\$ 64,106	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Administration/Planning			
CDBG administration	\$ 320,645	\$ 317,116	\$ (3,529)
Total Administration/Planning	320,645	317,116	(3,529)
Economic Development			
Evanston Community Development Corporation	14,492	147,500	133,008
Total Economic Development	14,492	147,500	133,008
Housing			
Rehab construction administration	234,505	182,854	(51,651)
Targeted housing code enforcement	325,000	308,422	(16,578)
Total Housing	559,505	491,276	(68,229)
Neighborhood Revitalization			
Street resurfacing	168,436	216,488	48,052
Accessible Curb Ramp Program ADA	-	95,265	95,265
Street light upgrade	-	59,777	59,777
Snap lighting	-	4,324	4,324
Foster Field Light FJ	211,479	230,569	19,090
Alley improvement/paving program	-	2,406	2,406
Weissbourd/Fam Focus	80,000	56,900	(23,100)
Howard St. enhancement	4,000	-	(4,000)
YOU	64,443	113,031	48,588
Special assessments	10,000	-	(10,000)
Hill Arboretum	50,000	-	(50,000)
Peer-Windows	-	14,000	14,000
Graffiti removal program	41,900	41,900	-
Total Neighborhood Revitalization	630,258	834,660	204,402
Public Services			
Moran/Defender	25,000	25,000	-
Evanston Legal Services	7,250	7,250	-
Youth Job Center of Evanston	31,817	31,817	-
City/Cert. of Rehab & Records	30,000	30,000	-
Summer youth	22,000	22,000	-
YWCA Domestic Violence	31,817	31,817	-
Family Focus	20,000	20,000	-
Meals at Home	15,000	15,000	-
North Shore Senior Center	13,000	13,000	-
Open Studio Art	5,000	5,000	-
Interfaith Housing Program - Homeshare	10,000	10,000	-
Iwork/hous options	17,500	17,500	-
Total Public Services	228,384	228,384	-
Total Expenditures	\$ 1,753,284	\$ 2,018,936	\$ 265,652

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Community Development Loan Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 4,656	\$ 4,656
Miscellaneous	350,000	208,541	(141,459)
Total Revenues	350,000	213,197	(136,803)
Expenditures			
Housing and economic development	350,000	160,641	(189,359)
Net Change in Fund Balance	<u>\$ -</u>	52,556	<u>\$ 52,556</u>
Fund Balances			
Beginning of Year		<u>158,365</u>	
End of Year		<u>\$ 210,921</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Neighborhood Stabilization Program 2 Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 198,651	\$ 91,446	\$ (107,205)
Total Revenues	198,651	91,446	(107,205)
Expenditures			
Housing and economic development	194,610	73,823	(120,787)
Total Expenditures	194,610	73,823	(120,787)
Excess (Deficiency) of Revenues Over Expenditures	4,041	17,623	13,582
Other Financing Sources (Uses)			
Transfers (out)			
Transfers to General Fund	-	(13,279)	(13,279)
Transfers to Debt Service Fund	(4,344)	(4,344)	-
Total Other Financing Sources (Uses)	(4,344)	(17,623)	(13,279)
Net Change in Fund Balance	<u>\$ (303)</u>	-	<u>\$ 303</u>
Fund Balances			
Beginning of Year		-	
Ending of Year		<u>\$ -</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Special Service District No. 4 Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes			
Current year	\$ 320,000	\$ 321,266	\$ 1,266
Investment income	-	2	2
	<hr/>		
Total Revenues	320,000	321,268	1,268
Expenditures			
Housing and economic development	320,000	323,000	3,000
	<hr/>		
Net Change in Fund Balance	<u>\$ -</u>	(1,732)	<u>\$ (1,732)</u>
Fund Balance			
Beginning of Year		<u>(190,544)</u>	
End of Year		<u>\$ (192,276)</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Good Neighbor Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Miscellaneous	\$ 1,000,000	\$ 1,000,000	\$ -
Total Revenues	1,000,000	1,000,000	-
Expenditures			
Housing and economic development	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	1,000,000	1,000,000	-
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	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance			
Beginning of Year		<u>-</u>	
End of Year		<u>\$ -</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

General Assistance Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	\$ 800,000	\$ 827,615	\$ 27,615
Investment income	1,000	801	(199)
Miscellaneous	25,000	49,590	24,590
Total Revenues	826,000	878,006	52,006
Expenditures			
General management and support	987,833	804,857	(182,976)
Net Change in Fund Balance	<u>\$ (161,833)</u>	73,149	<u>\$ 234,982</u>
Fund Balance			
Beginning of Year		<u>513,239</u>	
Ending		<u>\$ 586,388</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Capital Improvements Fund

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 4,841,615	\$ 2,177,914	\$ (2,663,701)
Charges for services	-	96,586	96,586
Investment income	-	16,690	16,690
Miscellaneous	-	1,305	1,305
Contributions	-	243,000	243,000
Total Revenues	4,841,615	2,535,495	(2,306,120)
Expenditures			
General management and support	-	183,084	183,084
Public safety	-	26,000	26,000
Public works	22,279,615	104,970	(22,174,645)
Capital outlay	-	9,953,056	9,953,056
Debt service			
Fiscal agent fees	-	2,000	2,000
Total Expenditures	22,279,615	10,269,110	(12,010,505)
Excess (Deficiency) of Revenues Over Expenditures	(17,438,000)	(7,733,615)	9,704,385
Other Financing Sources (Uses)			
Issuance of bonds	9,248,000	8,990,000	(258,000)
Premium on issuance of bonds	-	357,683	357,683
Transfers in	6,471,000	4,864,055	(1,606,945)
Transfers (out)	(490,000)	(490,000)	-
Total Other Financing Sources (Uses)	15,229,000	13,721,738	(1,507,262)
Net Change in Fund Balance	\$ (2,209,000)	5,988,123	\$ 8,197,123
Fund Balances			
Beginning of Year		<u>5,517,041</u>	
End of Year		<u>\$ 11,505,164</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, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Special assessments	\$ 230,000	\$ 168,571	\$ (61,429)
Investment income	1,200	3,964	2,764
Total Revenues	231,200	172,535	(58,665)
Expenditures			
Current			
General management and support	-	8,751	8,751
Total Expenditures	-	8,751	8,751
Excess (Deficiency) of Revenues Over Expenditures	231,200	163,784	(67,416)
Other Financing Sources (Uses)			
Issuance of bonds	250,000	460,000	210,000
Premium on issuance of bonds	-	53,349	53,349
Transfers (out)	(382,250)	(360,698)	21,552
Other Financing Sources (Uses) - Net	(132,250)	152,651	284,901
Net Change in Fund Balance	\$ 98,950	316,435	\$ 217,485
Fund Balance			
Beginning of Year		<u>2,682,781</u>	
End of Year		<u>\$ 2,999,216</u>	

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2016

	Special Service District No. 5		Chicago Main Tax Increment District		Special Service Area No. 6		Howard Hartrey Tax Increment District	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
	Revenues							
Taxes								
Property taxes	\$ -	\$ (180)	\$ 75,000	\$ -	\$ 210,000	\$ 223,296	\$ 1,300,000	\$ 1,233,675
Investment income	300	35	-	-	500	2	2,000	2,319
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	300	(145)	75,000	-	210,500	223,298	1,302,000	1,235,994
Expenditures								
Housing and economic development	51,399	5,653	-	1,740,437	200,000	145,004	200,000	131,679
Debt Service								
Principal	405,000	405,000	-	-	-	-	-	-
Interest	11,872	23,186	43,500	16,556	-	-	-	-
Total Expenditures	468,271	433,839	43,500	1,756,993	200,000	145,004	200,000	131,679
Excess (Deficiency) of Revenues Over Expenditures	(467,971)	(433,984)	31,500	(1,756,993)	10,500	78,294	1,102,000	1,104,315
Other Financing Sources (Uses)								
Issuance of bonds	-	-	-	-	-	-	-	-
Issuance of loans	-	-	-	1,580,000	-	-	-	-
Transfers in (out)								
General	-	-	-	-	-	-	(152,450)	(152,450)
Capital improvement	-	-	-	-	-	-	(1,600,000)	(1,589,307)
Other	-	(91,445)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(91,445)	-	1,580,000	-	-	(1,752,450)	(1,741,757)
Net Changes in Fund Balances	<u>\$ (467,971)</u>	<u>(525,429)</u>	<u>\$ 31,500</u>	<u>(176,993)</u>	<u>\$ 10,500</u>	<u>78,294</u>	<u>\$ (650,450)</u>	<u>(637,442)</u>
Fund Balances (Deficit)								
Beginning of Year		<u>525,429</u>		<u>312,070</u>		<u>-</u>		<u>1,281,115</u>
End of Year		<u>\$ -</u>		<u>\$ 135,077</u>		<u>\$ 78,294</u>		<u>\$ 643,673</u>

