



City of
EvanstonTM

*Comprehensive Annual Financial Report
For the Fiscal Year Ended February 29, 2004*

CITY OF EVANSTON, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
FEBRUARY 29, 2004

Prepared by Finance Department

William A. Stafford
Finance Director and Comptroller

CITY OF EVANSTON, ILLINOIS

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INTRODUCTORY SECTION

CITY OF EVANSTON, ILLINOIS

Principal Officials
February 29, 2004

LEGISLATIVE

CITY COUNCIL

Lorraine H. Morton, Mayor

Arthur B. Newman
Lionel Jean-Baptiste
Mellisa A. Wynne
Steven J. Bernstein

Joseph N. Kent
Edmund B. Moran, Jr.
Stephen B. Engelman
Ann Rainey
Gene Feldman

EXECUTIVE

Roger D. Crum, City Manager

FINANCE DEPARTMENT

William A. Stafford, Finance Director and Comptroller

Barbara V. Zdanowicz, Assistant Finance Director

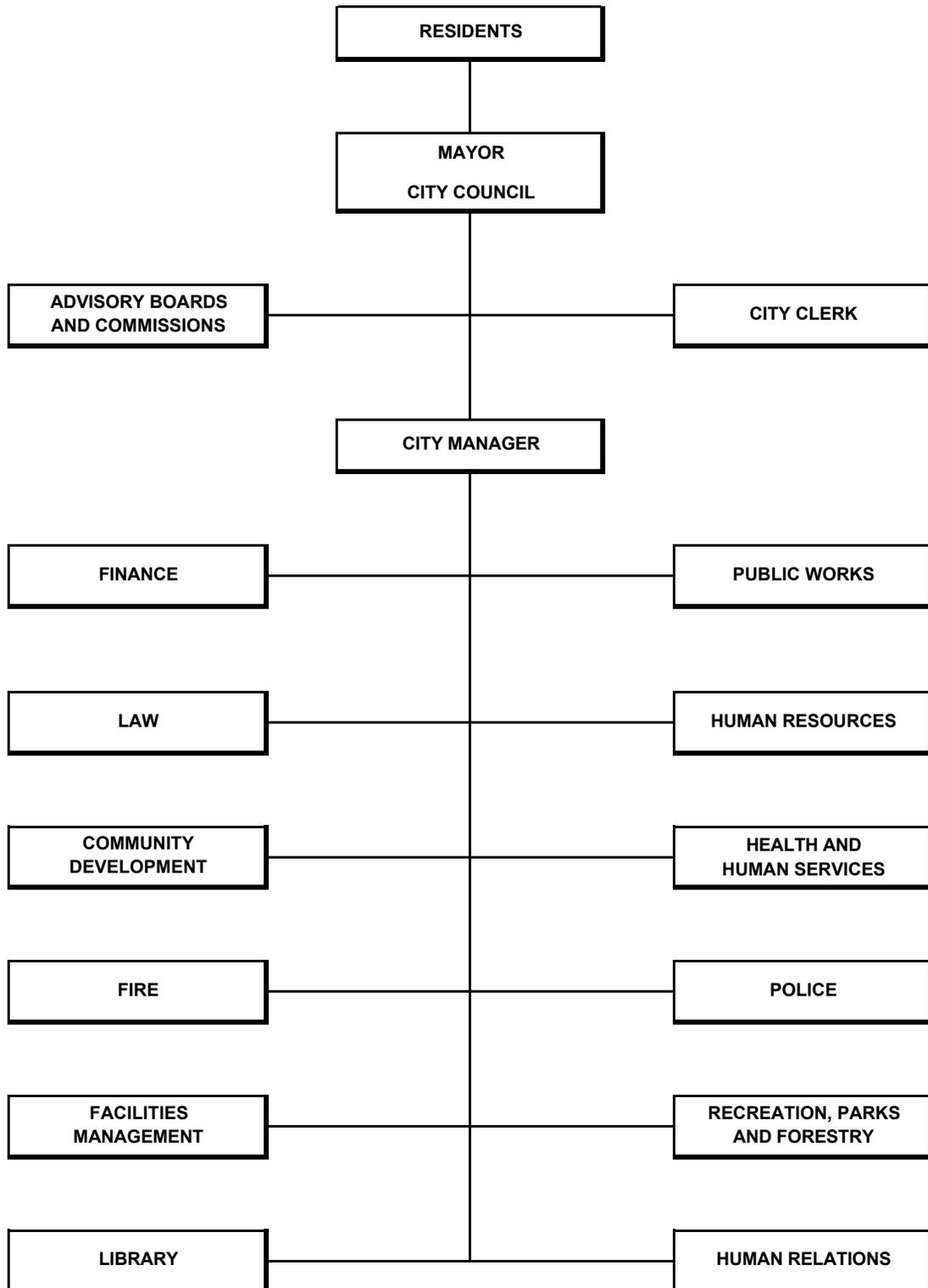
Bobbie Tolston-Brown, Director of Purchasing and Contracts

Mary Rodino Kutz, Accounting Manager

Patricia P. Ford, Payroll Manager

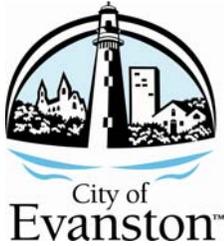
Kevin Lookis, Revenue Manager

CITY OF EVANSTON ORGANIZATION CHART



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July 31, 2004

The Honorable Mayor Lorraine H. Morton,
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 February 29, 2004 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and capital assets of the City. All disclosures needed to enable the reader to understand the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City of Evanston. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Evanston's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). 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. The City has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", including infrastructure reporting. 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 Township Board of Trustees are the same individuals as the City Council members. The financial statements of Evanston Township are included in the reporting entity. Although the Township is a legally separate entity, it is considered a component unit and, therefore, data from the Township is blended with data of the City.

The City's financial statements have been audited by Miller, Cooper & Co., Ltd., 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 February 29, 2004, 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 unqualified opinion that the City's financial statements for the fiscal year ended February 29, 2004, 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: it is a suburb, an urban center, a university town and lake-front community; it has leafy neighborhoods and lake-front mansions; apartment, condominium, and student housing; its residents are commuters and locally employed workers; the downtown is prospering, but neighborhood commercial centers are also strong and developing. It is a part of the Chicagoland economy and has a vigorous commercial and professional economy of its own. A population of approximately 75,000 is diverse by race, religion, age, education, economics, and occupation. With 8,700 people per square mile, Evanston has double the population density of the average North and Northwest suburb, and approximately half the density of Chicago. The City has over 260 acres in 75 parks and 5 beaches.

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

In 1863, the Village of Evanston was incorporated as a town and, after several annexations, in 1892, the town became a city. The City's southern boundary was established with the City of Chicago and the present City limits, encompassing an area of approximately 8.5 square miles, have been essentially the same ever since. The City has four miles of shoreline along Lake Michigan.

Evanston is the home of Northwestern University, so named as it was established to serve the Northwest Territory. The University first platted the village which surrounded it. The State

Legislature named the Village “Evanston” in honor of Dr. John Evans, the then president of the University’s Board.

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

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

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

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

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

Schools are provided by separate school districts, 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 begins on March 1 of each year. The City Manager submits to the City Council a proposed operating budget in December for the fiscal year commencing the following March 1. The operating budget includes proposed expenditures and the means of financing those expenditures. The City Council holds public hearings (three Saturday morning public hearings were held prior to adoption of the 2004/05 budget) and then may modify the budget prior to adoption. .

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

Budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America except that 1) property taxes are budgeted as revenue in the year for which they are levied; 2) debt service payments are budgeted upon tax levy for such purposes, and 3) encumbrances are recorded as the equivalent of an expenditure for budget purposes. 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 modified accrual basis. Debt service payments and a number of specific accrued liabilities are only recognized as expenditures when payment is due, and revenue is recognized only when it has actually been received. The Comprehensive Annual Financial Report of the City (CAFR) presents expenditures and revenues on both a GAAP basis and a budget basis for comparison.

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities. A fund is a separate, self-balancing accounting entity. In the City, there are three categories of funds: governmental, proprietary and fiduciary. Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the City not accounted for in some other fund. In the fiscal year 2004/2005, the City projects 47.4% (\$78.2 million) of all City expenditures will occur in the General Fund. Other major funds include the General Obligation Debt Service Fund, Central Business Tax Increment Fund, and all of the Enterprise Funds.

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

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

The City's expenditures are monitored on a regular basis by the Finance Department and Budget Department. Disbursements are made only if an expenditure is within the authorized appropriation. For each major expenditure a purchase order is prepared and approved and the related appropriation is encumbered before a check is issued.

MAJOR INITIATIVES

The City has been involved in a variety of projects throughout the year which reflect the City's commitment to ensuring that its citizens are able to experience a high quality of life in both work and play. The most significant of these projects are briefly described below:

- The City's downtown area has been undergoing major revitalization in recent years, with the active support of the City. The downtown area has become significantly more vital, with its mix of new and existing restaurants, offices, hotels, theaters, and shops. The final phase of the Downtown II TIF district is being completed with the finishing of the 207 unit Optima Views 20 plus story condominium building scheduled for late summer 2004. This represents a \$45 million increase in the equalized assessed valuation of the property in this district since 1997. Optima Horizons is an additional Downtown II condominium development of 248 units and a garage. The garage is open and the condominium is scheduled for fall 2004 completion.

- The Sherman Plaza redevelopment, preparatory work on which began in 2002, is to include a new City-owned 1,600 space parking garage on Sherman Avenue, 160,000 square feet of retail space and 229 condominium units in a 24-story tower. The garage is financed by the City's general obligation bonds. Sherman Plaza is scheduled to break ground in September, 2004.
- The City is in the final construction phase of a \$190 million plus sewer system rehabilitation project that will connect the City's sewer system with the Metropolitan Sanitary District of Greater Chicago's deep tunnel project.
- Between 1997 and 2003, the number of major crimes reported in Evanston has fallen by 53%. This current level continues to reflect the lowest crimes levels in over 30 years.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy: While the City has experienced a steady economy it continues to see an unusually strong housing market. Sales tax for the fiscal year FY 2004 was only down 0.3% which is significantly lower than the decreases being experienced by most Chicagoland area municipalities. Much of this can be attributed to the continued growth of condominiums and economic development in the downtown area which continues to outpace both the state and national economies.

Long-Term Financial Planning: The City continues to complete its Long-Range Sewer plan which is a complete overhaul of the City's sewer system. This project will be completed in the next three years. Most of these improvements have been funded with low interest Illinois Environmental Protection Agency (IEPA) loans.

The City continues to have a five-year Capital Improvements Program and a budget process that projects future operating budgets.

Risk Management: The City has changed its management approach to risk management and has in place third-party administration of its liability and workers' compensation claims. Additionally, more staff and resources are being dedicated to internal risk management and safety training.

Pension and Other Post-retirement Benefits: The City sponsors a single-employer defined benefit pension plan for both its police and firefighters. Each year, an independent actuary engaged by the City calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of Budget Policy, the City fully funds each year's annual required contribution to the pension plans as determined by the actuary.

The City also provides pension benefits for its non-public safety employees. The benefits are provided through a state-wide plan managed by the Illinois Municipal Retirement Plan (IMRF). The City has fully funded this plan.

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 February 28, 2003. 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 appropriated budget dated March 1, 2003. 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.

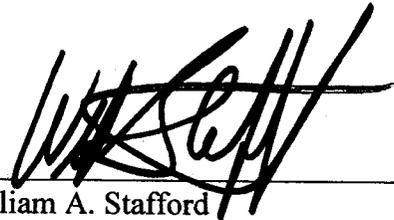
We acknowledge the excellent work of Accounting Manager, Ms. Mary Rodino Kutz, TIF Accounting Analyst, Remy Navarrete, and the Accounting Division staff in preparing the financial statements. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Mayor and City Council, preparation of this report would not have been possible.

Respectfully submitted,



Judith A. Aiello
City Manager



William A. Stafford
Finance Director and Comptroller

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
February 28, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Edward Haney

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

The Honorable Lorraine H. Morton, Mayor and
Members of City Council
Evanston, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Evanston, Illinois, as of and for the year ended February 29, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and aggregate remaining fund information of the City of Evanston, Illinois, as of February 29, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 9, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 9 and retirement fund historical data and budgetary comparison information on pages 83 through 89 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

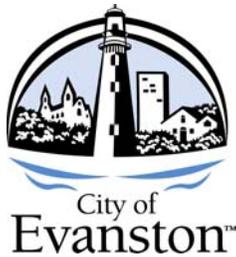
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, capital assets used in the operation of governmental funds, supplemental information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements, capital assets used in the operation of governmental funds, and supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Northbrook, Illinois
August 9, 2004



MANAGEMENT'S DISCUSSION AND ANALYSIS

FEBRUARY 29, 2004

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 vii of this report.

FINANCIAL HIGHLIGHTS

- The City's net assets increased by \$16,175,637 (or 9.1%) for the fiscal year reported (FY 2004). The governmental net assets increased by \$2,506,483 (or 4.6% from FY 2003) and the business-type activities net assets increased by \$13,669,154 (or 11.0% from FY 2003).
- The governmental activities revenue increased by \$5,566,236 (or 5.4%). The expenditures increased by \$8,939,604 (or 9.7%).
- The business-type activities revenue decreased by \$341,120 (or 1.0%). The expenditures decreased by \$1,878,767 (or 7.1%).
- The total cost of all City programs increased by \$7,060,837 or 5.9%.
- The City of Evanston issued new debt in the amount of \$27,375,000 during the current fiscal year. Of this, \$11,485,000 will be used to pay for capital improvements out of the Capital Improvements Fund.

USING THIS ANNUAL REPORT

The financial statement's focus is 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 units – the Township). The Evanston Township Board of Trustees are the same individuals as the City Council members. The Township is blended into the primary government for financial reporting purposes.

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 long-term and short-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.

The first of these government-wide statements is the *Statement of Net Assets*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets 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 nonfinancial 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 assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is 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 the City's taxpayers.

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 services, fleet services, 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 10-13 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 nonmajor 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 year. 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 are included in the basic financial statements for the general fund and major special revenue fund. Budgetary comparison schedules for the other special revenue funds and the debt service fund can be found in a later 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 14-16 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 are provided to customers external to the City organization such as the water utilities and the parking garages. 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 long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for the Water Fund and the Township. Individual fund information for internal service funds and nonmajor enterprise funds is found in combining schedules in a later section of this report.

The basic proprietary fund financial statements are presented on pages 17-21 of this report.

Fiduciary funds such as the employee 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. Fiduciary fund financial statements report similarly to proprietary funds.

The basic fiduciary fund financial statements are presented on pages 22-23 of this report.

Notes to the financial statements

The accompanying notes to the 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 27 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 obligation 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 83-89 of this report.

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual statements and schedules for nonmajor and internal service funds are presented in a subsequent section of this report beginning on page 90. Additional information on capital assets and long-term debt can be found in notes (to the financial statements) 6 and 10, respectively.