Washington National Tax Increment District		Dempster-Dodge Tax Increment District		Howard Ridge Tax Increment District		West Evanston Tax Increment District		Total	
Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
\$ 5,145,000	\$ 4,729,649	\$ -	\$ -	\$ 550,000	\$ 533,105	\$ -	\$ -	\$ 7,280,000	\$ 6,719,545
2,000	14,012	-	-	100	374	150	1,684	5,050	18,426
-	-	-	-	120,000	282,307	-	11,311	120,000	293,618
5,147,000	4,743,661	-	-	670,100	815,786	150	12,995	7,405,050	7,031,589
1,500,000	1,105,900	-	971	1,538,000	679,056	-	(521)	3,489,399	3,808,179
-	-	-	-	-	-	-	-	405,000	405,000
-	-	40,000	28,444	600	693	10,000	8,519	105,972	77,398
1,500,000	1,105,900	40,000	29,415	1,538,600	679,749	10,000	7,998	4,000,371	4,290,577
3,647,000	3,637,761	(40,000)	(29,415)	(868,500)	136,037	(9,850)	4,997	3,404,679	2,741,012
-	-	50,000	-	1,000,000	-	-	-	1,050,000	-
-	-	-	-	-	-	-	-	-	1,580,000
(350,000)	(350,000)	-	-	(60,000)	(60,000)	(30,000)	(30,000)	(592,450)	(592,450)
(2,330,000)	(393,747)	-	-	-	-	-	-	(3,930,000)	(1,983,054)
(3,607,683)	(3,711,768)	-	-	(47,500)	(47,500)	-	-	(3,655,183)	(3,850,713)
(6,287,683)	(4,455,515)	50,000	-	892,500	(107,500)	(30,000)	(30,000)	(7,127,633)	(4,846,217)
<u>\$ (2,640,683)</u>	<u>(817,754)</u>	<u>\$ 10,000</u>	<u>(29,415)</u>	<u>\$ 24,000</u>	<u>28,537</u>	<u>\$ (39,850)</u>	<u>(25,003)</u>	<u>\$ (3,722,954)</u>	<u>(2,105,205)</u>
	<u>6,442,430</u>		<u>-</u>		<u>(28,621)</u>		<u>442,263</u>		<u>8,974,686</u>
	<u>\$ 5,624,676</u>		<u>\$ (29,415)</u>		<u>\$ (84)</u>		<u>\$ 417,260</u>		<u>\$ 6,869,481</u>

(See independent auditor's report.)

ENTERPRISE FUNDS

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

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

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

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

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual
Operating Revenues		
Charges for services	\$ 15,083,000	\$ 15,771,371
Miscellaneous	510,400	647,309
Total Operating Revenues	<u>15,593,400</u>	<u>16,418,680</u>
Operating Expenses Excluding Depreciation		
Administration	823,215	1,287,200
Operations		
Pumping	2,418,793	2,533,997
Filtration	2,587,823	2,426,838
Distribution	2,173,093	1,763,624
Meter maintenance	-	408
Other	28,699,484	812,064
Total Operating Expenses Excluding Depreciation	<u>36,702,408</u>	<u>8,824,131</u>
Operating Income (Loss) Before Depreciation	(21,109,008)	7,594,549
Depreciation	-	1,973,593
Operating Income (Loss)	<u>(21,109,008)</u>	<u>5,620,956</u>
Non-Operating Revenue (Expenses)		
Investment income	1,600	16,537
Interest expense	(395,115)	(653,059)
Net book value of fixed assets disposed	-	(227,924)
Total Non-Operating Revenues (Expenses)	<u>(393,515)</u>	<u>(864,446)</u>
Income (Loss) Before Transfers	<u>(21,502,523)</u>	<u>4,756,510</u>
Transfers		
Transfers (out)	<u>(3,369,559)</u>	<u>(3,369,559)</u>
Total Transfers	<u>(3,369,559)</u>	<u>(3,369,559)</u>
Net Income (Loss)	<u>\$ (24,872,082)</u>	<u>1,386,951</u>
Net Position		
Beginning of Year		68,210,727
Change in accounting principle		<u>872,746</u>
Beginning of Year, Restated		<u>69,083,473</u>
End of Year		<u>\$ 70,470,424</u>

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual
Charges for Services, Net		
Water Sales		
Evanston	\$ 6,848,000	\$ 7,133,647
Skokie	2,915,000	2,941,912
Northwest Water Commission	5,320,000	5,695,812
	<hr/>	<hr/>
Total Charges for Services	15,083,000	15,771,371
	<hr/>	<hr/>
Miscellaneous		
Fees and outside work	39,000	51,737
Fees, merchandise, and other	471,400	595,572
	<hr/>	<hr/>
Total Miscellaneous	510,400	647,309
	<hr/>	<hr/>
Total Operating Revenues	\$ 15,593,400	\$ 16,418,680

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

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

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

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

CITY OF EVANSTON, ILLINOIS

Internal Service Funds
Combining Statement of Net Position

December 31, 2016

	Equipment Replacement	Fleet Services	Insurance	Total
Current Assets				
Cash and cash equivalents	\$ 1,591,306	\$ 296,922	\$ 132,349	\$ 2,020,577
Receivables - other	8,645	6,238	-	14,883
Inventories	-	881,649	-	881,649
Prepaid items	-	-	2,437,950	2,437,950
Due from component unit	-	-	311	311
Due from other funds	22,248	-	422,502	444,750
Total Current Assets	1,622,199	1,184,809	2,993,112	5,800,120
Capital Assets				
Capital assets being depreciated	23,645,539	617,552	-	24,263,091
Accumulated depreciation	(15,422,057)	(617,447)	-	(16,039,504)
Total Capital Assets	8,223,482	105	-	8,223,587
Total Assets	9,845,681	1,184,914	2,993,112	14,023,707
Current Liabilities				
Vouchers payable	366,963	218,729	27,819	613,511
Due to other funds	369,903	23,144	-	393,047
Compensated absences payable	-	19,690	6,890	26,580
Claims payable	-	-	2,269,750	2,269,750
Total Current Liabilities	736,866	261,563	2,304,459	3,302,888
Long-Term Liabilities				
Compensated absences payable	-	78,760	27,558	106,318
OPEB liability	-	81,742	-	81,742
Claims payable	-	-	3,658,120	3,658,120
Total Long-Term Liabilities	-	160,502	3,685,678	3,846,180
Total Liabilities	736,866	422,065	5,990,137	7,149,068
Net Position (Deficit)				
Net investment in capital assets	8,223,482	105	-	8,223,587
Unrestricted (deficit)	885,333	762,744	(2,997,025)	(1,348,948)
Total Net Position (Deficit)	\$ 9,108,815	\$ 762,849	\$ (2,997,025)	\$ 6,874,639

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Internal Service Funds
 Combining Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended December 31, 2016

	Equipment Replacement	Fleet Services	Insurance	Total
Operating Revenues				
Charges for services				
General Fund	\$ 1,243,191	\$ 2,711,059	\$ 2,681,872	\$ 6,636,122
Sewer Fund	-	192,213	269,988	462,201
Solid Waste	177,131	322,362	-	499,493
Water Fund	-	132,754	468,503	601,257
Motor Vehicle Parking System Fund	30,000	23,783	319,648	373,431
Library Fund	4,743	5,440	-	10,183
Emergency Telephone System	-	-	17,448	17,448
Economic Development	-	-	13,962	13,962
Community Development Block Grant	108	69	18,466	18,643
Claims reimbursements	-	-	96,283	96,283
Health insurance contributions	-	-	13,181,313	13,181,313
Miscellaneous	-	14,415	5,149	19,564
Total Operating Revenues	1,455,173	3,402,095	17,072,632	21,929,900
Operating Expenses				
General support	-	1,072,796	546,211	1,619,007
Major maintenance	102,765	1,905,252	-	2,008,017
General liability claims	-	-	4,182,715	4,182,715
Workers' compensation claims	-	-	1,492,491	1,492,491
Health insurance premiums	-	-	13,474,700	13,474,700
Total Operating Expenses	102,765	2,978,048	19,696,117	22,776,930
Operating Income (Loss) Before Depreciation	1,352,408	424,047	(2,623,485)	(847,030)
Depreciation	1,624,064	44	-	1,624,108
Operating Income (Loss)	(271,656)	424,003	(2,623,485)	(2,471,138)
Non-Operating Revenue (Expenses)				
Investment income	-	-	218	218
Gain on sale of property	63,430	-	-	63,430
Total Non-Operating Revenues (Expenses)	63,430	-	218	63,648
Income (Loss) Before Transfers	(208,226)	424,003	(2,623,267)	(2,407,490)
Transfers				
Transfers (out)	-	(26,762)	(9,262)	(36,024)
Total Transfers	-	(26,762)	(9,262)	(36,024)
Change in Net Position	(208,226)	397,241	(2,632,529)	(2,443,514)
Net Position (Deficit) - Beginning	9,317,041	365,608	(364,496)	9,318,153
Net Position (Deficit) - Ending	\$ 9,108,815	\$ 762,849	\$ (2,997,025)	\$ 6,874,639

(See independent auditor's report.)

CITY OF EVANSTON, ILLINOIS

Internal Service Funds
 Combining Statement of Cash Flows

For the Fiscal Year Ended December 31, 2016

	Equipment Replacement	Fleet Services	Insurance	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ -	\$ 14,415	\$ 13,282,745	\$ 13,297,160
Receipts from/(payments for) interfund services provided	1,944,561	3,269,091	4,607,093	9,820,745
Payments to suppliers	322,106	(3,000,979)	(3,500,032)	(6,178,905)
Payments to employees	-	41,157	(2,957,328)	(2,916,171)
Payments for insurance premiums	-	-	(12,474,198)	(12,474,198)
Net Cash Provided from Operating Activities	2,266,667	323,684	(1,041,720)	1,548,631
Cash Flows from Noncapital Financing Activities				
Transfers (out)	-	(26,762)	(9,262)	(36,024)
Net Cash from Noncapital Financing Activities	-	(26,762)	(9,262)	(36,024)
Cash Flows from Capital and Related Financing Activities				
Sale of capital assets	65,654	-	-	65,654
Acquisition and construction of capital assets	(1,810,418)	-	-	(1,810,418)
Net Cash from Capital and Related Financing Activities	(1,744,764)	-	-	(1,744,764)
Cash Flows from Investing Activities				
Interest income	-	-	218	218
Net Cash from Investing Activities	-	-	218	218
Net Increase (Decrease) in Cash and Cash Equivalents	521,903	296,922	(1,050,764)	(231,939)
Cash and Equivalents				
Beginning	1,069,403	-	1,183,113	2,252,516
Ending	\$ 1,591,306	\$ 296,922	\$ 132,349	\$ 2,020,577
Reconciliation of Operating Income (Loss) to Net Cash				
Provided from Operating Activities				
Operating Income (loss)	\$ (271,656)	\$ 424,003	\$ (2,623,485)	\$ (2,471,138)
Adjustments to reconcile operating income to net cash provided from operating activities				
Depreciation	1,624,064	44	-	1,624,108
Changes in assets and liabilities				
Increase/decrease in accounts receivable miscellaneous	(8,645)	-	-	(8,645)
Interfund receivable	489,388	-	817,206	1,306,594
Prepaid expenses	395,071	-	(967,602)	(572,531)
Inventories	-	(74,773)	-	(74,773)
Compensated absences	-	31,746	5,517	37,263
OPEB liability	-	9,411	-	9,411
Vouchers payable	38,445	51,842	26,142	116,429
Interfund payable	-	(118,589)	-	(118,589)
Claims payable	-	-	1,700,502	1,700,502
Net Cash Provided from Operating Activities	\$ 2,266,667	\$ 323,684	\$ (1,041,720)	\$ 1,548,631

(See independent auditor's report.)

COMPONENT UNIT - PUBLIC LIBRARY

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

Combining Balance Sheet/Statement of Net Position

December 31, 2016

	Operating	Endowment	Debt Service	Total	Adjustments	Statement of Net Position
Assets						
Cash and investments	\$ 1,008,869	\$ 3,811,792	\$ 370,175	\$ 5,190,836	\$ -	\$ 5,190,836
Property taxes receivable	6,284,358	-	345,955	6,630,313	-	6,630,313
Other receivables	95	8,065	-	8,160	-	8,160
Due from other governments	-	-	310,018	310,018	-	310,018
Capital assets not being depreciated	-	-	-	-	311,380	311,380
Capital assets net of accumulated depreciation	-	-	-	-	12,024,018	12,024,018
Total Assets	7,293,322	3,819,857	1,026,148	12,139,327	12,335,398	24,474,725
Deferred Outflows of Resources						
Pension items - IMRF	-	-	-	-	1,920,319	1,920,319
Total Assets and Deferred Outflows of Resources	\$ 7,293,322	\$ 3,819,857	\$ 1,026,148	\$ 12,139,327	\$ 14,255,717	\$ 26,395,044
Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position						
Current Liabilities						
Accounts Payable	\$ 164,355	\$ -	\$ 484	\$ 164,839	\$ -	\$ 164,839
Due to Primary Government	193,954	-	650,000	843,954	-	843,954
Total Current Liabilities	358,309	-	650,484	1,008,793	-	1,008,793
Noncurrent Liabilities						
Due within one year	-	-	-	-	459,899	459,899
Due in more than one year	-	-	-	-	3,560,190	3,560,190
Total Noncurrent Liabilities	-	-	-	-	4,020,089	4,020,089
Total Liabilities	358,309	-	650,484	1,008,793	4,020,089	5,028,882
Deferred Inflows of Resources						
Unavailable Property Taxes	6,284,358	-	345,955	6,630,313	-	6,630,313
Total Deferred Inflows of Resources	6,284,358	-	345,955	6,630,313	-	6,630,313
Total Liabilities and Deferred Inflows of Resources	6,642,667	-	996,439	7,639,106	4,020,089	11,659,195
Fund Balances/Net Position						
Net investment in capital assets	-	-	-	-	10,365,258	10,365,258
Restricted for debt service	-	-	29,709	29,709	-	29,709
Restricted for endowment	-	3,819,857	-	3,819,857	-	3,819,857
Unassigned/unrestricted	650,655	-	-	650,655	(129,630)	521,025
Total Fund Balances/Net Position	650,655	3,819,857	29,709	4,500,221	10,235,628	14,735,849
Total Liabilities, Deferred Inflows, and Fund Balances/Net Position	\$ 7,293,322	\$ 3,819,857	\$ 1,026,148	\$ 12,139,327	\$ 14,255,717	\$ 26,395,044

(See independent auditor's report.)