Financial Analysis of the City as a Whole

The City implemented the new financial reporting model used in this report beginning with the prior fiscal year ended February 28, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

The City's combined net assets increased by \$16,175,637 from FY 2003 – an increase from \$178,176,575 to \$194,352,212.

STATEMENT OF NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and Other Assets	\$150,486,948	\$142,126,133	\$38,579,066	\$34,593,259	\$189,066,014	\$176,719,392
Capital Assets	128,853,599	125,258,336	257,467,197	247,615,594	386,320,796	372,873,930
Total Assets	279,340,547	267,384,469	296,046,263	282,208,853	575,386,810	549,593,322
Long-Term Liabilities	124,593,383	133,146,296	125,402,329	142,886,004	249,995,762	276,032,300

Other Liabilities	98,223,403	80,220,985	32,815,433	15,163,552	131,038,836	95,384,447
Total Liabilities	222,816,786	213,367,281	158,217,812	158,049,556	381,034,598	371,416,747
Net Assets:						
Investment in Capital assets,						
net of Debt	-9,753,068	35,436,669	106,538,749	96,914,810	96,785,681	132,051,479
Restricted	33,415,913	33,825,964	11,157,974	9,491,229	44,573,887	43,317,193
Unrestricted	32,860,916	-15,245,355	20,131,728	18,053,258	52,992,644	2,807,903
Total Net Assets	\$56,523,761	\$54,017,278	\$137,828,451	\$124,159,297	\$194,352,212	\$178,176,575

The City's total revenues increased by \$5,225,116 or 3.8%. The City's cost of all programs was increased by \$7,060,837. Governmental activities increased due to net revenues over expenditures that added monies to the fund reserves. The main reason for the net asset increase in business-type funds (water and sewer funds) was due to planned accumulated increases in balances in those funds for future debt service and capital projects.

Governmental Funds: The governmental activities experienced a net increase of \$2,506,483. This was mainly due to a surplus in the General Fund of revenues over expenditures. Increased accumulations of funds in the TIF funds were offset by the spending which occurred in the Motor Fuel Tax and Emergency Telephone System funds.

Business Funds: The business-type activities experienced a net increase in fund balance of \$13,669,154. Most of the increase is attributable to the continued planned surpluses in the Sewer and Water Funds. The Sewer Fund increase is due to the need to accumulate cash to pay off future years' debt service on the over \$80 million plus in Illinois Environmental Protection Agency (IEPA) loans the City has outstanding which have paid for the complete overhaul of the City's sewer system. The Water Fund continues to generate sufficient funds to subsidize the General Fund and pay for its accumulated depreciation. In the spring of 2004, the City closed the Sherman Avenue Parking garage. Demolition was scheduled to begin in August 2004, and plans are underway for a new parking facility to be constructed in the same block.

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

STATEMENT OF CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenue						
Program Revenues:						
Charges for services	\$23,287,630	\$19,941,037	\$33,443,731	\$33,695,785	\$56,731,361	\$53,636,822
Operating grants and contributions	3,479,547	3,006,468			3,479,547	3,006,468
Capital grants and contributions	1,458,824	1,962,713			1,458,824	1,962,713
General Revenues:						
Sales taxes	13,421,664	13,792,854			13,421,664	13,792,854
Property taxes	36,768,899	33,788,876			36,768,899	33,788,876
Utility taxes	7,986,489	6,780,419			7,986,489	6,780,419
Other taxes	20,194,349	22,203,548			20,194,349	22,203,548
Investment income	1,710,681	1,265,932	343,325	432,391	2,054,006	1,698,323
Total Revenues	108,308,083	102,741,847	33,787,056	34,128,176	142,095,139	136,870,023
Expenses						
General management and support	15,791,355	14,273,641			15,791,355	14,273,641
Public safety	39,237,180	33,420,019			39,237,180	33,420,019
Public works	13,065,137	13,186,710			13,065,137	13,186,710

Health and human resource development	5,370,262	5,041,428			5,370,262	5,041,428
Recreation and cultural opportunities	17,129,356	16,247,049			17,129,356	16,247,049
Housing and economic development	5,973,494	5,817,651			5,973,494	5,817,651
Interest	4,899,622	4,540,304			4,899,622	4,540,304
Water			8,992,102	11,407,511	8,992,102	11,407,511
Motor vehicle parking system			3,468,096	3,701,739	3,468,096	3,701,739
Sewer			8,964,469	8,543,719	8,964,469	8,543,719
Maple avenue garage			3,028,429	2,678,894	3,028,429	2,678,894
Total Expense	101,466,406	92,526,802	24,453,096	26,331,863	125,919,502	118,858,665
Increase in net assets before transfer	6,841,677	10,215,045	9,333,960	7,796,313	16,175,637	18,011,358
Transfers	-4,335,194	-1,719,446	4,335,194	1,719,446	0	0
Increase in net assets	2,506,483	8,495,599	13,669,154	9,515,759	16,175,637	18,011,358
Net Assets - Beginning	54,017,278	45,521,679	124,159,297	114,643,538	178,176,575	160,165,217
Net Assets - Ending	\$56,523,761	\$54,017,278	\$137,828,451	\$124,159,297	\$194,352,212	\$178,176,575

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 year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$111,223,933 as a year-end total, including \$18,733,622 unrestricted, indicating availability for continuing City service requirements. Reserved fund balances include: \$698,796 committed to liquidate encumbrances remaining from prior years, \$3,200,000 committed to Illinois Municipal Retirement Fund (IMRF) reserves.

The total ending fund balances of governmental funds show an increase of \$3,773,135 over the prior year. This increase is primarily the result of the events and programs described within the analysis of the City's governmental activities.

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 increased by \$1,315,853. These increases are due to revenues significantly exceeding budgeted levels. The expenditures were slightly above budgeted levels and were maintained near budget due to monitoring of monthly budget reports and a concerted effort to reduce overtime expenditures. The revenue increase was due to record levels of real estate activity in Evanston which resulted in high real estate transfer tax revenues and only small decreases in sales tax. State shared revenues, such as income taxes and use taxes, continued to deteriorate due to the poor economy. The City Council has been diligent in assuring that one-time non-recurring revenues are not inserted into the operating budget. Additionally, the increase in the general fund cash balance to a level of 8.33%, or one month's expenditures, has been achieved during the last three years in spite of a poor economy during that period. This again was a policy objective set by the City Council that has been achieved during less than ideal economic conditions.

The General Obligation Debt Service Fund has a fund balance of \$6,592,437. The Debt Service Fund year-end balance is fully reserved for debt service. The net decrease of \$350,004 in the Debt Service Fund resulted from planned use of the debt service fund balance to pay for the first debt service requirement of the newly issued bonds.

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.

Major Proprietary Funds

The main proprietary funds operated by the City are the Water, Sewer and Parking Funds. The Water Fund remains stable without need for rate changes and is supported by external water sales to the Village of Skokie and the Northwest Water Commission. The Sewer Fund is in the final stages of a \$200 million plus sewer renovation program which is being funded by IEPA loans that are being paid off over twenty years with phased sewer rate increases which will be finalized in FY 2006. The only business fund that needs to address future financial issues is the Motor Vehicle Parking system which experienced a \$528,289 decrease in net assets this year. This is the second consecutive year the fund has experienced a decrease in net assets. The Parking Committee of the City will address this issue over the next year.

Internal Service Funds

The City's combined internal service funds net assets were a deficit of \$17,537,766 as of February 29, 2004. Over \$11 million of this related to one liability case verdict which is on appeal in the Illinois Appellate Court. This is a financial concern, and to address it, the City has instituted new risk management practices and has developed a funding strategy to address both the immediate liabilities and future reserve needs and funding requirements.

General Fund Budgetary Highlights

The original budgets for the General Fund and other funds did not have to be amended this year. Actual expenditures in the General Fund slightly exceeded budgeted levels.

Capital Assets

The City established a policy of capitalizing assets with \$20,000 or more in value. The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of February 29, 2004, was \$386,320,796. The total increase in this net investment was 2.9% for governmental and 4.0% for business-type activities. The overall increase was 3.6% for the City as a whole. Major capital asset events during the current fiscal year included continued construction of the downtown revitalization projects.

Long-Term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$191,073,334. Of this amount, \$70,035,897 is funded directly from property taxes. The other major component is \$114,445,000 supported by pledged revenues generated primarily by the business-type activities of the City and the City's four tax increment financing (TIF) Districts. During the current year, the City issued \$11.485 million in fixed rate general obligation bonds for capital improvements and \$15.89 million in refunding bonds. As a home rule government under Illinois law, there is no legal debt limit for the City.

Bond Ratings

The City's general obligation bonds are rated Aaa and VIMG-1 by Moody's Investor Rating Service. Evanston City Water Fund revenue bonds are rated Aa1 and AA for uninsured issues. The Aaa rating was confirmed twice during the year as there were two major issuances. The first was Series 2003 which was for capital improvements and the second was Series 2003B which was for refunding general obligation bonds.

Economic Factors

The Evanston economy continues to hold firm in spite of a state economy that continues to lag. FY 2002 was the first year that state revenues actually decreased in almost 50 years and FY 2004 revenues were slightly up from FY 2003, according to Illinois State Comptroller Dan Hynes.

While the state's unemployment rate continues to be about 5.9%, Evanston's is closer to 5.47%. While the state has had a decrease in sales tax for three of the last four years, Evanston's decreased only 0.3% in FY 2004. The City's housing market continued to boom with the largest year ever in real estate transfer tax receipts of over \$4 million. In spite of reduced state revenues amounting to over \$750,000, the City's revenues exceeded budgeted levels due to the strong housing market and continued level sales tax. For the fourth year in a row, the General Fund balance increased.

The City's population increased 1.37% on the 2000 census to 74,239 over the last decade. Increased multi-family development in the last three years indicates that number should continue to increase.

The Water Fund continues to generate \$5,215,628 in excess funds due to the sale of water to the Village of Skokie and the villages in the Northwest Water Commission. Half of this is used to subsidize the General Fund and the remainder is used to finance capital improvements. The Sewer Fund is in the final stages of completing an over \$200 million sewer improvement program.

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's Finance Department at City of Evanston, 2100 Ridge Avenue, Evanston, Illinois 60201 or access their website at www.cityofevanston.org.

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BASIC FINANCIAL STATEMENTS

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CITY OF EVANSTON, ILLINOIS

Statement of Net Assets

February 29, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and equivalents	\$ 92,902,856	\$ 7,387,043	\$ 100,289,899
Investments	11,566,392	408,308	11,974,700
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	31,495,336	-	31,495,336
Accounts	-	4,533,637	4,533,637
Notes	4,833,472	-	4,833,472
Special assessments	1,014,798	-	1,014,798
Accrued interest	7,101	181,201	188,302
Other	2,226,768	3,661	2,230,429
Due from other governments	5,612,475	-	5,612,475
Internal balances	536,749	(536,749)	-
Inventory	290,181	572,007	862,188
Restricted assets			
Cash and equivalents	-	25,720,958	25,720,958
Capital assets			
Capital assets not being depreciated	25,162,761	3,297,937	28,460,698
Construction in progress	3,563,951	13,146,339	16,710,290
Capital assets (net of accumulated depreciation)	100,126,887	241,022,921	341,149,808
Other assets	820	309,000	309,820
Total Assets	\$ 279,340,547	\$ 296,046,263	\$ 575,386,810

The accompanying notes are an integral part of this statement.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Vouchers payable	\$ 3,658,765	\$ 467,011	\$ 4,125,776
Accrued payroll	952,093	97,835	1,049,928
Interest payable	17,721	62,556	80,277
Other payables	184,141	-	184,141
Due to other governments	1,106,764	-	1,106,764
Due to other agency	592	-	592
Due to pension fund	2,732,275	-	2,732,275
Payable from restricted assets			
Vouchers payable	-	1,825,949	1,825,949
Interest payable	-	1,173,682	1,173,682
Deferred revenues	22,199,789	-	22,199,789
Noncurrent liabilities			
Payable from restricted assets - due within one year	-	7,298,773	7,298,773
Due within one year	92,674,998	21,889,627	114,564,625
Due in more than one year	99,289,648	125,402,379	224,692,027
Total Liabilities	222,816,786	158,217,812	381,034,598
Net Assets			
Investment in capital assets, net of related debt	(9,753,068)	103,338,749	93,585,681
Restricted			
Pensions - IMRF	3,200,000	-	3,200,000
Culture and recreation	599,738	-	599,738
Encumbrances	698,796	-	698,796
Notes receivable	4,833,472	-	4,833,472
Prepaid items	820	-	820
Debt service	23,916,714	11,157,974	35,074,688
Other	166,373	-	166,373
Unrestricted	32,860,916	23,331,728	56,192,644
Total Net Assets	\$ 56,523,761	\$ 137,828,451	\$ 194,352,212

CITY OF EVANSTON, ILLINOIS

Statement of Activities

Year ended February 29, 2004

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
General management and support	\$ 15,791,355	\$ 12,749,932	\$ 139,525
Public safety	39,237,180	310,749	16,482
Public works	13,065,137	309,966	2,238,506
Health and human resource development	5,370,262	938,406	1,064,404
Recreation and cultural opportunities	17,129,356	3,738,922	20,630
Housing and economic development	5,973,494	5,239,655	-
Interest	4,899,622	-	-
Total governmental activities	101,466,406	23,287,630	3,479,547
Business-type activities:			
Water	8,992,102	13,478,379	-
Motor vehicle parking system	3,468,096	3,265,555	-
Sewer	8,964,469	15,436,382	-
Maple avenue garage fund	3,028,429	1,263,415	-
Total business-type activities	24,453,096	33,443,731	-
Total primary government	\$ 125,919,502	\$ 56,731,361	\$ 3,479,547

General revenues:
 Property and replacement taxes
 Sales tax
 Gain on sale of property
 Miscellaneous
 Investment income
 Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of this statement.