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

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

For Fiscal Year Ended December 31, 2016

	Operating	Endowment	Debt Service	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 6,136,248	\$ -	\$ 364,827	\$ 6,501,075	\$ -	\$ 6,501,075
Intergovernmental						
Personal property replacement tax	4,141	-	-	4,141	-	4,141
Grant revenue	89,668	-	-	89,668	-	89,668
Charges for services	324,776	-	113	324,889	-	324,889
Fines and forfeits	152,537	-	-	152,537	-	152,537
Other						
Investment income	4,717	293,132	-	297,849	-	297,849
Donations	67,943	18,000	-	85,943	-	85,943
Total Revenues	6,780,030	311,132	364,940	7,456,102	-	7,456,102
Expenditures						
Current						
Community services	6,785,260	-	-	6,785,260	1,025,002	7,810,262
Debt Service						
Payment Primary Government	-	-	650,000	650,000	-	650,000
Principal	-	-	323,241	323,241	(323,241)	-
Interest and fiscal charges	-	-	74,804	74,804	(26,150)	48,654
Total Expenditures	6,785,260	-	1,048,045	7,833,305	675,611	8,508,916
Excess (Deficiency) or Revenues Over Expenditures	(5,230)	311,132	(683,105)	(377,203)	(675,611)	(1,052,814)
Other Financing Sources (Uses)						
Issuance of bonds	-	-	650,000	650,000	(650,000)	-
Premium on bond issuances	-	-	26,150	26,150	(26,150)	-
Transfer in	235,800	-	-	235,800	(235,800)	-
Transfer (out)	-	(235,800)	-	(235,800)	235,800	-
Total Other Financing Sources (Uses)	235,800	(235,800)	676,150	676,150	(676,150)	-
Change in Fund Balance/Net Position	230,570	75,332	(6,955)	298,947	(1,351,761)	(1,052,814)
Fund Balances/Net Position						
Beginning of Year	420,085	3,744,525	36,664	4,201,274	10,876,356	15,077,630
Change in accounting principle	-	-	-	-	711,033	711,033
Beginning of Year, Restated	420,085	3,744,525	36,664	4,201,274	11,587,389	15,788,663
End of Year	\$ 650,655	\$ 3,819,857	\$ 29,709	\$ 4,500,221	\$ 10,235,628	\$ 14,735,849

(See independent auditor's report.)

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

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

For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues			
Taxes			
Property taxes	\$ 6,104,180	\$ 6,136,248	\$ 32,068
Intergovernmental			
Personal property replacement tax	50,200	4,141	(46,059)
Grant revenue	114,177	89,668	(24,509)
Charges for services	313,300	324,776	11,476
Fines and forfeits	160,000	152,537	(7,463)
Other			
Investment income	2,000	4,717	2,717
Donations	87,500	67,943	(19,557)
Total Revenues	<u>6,831,357</u>	<u>6,780,030</u>	<u>(51,327)</u>
Expenditures			
General management and support	<u>6,667,053</u>	<u>6,785,260</u>	<u>118,207</u>
Total Expenditures	<u>6,667,053</u>	<u>6,785,260</u>	<u>118,207</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>164,304</u>	<u>(5,230)</u>	<u>(169,534)</u>
Other Financing Sources (Uses)			
Transfers in	185,000	235,800	50,800
Transfers (out)	<u>(330,089)</u>	<u>-</u>	<u>330,089</u>
Total Other Financing Sources (Uses)	<u>(145,089)</u>	<u>235,800</u>	<u>380,889</u>
Net Changes in Fund Balances	<u>\$ 19,215</u>	<u>230,570</u>	<u>\$ 211,355</u>
Fund Balances			
Beginning of Year		<u>420,085</u>	
End of Year		<u>\$ 650,655</u>	

(See independent auditor's report.)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
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.	130-135
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	136-138
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.	139-143
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.	144-145
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	146-151

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

CITY OF EVANSTON, ILLINOIS

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015**	2016
Governmental Activities										
Net investment in capital assets	\$ 31,542	\$ 37,278	\$ 41,109	\$ 49,483	\$ 57,663	\$ 60,105	\$ 47,214	\$ 46,633	\$ 47,953	\$ 51,588
Restricted	23,168	26,238	23,645	23,187	31,559	31,754	24,720	25,446	16,409	18,523
Unrestricted	28,231	17,539	10,400	4,072	(24,033)	(23,729)	(13,846)	(11,436)	(136,007)	(170,270)
Total Governmental Activities Net Position	\$ 82,941	\$ 81,055	\$ 75,154	\$ 76,742	\$ 65,189	\$ 68,130	\$ 58,088	\$ 60,643	\$ (71,645)	\$ (100,159)
Business-Type Activities										
Net investment in capital assets	\$ 159,185	\$ 172,399	\$ 192,921	\$ 207,162	\$ 215,755	\$ 228,738	\$ 239,243	\$ 246,382	\$ 255,622	\$ 268,851
Restricted	1,986	1,987	3,378	1,624	1,034	710	712	649	-	-
Unrestricted	23,589	27,586	25,417	19,141	25,385	26,363	25,484	23,563	22,785	18,928
Total Business-Type Activities Net Position	\$ 184,760	\$ 201,972	\$ 221,716	\$ 227,927	\$ 242,174	\$ 255,811	\$ 265,439	\$ 270,594	\$ 278,407	\$ 287,779
Primary Government										
Net investment in capital assets	\$ 190,727	\$ 209,677	\$ 234,030	\$ 256,645	\$ 273,418	\$ 288,843	\$ 286,457	\$ 293,015	\$ 303,575	\$ 320,439
Restricted	25,154	28,225	27,023	24,811	32,593	32,464	25,432	26,095	16,409	18,523
Unrestricted	51,820	45,125	35,817	23,213	1,352	2,634	11,638	12,127	(113,222)	(151,342)
Total Primary Government Net Position	\$ 267,701	\$ 283,027	\$ 296,870	\$ 304,669	\$ 307,363	\$ 323,941	\$ 323,527	\$ 331,237	\$ 206,762	\$ 187,620

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

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

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Changes in Net Position

Last Ten Fiscal Years

(amounts expressed in thousands)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General government	\$ 20,072	\$ 18,017	\$ 19,773	\$ 17,517	\$ 17,911	\$ 22,508	\$ 18,892	\$ 13,811	\$ 12,493	\$ 18,163
Public safety	48,763	49,484	50,488	53,226	43,465	52,740	57,090	58,795	57,443	55,625
Public works	21,566	21,628	18,509	15,626	12,399	11,099	13,782	25,825	20,011	13,668
Health and human resource development	4,982	4,546	4,760	4,541	3,547	3,200	3,601	3,837	2,911	3,319
Housing and economic development	7,090	6,965	20,066	10,857	11,630	19,101	11,123	12,443	10,532	21,063
Culture and recreation	20,634	20,002	9,120	20,142	15,607	17,438	16,433	9,358	14,794	14,380
Interest on long-term debt	5,522	4,041	4,396	5,595	3,114	1,786	377	3,919	3,757	3,779
Total governmental activities expenses	128,629	124,683	127,112	127,504	107,673	127,872	121,298	127,988	121,941	129,997
Business-Type Activities										
Water	8,668	9,391	9,133	8,713	7,450	10,172	11,193	11,977	10,748	11,450
Sewer	8,972	8,726	8,779	8,784	7,083	7,872	7,649	7,293	6,608	6,683
Solid waste	-	-	-	-	4,317	4,612	4,732	4,856	5,150	4,967
Motor vehicle parking system	2,403	8,896	8,841	8,425	6,673	8,297	8,369	7,856	7,862	8,532
Sherman garage	4,270	-	-	-	-	-	-	-	-	-
Maple avenue garage	2,682	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	26,995	27,013	26,753	25,922	25,523	30,953	31,943	31,982	30,368	31,632
Total primary government expenses	\$ 155,625	\$ 151,696	\$ 153,865	\$ 153,426	\$ 133,196	\$ 158,825	\$ 153,241	\$ 159,970	\$ 152,309	\$ 161,629
Program Revenues										
Governmental Activities										
Charges for services										
General government	\$ 12,639	\$ 13,348	\$ 13,087	\$ 12,796	\$ 9,219	\$ 9,478	\$ 8,917	\$ 9,374	\$ 8,629	\$ 10,094
Culture and recreation	4,521	4,637	4,902	5,265	4,587	9,934	5,236	5,360	5,572	5,560
Other activities	14,518	10,289	7,946	9,377	8,523	11,349	12,179	15,253	11,268	15,739
Operating grants and contributions	5,982	5,117	5,898	9,851	9,861	13,453	10,102	7,151	5,535	6,809
Capital grants and contributions	118	113	4,037	8,026	3,941	2,017	2,956	501	275	368
Total Governmental Activities Program Revenues	37,778	33,504	35,870	45,315	36,131	46,231	39,390	37,639	31,279	38,570