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
\$ 765,660	\$ (2,136,238)	\$ -	\$ (2,136,238)
-	(38,909,949)	-	(38,909,949)
-	(10,516,665)	-	(10,516,665)
112,063	(3,255,389)	-	(3,255,389)
581,101	(12,788,703)	-	(12,788,703)
-	(733,839)	-	(733,839)
-	(4,899,622)	-	(4,899,622)
1,458,824	(73,240,405)	-	(73,240,405)
-	-	4,486,277	4,486,277
-	-	(202,541)	(202,541)
-	-	6,471,913	6,471,913
-	-	(1,765,014)	(1,765,014)
-	-	8,990,635	8,990,635
\$ 1,458,824	(73,240,405)	8,990,635	(64,249,770)
	75,929,482	-	75,929,482
	345,000	-	345,000
	93,223	-	93,223
	2,003,696	-	2,003,696
	1,710,681	343,325	2,054,006
	(4,335,194)	4,335,194	-
	75,746,888	4,678,519	80,425,407
	2,506,483	13,669,154	16,175,637
	54,017,278	124,159,297	178,176,575
\$	\$ 56,523,761	\$ 137,828,451	\$ 194,352,212

CITY OF EVANSTON, ILLINOIS

Governmental Funds

Balance Sheet
February 29, 2004

	General	General Obligation Debt	Central Business Tax Increment District	Washington National Tax Increment District	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and equivalents	\$ 15,346,720	\$ 3,138,763	\$ 3,136,912	\$ 34,170,195	\$ 36,486,305	\$ 92,278,895
Investments	2,000,000	-	-	-	6,038,450	8,038,450
Receivables						
Property taxes (net of allowances)	12,549,783	6,200,010	-	-	12,745,543	31,495,336
Notes	-	-	96,649	-	4,736,823	4,833,472
Special assessments	-	-	-	-	1,014,798	1,014,798
Accrued interest	1,750	-	-	-	5,351	7,101
Other	1,878,921	-	-	-	329,588	2,208,509
Due from other governments	5,379,388	-	-	-	233,087	5,612,475
Due from other funds	431,351	1,359,355	390,367	-	180,337	2,361,410
Other	-	-	-	-	820	820
Total Assets	\$ 37,587,913	\$ 10,698,128	\$ 3,623,928	\$ 34,170,195	\$ 61,771,102	\$ 147,851,266
Liabilities and Fund Balances						
Liabilities						
Vouchers payable	\$ 1,854,718	\$ 2,739	\$ 56	\$ 9,505	\$ 1,624,632	\$ 3,491,650
Accrued payroll	924,213	-	338	-	8,402	932,953
Compensated absences payable	2,192,417	-	-	-	-	2,192,417
Other	183,552	-	-	-	589	184,141
Due to other governments	26,018	-	-	-	997,716	1,023,734
Due to other funds	4,690,221	72,282	1,040	220	1,838,886	6,602,649
Deferred revenues	8,676,257	4,030,670	-	-	9,492,862	22,199,789
Total Liabilities	18,547,396	4,105,691	1,434	9,725	13,963,087	36,627,333
Fund Balances						
Restricted	4,664,907	6,592,437	96,649	-	22,061,920	33,415,913
Unrestricted						
Designated for Capital Project	258,496	-	3,525,845	34,160,470	21,129,587	59,074,398
Special Revenue Funds	-	-	-	-	4,616,508	4,616,508
General Fund	14,117,114	-	-	-	-	14,117,114
Total Fund Balances	19,040,517	6,592,437	3,622,494	34,160,470	47,808,015	111,223,933
Total Liabilities and Fund Balances	\$ 37,587,913	\$ 10,698,128	\$ 3,623,928	\$ 34,170,195	\$ 61,771,102	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						122,980,826
Long-term liabilities, including bonds payable, compensated absences payable, and pension contributions payable, are not due and payable in the current period and therefore, are not reported in the governmental funds.						(160,143,232)
The net assets of the internal service fund are included in the governmental activities in the statement of net assets.						(17,537,766)
Net assets of governmental activities						\$ 56,523,761

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended February 29, 2004

	General	General Obligation Debt	Central Business Tax Increment District	Washington National Tax Increment District	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 37,910,430	\$ 7,799,232	\$ -	\$ -	\$ 18,123,365	\$ 63,833,027
Licenses and permits	6,699,058	-	-	-	-	6,699,058
Special assessments	-	-	-	-	216,740	216,740
Intergovernmental	13,748,351	-	-	-	4,437,331	18,185,682
Charges for services	5,996,802	-	-	-	-	5,996,802
State allotment	-	-	-	-	400,000	400,000
Fines and forfeits	4,162,610	-	-	-	-	4,162,610
Investment income	205,456	106,593	14,924	333,581	989,823	1,650,377
Miscellaneous	4,558,698	28,002	1,254,750	-	1,111,381	6,952,831
Total Revenues	73,281,405	7,933,827	1,269,674	333,581	25,278,640	108,097,127
Expenditures						
Current						
General management and support	11,392,675	3,103	63,346	152,902	1,752,657	13,364,683
Public safety	27,106,140	-	-	-	6,789,367	33,895,507
Public works	11,118,899	-	-	-	-	11,118,899
Health and human resource development	4,672,090	-	-	-	600,000	5,272,090
Recreation and cultural opportunities	14,175,886	-	35,227	-	76,000	14,287,113
Housing and economic development	2,535,878	-	-	-	3,346,239	5,882,117
Pensions	2,687,984	-	-	-	-	2,687,984
Debt service						
Principal	-	6,700,000	-	-	2,685,000	9,385,000
Interest and fiscal agent fees	-	3,370,541	-	-	1,792,543	5,163,084
Capital outlay	-	-	180,226	-	9,760,399	9,940,625
Total Expenditures	73,689,552	10,073,644	278,799	152,902	26,802,205	110,997,102
Excess (Deficiency) of Revenues Over (Under) Expenditures	(408,147)	(2,139,817)	990,875	180,679	(1,523,565)	(2,899,975)
Other Financing Sources (Uses)						
Transfers in	4,099,000	1,687,994	-	3,000,000	974,986	9,761,980
Transfers out	(2,375,000)	-	-	(169,678)	(12,742,196)	(15,286,874)
Issuance of debt	-	11,630,649	-	-	13,286,185	24,916,834
Escrow Funding	-	(11,528,830)	-	-	(1,190,000)	(12,718,830)
Total Other Financing Sources (Uses)	1,724,000	1,789,813	-	2,830,322	328,975	6,673,110
Net Change in Fund Balances	1,315,853	(350,004)	990,875	3,011,001	(1,194,590)	3,773,135
Fund Balances -Beginning of Year	17,724,664	6,942,441	2,631,619	31,149,469	49,002,605	107,450,798
Fund Balances - End of Year	\$ 19,040,517	\$ 6,592,437	\$ 3,622,494	\$ 34,160,470	\$ 47,808,015	\$ 111,223,933

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

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

Year ended February 29, 2004

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

Net change in fund balances - total governmental funds	\$	3,773,135
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		4,269,145
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions, however, have no effect on net assets.		21,715,064
Issuance of 2003 Bonds provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Governmental funds also report the effect of bonds premiums, discounts and similar items when debt is first issued.		(24,916,834)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		54,374
Internal service funds are reported separately in the fund financial statements.		<u>(2,388,401)</u>
Change in net assets of governmental activities	\$	<u><u>2,506,483</u></u>

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Statement of Net Assets

February 29, 2004

Assets	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Maple Avenue Garage	Motor Vehicle Parking System (non-major)	Total	
Current Assets						
Cash and equivalents	\$ 21,475	\$ -	\$ 4,078,604	\$ 3,286,964	\$ 7,387,043	\$ 623,961
Investments	-	-	-	408,308	408,308	3,527,942
Receivables						-
Accounts - billed	923,290	358,847	-	-	1,282,137	-
Accounts - unbilled	905,904	2,345,596	-	-	3,251,500	-
Accrued interest	-	60,250	-	120,951	181,201	-
Other	1,360	-	-	2,301	3,661	18,259
Due from other funds	-	-	184,109	8,409	192,518	2,090,760
Inventory	461,384	110,623	-	-	572,007	290,181
Total Current Assets	2,313,413	2,875,316	4,262,713	3,826,933	13,278,375	6,551,103
Noncurrent Assets						
Restricted cash and equivalents	11,669,195	14,051,763	-	-	25,720,958	-
Total Restricted Assets	11,669,195	14,051,763	-	-	25,720,958	-
Capital Assets						
Land	555,415	-	-	2,742,522	3,297,937	-
Construction in progress	548,279	12,547,060	51,000	-	13,146,339	-
Capital assets being depreciated	52,715,922	185,098,286	27,128,673	12,426,059	277,368,940	17,390,095
Less accumulated depreciation	(11,740,417)	(17,590,267)	(2,177,064)	(4,838,271)	(36,346,019)	(11,517,322)
Total Capital Assets	42,079,199	180,055,079	25,002,609	10,330,310	257,467,197	5,872,773
Other Assets						
Receivables						
Notes	-	-	-	309,000	309,000	-
Total Assets	\$ 56,061,807	\$ 196,982,158	\$ 29,265,322	\$ 14,466,243	\$ 296,775,530	\$ 12,423,876

The accompanying notes are an integral part of this statement.

	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Maple Avenue Garage	Motor Vehicle Parking System (non-major)	Totals	
Liabilities						
Current Liabilities (Payable from Current Assets)						
Vouchers payable	\$ 276,536	\$ 27,806	\$ 105,022	\$ 57,647	\$ 467,011	\$ 167,115
Accrued payroll	74,133	11,980	-	11,722	97,835	19,140
Interest payable	-	-	-	62,556	62,556	17,721
Compensated absences payable	318,011	71,768	-	72,552	462,331	99,531
General obligation bonds payable	-	-	3,200,000	510,000	3,710,000	915,000
Claims payable	-	-	-	-	-	25,303,735
Due to other government	-	-	-	-	-	83,030
Due to other funds	133,956	114,753	401,398	79,160	729,267	45,639
Total Payable from Current Assets	802,636	226,307	3,706,420	793,637	5,529,000	26,650,911
Current Liabilities (Payable from Restricted Assets)						
Vouchers payable	121,183	1,704,766	-	-	1,825,949	-
Interest payable	34,429	1,139,253	-	-	1,173,682	-
Notes payable - Sewer IEPA Loans	-	5,354,606	-	-	5,354,606	-
General obligation bonds payable	-	1,810,000	-	-	1,810,000	-
Revenue bonds payable	134,167	-	-	-	134,167	-
Total Payable from Restricted Assets	289,779	10,008,625	-	-	10,298,404	-
Long-Term Liabilities						
Notes payable - Sewer IEPA Loans	-	94,298,798	-	-	94,298,798	-
General obligation bonds payable	-	22,495,000	16,900,000	4,260,000	43,655,000	450,000
Revenue bonds payable	5,245,833	-	-	-	5,245,833	-
Unamortized bond expenses and discount	13,009	(39,341)	(53,624)	-	(79,956)	(1,186)
Claims payable	-	-	-	-	-	2,861,917
Total Long-Term Liabilities	5,258,842	116,754,457	16,846,376	4,260,000	143,119,675	3,310,731
Total Liabilities	6,351,257	126,989,389	20,552,796	5,053,637	158,947,079	29,961,642
Net Assets (Deficit)						
Invested in capital assets, net of related debt	36,686,190	56,136,016	4,956,233	5,560,310	103,338,749	4,508,959
Restricted for debt service	11,157,974	-	-	-	11,157,974	-
Unrestricted	1,866,386	13,856,753	3,756,293	3,852,296	23,331,728	(22,046,725)
Total net assets (deficit)	\$ 49,710,550	\$ 69,992,769	\$ 8,712,526	\$ 9,412,606	\$ 137,828,451	\$ (17,537,766)

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year ended February 29, 2004

	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Maple Avenue Garage Fund	Motor Vehicle Parking System (non-major)	Total	
Operating Revenues						
Charges for services	\$ 12,992,143	\$ 15,428,157	\$ 1,250,124	\$ 3,249,502	\$ 32,919,926	\$ 6,583,998
Miscellaneous	486,236	8,225	13,291	16,053	523,805	1,081,327
Total Operating Revenues	<u>13,478,379</u>	<u>15,436,382</u>	<u>1,263,415</u>	<u>3,265,555</u>	<u>33,443,731</u>	<u>7,665,325</u>
Operating Expenses Excluding Depreciation						
Administration	765,262	-	-	1,299,212	2,064,474	-
Operations	6,291,028	1,924,535	1,703,247	1,554,897	11,473,707	10,557,473
Total Operating Expenses Excluding Depreciation	<u>7,056,290</u>	<u>1,924,535</u>	<u>1,703,247</u>	<u>2,854,109</u>	<u>13,538,181</u>	<u>10,557,473</u>
Operating Income (Loss) Before Depreciation	6,422,089	13,511,847	(439,832)	411,446	19,905,550	(2,892,148)
Depreciation	1,287,466	2,491,390	685,674	276,493	4,741,023	1,572,777
Operating Income (Loss)	<u>5,134,623</u>	<u>11,020,457</u>	<u>(1,125,506)</u>	<u>134,953</u>	<u>15,164,527</u>	<u>(4,464,925)</u>
Nonoperating Revenues (Expenses)						
Investment income	105,136	150,670	13,267	74,252	343,325	20,447
Other nonoperating revenues	-	-	-	-	-	45,532
Interest expense	(231,023)	(4,135,536)	(620,068)	(337,206)	(5,323,833)	(114,901)
Bond expenses and amortization of discount	(5,968)	(7,858)	(19,440)	-	(33,266)	(2,310)
Sales of capital assets	-	-	-	-	-	136,335
Net book value of equipment disposed	(6,205)	-	-	(288)	(6,493)	(8,579)
Total Nonoperating Revenues (Expenses)	<u>(138,060)</u>	<u>(3,992,724)</u>	<u>(626,241)</u>	<u>(263,242)</u>	<u>(5,020,267)</u>	<u>76,524</u>
Income (Loss) Before Transfers	4,996,563	7,027,733	(1,751,747)	(128,289)	10,144,260	(4,388,401)
Transfers In (Out)						
Downtown TIF Debt Service Fund	40,000	-	2,900,000	-	2,940,000	-
Water Fund	-	(118,336)	-	(400,000)	(518,336)	-
General Obligation Debt Service Fund	(726,106)	-	-	-	(726,106)	-
Capital Improvement Fund	-	3,000,000	-	-	3,000,000	-
Washington National Debt Service Fund	40,000	-	-	-	40,000	-
Howard Hartrey Debt Service Fund	10,000	-	-	-	10,000	-
Southwest TIF Debt Service Fund	10,000	-	-	-	10,000	-
Parking Fund	400,000	-	-	-	400,000	-
Sewer Fund	118,336	-	-	-	118,336	-
Economic Development Fund	-	-	590,000	-	590,000	-
General Fund	(2,539,000)	-	200,000	-	(2,339,000)	2,000,000
Change in Net Assets	<u>2,349,793</u>	<u>9,909,397</u>	<u>1,938,253</u>	<u>(528,289)</u>	<u>13,669,154</u>	<u>(2,388,401)</u>
Total Net Assets (Deficit) - Beginning of Year	<u>47,360,757</u>	<u>60,083,372</u>	<u>6,774,273</u>	<u>9,940,895</u>	<u>124,159,297</u>	<u>(15,149,365)</u>
Total Net Assets (Deficit) - End of Year	<u>\$ 49,710,550</u>	<u>\$ 69,992,769</u>	<u>\$ 8,712,526</u>	<u>\$ 9,412,606</u>	<u>\$137,828,451</u>	<u>\$ (17,537,766)</u>

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Statement of Cash Flows
Year ended February 29, 2004

	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Maple Avenue Garage Fund	Motor Vehicle Parking System (non-major)	Total	
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 13,456,083	\$ 15,409,863	\$ 1,263,415	\$ 3,238,741	33,368,102	\$ 7,665,927
Receipts from interfund services provided	(1,277,393)	-	(184,108)	(8,409)	(1,469,910)	(2,026,541)
Payments to suppliers	(6,214,083)	(1,473,179)	(1,689,296)	(1,944,079)	(11,320,637)	(4,133,076)
Payments to employees	(747,498)	2,924	-	(1,301,268)	(2,045,842)	(1,601,973)
Payments for interfund services provided	(1,481)	-	377,329	67,511	443,359	45,483
Net Cash Provided by (Used for) Operating Activities	5,215,628	13,939,608	(232,660)	52,496	18,975,072	(50,180)
Cash Flows from Noncapital Financing Activities						
Operating transfers (out)						
Downtown TIF Debt Service Fund	40,000	-	2,900,000	-	2,940,000	-
Water Fund	-	(118,336)	-	(400,000)	(518,336)	-
General Obligation Debt Service Fund	(726,106)	-	-	-	(726,106)	-
Capital Improvement Fund	-	3,000,000	-	-	3,000,000	-
Washington National Debt Service Fund	40,000	-	-	-	40,000	-
Howard Hartrey Debt Service Fund	10,000	-	-	-	10,000	-
Southwest TIF Debt Service Fund	10,000	-	-	-	10,000	-
Parking Fund	400,000	-	-	-	400,000	-
Sewer Fund	118,336	-	-	-	118,336	-
Economic Development Fund	-	-	590,000	-	590,000	-
General Fund	(2,539,000)	-	200,000	-	(2,339,000)	2,000,000
Net Cash Provided by (Used for) Noncapital Financing Activities	(2,646,770)	2,881,664	3,690,000	(400,000)	3,524,894	2,000,000
Cash Flows from Capital and Related Financing Activities						
Sale of capital assets	-	-	-	-	-	136,335
Acquisition and construction of capital assets	(768,416)	(13,830,703)	-	-	(14,599,119)	(861,943)
Principal paid on revenue bonds	(805,000)	-	-	-	(805,000)	-
Interest paid on revenue bonds	(235,913)	-	-	-	(235,913)	-
Principal paid on general obligation bonds	-	(1,720,000)	(1,600,000)	(475,000)	(3,795,000)	(1,130,000)
Interest paid on general obligation bonds	-	(1,484,408)	(620,068)	(337,206)	(2,441,682)	(129,572)
Principal paid on IEPA loans	-	(5,125,307)	-	-	(5,125,307)	-
Interest paid on IEPA loans	-	(2,651,128)	-	-	(2,651,128)	-
Proceeds from IEPA loans	-	11,219,701	-	-	11,219,701	-
Net Cash (Used for) Capital and Related Financing Activities	(1,809,329)	(13,591,845)	(2,220,068)	(812,206)	(18,433,448)	(1,985,180)
Cash Flows from Investing Activities						
Proceeds from sale/maturities of investment securities	-	-	-	-	-	280,286
Interest income	105,136	150,670	13,267	74,252	343,325	20,447
Net Cash Provided by Investing Activities	105,136	150,670	13,267	74,252	343,325	300,733
Net Increase (Decrease) in Cash and Equivalents	864,665	3,380,097	1,250,539	(1,085,458)	4,409,843	265,373
Cash and Equivalents						
Beginning of year	10,826,005	10,671,666	2,828,065	4,372,422	28,698,158	358,588
End of year	\$ 11,690,670	\$ 14,051,763	\$ 4,078,604	\$ 3,286,964	\$ 33,108,001	\$ 623,961
Reconciliation						
Cash and equivalents						
Unrestricted	\$ 21,475	\$ -	\$ 4,078,604	\$ 3,286,964	\$ 7,387,043	\$ 623,961
Restricted	11,669,195	14,051,763	-	-	25,720,958	-
	\$ 11,690,670	\$ 14,051,763	\$ 4,078,604	\$ 3,286,964	\$ 33,108,001	\$ 623,961

The accompanying notes are an integral part of this statement.

Continued

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Statement of Cash Flows - Continued
Year ended February 29, 2004

	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Maple Avenue Garage Fund	Motor Vehicle Parking System (non-major)	Total	
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities						
Operating income (loss)	\$ 5,134,623	\$ 11,020,457	\$ (1,125,506)	\$ 134,953	\$ 15,164,527	\$ (4,464,925)
Depreciation	1,287,466	2,491,390	685,674	276,493	4,741,023	1,572,777
Changes in assets and liabilities						
Other receivables	(1,360)	33,731	-	2,119	34,490	602
Accounts receivable	(20,936)	-	-	-	(20,936)	-
Interfund receivable	(1,277,393)	-	(184,108)	(8,409)	(1,469,910)	(2,026,541)
Inventory	16,385	(54,335)	-	-	(37,950)	(20,629)
Accrued interest receivable	-	(60,250)	-	(28,933)	(89,183)	-
Compensated absences	(27,193)	(832)	-	(5,310)	(33,335)	26,172
Accrued payroll	44,957	3,756	-	3,254	51,967	8,792
Interfund payable	(1,481)	-	377,329	67,511	443,359	45,483
Interfund payable (restricted)	-	112,810	-	-	112,810	-
Vouchers payable	(59,117)	13,997	13,951	(360,188)	(391,357)	70,538
Vouchers payable (restricted)	119,677	437,612	-	-	557,289	-
Interest payable	-	(58,728)	-	(28,994)	(87,722)	-
Claims payable	-	-	-	-	-	5,225,941
Due to other governments	-	-	-	-	-	(488,390)
Net Cash Provided by (Used for) Operating Activities	\$ 5,215,628	\$ 13,939,608	\$ (232,660)	\$ 52,496	\$ 18,975,072	\$ (50,180)

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Fiduciary Funds

Statement of Net Assets

February 29, 2004

	Pension Trust Funds	Special Assessment Agency Fund
Assets		
Cash and short-term investments	\$ 6,352,215	\$ 19,815
Receivables		
Accrued interest	311,138	-
Due from other funds	2,735,269	299
Total Receivables	3,046,407	299
Investments, at fair value		
U.S. Government obligations	38,175,600	-
Common stock	3,874,943	-
Mutual funds	38,846,035	-
Insurance company contracts - separate accounts	731,832	-
Total Investments	81,628,410	-
Total Assets	91,027,032	20,114
Liabilities		
Vouchers payable	32,317	-
Due to special assessment bondholders	-	20,114
Due to other funds	3,293	-
Total Liabilities	35,610	20,114
Net assets held in trust	\$ 90,991,422	\$ -

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Fiduciary Funds - Pension Trust Funds

Statement of Changes in Plan Net Assets Year ended February 29, 2004

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 5,887,076
Plan members	<u>1,674,803</u>
Total contributions	<u>7,561,879</u>
Investment income	
Net appreciation in fair value of investments	7,774,655
Interest	<u>2,028,072</u>
Total investment income	9,802,727
Less investment expense	<u>235,178</u>
Net investment income	<u>9,567,549</u>
Total additions	<u>17,129,428</u>
Deductions	
Benefits	7,939,222
Refunds of contributions	93,453
Administrative expense	<u>58,600</u>
Total deductions	<u>8,091,275</u>
Net increase	9,038,153
Net assets held in trust for pension benefits	
Beginning of year	<u>81,953,269</u>
End of year	<u>\$ 90,991,422</u>

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Evanston (City) 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. Fiscal year 2003 was the first year in which the City implemented GASB Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB 34)* and Statement No. 37 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*. These Statements establish new financial reporting requirements and significantly change the format and content of the City's comprehensive annual financial report (CAFR).

Also implemented in fiscal year 2003, the City adopted the provisions of GASB Statement No. 38 - *Certain Financial Statement Note Disclosures*. This Statement modifies, establishes, and rescinds certain financial statement note disclosures.

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

A. Reporting Entity

The City was incorporated in 1863. The City operates under a Council-Manager form of government, is a home rule municipality as defined by Illinois state law, and provides the following services as authorized by its charter: general management and support, public safety, public works, health and human resource development, recreational and cultural opportunities, and housing and economic development.

As required by GAAP, these financial statements present the City (the primary government) and its component unit, an entity for which the City is considered to be financially accountable. Although the component unit is legally a separate entity, it is governed by the same board; therefore, data from this unit is blended with data of the City.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

Blended Component Unit:

The Town of the City of Evanston, Illinois (Township) is a separate legal entity which administers General Assistance, a public welfare program assigned by Illinois law to townships. Eligible clients receive General Assistance for food, shelter, and medical needs. Through the town-fund levy, the Township also supports a number of community action programs, which provide direct services to welfare recipients. The Township is governed by a Township Board of Trustees and provides services within the same geographic boundaries of the City. The Township Board of Trustees are the same individuals as the City Council. The Township board levies taxes and is responsible for adopting the Township budget and approving payment of bills. The Township has two elected officials: the supervisor and the assessor, each elected for four-year terms. The supervisor is responsible for Township funds and for the administration of General Assistance. The assessor does not actually assess property; that function is carried out by the Cook County Assessor. The Township Assessor serves as a taxpayer's advocate, helping citizens with tax-related questions.

The Assessor also works to assure equity of assessments, and maintains records of building and demolition permits and of all tax-exempt properties. The Township Board of Trustees can issue debt on its own behalf, and such debt can be issued in the Township's name alone.

The Township is included in the Reporting Entity due to its financial accountability because the Township Board of Trustees are the same individuals as the City Council members. The Township has a March 31 fiscal year-end. Amounts included in this report are as of and for the year ended March 31, 2003. This report is the most recent one available.

Complete financial statements for the Township may be obtained at the following address:

Town of the City of Evanston
1910 Main Street
Evanston, Illinois 60201

Joint Ventures:

The City participates in three joint ventures, which are reported as nonequity governmental joint ventures and are described in Footnote 16. The joint ventures are: City of Evanston and Northwestern University Research Park; Solid Waste Agency of Northern Cook County (SWANCC); and Evanston Housing Corporation.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. 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.

C. Fund Accounting

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

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

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the City not accounted for in some other fund. All Township funds are considered special revenue funds within the governmental funds category.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Fund Accounting – Continued

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes as available if they are collected within 60 days of the end of the current fiscal period. A one year 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 and claims and judgments, 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

Taxes	Fines
Property	Traffic fines
Sales (Home Rule)	
Utility	Intergovernmental
	Motor fuel tax allotments
	Grants
	Supplemental Security Income reimbursements
Licenses	Income taxes
	Sales taxes
Franchise fees	
Charges for services	Investment income
	Recycling program fees and sales

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

The City reports the following major governmental funds:

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

The *General Obligation Debt Fund* accounts for the resources accumulated and payments made for principal and interest on bonds, notes and contracts of general obligation to the City.

The *Central Business Tax Increment District Fund* accounts for the purchase of land and other related costs of the research park. Financing is provided from the general obligation bonds and note proceeds.

Governmental funds report *deferred revenue* 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

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 *Maple Avenue Garage Fund* accounts for the provision of the public parking facility on Maple Avenue. 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 data processing and fleet management 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.

Agency funds account for the cash received from property owners on capital improvement special assessments. Such amounts collected will be forwarded to bondholders. The City is not obligated in any manner for this debt and is only acting as agent for the property owners.

The City's enterprise funds apply all applicable GASB pronouncements as well as relevant Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

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

E. Cash and Equivalents

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

F. Investments

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Inventories

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.

H. Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets (e.g. roads, sidewalks, trails, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$20,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Infrastructure acquired prior to the February 28, 2003 implementation of GASB34 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 using the straight-line method over the following estimated useful lives:

Description	Years
Buildings and improvements	10-50
Office equipment and furniture	5-15
Machinery and equipment	5-15
Infrastructure	30-100
Library collections	7
Capitalized leases	Life of lease

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All pay due in the event of termination is accrued when incurred in the government-wide and proprietary fund financial statements.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

K. Self-Insurance

The City is 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. Property Taxes

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

The property tax calendar for Cook County is as follows:

Lien Date	January 1 of Levy Year
Levy Date	December of Levy Year
First Installment Due Date (one-half of prior bill)	March 1 of Year following Levy Year
Second Installment Due Date (balance of total bill)	August or September of Year following Levy Year

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Property Taxes - Continued

Property tax revenues are recognized when they become both measurable and available. On this basis, property tax revenue includes all cash distributions of property tax received during the fiscal year between March 1, 2003 and February 29, 2004 and all property tax collections received within 60 days after the end of the fiscal year.

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

The Town Fund and General Assistance Fund deferred revenue represents the net portion of the 2002 property tax levy that will not be collected within 60 days of the Township's March 31, 2003 year-end. A 2% allowance for loss is reflected in the Township financial statements.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management plans that are subject to change.

N. 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 operating transfers.

O. 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

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

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

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, compensated absences payable, and pension contribution payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$160,143,232 difference are as follows:

General obligation bonds payable	\$ 140,200,000
Special service district bonds payable	280,000
Notes payable	333,334
Bonds premium liability	2,538,052
Compensated absences payable	6,074,750
Pension contributions payable	<u>10,717,096</u>
Net adjustments to reduce fund balance – total governmental funds to arrive at net assets – governmental activities.	\$ <u><u>160,143,232</u></u>

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

1. The government fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$4,269,145 difference are as follows:

Capital outlay	\$ 9,173,578
Depreciation expense	<u>(4,904,433)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ <u><u>4,269,145</u></u>

Continued

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

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

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

2. Another element of that reconciliation states that "The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions, however, have no effect on net assets." The details of this \$21,715,064 difference are as follows:

Principal repayments:

General obligation debt	\$ 21,570,000
SSD#5 Bond refunded	130,000
Installment contracts and capital leases	<u>15,064</u>

Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities

\$ 21,715,064

3. Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$54,374 difference are as follows:

Compensated absences	\$ 111,268
Notes payable	333,333
Amortization income	235,509
Pension contributions	<u>(625,736)</u>

Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities

\$ 54,374

4. Another element of that reconciliation states that "Issuance of 2003 Bonds provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds." The details of this \$24,916,834 difference are as follows:

2003 Bond Series	\$ 15,890,000
2003 B Bond Series	11,485,000
Less: Parking 2003 Bond Series (enterprise fund)	(3,545,000)
Bonds premium liability	<u>1,086,834</u>

Continued

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

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

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

Net adjustment to decrease net changes in fund balances –
total governmental funds to arrive at changes in net assets of
governmental activities \$ 24,916,834

NOTE 3. DEFICIT FUND EQUITY

The Insurance Fund had a retained earnings deficit of \$22,848,434 as of February 29, 2004. The City plans to use current resources and possible debt proceeds to pay for future liabilities.

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Types of Accounts and Securities

Illinois statutes and the City's investment policies authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper issued by corporations organized in the United States with assets exceeding \$500,000,000, savings accounts and certificates of deposit issued by financial institutions insured by the Federal Deposit Insurance Corporation, repurchase agreements, short-term discount obligations of the Federal National Mortgage Association, dividend or share accounts of a credit union which accounts are insured, money market mutual funds with portfolios limited to securities guaranteed by the United States, and the Illinois Funds.