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
Business-Type Activities										
Charges for services										
Water	\$ 13,239	\$ 13,685	\$ 12,694	\$ 13,738	\$ 12,369	\$ 14,967	\$ 14,658	\$ 15,052	\$ 15,722	\$ 16,419
Sewer	14,239	13,774	13,243	13,393	11,377	14,115	13,510	12,785	12,511	13,049
Sherman garage	1,950	-	-	-	-	-	-	-	-	-
Solid waste	-	-	-	-	2,900	3,490	3,651	3,971	4,004	4,031
Motor vehicle parking system	3,084	6,719	6,772	5,987	4,928	6,663	6,255	6,080	6,164	6,688
Maple avenue garage fund	1,430	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	395	939	15	-	-
Total Business-Type Activities Program Revenues	33,942	34,178	32,709	33,118	31,574	39,630	39,013	37,903	38,401	40,187
Total Primary Government Program Revenues	\$ 71,720	\$ 67,682	\$ 68,579	\$ 78,433	\$ 67,705	\$ 85,861	\$ 78,403	\$ 75,542	\$ 69,680	\$ 78,757
Net (Expense)/Revenue										
Governmental Activities	\$ (90,851)	\$ (91,179)	\$ (91,242)	\$ (82,189)	\$ (71,542)	\$ (81,641)	\$ (81,908)	\$ (90,349)	\$ (90,662)	\$ (91,427)
Business-Type Activities	6,946	7,165	5,956	7,196	6,051	8,677	7,070	5,921	8,033	8,555
Total Primary Government Net Expense	\$ (83,905)	\$ (84,014)	\$ (85,286)	\$ (74,993)	\$ (65,491)	\$ (72,964)	\$ (74,838)	\$ (84,428)	\$ (82,629)	\$ (82,872)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 46,947	\$ 56,217	\$ 58,839	\$ 47,040	\$ 33,399	\$ 47,874	\$ 46,349	\$ 48,579	\$ 45,840	\$ 45,610
Sales taxes	16,172	15,500	14,880	15,577	13,495	15,888	16,965	17,362	17,758	17,932
Investment earnings	3,653	360	721	557	32	398	79	(258)	30	118
Miscellaneous	25,799	26,684	24,601	27,501	21,244	25,348	27,369	26,612	30,950	33,217
Transfers	(5,116)	(9,469)	(13,700)	(99)	(8,180)	(4,926)	(2,586)	610	631	434
Total Governmental Activities	87,455	89,292	85,341	90,576	59,990	84,582	88,176	92,905	95,209	97,311
Business-Type Activities										
Investment earnings	1,287	606	87	23	16	34	33	(156)	27	59
Miscellaneous	-	(28)	-	-	-	-	(61)	-	301	(245)
Transfers	5,116	9,469	13,700	99	8,180	4,926	2,586	(610)	(631)	(434)
Total Business-Type Activities	6,403	10,047	13,787	122	8,196	4,960	2,558	(766)	(303)	(620)
Changes in Net Position										
Governmental Activities	(3,396)	(1,887)	(5,901)	8,387	(11,552)	2,941	6,268	2,556	4,547	5,884
Business-Type Activities	13,349	17,212	19,743	7,318	14,247	13,637	9,628	5,155	7,730	7,935
Total Primary Government	\$ 9,953	\$ 15,325	\$ 13,842	\$ 15,705	\$ 2,695	\$ 16,578	\$ 15,896	\$ 7,711	\$ 12,277	\$ 13,819

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

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(amounts expressed in thousands)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
General Fund										
Nonspendable	-	-	-	-	-	-	-	-	118	\$ -
Reserved/Restricted	1,108	1,275	1,585	1,995	-	-	-	-	-	-
Unreserved/Restricted	24,840	19,752	18,603	20,009	-	-	-	-	-	-
Assigned	-	-	-	-	7,590	6,848	6,362	5,347	5,672	5,046
Unassigned	-	-	-	-	10,803	10,186	10,001	9,636	4,914	6,622
Total General Fund	\$ 25,948	\$ 21,027	\$ 20,188	\$ 22,004	\$ 18,393	\$ 17,034	\$ 16,363	\$ 14,983	\$ 10,586	\$ 11,668
All Other Governmental Funds										
Reserved	\$ 29,739	\$ 31,757	\$ 28,953	\$ 28,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special Revenue Funds	6,649	10,356	10,807	10,907	-	-	-	-	-	-
Capital Projects Funds	25,620	20,899	9,276	9,665	-	-	-	-	-	-
Nonspendable	-	-	-	-	1,419	-	407	1,430	2,158	-
Restricted	-	-	-	-	32,353	32,431	25,359	26,003	16,409	18,523
Committed	-	-	-	-	806	2,150	3,507	3,540	2,556	2,996
Assigned	-	-	-	-	10,074	5,307	8,372	10,467	5,517	7,668
Unassigned	-	-	-	-	(175)	1,105	(149)	(153)	(221)	(252)
Total All Other Governmental Funds	\$ 62,008	\$ 63,012	\$ 49,036	\$ 49,310	\$ 44,477	\$ 40,993	\$ 37,496	\$ 41,287	\$ 26,419	\$ 28,935

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

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

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

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(amounts expressed in thousands)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 75,767	\$ 84,035	\$ 84,726	\$ 73,559	\$ 56,466	\$ 79,331	\$ 78,254	\$ 77,933	\$ 75,747	\$ 76,047
Licenses, fees and permits	10,276	8,820	7,279	8,661	6,776	10,470	10,617	14,503	12,184	17,933
Fines and penalties	4,660	4,442	4,151	4,003	3,280	3,470	3,449	3,358	148	3,612
Charges for services	7,732	8,399	8,680	9,786	6,283	7,763	7,723	7,793	23,834	8,791
Special assessments	520	516	240	429	235	293	275	167	8,312	169
Intergovernmental	22,625	21,013	20,696	26,456	23,183	29,252	27,844	24,300	3,554	24,886
Investment earnings	3,402	272	714	555	22	397	94	89	30	118
Other Revenues	5,116	4,679	4,642	6,390	4,133	2,915	1,906	1,791	1,722	3,892
Total Revenues	130,098	132,176	131,128	129,839	100,378	133,891	130,162	129,934	125,531	135,448
Expenditures										
General government	18,190	16,498	16,184	23,463	13,594	18,532	17,611	13,314	13,444	17,064
Public safety	42,466	49,999	48,970	50,352	42,140	54,611	56,431	59,425	59,654	62,252
Public works	18,868	18,913	16,062	14,053	7,574	9,380	11,982	19,821	19,815	13,477
Recreation and cultural opportunities	19,118	18,942	18,100	17,399	16,192	14,309	14,775	10,524	11,087	11,894
Health and human development	4,982	4,546	4,760	4,541	3,588	3,200	3,601	3,837	3,141	3,021
Housing and economic development	7,089	6,963	9,120	11,345	11,999	19,095	11,305	9,348	13,292	10,477
Pensions	-	-	-	-	-	-	-	-	-	-
Capital outlay	12,416	8,209	7,960	7,112	5,832	8,523	5,948	6,286	9,151	9,953
Debt service									-	-
Interest	5,128	5,143	4,953	4,878	4,384	5,175	4,996	4,411	4,413	4,276
Fiscal agent fees	42	28	5	12	79	76	127	43	16	14
Principal	10,815	9,885	7,524	7,650	10,106	13,055	34,259	10,040	20,833	19,661
Total Governmental Activities Expenditure	139,114	139,126	133,638	140,805	115,488	145,956	161,035	137,049	154,846	152,089
Net (Expense)/Revenue										
Governmental Activities	(9,016)	(6,950)	(2,510)	(10,966)	(15,110)	(12,065)	(30,873)	(7,115)	(29,315)	(16,641)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Proceeds from borrowing	\$ 31,444	\$ 24,340	\$ -	\$ 13,393	\$ 15,420	\$ 12,618	\$ 34,982	\$ 9,989	\$ 22,377	\$ 19,652
Capitalized interest income	-	839	-	120	-	-	-	-	-	-
Capitalized interest expense	-	-	-	-	-	-	-	-	-	-
Escrow funding	(15,590)	(13,280)	-	-	-	-	-	-	-	-
Transfers in	8,975	5,927	11,019	5,727	5,839	9,271	8,182	9,202	10,308	16,011
Transfers (out)	(15,344)	(14,794)	(23,324)	(6,184)	(14,593)	(14,668)	(11,879)	(9,665)	(9,315)	(15,542)
Total Other Financing Sources (Uses)	9,485	3,032	(12,305)	13,056	6,666	7,221	31,285	9,526	23,370	20,121
Net Changes in Fund Balance	\$ 469	\$ (3,917)	\$ (14,815)	\$ 2,090	\$ (8,444)	\$ (4,844)	\$ 412	\$ 2,411	\$ (5,945)	\$ 3,480
Debt Service as a Percentage of Noncapital Expenditures	12.58%	11.48%	9.93%	9.36%	13.29%	13.26%	25.31%	11.05%	17.62%	16.84%