The Illinois Funds is a state-operated money market fund that is AAA rated by Standard & Poors rating Agency and consists of government securities that are invested for 60 days or less. The fair value of Illinois Funds is the same as the ownership interest in the fund. Illinois Funds is sponsored by the State Treasurer in accordance with state law.

In addition, the Firefighters and Police Pension Funds may invest in various equity accounts up to a limit of 35% of the aggregate book value of the funds' assets. Also, 10% more may be invested in separate accounts of insurance companies.

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

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - Continued

C. Deposits

City

Deposits consist of deposits in interest-bearing and noninterest-bearing checking accounts and certificates of deposit. At February 29, 2004, the carrying amount of the City's deposits, including cash on hand of \$36,521, was \$9,700,120. The financial institutions balances totaled \$10,024,963 and are categorized by level of risk as follows:

Category 1

Deposits insured or collateralized with securities
held by the City or by its agent in the City's name \$ 10,024,963

Category 2

Deposits collateralized with securities held by the pledging financial
institution's trust department or agent in the City's name -

Category 3

Deposits uncollateralized and uninsured -

Total City Deposits \$ 10,024,963

Township

At March 31, 2003 the carrying amount of the Township's deposits was \$138,979. The financial institutions' balances totaled \$151,949 and are categorized by level of risk as follows:

Category 1

Deposits insured or collateralized with securities
held by the Township or by its agent in the Township's name \$ 115,484

Category 2

Deposits collateralized with securities held by the pledging financial
institution's trust department or agent in the Township's name -

Category 3

Deposits uncollateralized and uninsured 36,465

Total Township Deposits \$ 151,949

Continued

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - Continued

C. Deposits - Continued

Entity Total

At February 29, 2004 the carrying amount of deposits, including cash on hand of \$36,521, was \$9,839,099. The financial institutions balances totaled \$10,176,912 and are categorized by level of risk as follows:

Category 1

Deposits insured or collateralized with securities held by the City or by
its agent in the City's name \$ 10,140,447

Category 2

Deposits collateralized with securities held by the pledging financial
institution's trust department or agent in the City's name -

Category 3

Deposits uncollateralized and uninsured 36,465

Total Deposits \$ 10,176,912

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - Continued

D. Investments

The City's investments at February 29, 2004 are categorized as follows to give an indication of the level of risk assumed by the City at year-end.

Category One - Investments that are insured or registered or securities held by the City or its agent in the City's name.

Category Two - Uninsured or unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.

Category Three - Uninsured or unregistered investments for which the securities are held by the counterparty in its trust department or agent, but not in the City's name.

City	Category			Total Carrying/ Fair Value
	One	Two	Three	
U.S. Government Securities*	\$54,676,094	\$ -	\$ -	\$ 54,676,094
Corporate Bonds	527,393	-	-	527,393
Common Stock	4,049,591	-	-	4,049,591
Not subject to risk categories				
Insurance Contracts owned by pension trust funds				731,832
+Illinois Funds				72,974,907
^ Government Money Market Funds				37,829,305
^ Government Mutual Funds				44,892,692
	<u>\$59,253,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$215,681,814</u>

*\$38,175,600 owned by pension trust funds.

+ The fair value of the position in the external investment pool is the same as the value of the pool shares and these investments are not subject to risk categorization and conform to the Illinois Public Funds Act. The fund is managed by the financial institution in which it is held.

^ These investments are not subject to risk categories. The investment objective is to maintain a net asset value of \$1.00 per share on a continuous basis. The fund will comply with SEC rules applicable to all money market funds.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – Continued

D. Investments - Continued

Township

	<u>Total Carrying/ Fair Value</u>
Illinois Funds—not subject to risk	\$ <u>465,084</u>

Entity Total

	<u>Category</u>			<u>Total Carrying/ Fair Value</u>
	<u>One</u>	<u>Two</u>	<u>Three</u>	
U.S. Government Securities	\$54,676,094	\$ -	\$ -	\$ 54,676,094
Corporate Bonds	527,393	-	-	527,393
Common Stock	4,049,591	-	-	4,049,591
Not subject to risk categories				
Insurance Contracts owned				
by pension trust funds				731,832
+Illinois Funds				73,439,991
^Government Money				
Market Funds				37,829,305
^Government Mutual Funds				44,892,692
	<u>\$59,253,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$216,146,898</u>

+ The fair value of the position in the external investment pool is the same as the value of the pool shares and these investments are not subject to risk categorization and conform to the Illinois Public Funds Act. The fund is managed by the financial institution in which it is held.

^ These investments are not subject to risk categories. The investment objective is to maintain a net asset value of \$1.00 per share on a continuous basis. The fund will comply with SEC rules applicable to all money market funds.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – Continued

E. Reconciliation of Unrestricted and Restricted Cash and Investments

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

Unrestricted cash and equivalents	\$ 100,289,899
Unrestricted investments	11,974,700
Restricted cash and equivalents	<u>25,720,958</u>
 Total Cash and Investments – Primary Government	 137,985,557
 Fiduciary funds cash and equivalents	 6,372,030
 Fiduciary funds investments	 <u>81,628,410</u>
 Total Cash and Investments	 <u>\$ 225,985,997</u>
 Carrying amount of deposits – from Note 4 C	 \$ 9,839,099
Investments – from Note 4 D	<u>216,146,898</u>
 Total	 <u>\$ 225,985,997</u>

NOTE 5. RECEIVABLES

A. Notes Receivable – Special Revenue Funds

The City makes loans to City residents for the rehabilitation of single-family and multi-family housing. Initial funding for these loans was from Community Development Block Grant (CDBG) and Housing and Urban Development (HUD) Funds. Two types of loans are made: (1) title transfer loans which are due in full when the housing unit is sold, and (2) amortizing loans which are due in monthly installments over varying lengths of time. Repayments of principal and any interest earned on these receivables, which are recorded in the respective Special Revenue funds, are used to make additional rehabilitation loans. An allowance of \$90,799 exists in the Special Revenue funds due to doubtful accounts. Loan activity for the current year is summarized as follows:

Interest Rates	Beginning of Year	Loans Made	Loan Repayments	End of Year
0% - 8%	\$ <u>4,598,138</u>	\$ <u>1,139,197</u>	\$ <u>1,088,712</u>	\$ <u>4,648,623</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 5. RECEIVABLES - Continued

B. Summary of Receivables

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

	General Fund	General Obligation Debt	Central Business TIF	Water	Sewer	Motor Vehicle Parking System	Nonmajor and Other Funds	Total
Receivables:								
Property taxes	\$ 12,800,779	\$ 6,324,010	\$ -	\$ -	\$ -	\$ -	\$ 13,000,454	\$ 32,125,243
Accounts	-	-	-	1,829,194	2,704,443	-	-	4,533,637
Notes	-	-	96,649	-	-	-	4,736,823	4,833,472
Special assessments	-	-	-	-	-	-	1,014,798	1,014,798
Accrued interest	1,750	-	-	-	60,250	120,951	316,489	499,440
Other	<u>1,878,921</u>	<u>-</u>	<u>-</u>	<u>1,360</u>	<u>-</u>	<u>2,301</u>	<u>347,847</u>	<u>2,230,429</u>
Gross receivables	14,681,450	6,324,010	96,649	1,830,554	2,764,693	123,252	19,416,411	45,237,019
Less: allowance for uncollectibles	<u>250,996</u>	<u>124,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,911</u>	629,907
Net total receivables	<u>\$ 14,430,454</u>	<u>\$ 6,200,010</u>	<u>\$ 96,649</u>	<u>\$ 1,830,554</u>	<u>\$ 2,764,693</u>	<u>\$ 123,252</u>	<u>\$ 19,161,500</u>	44,607,112
Less Fiduciary Fund Accrued Interest Included in Nonmajor and Other Funds								<u>(311,138)</u>
Net total receivables - Statement of Net Assets								<u>\$ 44,295,974</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 6. CAPITAL ASSETS

A. Capital Asset Activity

Capital asset activity for the year ended February 29, 2004 was as follows:

	Balance March 1, 2003			
	As Restated	Additions	Deletions	End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,556,620	\$ -	\$ -	\$ 6,556,620
Right of way	18,606,141	-	-	18,606,141
Construction in progress	5,450,621	2,060,911	3,947,581	3,563,951
Total capital assets, not being depreciated	<u>30,613,382</u>	<u>2,060,911</u>	<u>3,947,581</u>	<u>28,726,712</u>
Capital assets, being depreciated:				
Buildings and improvements	69,466,531	7,010,626	-	76,477,157
Office equipment and furniture	5,696,745	-	-	5,696,745
Machinery and equipment	17,608,664	934,794	454,360	18,089,098
Infrastructure	69,624,901	3,540,716	-	73,165,617
Library collections	8,918,031	436,055	-	9,354,086
Capitalized leases	1,190,567	-	-	1,190,567
Total capital assets being depreciated	<u>172,505,439</u>	<u>11,922,191</u>	<u>454,360</u>	<u>183,973,270</u>
Less accumulated depreciation for:				
Buildings and improvements	18,609,653	1,649,119	-	20,258,772
Office equipment and furniture	3,504,020	494,501	-	3,998,521
Machinery and equipment	10,788,761	1,640,391	491,312	11,937,840
Infrastructure	39,135,812	1,419,195	-	40,555,007
Library collections	4,631,672	1,274,004	-	5,905,676
Capitalized leases	1,190,567	-	-	1,190,567
Total accumulated depreciation	<u>77,860,485</u>	<u>6,477,210</u>	<u>491,312</u>	<u>83,846,383</u>
Total capital net assets being depreciated, net	<u>94,644,954</u>	<u>5,444,981</u>	<u>(36,952)</u>	<u>100,126,887</u>
Governmental activities capital assets, net	<u>\$ 125,258,336</u>	<u>\$ 7,505,892</u>	<u>\$ 3,910,629</u>	<u>\$ 128,853,599</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 6. CAPITAL ASSETS - Continued

A. Capital Asset Activity - Continued

	Beginning of Year	Additions	Deletions	End of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,297,937	\$ -	\$ -	\$ 3,297,937
Construction in progress	9,895,243	14,599,119	11,348,023	13,146,339
Total capital assets, not being depreciated	<u>13,193,180</u>	<u>14,599,119</u>	<u>11,348,023</u>	<u>16,444,276</u>
Capital assets, being depreciated:				
Land improvements	3,396,714	-	5,769	3,390,945
Buildings and improvements	35,309,503	-	-	35,309,503
Leasehold improvements	302,752	-	-	302,752
Plant	29,244,977	70,855	22,087	29,293,745
Transmission and distribution system	21,493,610	1,257,394	-	22,751,004
Sewer system and underground lines	173,872,159	9,984,142	-	183,856,301
Equipment	1,998,949	35,632	18,741	2,015,840
Parking meters	448,851	-	-	448,851
Total capital assets being depreciated	<u>266,067,515</u>	<u>11,348,023</u>	<u>46,597</u>	<u>277,368,941</u>
Less accumulated depreciation for:				
Land improvements	462,215	86,943	5,481	543,677
Buildings and improvements	5,088,485	825,526	-	5,914,011
Leasehold improvements	219,271	18,443	-	237,714
Plant	7,402,774	702,219	15,882	8,089,111
Transmission and distribution system	2,578,584	548,567	-	3,127,151
Sewer system and underground lines	14,532,465	2,369,737	-	16,902,202
Equipment	1,139,801	162,214	18,741	1,283,274
Parking meters	221,506	27,374	-	248,880
Total accumulated depreciation	<u>31,645,101</u>	<u>4,741,023</u>	<u>40,104</u>	<u>36,346,020</u>
Total capital net assets being depreciated, net	<u>234,422,414</u>	<u>6,607,000</u>	<u>6,493</u>	<u>241,022,921</u>
Business-type activities capital assets, net	<u>\$ 247,615,594</u>	<u>\$ 21,206,119</u>	<u>\$ 11,354,516</u>	<u>\$ 257,467,197</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 6. CAPITAL ASSETS - Continued

A. Capital Asset Activity - Continued

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

Governmental activities:

General management and support	\$ 2,091,024
Public safety	383,952
Public works	1,658,094
Recreation and cultural opportunities	<u>2,344,140</u>
Total depreciation expense – governmental activities	<u>\$ 6,477,210</u>

Business – type activities:

Water	\$ 1,287,466
Sewer	2,491,390
Maple Avenue Garage	685,674
Motor Vehicle Parking	<u>276,493</u>
Total depreciation expense – business – type activities	<u>\$ 4,741,023</u>

B. Construction Commitments

The value of construction contracts signed, where the work has not yet been performed at February 29, 2004, is as follows:

Capital Improvement Fund	\$ 786,766
Water Fund	282,564
Sewer Fund	<u>11,035,656</u>
Total Construction Commitments	<u>\$ 12,104,986</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS

A. Interfund Accounts

At February 29, 2004 interfund receivables and payables consist of the following:

Funds	Due from Other Funds	Due to Other Funds
General Fund		
Emergency Telephone System	\$ 38,116	\$ -
Economic Development	2,424	-
Mayor's Special Housing	90,636	-
Neighborhood Improvement	-	20,404
Fleet Service	26,216	-
Insurance	-	1,998,436
EVNORSKO	-	271
Community Development Block Grant	17,857	-
CD Loan	100	-
Washington National Debt Service	-	19,870
SSD#5	33,557	-
GO Debt Service	-	1,323,995
Washington National Capital Project	220	-
Downtown TIF Capital Project	1,040	-
Capital Improvement	6,034	-
Special Assessment Capital Project	-	27,598
Maple Avenue Garage	-	155,023
Motor Vehicle Parking System	60,016	-
Water	133,956	-
Sewer	21,179	-
Firefighters Pension	-	483,226
Police Pension	-	661,398
Total General Fund	431,351	4,690,221
Special Revenue Funds		
Economic Development		
EVNORSKO	-	321
General	-	2,424
Total Economic Development	-	2,745
Emergency Telephone System		
Insurance	536	-
General	-	38,116
Neighborhood Improvement		
General	20,404	-
Special Service District #4		
SSD#4	-	24,673
Mayor's Special Housing		
Home	10,000	-
General	-	90,636
Home		
Mayor's Special Housing	-	10,000