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

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Equalized Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

Levy Year Ended	Residential Property	Farm Property	Commercial Property	Industrial Property	Railroad Property	Total Equalized Assessed Value	Total Actual Value	Total Tax Rate
2006	\$ 1,707,669,215	\$ 16,895	\$ 476,821,737	\$ 60,920,888	\$ 464,011	\$ 2,245,892,746	\$ 6,737,678,238	\$ 1.527
2007	2,149,123,958	16,895	560,536,782	62,154,048	508,346	2,772,340,029	8,317,020,087	1.283
2008	2,324,551,100	16,895	560,106,493	53,168,671	554,733	2,938,397,892	8,815,193,676	1.295
2009	2,564,394,619	15,956	615,808,511	125,104,411	665,872	3,305,989,369	9,917,968,107	1.204
2010	2,233,194,054	15,956	623,156,869	184,687,438	829,769	3,041,884,086	9,125,652,258	1.364
2011	2,100,690,657	15,956	513,880,731	111,899,205	881,024	2,727,367,573	8,182,102,719	1.591
2012	1,944,932,067	15,956	462,671,239	106,007,084	995,206	2,514,621,552	7,543,864,656	1.551
2013	1,653,524,481	15,956	452,108,891	94,820,879	1,226,831	2,201,697,038	6,605,091,114	1.760
2014	1,792,383,435	15,467	416,165,953	34,726,327	1,278,793	2,244,569,975	6,733,709,925	1.856
2015	1,751,252,888	15,467	410,670,248	32,549,681	1,533,241	2,196,021,525	6,588,064,575	1.766

Note: Property is reassessed once every three years. Equalized Assessed value is approximately 1/3 of actual value. Tax rates are per \$100 of equalized assessed value.

Source:

CITY OF EVANSTON, ILLINOIS

Principal Property Taxpayers

Current Year and Nine Years Ago

2015 Levy				2006 Levy			
Tax Payer	Total Equalized Assessed Value (EAV)	Rank	Percentage of Total City Taxable EAV	Tax Payer	Total Equalized Assessed Value (EAV)	Rank	Percentage of Total City Taxable EAV
Rotary International	\$ 25,179,949	1	1.15%	Golub & Company	\$ 28,624,653	1	1.28%
FSP 909 Davis Street	19,966,576	2	0.91%	REP CBRE	21,727,776	2	0.97%
Lowe Enterprises	17,461,023	3	0.80%	Rotary International	21,523,423	3	0.96%
McCaffery Interests	15,310,340	4	0.70%	Church Street Plaza	17,921,581	4	0.80%
Evanston Hotel Assoc.	9,784,205	5	0.45%	Church & Chicago Ltd Partnership	15,878,114	5	0.71%
Inland	9,759,474	6	0.44%	Omni Orrington Hotel	13,391,021	6	0.60%
Northshore University Health	9,556,069	7	0.44%	Evanston Plaza Freed	13,300,351	7	0.59%
Azurri of Evanston	8,476,109	8	0.39%	Evanstone Hotel Assoc.	12,361,644	8	0.55%
Target Proptax T927	7,336,363	9	0.33%	Albertson's (Jewel & Osco)	10,650,893	9	0.47%
1007 Chruch St LLC	7,279,722	10	0.33%	Kap Sum Properties LLC	9,792,045	10	0.44%
Total	\$ 130,109,831		5.92%	Total	\$ 165,171,501		7.36%
Total EAV	\$ 2,196,021,525			Total EAV	\$ 2,242,753,022		

Source: Cook County

CITY OF EVANSTON, ILLINOIS

Property Tax Levies and Collections

Last Ten Levy Years

Tax Levy Year	Taxes Levied for the Fiscal Year	Collected Receipts		Collections in Subsequent Years	Total Collected to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 34,399,146	\$ 33,249,612	96.66%	\$ 437,287	\$ 33,686,899	97.93%
2007	35,550,694	34,061,461	95.81%	400,850	34,462,311	96.94%
2008	38,044,671	36,246,629	95.27%	358,214	36,604,843	96.22%
2009	39,779,364	38,018,159	95.57%	464,506	38,482,665	96.74%
2010	41,479,398	39,412,004	95.02%	764,463	40,176,467	96.86%
2011	43,397,590	42,064,756	96.93%	348,189	42,412,945	97.73%
2012	43,330,121	41,776,375	96.41%	559,130	42,335,505	97.70%
2013	43,869,798	42,762,685	97.48%	338,420	43,101,105	98.25%
2014	45,557,079	44,280,493	97.20%	270,619	44,551,112	97.79%
2015	46,394,914	44,974,845	96.94%	205,607	45,180,452	97.38%
2016	47,538,529	See Note	See Note	See Note	See Note	See Note

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

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended	Population	(1) Equalized Assessed Valuation	(2) Gross General Obligation Bonded Debt	Debt Service Monies Available	(3) Debt Payable From Other Revenues	Net General Obligation Debt	Total Personal Income	Net Debt to Equalized Assessed Valuation	Net Debt to Total Personal Income	Net General Obligation Bonded Debt Per Capita
2007	74,239	\$ 2,242,753,022	\$ 187,745,000	\$ 6,504,507	\$ 96,780,000	\$ 84,460,493	\$ 2,902,967,617	3.77%	2.91%	\$ 1,137.68
2008	74,239	2,245,892,746	181,750,000	6,146,567	81,455,000	94,148,433	2,902,967,617	4.19%	3.24%	1,268.18
2009	74,239	2,772,340,029	171,945,001	7,317,930	62,079,183	102,547,888	2,902,967,617	3.70%	3.53%	1,381.32
2010	74,239	2,938,397,892	149,315,000	5,989,400	46,882,320	96,443,280	2,902,967,617	3.28%	3.32%	1,299.09
2011	74,486	3,305,989,369	151,695,000	5,309,064	50,097,260	96,288,676	3,157,759,484	2.91%	3.05%	1,292.71
2011*	74,486	3,041,884,087	155,855,000	2,629,020	47,111,060	106,114,920	3,197,311,550	3.49%	3.32%	1,424.63
2012	74,486	2,727,367,573	152,644,999	16,085,747	44,899,176	91,660,076	3,176,902,386	3.36%	2.89%	1,230.57
2013	74,619	2,514,621,552	149,534,997	12,520,761	40,042,921	96,971,315	3,113,477,775	3.86%	3.11%	1,299.55
2014	75,570	2,201,697,038	150,421,841	12,209,139	34,614,357	103,598,345	3,262,734,750	4.71%	3.18%	1,370.89
2015	75,570	2,244,569,975	150,069,048	438,453	37,651,325	111,979,270	3,124,063,800	4.99%	3.58%	1,481.80
2016	75,603	2,196,021,525	147,069,822	-	39,345,321	107,724,501	3,235,052,370	4.91%	3.33%	1,424.87

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

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

(2) Excludes limited purpose special service district bonds.