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS - Continued

A. Interfund Accounts - Continued

Funds	Due from Other Funds	Due to Other Funds
Special Revenue Funds - Continued		
Evnorsko		
General	\$ 271	\$ -
Economic Development	321	-
Total EVNORSKO	<u>592</u>	<u>-</u>
Community Development Block Grant		
CD Loan	29	-
General	-	17,857
Community Development Loan		
CDBG	-	29
General	-	100
Total Community Development Loan	<u>-</u>	<u>129</u>
Employer Pension Contribution		
Firefighters Pension	-	689,267
Police Pension	-	898,085
Total Employer Pension Contribution	<u>-</u>	<u>1,587,352</u>
Total Special Revenue Funds	<u>31,561</u>	<u>1,771,508</u>
Debt Service Funds		
General Obligation Debt Service		
General	1,323,995	-
Maple Avenue Garage	11,031	-
Sewer	1,250	-
Washington National Debt Service	17,792	-
SSD#5	-	72,282
Downtown TIF Debt Service	5,287	-
Total General Obligation Debt Service	<u>1,359,355</u>	<u>72,282</u>
Downtown TIF Debt Service		
Insurance	536	-
G.O. Debt Service	-	5,287
Washington National Debt Service		
General	19,870	-
G.O. Debt Service	-	17,792
Special Service District #5		
G.O. Debt Service	72,282	-
General	-	33,557
SSD#4	24,673	-
Capital Improvement	4,409	-
Total Special Service District #5	<u>101,364</u>	<u>33,557</u>
Total Debt Service Funds	<u>1,481,125</u>	<u>128,918</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS - Continued

A. Interfund Accounts - Continued

Funds	Due from Other Funds	Due to Other Funds
Capital Projects Funds		
Downtown II Capital Project		
General	\$ -	\$ 1,040
Maple Avenue Garage	390,367	-
Washington National Capital Project		
General	-	220
Capital Improvement		
SSD#5	-	4,409
General	-	6,034
Total Capital Improvement	-	10,443
Special Assessment Capital Project		
General	27,598	-
Special Assessment Agency	-	299
Total Capital Projects Funds	417,965	12,002
Enterprise Funds		
Water		
General	-	133,956
Motor Vehicle Parking System		
General	-	60,016
Fleet	8,409	-
Maple Avenue Garage	-	19,144
Total Motor Vehicle Parking System	8,409	79,160
Sewer		
General	-	21,179
Insurance	-	92,324
G.O. Debt Service	-	1,250
Total Sewer	-	114,753
Maple Avenue Garage		
General	155,023	-
Fleet	9,942	-
Parking	19,144	-
G.O. Debt Service Fund	-	11,031
Central Business Tax Increment Capital Project	-	390,367
Total Maple Avenue Garage	184,109	401,398
Total Enterprise Funds	192,518	729,267

Continued

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS - Continued

A. Interfund Accounts - Continued

Funds	Due from Other Funds	Due to Other Funds
Internal Service Funds		
Fleet Services		
General	\$ -	\$ 26,216
Maple Avenue Garage	-	9,942
Parking	-	8,409
Total Fleet Services	<u>-</u>	<u>44,567</u>
Insurance		
General	1,998,436	-
Downtown II Debt Service	-	536
Emergency Telephone System	-	536
Sewer	92,324	-
Total Insurance	<u>2,090,760</u>	<u>1,072</u>
Total Internal Service Funds	<u>2,090,760</u>	<u>45,639</u>
Trust and Agency Funds		
Firefighters Pension		
General	483,226	-
Police Pension	3,293	-
Employer Pension Contribution	689,267	-
Total Firefighters Pension	<u>1,175,786</u>	<u>-</u>
Police Pension		
General	661,398	-
Firefighters Pension	-	3,293
Employer Pension Contribution	898,085	-
Total Police Pension	<u>1,559,483</u>	<u>3,293</u>
Special Assessment Agency		
Special Assessment Capital Project	299	-
Total Trust and Agency Funds	<u>2,735,568</u>	<u>3,293</u>
Total All Funds	7,380,848	7,380,848
Less amounts eliminated during GASB 34 implementation	(4,108,531)	(4,108,531)
Less total Firefighters and Police Pension	<u>(2,735,568)</u>	<u>(2,735,568)</u>
Total Primary Government	<u>\$ 536,749</u>	<u>\$ 536,749</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS - Continued

B. Interfund Transfers

At February 29, 2004 transfers in / out consist of the following:

Funds	Transfers In	Transfers Out
General Fund		
Motor Fuel Tax	\$ 750,000	\$ -
Mayor's Special Housing	30,000	-
Insurance	-	2,000,000
Washington National TIF Debt Service	130,000	-
Howard Hartrey TIF Debt Service	100,000	-
Southwest TIF Debt Service	20,000	-
G.O. Debt Service	-	175,000
Downtown TIF Debt Service	250,000	-
Capital Improvement	250,000	-
Special Assessment Capital Project	30,000	-
Maple Avenue Garage	-	200,000
Water	2,539,000	-
Total General Fund	4,099,000	2,375,000
Special Revenue Funds		
Economic Development		
Washington National Capital Project	91,781	-
Maple Avenue Garage	-	590,000
Emergency Telephone System		
G.O. Debt Service	-	213,400
Mayor's Special Housing		
General	-	30,000
CD Loan		
Home	9,046	-
Home		
CD Loan	-	9,046
Motor Fuel Tax		
General	-	750,000
Total Special Revenue Funds	100,827	1,592,446

Continued

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS - Continued

B. Interfund Transfers - Continued

Funds	Transfer In	Transfer Out
Debt Service Funds		
General Obligation Debt Service		
General	\$ 175,000	\$ -
Emergency Telephone System	213,400	-
Capital Improvement	293,488	-
Special Assessment Capital Project	280,000	-
Water	726,106	-
Total General Obligation Debt Service	1,687,994	-
Downtown TIF Debt Service		
General	-	250,000
Washington National TIF Debt Service	-	800,000
Maple Avenue Garage	-	2,900,000
Water	-	40,000
Total Downtown TIF Debt Service	-	3,990,000
Southwest TIF Debt Service		
General	-	20,000
Water	-	10,000
Total Southwest TIF Debt Service	-	30,000
Howard Hartrey TIF Debt Service		
General	-	100,000
Water	-	10,000
Total Howard Hartrey TIF Debt Service	-	110,000
Washington National Debt Service		
General	-	130,000
Downtown TIF Debt Service	800,000	-
Washington National Capital Project	77,897	-
Water	-	40,000
Total Washington National Debt Service	877,897	170,000
Special Service District #5		
Capital Improvement	4,409	-
Total Debt Service Funds	2,570,300	4,300,000
Capital Projects		
Washington National Capital Project		
Economic Development	-	91,781
Capital Improvement	3,000,000	-
Washington National Debt Service	-	77,897
Total Washington National Capital Project	3,000,000	169,678

Continued

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS - Continued

B. Interfund Transfers - Continued

Funds	Transfer In	Transfer Out
Capital Projects Funds - Continued		
Capital Improvement		
Sewer	\$ -	\$ 3,000,000
G.O. Debt Service Fund	-	293,488
Washington National Capital Project	-	3,000,000
SSD#5	-	4,409
General	-	250,000
Total Capital Improvement	-	6,547,897
Special Assessment Capital Project		
General	-	30,000
G.O. Debt Service	-	280,000
Total Special Assessment Capital Project	-	310,000
Total Capital Projects Funds	3,000,000	7,027,575
Enterprise Funds		
Water		
General	-	2,539,000
Washington National TIF Debt Service	40,000	-
Howard Hartrey TIF Debt Service	10,000	-
Southwest TIF Debt Service	10,000	-
G.O. Debt Service	-	726,106
Downtown TIF Debt Service	40,000	-
Motor Vehicle Parking System	400,000	-
Sewer	118,336	-
Total Water	618,336	3,265,106
Motor Vehicle Parking System		
Water	-	400,000
Sewer		
Capital Improvement	3,000,000	-
Water	-	118,336
Maple Avenue Garage		
General	200,000	-
Economic Development	590,000	-
Downtown TIF Debt Service	2,900,000	-
Total Maple Avenue Garage	3,690,000	-
Total Enterprise Funds	7,308,336	3,783,442

Continued

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS - Continued

B. Interfund Transfers - Continued

Funds	Transfer In	Transfer Out
Internal Service Funds		
Insurance		
General	\$ 2,000,000	\$ -
Total All Funds	19,078,463	19,078,463
Less amounts eliminated during GASB 34 implementation	(14,743,269)	(14,743,269)
Total Primary Government	\$ <u>4,335,194</u>	\$ <u>4,335,194</u>

NOTE 8. OPERATING LEASES

The City has various operating leases covering the rental of several digital office copiers. The copiers are located in the Evanston Civic Center, Library, Recreation facilities, and the Evanston Police Station.

The City has various operating leases covering the rental of several digital office copiers from the Toshiba America Information Systems and GE Capital. The copiers are located in the Evanston Civic Center, Library, Recreation facilities, and the Evanston Police Station.

During the FYE '04, the City did not sign any new lease agreements for copiers. Payments on existing leases include 9 copiers for Civic Center (monthly payment of \$776), 5 copiers for Parks and Recreation (monthly payment of \$4,070), 2 copiers each for Police and Parks and Recreation (monthly payment of \$1,757), and 1 copier each for Fire and Library with monthly payments, of \$561 and \$410, respectively.

The City is also making Payments for two other existing operating leases. One of the two leases includes the rental of 8 copiers for Library. The lease term is for 36 months which began in July 2001. The lease payments are \$976 per month. Whereas the other lease covers the rental of 2 copiers. The lease began in December 2001 and the lease term is 48 months. Monthly payment is \$1,062.

Minimum annual lease payments are as follows:

Fiscal year ending 2005	\$ 107,988
Fiscal year ending 2006	100,898
Fiscal year ending 2007	91,341
Fiscal year ending 2008	75,671
	\$ <u>375,898</u>

NOTE 9. CAPITAL LEASES

The City has acquired telephone equipment under lease agreements which meet the criteria for capitalization as defined by FASB Statement No. 13, "Accounting for leases." These capitalized lease obligations are payable in fixed monthly installments through 2003 at an interest rate of 6.7%. This obligation was paid in full in March 2003.

There were no future minimum lease obligations at February 29, 2004.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 10. LONG-TERM DEBT

A. Changes in Long-Term Debt

	Interest Rate	Final Maturity Date	Balance March 1, 2003	Issued or Adjusted	Retired or Transferred to Debt Service Funds	Balance February 29, 2004	Due Within One Year
Governmental activities							
General obligation bonds/corporate purpose bonds							
Series 1993	2.70%-5.375%	12/1/2010	15,895,000	-	15,895,000	-	-
Series 1994	5.50%-5.75%	12/1/2014	1,275,000	-	1,275,000	-	-
Series 1994 Taxable	6.50%-7.60%	12/1/2014	1,460,000	-	1,460,000	-	-
Series 1995	5.20%-5.70%	12/1/2015	1,295,000	-	630,000	665,000	665,000
Series 1996	4.20%-5.70%	12/1/2016	3,195,000	-	1,175,000	2,020,000	980,000
Series 1997	5.00%-5.50%	12/1/2017	32,535,000	-	2,440,000	30,095,000	2,350,000
Series 1998	4.80%-4.875%	12/1/2018	9,385,000	-	525,000	8,860,000	560,000
Series 1999	4.25%-5.00%	12/1/2019	36,190,000	-	420,000	35,770,000	1,710,000
Series 2000	Variable Rate	12/1/2021	37,000,000	-	1,800,000	35,200,000	35,200,000
Series 2002A	Variable Rate	12/1/2018	29,500,000	-	-	29,500,000	29,500,000
Series 2002B	Variable Rate	12/1/2005	5,500,000	-	-	5,500,000	5,500,000
Series 2002C	5.00%-5.80%	1/1/2022	20,175,000	-	1,375,000	18,800,000	1,400,000
Series 2003	2.00%-5.00%	1/1/2010	-	15,890,000	3,045,000	12,845,000	2,560,000
Series 2003B	2.00%-5.25%	1/1/2023	-	11,485,000	-	11,485,000	415,000
Total general obligation bonds/corporate purpose bonds			193,405,000	27,375,000	30,040,000	190,740,000	80,840,000
Less: Business-type activity bonds			(52,970,000)	(3,545,000)	(7,340,000)	(49,175,000)	(22,420,000)
Total governmental activity bonds			140,435,000	23,830,000	22,700,000	141,565,000	58,420,000
Unamortized bond expenses and discount			(3,496)	-	(2,310)	(1,186)	-
Capital leases (various)	3.2725-11.53%	3/31/2003	15,064	-	15,064	-	-
Special Service District #5 Bonds 1995	4.30 - 5.90%	12/1/2015	410,000	-	130,000	280,000	135,000
Developer's agreement notes payable	6.10%	2/23/2005	666,667	-	333,333	333,334	333,334
Bonds premium liability			1,686,727	1,086,834	235,509	2,538,052	-
Pension contributions			10,091,360	625,736	-	10,717,096	6,190,980
Compensated absences payable- City			8,497,156	(19,190)	111,268	8,366,698	2,291,949
Claims payable			22,939,711	5,862,287	636,346	28,165,652	25,303,735
Governmental activity Long-term liabilities			\$ 184,738,189	\$ 31,385,667	\$ 24,159,210	\$ 191,964,646	\$ 92,674,998

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 10. LONG-TERM DEBT - Continued

A. Changes in Long-Term Debt - Continued

	Interest Rate	Final Maturity Date	Balance March 1, 2003	Issued or Adjusted	Retire or Transferred to Debt Service Funds	Balance February 29, 2004	Due Within One Year
Business-type Activities							
General obligation bonds/corporate purpose bonds							
Sewer			\$ 26,025,000	\$ -	\$ 1,720,000	\$ 24,305,000	\$ 1,810,000
Maple Avenue Garage			21,700,000	-	1,600,000	20,100,000	20,100,000
Parking System			5,245,000	3,545,000	4,020,000	4,770,000	510,000
Total general obligation bonds/corporate purpose bonds			52,970,000	3,545,000	7,340,000	49,175,000	22,420,000
Unamortized bond expenses and discount			(113,227)	-	(33,271)	(79,956)	-
Water Fund revenue bonds							
Series 1997	4.00-4.30%	1/1/2006	1,150,000	-	375,000	775,000	365,000
Series 1999	4.125-4.375%	1/1/2014	2,740,000	-	205,000	2,535,000	210,000
Series 2002	2.00-3.75%	1/1/2012	2,295,000	-	225,000	2,070,000	230,000
Total Water Fund revenue bonds			6,185,000	-	805,000	5,380,000	805,000
Sewer Fund – Illinois Environmental Protection Agency loans	2.535-3.59%	Various Through 11/26/2021	93,559,010	11,219,701	5,125,307	99,653,404	5,501,069
Compensated absences payable- City			495,666	-	33,335	462,331	462,331
Business-type activity long-term liabilities			\$ 153,096,449	\$ 14,764,701	\$ 13,270,371	\$ 154,590,779	\$ 29,188,400

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 10. LONG-TERM DEBT - Continued

B. General Obligation Bonds Payable

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

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

In November 2001, the City entered into an interest rate swap agreement with Bank of America relating to the City's \$19,000,000 General Obligation (G.O.) Variable Rate Demand Bonds, Series 2000A and the \$10,400,000 Variable Rate Demand Bonds, Series 2000C with a fixed rate of 3.125% effective 12/1/01 through 11/30/05. During the current fiscal year, the City paid an additional \$307,778 due to the swap agreement. In November 2002, the City entered into a rate cap agreement with JP Morgan Chase Bank relating to the City's \$35,000,000 G.O. Variable Rate Demand Bonds, Series 2002 A and B, with a cap rate of 4.75% effective 12/1/02 through 11/30/2005.