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

Source: Cook County and City Finance Division

CITY OF EVANSTON, ILLINOIS

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	(1) Per Capita
	General Obligation Bonds	Special Service District Bonds	Capital Lease	General Obligation Bonds	Water Revenue Bonds	IEPA Loans			
2007	\$ 110,920,000	\$ 3,070,000	\$ -	\$ 76,825,000	\$ 3,240,000	\$ 99,490,921	\$ 293,545,921	10.11%	\$ 3,954
2008	115,220,000	2,785,000	-	66,530,000	2,755,000	103,410,887	290,700,887	10.01%	3,916
2009	115,961,136	2,165,000	1,035,370	55,983,865	2,245,000	101,775,223	279,165,594	9.62%	3,760
2010	109,078,880	2,155,000	708,552	40,236,120	1,720,000	95,370,544	249,269,096	8.59%	3,358
2011	115,482,439	1,840,000	363,759	36,212,561	1,170,000	87,059,150	242,127,909	7.67%	3,251
2011*	120,739,206	1,840,000	-	35,115,794	1,170,000	79,081,272	237,946,272	7.44%	3,195
2012	119,423,742	1,515,000	-	33,221,257	595,000	70,375,368	225,130,367	7.09%	3,022
2013	119,123,639	1,175,000	-	30,411,358	305,000	64,658,382	215,673,379	6.93%	2,890
2014	119,060,744	795,000	-	30,566,097	-	58,412,659	208,834,500	6.40%	2,763
2015	117,752,440	405,000	-	31,911,608	-	51,901,172	209,138,551	6.69%	2,767
2016	116,143,472	-	-	30,926,350	-	45,256,237	192,326,059	5.95%	2,544

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

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

Source: City Finance Division

CITY OF EVANSTON, ILLINOIS

Direct and Overlapping Governmental Activities Debt

As of December 31, 2016

	Total Outstanding	Percentage of Debt Applicable to the City	The City's Share of Debt (1)
Direct debt - bonds, notes, and contracts outstanding	\$ 112,107,778	100.00%	\$ 112,107,778
Other bonded debt by taxing body			
County of Cook	3,511,877,504	1.71%	60,152,294
Cook County Forest Preserve District	168,670,000	1.71%	2,889,021
Metropolitan Water Reclamation District	2,769,608,000	1.69%	46,676,090
Community College District 535	33,175,000	11.44%	3,796,025
High School District 202	26,640,464	90.18%	24,024,035
School District 65	80,168,206	90.18%	72,294,678
Skokie Park District	6,862,000	63.00%	4,323,060
 Total Overlapping Debt	 6,597,001,174		 214,155,204
	<u>\$ 6,709,108,952</u>		<u>\$ 326,262,982</u>

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

Source: Cook County Clerk's Offices

CITY OF EVANSTON, ILLINOIS

Legal Debt Margin

December 31, 2016

The City is a home rule municipality.

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

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

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

CITY OF EVANSTON, ILLINOIS

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Resources	Debt Service		Coverage
				Principal	Interest	
2008	\$ 13,787,014	\$ 7,138,056	\$ 6,648,958	\$ 485,000	\$ 128,713	10.83
2009	13,878,833	7,866,909	6,011,924	510,000	110,913	9.68
2010	12,742,603	7,756,760	4,985,843	525,000	91,556	8.09
2011	13,752,681	7,191,577	6,561,104	550,000	71,269	10.56
2011*	12,368,533	6,146,652	6,221,881	-	24,672	252.18
2012	14,967,204	8,430,599	6,536,605	575,000	37,687	10.67
2013	14,657,748	8,175,707	6,482,041	290,000	19,688	20.93
2014	15,051,732	7,938,838	7,112,894	305,000	6,672	22.82
2015	NA	NA	NA	-	-	NA
2016	NA	NA	NA	-	-	NA

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

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

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

Source: Various City departments

CITY OF EVANSTON, ILLINOIS

Demographic and Economic Statistics

Last Ten Years

Calendar Year	Population	Total Personal Income	Per Capita Personal Income	Median Age	Education % of Population with HS Diploma or Higher	School Enrollment	Unemployment Rate
2007	74,239	\$ 2,902,967,617	\$ 39,103	32.5	94.0%	9,550	4.4%
2008	74,239	2,902,967,617	39,103	32.5	94.0%	9,550	4.6%
2009	74,239	2,902,967,617	39,103	32.5	94.0%	9,550	4.7%
2010	74,486	3,157,759,484	42,394	34.3	94.0%	9,550	7.9%
2011	74,486	3,197,311,550	42,925	34.3	94.0%	11,369	7.3%
2012	74,486	3,176,902,386	42,651	35.1	93.6%	11,418	6.8%
2013	74,619	3,113,477,775	41,725	34.4	93.9%	10,293	6.7%
2014	75,570	3,262,734,750	43,175	34.4	93.9%	10,429	4.2%
2015	75,570	3,124,063,800	41,340	34.4	93.9%	11,088	4.5%
2016	75,603	3,235,052,370	42,790	35.2	94.0%	12,104	4.3%

Source: Various Government agencies

CITY OF EVANSTON, ILLINOIS

Principal Employers

Current Year and Nine Years Ago

2016				2007			
Employer	Employees	%	Rank	Employer	Employees	%	Rank
Northwestern University	7,333	44%	1	Northwestern University	5,325	36%	1
Northshore University Healthcare	4,114	25%	2	Evanston Northwestern Healthcare	3,780	26%	2
Evanston School District 65	1,137	7%	3	St. Francis Hospital	1,649	11%	3
St. Francis Hospital	1,000	6%	4	City of Evanston	865	6%	4
City of Evanston	824	5%	5	Evanston School District 65	700	5%	5
Presbyterian Homes/McGaw Care	490	3%	6	Evanston Township High School	566	4%	6
School District 202	575	3%	7	Presbyterian Homes/McGaw Care	533	4%	7
Rotary International	533	2%	8	Rotary International	460	3%	8
C.E. Neifhoff & Co.	350	2%	9	Jewel/Osco Food Store	455	3%	9
Whole Foods	300	2%	10	Mather LifeWays Retirement	430	3%	10
Total	<u>16,656</u>			Total	<u>14,763</u>		

Source: City Economic Development Division

CITY OF EVANSTON, ILLINOIS

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
<u>Function/Program</u>										
General Government										
City Clerk	2.00	2.00	2.00	2.00	3.00	2.80	2.20	2.20	2.00	2.00
City Manager's Office	13.70	31.53	27.70	22.00	8.00	12.00	12.00	14.00	13.00	19.00
MBIS / IT	25.50	-	-	13.00	12.00	11.50	9.00	11.00	12.00	11.00
Legal	7.00	7.00	6.00	7.00	7.00	7.00	8.00	7.00	8.00	8.00
Human Resources	8.00	8.00	8.00	5.00	5.00	7.50	8.00	8.50	6.50	6.50
Finance	26.50	29.50	28.50	19.50	19.00	17.10	17.00	17.50	20.50	18.00
Parking Systems	-	-	-	13.00	12.00	12.00	9.00	12.00	12.00	12.00
Facilities Management	-	-	-	-	19.00	20.20	16.00	-	-	20.20
Community Development	36.00	35.00	33.00	28.00	27.00	27.00	24.00	21.00	19.00	21.50
Community College District 535										
Police	220.75	220.75	218.50	219.00	222.00	225.00	220.00	227.00	227.00	230.80
Fire	111.00	112.00	111.00	107.00	108.00	110.00	106.00	110.00	110.00	110.00
Human and Health Services	29.68	24.90	26.40	15.90	17.00	17.70	20.00	21.10	22.10	21.10
Public Works	108.45	105.45	83.25	58.80	49.00	49.25	97.00	108.45	107.45	84.25
Recreation, Parks, and Forestry	115.90	112.75	131.75	132.00	105.00	105.21	69.00	69.64	74.23	77.13
Total General Government	704.48	688.88	676.10	642.20	613.00	624.26	617.20	629.39	633.78	641.48
Library	66.69	69.35	67.50	52.00	52.00	56.38	63.00	63.13	66.87	66.87
Neighborhood Stabilization Program	-	-	-	1.00	1.00	2.00	1.00	1.31	0.50	0.45
Housing Rehabilitation	-	-	-	-	-	-	-	-	1.75	1.75
General Assistance Fund	-	-	-	-	-	-	-	-	4.00	4.00
HOME Fund	-	-	-	-	-	-	-	-	0.40	0.50
Emergency Telephone System	4.00	4.00	5.00	5.00	5.00	5.00	4.00	5.00	5.00	5.00
CDBG	2.00	2.00	2.00	2.00	3.00	1.53	3.00	2.60	2.60	2.80
Economic Development Fund	1.30	2.30	2.30	5.00	6.00	7.00	5.00	6.25	6.25	5.75
Downtown II TIF Fund	-	-	-	-	-	-	-	-	-	-
Capital Improvements Fund	-	-	-	1.00	-	-	-	-	-	-
Maple Ave. Garage	1.00	1.00	-	-	-	-	-	-	-	-
Parking Fund	14.50	14.50	15.50	14.00	15.00	15.50	15.50	15.50	15.50	15.50
Source: City Finance division	-	-	-	-	-	-	-	-	-	-
Water	43.00	43.00	43.00	42.00	41.00	42.50	40.00	42.50	44.50	44.50
Sewer	14.00	14.00	14.00	12.00	11.00	13.00	11.00	13.33	11.33	11.33
Solid Waste	-	-	-	-	6.00	10.00	8.00	9.66	9.66	9.66
Fleet Services	15.00	15.00	15.00	11.00	12.00	12.00	10.00	12.00	12.50	12.50
Insurance Fund	1.00	2.00	2.00	3.00	4.00	4.00	4.00	5.00	5.00	5.00
Total Other Functions	162.49	167.15	166.30	148.00	156.00	168.91	164.50	176.28	185.86	118.74
Total All Funds	866.97	856.03	842.40	790.20	769.00	793.17	781.70	805.67	819.64	760.22

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

Source: City of Evanston HR Division

CITY OF EVANSTON, ILLINOIS

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

Last Ten Levy Years

Government Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City of Evanston	1.283	1.295	1.204	1.365	1.592	1.551	1.760	1.856	1.766	1.762
Consolidated Elections	0.012	-	0.021	-	0.025	-	-	-	-	-
Cook County	0.446	0.415	0.394	0.423	0.462	0.531	0.560	0.591	0.568	0.552
Cook County Forest Preserve District	0.053	0.051	0.049	0.051	0.058	0.063	0.069	0.073	0.069	0.069
Suburban T.B. Sanitarium	-	-	-	-	-	-	-	-	-	-
Metropolitan Water Reclamation District	0.263	0.252	0.261	0.274	0.320	0.370	0.417	0.440	0.430	0.426
North Shore Mosquito Abatement District	0.008	0.008	0.008	0.009	0.010	0.010	0.007	0.007	0.011	0.012
Evanston Township	0.050	0.050	0.042	0.046	0.011	0.010	0.053	0.056	-	-
Community College 535	0.141	0.140	0.140	0.160	0.196	0.219	0.256	0.270	0.258	0.271
School District 202	1.750	1.722	1.616	1.819	2.061	2.308	2.689	2.836	2.659	2.792
School District 65	2.535	2.552	2.401	2.655	2.818	3.149	3.671	3.872	3.686	3.810
Total Tax Rate for Property not in Park District or Special Service District	6.541	6.485	6.136	6.802	7.553	8.211	9.482	10.001	9.447	9.694
Percent of Total Tax Rate Levied by the City	19.61%	19.97%	19.62%	20.07%	21.08%	18.89%	18.56%	18.56%	18.69%	18.18%

Source: Cook County Assessor's office

CITY OF EVANSTON, ILLINOIS

Water Sold by Type of Customer

Last Ten Fiscal Years
(in 100 cubic feet)

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
Type of Customer										
Residential	\$ 2,375,942	\$ 2,260,284	\$ 2,174,255	\$ 2,187,244	\$ 1,804,433	\$ 2,276,492	\$ 2,189,588	\$ 2,065,980	\$ 2,098,160	\$ 1,998,740
Industrial	16,579	15,722	13,624	14,195	11,552	14,758	12,392	11,627	10,772	21,381
Commercial	1,240,591	1,193,241	1,109,556	1,153,949	928,621	1,117,431	1,105,077	1,036,034	1,045,791	2,313,154
Government	100,278	89,420	69,229	75,308	50,129	66,561	61,908	53,732	55,485	82,066
Total	\$ 3,733,390	\$ 3,558,667	\$ 3,366,664	\$ 3,430,696	\$ 2,794,735	\$ 3,475,242	\$ 3,368,965	\$ 3,167,373	\$ 3,210,208	\$ 4,415,341
Total direct rate per 100 cubic feet	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.75	\$ 1.80	\$ 1.98	\$ 2.18	\$ 2.18

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

Source: City Utilities Department

CITY OF EVANSTON, ILLINOIS

Water Sold by Major Customers

Last Ten Fiscal Years

	2008	2009	2010	2011	2011*	2012	2013	2014	2015	2016
Type of Customer										
Evanston residents/businesses	\$ 6,012,643	\$ 5,430,019	\$ 5,396,739	\$ 5,377,297	\$ 4,719,084	\$ 6,124,221	\$ 5,915,560	\$ 6,301,307	\$ 6,975,785	\$ 6,820,350
Village of Skokie	3,158,396	2,689,304	2,676,163	2,885,096	2,304,066	2,989,109	2,772,424	2,805,425	2,854,684	2,941,912
Northwest Water Commission	3,620,878	4,820,074	4,506,066	4,781,645	3,710,581	5,033,996	5,183,425	5,074,770	5,183,391	5,695,812
Total	\$ 12,791,917	\$ 12,939,397	\$ 12,578,968	\$ 13,044,038	\$ 10,733,731	\$ 14,147,326	\$ 13,871,409	\$ 14,181,502	\$ 15,013,860	\$ 15,458,074

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

Source: City Utilities Department

CITY OF EVANSTON, ILLINOIS

Operating Indicators by Function/Programs

Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Function/Program</u>										
Police										
Violent offenses	282	299	255	214	180	230	131	97	80	130
Property offenses	2,825	2,739	2,412	2,119	2,144	2,078	1,980	1,959	1,872	1,681
911 calls received	59,135	56,717	52,198	35,991	51,969	44,875	42,551	44,177	46,749	42,763
Fire										
Emergency responses	8,517	9,134	8,566	8,917	9,063	9,330	9,373	9,617	9,630	10,267
Fires extinguished	192	185	154	157	157	154	129	120	99	114
Inspections	1,050	1,810	709	680	620	640	660	740	760	-
Other Public Works										
Street resurfacing (estimated miles)	3.3	3.3	3.3	3.4	3.4	3.4	3.4	4.9	2.7	2.9
Parks and Recreation										
Athletic field usage (hours)	15,165	17,121	16,185	18,966	20,075	16,761	16,367	16,270	15,531	27,426
Picnic permits issued	373	403	431	460	437	541	445	448	404	229
Library										
Volumes in collection	458,017	502,019	502,019	471,262	436,382	426,342	400,034	401,300	481,626	534,533
Total volumes borrowed	867,743	945,952	945,952	951,667	891,769	989,638	1,056,243	1,074,972	1,071,401	1,078,653
Water										
New connections	61	57	28	29	16	4	-	18	9	3
Water main breaks	36	52	52	38	28	66	51	70	23	28
Average daily consumption (millions of gallons)	42.91	40.09	39.41	38.91	38.39	39.85	35.81	36.79	36.63	39.645
Peak daily consumption (millions of gallons)	66.00	65.40	58.94	57.02	65.95	69.21	56.95	48.91	50.59	55.084

Note: Indicators are not available for general government functions

CITY OF EVANSTON, ILLINOIS

Capital Assets Statistics by Function

Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Function/Program</u>										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Budgeted sworn officers	162	165	165	164	164	164	164	164	164	165
Fire Stations	5	5	5	5	5	5	5	5	5	5
Other Public Works										
Streets (miles)	147	147	147	147	147	147	147	147	147	147
Streetlights	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,736
Parks and Recreation										
Acreage	290	290	290	290	290	290	290	290	290	290
Playgrounds	51	51	51	51	51	51	51	51	51	51
Baseball/softball diamonds	18	18	18	18	18	18	18	18	18	18
Soccer/football fields	27	27	27	27	27	27	27	27	27	27
Community centers	5	5	5	5	5	5	5	5	6	6
Water										
Water mains (miles)	157	157	157	157	157	157	157	157	156.4	155.6
Fire hydrants	1,370	1,370	1,399	1,399	1,399	1,399	1,399	1,477	1,484	1,490
Storage capacity (millions of gallons)	22	22	22	22	22	22	22	22	22	22

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

Source: Various City departments

COMPLIANCE SECTION



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

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

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

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

We have examined management's assertion that the City of Evanston, Illinois (the City) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2016. As discussed in that representation letter, management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City's compliance based on our examination.

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

In our opinion, management's assertion that the City of Evanston, Illinois, complied with the aforementioned requirements for the year ended December 31, 2016, is fairly stated in all material respects.

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

Sikich LLP

Naperville, Illinois
July 20, 2017