In March, 2003, the City issued \$15,890,000 in General Obligation bonds with an average interest rate of 3.27% to advance refund \$15,895,000 of outstanding 1993 Series bonds with an average interest rate of 4.04%. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$538,201. This difference, reported in the accompanying financial statements as a bond premium liability, is being charged to operations through the year 2011 using the straight-line method. The proceeds from the new bond issue were used to establish an escrow account and the those monies were used to fully payoff the 1993 bonds on June 1, 2003. The City completed the advance refunding to reduce its total debt service payments over the next seven years by \$1,149,266 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,065,550.

In May, 2003, the City issued Series 2003B \$11,485,000 in General Obligation bonds at a net interest cost of 4.4900825%. The proceeds are being used to partially finance the City's Long Range Capital Improvement Program.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending February 29	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 58,420,000	\$ 5,734,820	\$ 22,420,000	\$ 2,623,473
2006	7,615,000	3,704,591	2,470,000	1,597,875
2007	6,885,000	3,425,274	2,635,000	1,445,218
2008	6,675,000	3,181,256	2,785,000	1,282,325
2009	5,445,000	2,890,896	2,980,000	1,109,885
2010-2014	28,430,000	11,035,865	13,145,000	2,839,943
2015-2019	21,085,000	4,625,919	2,740,000	315,389
2020-2023	7,010,000	853,800	-	-
Total	\$ 141,565,000	\$ 35,452,421	\$ 49,175,000	\$ 11,214,108

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 10. LONG-TERM DEBT - Continued

C. Special Service District Bonds Payable

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

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ending	Governmental Activities	
	Principal	Interest
<u>February 28</u>		
2005	\$ 135,000	\$ 14,840
2006	145,000	7,686
Total	<u>\$ 280,000</u>	<u>\$ 22,526</u>

D. Revenue Bonds Payable

The City also issued revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The bonds were issued to finance construction projects related to the water treatment plant.

Revenue bond debt service requirements to maturity are as follows:

Year Ending	Business-type Activities	
	Principal	Interest
<u>February 28/29</u>		
2005	\$ 805,000	\$ 206,575
2006	865,000	177,355
2007	470,000	145,088
2008	485,000	128,713
2009	510,000	110,913
2010-2014	<u>2,245,000</u>	<u>251,544</u>
Total	<u>\$ 5,380,000</u>	<u>\$ 1,020,188</u>

E. Notes Payable - Sewer IEPA Loans

During the fiscal year ended February 29, 2004, the Illinois Environmental Protection Agency (IEPA) awarded the City three new loans from the Water Pollution Control Revolving Loan Fund. The City currently has 23 outstanding loans from the IEPA. The City will repay the loans solely from revenues derived from the sewer 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 10. LONG-TERM DEBT - Continued

E. Notes Payable - Sewer IEPA Loans - Continued

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

Year Ending <u>February 29</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 5,501,069	\$ 2,671,003
2006	5,895,211	2,650,991
2007	6,070,682	2,475,438
2008	6,251,455	2,294,581
2009	6,437,692	2,108,258
2010-2014	34,244,083	7,549,699
2015-2019	25,858,856	3,005,501
2020-2024	9,299,238	495,028
2025	95,118	1,221
Total	<u>\$ 99,653,404</u>	<u>\$ 23,251,720</u>

F. Prior Years' General Obligation Bond Defeasances

In 1999, the City defeased a portion of Series 1994, Series 1995, and Series 1996 Corporate Purpose bonds, by placing a portion of the proceeds of Series 1999 Bonds in an irrevocable trust to provide for the advance refunding of the callable portion of the bonds.

The trust account assets and the liabilities for the defeased bonds are not included in the City's financial statements. At February 29, 2004, the following remaining outstanding balances are considered defeased:

<u>GO Series</u>	<u>Original Amount Defeased</u>	<u>Outstanding Defeased Amounts</u>
1995	\$ 6,085,000	\$ 6,085,000
1996	9,765,000	9,765,000

The outstanding balances of Series 1995 and 1996, not defeased at February 29, 2004, are recorded as a liability in the City's financial statements. Those balances are as follows:

<u>Series</u>	
1995	\$ 665,000
1996	2,020,000

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 10. LONG-TERM DEBT - Continued

G. Legal Debt Margin

The City is a home rule municipality. Article VII, Section 6(k) of the 1970 Illinois Constitution 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 General Assembly has not set debt limits for home rule municipalities.

The City Council’s currently approved budget policy includes the following provision:

The principal amount of general obligation debt, which is to be paid through property taxes, shall not at any one time exceed seventy-five million dollars (\$75,000,000).

As of February 29, 2004, the amount of direct debt of the City appearing in the direct and overlapping debt statistical table is \$70,035,896. This amount includes certain outstanding general obligation debt to be retired in future years with nonproperty tax revenue resources. Taking into account the nonproperty tax revenue, the outstanding debt is within the budget policy guidelines.

H. Industrial Revenue Bonds

The City has issued industrial revenue development bonds for the benefit of certain organizations. The City has no obligation for this debt. No liability for the bonds is recorded in the City’s financial statements. The aggregate amount of all such obligations outstanding as of February 29, 2004 is \$1,157,263.

NOTE 11. FUND EQUITY

A. Restrictions of Retained Earnings - Water Fund

The ordinances authorizing the issuance of the Water revenue bonds provided for the creation of separate reserve accounts designated as “Bond and Interest Account”, “Bond Reserve Account”, “Depreciation, Improvement and Extension Account”, and “Surplus Revenue Account”. Descriptions of each follow:

Bond and Interest Account - All amounts required to be set aside for the purpose of paying principal and interest of outstanding Water Revenue bonds shall be set aside monthly as directed. In addition, there shall be credited monthly an amount at least equal to the sum of one-fifth of the interest becoming due on the next interest payment date and one-tenth of the aggregate yearly amount of principal due on the next principal maturity date.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 11. FUND EQUITY - Continued

A. Restrictions of Retained Earnings - Water Fund - Continued

Bond Reserve Account - The account shall accumulate \$145,800 per year until all bonds have been paid or provision has been made for their payment. The funds shall be retained and used only for payment of Water Revenue bonds at any time when there are insufficient funds available in the Bond and Interest Account. Whenever the balance in the account is equal to the maximum principal and interest requirements on all outstanding bonds for any succeeding fiscal year, the surplus over and above may, in the discretion of the City Council, be transferred to any other account within the Water Fund of the City.

Depreciation, Improvement and Extension - The account shall accumulate \$5,100 per month or a greater amount as may be designated by the City Council. The monies shall be used first to provide an adequate allowance for depreciation, and may be used to pay for any extraordinary maintenance, repairs, and necessary replacements for improvement or extension of the system. The funds may be used at any time to pay principal of, or interest upon, any outstanding bonds payable whenever there are not other funds available. If the money on deposit is greater than \$400,000, the excess can be transferred to any other account within the Water Fund. All proceeds received from the disposition of any property shall be credited to this account.

Surplus Revenue Account - All revenues remaining after all other credits in the Water Fund have been made shall be credited to this account and be used for: making up any deficiency necessary to credit prior accounts with the required amounts; paying principal of, or interest on, any junior lien bonds; transfer to any other account of the fund; and any lawful corporate purpose, at the discretion of the City Council.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 11. FUND EQUITY - Continued

B. Restrictions of Fund Equity

Restrictions are used to segregate portions of fund equity which are either legally restricted for specific purposes or not "available spendable resources." The following restrictions are reported:

<u>City</u>	General Fund	
	Restricted for encumbrances	\$ 698,796
	Restricted for Arts Council	34,375
	Restricted for private elm trees	86,075
	Restricted for Butterfield sculpture	31,833
	Restricted for scholarship contributions	37,253
	Restricted for public library acquisitions	214,980
	Restricted for recreation group activities	195,222
	Restricted for IMRF	3,200,000
	Other reserves	166,373
		<hr/>
	Total General Fund	4,664,907
		<hr/>
	Special Revenue Funds	
	Restricted for notes receivable	4,648,623
		<hr/>
	Debt Service Funds	
	Restricted for debt service	23,916,714
		<hr/>
	Capital Projects Funds	
	Restricted for notes receivable	184,849
		<hr/>
<u>Township</u>	General Assistance Fund	
	Restricted for prepaid items	820
		<hr/>
		<hr/>
	Total Restricted Fund Equity - Governmental Funds	\$ 33,415,913
		<hr/> <hr/>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 11. FUND EQUITY - Continued

B. Restrictions of Fund Equity - Continued

Fiduciary Funds	
Firefighters Pension Fund Restriction for employee pension benefits	\$ 37,028,755
Police Pension Fund Restriction for employee pension benefits	<u>53,962,667</u>
 Total Fiduciary Funds	 \$ <u><u>90,991,422</u></u>

C. Unrestricted Fund Equity - Designated

The City has designated certain amounts of unrestricted fund equity for the following purposes:

General Fund	
Capital projects to be financed in a future period	\$ <u>258,496</u>
 Special Revenue Funds	
Specific Capital Projects	
Motor Fuel Tax	2,597,643
Library	<u>2,212,792</u>
Total Special Revenue Funds	<u>4,810,435</u>
 Capital Projects Funds	
Specific capital projects	
Capital Improvements	15,405,783
Central Business Tax Increment District	3,525,845
Washington National Tax Increment District	34,160,470
Special Assessment	<u>913,369</u>
 Total Capital Projects Funds	 <u>54,005,467</u>
 Unrestricted Fund Equity - Designated	 \$ <u><u>59,074,398</u></u>

The Township has no designated unrestricted fund equity.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 12. 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 sewer service fees related to the citywide sewer improvement project; tax increment revenues in the Central Business, Southwest, Washington National, and Howard Hartrey Tax Increment Districts; revenues from the Motor Vehicle Parking System Fund associated with the Church Street Self-Park garage; and General Obligation Debt Service Fund interest income.

B. Water Fund

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

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

C. Special Service District No. 4

On January 13, 1997, the City Council adopted Ordinance No. 116-0-96 which extended the life of Special Service District No. 4 for a period of ten years from August 13, 1997. 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 Ordinance states that the annual property tax levy for the district shall be the lesser of an annual rate of .30% of the assessed value as equalized or \$250,000. The annual property tax levy for 2002 was \$250,000.

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 13. 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 \$25,000 for each loss and each location. The City also maintains crime and fidelity insurance coverage with a \$10,000 deductible to a limit of \$2,000,000. In addition, coverage is maintained for ambulance/paramedic liability and dental malpractice.

For workers' compensation, specific excess coverage in excess of \$350,000 per occurrence is purchased from a commercial insurance company. For general liability claims, the City retains risk of loss.

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 years are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
March 01, 2002	\$ 1,678,265	\$ 19,935,631	\$ 21,613,896
New claims and/or estimate revisions	251,309	4,083,368	4,334,677
Claims payments	<u>(232,862)</u>	<u>(2,776,000)</u>	<u>(3,008,862)</u>
February 28, 2003	1,696,712	21,242,999	22,939,711
New claims and/or estimate revisions	717,987	5,144,300	5,862,287
Claims payments	<u>(358,546)</u>	<u>(277,800)</u>	<u>(636,346)</u>
February 29, 2004	\$ <u>2,056,153</u>	\$ <u>26,109,499</u>	\$ <u>28,165,652</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 13. RISK MANAGEMENT - CLAIMS AND JUDGMENTS – Continued

The City has filed post trial motion in the matter of Magaly PradoDevaul, et al., v. Tracy Parham, et al, after judgment of \$11,038,431 against the City in the year 2002. The Judge decided against the City. The City filed a appeal with the Illinois Appellate Court - First District in July 2003.

NOTE 14. SUBSEQUENT EVENTS

The City issued Series 2004 \$13,355,000 general obligation bonds in April 2004. The proceeds are being used to partially finance the City's long-range capital improvement program. The City also issued Series 2004B \$11,730,000 general obligation bonds in July 2004. The proceeds are being used to advance refund \$11,085,000 of the City's outstanding General Obligation Corporate Purpose bonds, Series 1997.

The City closed the Sherman Avenue parking garage in the spring, 2004. Plans are underway and funding has been secured to build a new parking facility in the same block. Demolition was scheduled to start in August, 2004.

NOTE 15. 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 16. JOINT VENTURES

A. Northwestern University

On January 28, 1985, the City adopted a Central Business Tax Increment City called the Downtown II Redevelopment Area, which consisted of 26 acres of contiguous land located in the northwestern portion of the central business City of the City. The City comprised eight blocks of land owned by private parties, Northwestern University, and the City at the date of adoption. The redevelopment plan was formulated in accordance with the Tax Increment City laws of the State of Illinois.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 16. JOINT VENTURES – Continued

A. Northwestern University - Continued

In 1986, the City Council adopted a Statement of Understanding between the City and Northwestern University (Northwestern) concerning the development of approximately 22 acres of the Downtown II City as a joint venture. By this agreement, the City and Northwestern agreed to develop a Research Park (Park) in the 22-acre area contiguous to and adjoining a new Basic Industry Research Lab (BIRL) operated by Northwestern.

The City and Northwestern formed a for-profit corporation known as TOPCORP to buy and hold land for park development. The City and Northwestern each acquired 50% of the stock and each was entitled to elect and replace three directors. At the same time Research Park, Inc. (RPI) was incorporated as a wholly owned subsidiary of TOPCORP. The mission of RPI was to promote and market the park land to private developers. RPI was governed by a Board of Directors consisting of seven members appointed by the City and seven members appointed by Northwestern. In 1996, TOPCORP and RPI were merged and the resultant entity renamed Northwestern University/Evanston Research Park, Inc. All the existing management and loan agreements were assumed by the new corporation.

The City has sold three parcels of land to TOPCORP since 1989 with a total sales price of \$2,314,515. The sales were financed by long-term promissory notes. On July 24, 2000, the Evanston City Council voted to release the mortgage on these properties in exchange for an immediate payment of \$900,000 in order to facilitate redevelopment. Under this agreement, the City allowed the land (which will remain on the tax rolls) to be sold.

The audited consolidated financial information of Northwestern University/Evanston Research Park, Inc. at and for the year ended December 31, 2002 is summarized below. Audited financial information for calendar year 2003 was not available at the time this report was published.

Summary of Financial Position as of December 31, 2002:

Current assets	\$	47,408
Total assets	\$	<u>47,408</u>
Common stock	\$	1,000
Paid-in capital		6,752,898
Retained earnings		<u>(6,706,490)</u>
Total equity		<u>47,408</u>
Total liabilities and equity	\$	<u>47,408</u>

Continued

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 16. JOINT VENTURES – Continued

A. Northwestern University – Continued

Summary of Revenues and Expenses for the year ended December 31, 2002:

Total revenues	\$	219
Total expenses		(11,797)
Net income	\$	<u>(11,578)</u>

The City's investment is immaterial and, therefore, not recorded in these statements. Complete financial statements for the Research Park can be obtained at Northwestern University/Evanston Research Park Inc., Suite 200, 1710 Orrington Avenue, Evanston, IL 60201.

B. 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 Project is planned to consist of a balefill site and a transfer station located in Wheeling Township.

The Wheeling Township transfer station commenced operations on February 1, 1994. The Agency applied for a permit to develop the balefill site from the U.S. Army Corps of Engineers (Army) on February 8, 1990. On July 21, 1994, the Army denied the Agency's revised permit application. The balefill site cannot be developed as planned unless the Army's decision is overturned by the courts. Due to the United States Court of Appeals for the Seventh Circuit's decision to affirm the trial court's ruling and the uncertainty that the United States Supreme Court will hear the Agency's appeal, an adjustment was recorded in the Agency's financial statements in 1999 to record the Project's carrying value at its net realizable value. In January 2001, the United States Supreme Court overturned the Seventh Circuit Court's decision. On May 14, 2001, the case was dismissed. On May 9, 2001, the Agency's Board of Directors authorized agency staff to enter into negotiations to sell 284 acres of the balefill property to the State of Illinois for approximately \$21 million, leaving the Agency with 126.5 acres of land which could not be developed as a balefill. During 2002, the Agency recorded a gain on sale of balefill land of approximately \$16,532,000, which is included in the 2002 statement of operation

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 16. JOINT VENTURES – Continued

B. Solid Waste Agency of Northern Cook County- Continued

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

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

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

Summary of Financial Position as of April 30, 2003:

Current assets	\$	8,953,036
Restricted assets		2,277,898
Property, plant, and equipment		15,519,705
Debt issuance costs, net		275,559
Total assets	\$	<u>27,026,198</u>
Current liabilities	\$	5,180,466
Long-term debt, net of unamortized discount		12,032,644
Contributed capital		4,723,340
Retained earnings		5,089,748
Total liabilities and fund equity	\$	<u>27,026,198</u>

(continued)

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 16. JOINT VENTURES – Continued

B. Solid Waste Agency of Northern Cook County- Continued

Summary of Revenues and Expenses for the Year Ended April 30, 2003:

Total revenues	\$ 24,749,136
Total expenses	<u>(18,122,658)</u>
Net gain	<u>\$ 6,626,478</u>

Complete financial statements for the agency can be obtained at 1616 East Golf Road, Des Plaines, IL 60016.

C. Evanston Housing Corporation

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

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

The City of Evanston advanced funds to the Corporation under two secured promissory notes, one for \$500,000 and the other for \$214,287. The notes are payable on or before November 30, 2009 and April 30, 2030. The notes bear no interest. However, the City is entitled to a certain net sales consideration upon the sale or exchange of the mortgaged property, as well as a prorated portion of the investment income earned on the funds not loaned to mortgagees.

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 16. JOINT VENTURES – Continued

C. Evanston Housing Corporation - Continued

The audited financial statements of Evanston Housing Corporation for the year ended December 31, 2003 are summarized as follows:

Statement of Financial Position as of December 31, 2003:

Cash and cash equivalents	\$ 3,134,293
Accrued Interest	218
Total assets	<u>3,134,511</u>
Payables and accrued expenses	70,511
Notes payable	3,064,000
Total liabilities	<u>3,134,511</u>
Net Assets	<u><u>\$ -</u></u>

Statement of Activities for the Year Ended December 31, 2003:

Total revenues	\$ 122,987
Total operating expenses	<u>122,987</u>
Excess of revenues over expenses	<u><u>\$ -</u></u>

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

NOTE 17. DEFERRED COMPENSATION PLAN

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 17. DEFERRED COMPENSATION PLAN - Continued

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

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

Plan balance at February 29, 2004	\$ <u>24,263,952</u>
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NOTE 18. DEFINED BENEFIT PENSION PLANS

The City maintains two separate single-employer retirement plans established by state statute for the City's police officers and firefighters. The City also participates in the Illinois Municipal Retirement Fund (IMRF), a statewide multiple-employer public employee retirement system which acts as investment and administrative agent. The IMRF plan covers substantially all of the City's employees other than police officers and firefighters.

The City created a special revenue fund, the Employer Pension Contribution Fund, to accommodate the pension accounting requirements. This fund recognizes the appropriate tax revenues for the City on behalf of the Pension Trust Funds and contributes those amounts into the Pension Trust Funds as a contribution.

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

Illinois Municipal Retirement Fund

A. Plan Description

The City and Township's defined benefit pension plan, IMRF, provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. 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 required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523, or by accessing their website at www.imrf.org/pubs/pubs_homepage.htm.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 18. DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund - Continued

B. Funding Status and Progress

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The City and Township are required to contribute at an actuarially determined rate. The City's rate for calendar years 2003 and 2002 were 1.74% and 1.07%, respectively, of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

The City's total payroll for the calendar year ended December 31, 2003 was \$51,224,349. Of this amount, \$29,240,514 in payroll earnings were reported to and covered by the IMRF system. The Township's total payroll for the year ended December 31, 2002 was \$338,707. Of this amount, \$338,707 in payroll earnings were reported to and covered by the IMRF plan.

C. Annual Pension Cost

For December 31, 2003, the City's annual pension cost of \$508,785 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year, depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation were based on the 1999-2001 experience study. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2003 was 10 years.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 18. DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund - Continued

C. Annual Pension Cost - Continued

Three-Year Trend Information for IMRF - City

Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/03	\$ 508,785	100%	-
12/31/02	285,616	100%	-
12/31/01	541,743	100%	-

For December 31, 2002, the Township’s annual pension cost of \$4,302 was equal to the Township’s required and actual contributions. The required contribution was determined as part of the December 31, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) 3% per year cost-of-living adjustments. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2001 actuarial valuation were based on the 1996-1998 experience study. However, the 2002 actuarial valuation information shown on the Schedule of Funding Progress is based on the assumptions derived from the 1999-2001 Experience Study. The effect of the assumption change increased the unfunded actuarial accrued liability by \$1,986.

Three-Year Trend Information for IMRF - Township

Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/02	\$ 4,302	100%	-
12/31/01	7,491	100%	-
12/31/00	9,958	100%	-

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 18. DEFINED BENEFIT PENSION PLANS – Continued

Police and Firefighters Pension Plans

D. Plan Descriptions

The Police Pension Plan and Firefighters Pension Plan are contributory, defined benefit public employee retirement plans administered by the City and a Board of Trustees for each Fund. All sworn City police officers and firefighters are participants in the plans. The plans do not issue stand-alone financial reports and they are not included in the report of a public employee retirement system or another entity. The City's payroll for police and firefighter employees covered by the plans for the year ended February 29, 2004 was \$10,074,000 and \$7,493,000, respectively.

Participation in the plans at February 29, 2004 was:

	<u>Police</u>	<u>Firefighters</u>
Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	139	105
Active plan members	<u>158</u>	<u>110</u>
Total	<u><u>297</u></u>	<u><u>215</u></u>

Any police officer or firefighter who has creditable service of 20 years or more, has reached age 50, and is no longer in the service, is entitled to a yearly pension equal to one-half of the salary attached to the rank held for one year immediately prior to retirement in the case of a police officer, and at the date of retirement in the case of a firefighter. The police officer pension is increased by 2% of such salary for each additional year of service over 20 years, up to 30 years, and 1% of such salary for each additional year of such service over 30 years to a maximum limit of 75% of such salary. The firefighter pension is increased by 1/12 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 18. DEFINED BENEFIT PENSION PLANS - Continued

Police and Firefighters Pension Plans - Continued

D. Plan Descriptions – Continued

A police officer or firefighter who retires or is separated from the service after accumulating at least eight years for a police officer and 10 years for a firefighter, but less than 20 years of creditable service, will receive a monthly pension after attaining the age of 60 based on the salary attached to the rank held for one year immediately prior to retirement or separation in the case of a police officer and at the date of retirement or separation in the case of a firefighter. The amount of the benefit is a tabular percentage of such salary ranging from 15% for 10 years of service to 50% for 20 years of service. These benefit provisions and all other requirements are established by state statute.

E. Summary of Significant Accounting Policies

Basis of Accounting

The Police and Firefighters pension fund financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period the contributions are due. Employer contributions to each plan are recognized when due from the Employer Pension Contribution Fund. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

F. Contributions and Reserves

Employee contribution rates are established by statute at 9.91% of a police officer's salary and 8.455% of a firefighter's salary. Accumulated employee contributions are refunded if an employee leaves covered employment or dies before eight years of credited service in the case of police officers and 10 years in the case of firefighters.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 18. DEFINED BENEFIT PENSION PLANS - Continued

Police and Firefighters Pension Plans – Continued

F. Contributions and Reserves – Continued

For employer contributions, the City’s budget policy is to fund pension plans at the funding level recommended annually by the City’s actuary.

The City’s annual pension cost and net pension obligation to the Police and Firefighters pension funds were obtained from the funds' most recent actuarial valuations (March 1, 2003) and are as follows:

	<u>Police</u>	<u>Firefighters</u>
Annual required contribution	\$ 3,505,934	\$ 2,685,046
Interest on net pension obligation	490,154	266,683
Adjustment to annual required contribution	<u>(400,322)</u>	<u>(217,916)</u>
Annual pension cost	3,595,766	2,733,813
Contributions made	<u>(3,283,576)</u>	<u>(2,420,067)</u>
Increase in net pension obligation	312,190	313,746
Net pension obligation at March 1, 2002	<u>6,535,390</u>	<u>3,555,770</u>
Net pension obligation at February 28, 2003	\$ <u><u>6,847,580</u></u>	\$ <u><u>3,869,516</u></u>

The difference between the total amount funded and the amount to be funded, as actuarially determined, is recorded as the net pension obligation in the general long-term debt schedule. The total pension liability calculated as the net pension liability dates forward from fiscal year 1987-88.

G. Concentration of Investments

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

The Firefighters Pension Trust Fund had no significant investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represented 5% or more of net assets available for benefits.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 18. DEFINED BENEFIT PENSION PLANS - Continued

Police and Firefighters Pension Plans – Continued

H. Three-Year Trend Information – Pension Trust Funds

	<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Police	2/28/03	\$ 3,595,566	99.02 %	\$ 6,847,380
	2/28/02	3,316,227	98.10	6,535,390
	2/28/01	3,082,319	97.96	6,242,817
Firefighters	2/28/03	\$ 2,733,813	100.63 %	\$ 3,869,516
	2/28/02	2,404,855	99.04	3,555,970
	2/28/01	2,260,662	99.05	3,390,091

The required supplementary information immediately follows the Notes to the Financial Statements.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 18. DEFINED BENEFIT PENSION PLANS - Continued

Police and Firefighters Pension Plans – Continued

I. Pensions - Detailed Statement of Net Assets

	Firefighters Pension	Police Pension	Total Pension
Assets			
Cash and short-term investments	\$ 2,959,120	\$ 3,393,095	\$ 6,352,215
Receivables			
Accrued interest	89,324	221,814	311,138
Due from other funds	1,175,786	1,559,483	2,735,269
	<u>1,265,110</u>	<u>1,781,297</u>	<u>3,046,407</u>
Investments, at fair value			
U.S. Government obligations	14,073,155	24,102,445	38,175,600
Common stock	3,874,943	-	3,874,943
Mutual funds	14,138,355	24,707,680	38,846,035
Insurance company contracts - separate accounts	731,832	-	731,832
	<u>32,818,285</u>	<u>48,810,125</u>	<u>81,628,410</u>
	<u>37,042,515</u>	<u>53,984,517</u>	<u>91,027,032</u>
Liabilities			
Vouchers payable	13,760	18,557	32,317
Due to other funds	-	3,293	3,293
	<u>13,760</u>	<u>21,850</u>	<u>35,610</u>
Net assets held in trust for pension benefits	<u>\$ 37,028,755</u>	<u>\$ 53,962,667</u>	<u>\$ 90,991,422</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 18. DEFINED BENEFIT PENSION PLANS - Continued

Police and Firefighters Pension Plans – Continued

J. Pensions - Detailed Statement of Changes in Net Assets

	Firefighters Pension	Police Pension	Total Pension
	<u> </u>	<u> </u>	<u> </u>
Additions			
Contributions			
Employer	\$ 2,515,828	\$ 3,371,248	\$ 5,887,076
Plan members	611,657	1,063,146	1,674,803
	<u>3,127,485</u>	<u>4,434,394</u>	<u>7,561,879</u>
Investment income			
Net appreciation in fair value of investments	2,844,123	4,930,532	7,774,655
Interest	666,592	1,361,480	2,028,072
Total investment income	<u>3,510,715</u>	<u>6,292,012</u>	<u>9,802,727</u>
Less investment expense	134,529	100,649	235,178
Net investment income	<u>3,376,186</u>	<u>6,191,363</u>	<u>9,567,549</u>
	<u>6,503,671</u>	<u>10,625,757</u>	<u>17,129,428</u>
Deductions			
Benefits	3,159,762	4,779,460	7,939,222
Refunds of contributions	-	93,453	93,453
Administrative expense	13,944	44,656	58,600
Total deductions	<u>3,173,706</u>	<u>4,917,569</u>	<u>8,091,275</u>
Net increase	3,329,965	5,708,188	9,038,153
Net assets held in trust for pension benefits			
Beginning of year	33,698,790	48,254,479	81,953,269
End of year	<u>\$ 37,028,755</u>	<u>\$ 53,962,667</u>	<u>\$ 90,991,422</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EVANSTON, ILLINOIS

Firefighters Pension Fund, Police Pension Fund, and Illinois Municipal Retirement Fund

Schedules of Funding Progress

Required Supplementary Information

February 29, 2004

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
Firefighters Pension						
3/1/2003	\$ 33,905,858	\$ 63,214,068	\$ 29,308,210	53.64%	\$ 7,493,000	391.14%
3/1/2002	34,837,194	58,982,455	24,145,261	59.06%	7,045,000	342.73%
3/1/2001	33,931,179	54,983,667	21,052,488	61.71%	6,468,000	325.49%
3/1/2000	33,150,978	51,480,156	18,329,178	64.40%	6,020,000	304.47%
3/1/1999	30,669,327	48,932,007	18,262,680	62.68%	5,720,000	319.28%
3/1/1998	28,716,954	45,707,591	16,990,637	62.83%	5,530,000	307.24%
3/1/1997	25,390,647	43,210,556	17,819,909	58.76%	5,409,000	329.45%
Police Pension						
3/1/2003	\$ 48,533,981	\$ 98,307,729	49,773,748	49.37%	\$ 10,074,000	494.08%
3/1/2002	50,171,007	90,436,150	40,265,143	55.48%	9,945,000	404.88%
3/1/2001	49,077,641	85,727,076	36,649,435	57.25%	9,443,000	388.11%
3/1/2000	47,127,865	80,142,075	33,014,210	58.81%	9,005,000	366.62%
3/1/1999	43,874,772	73,577,492	29,702,720	59.63%	8,424,000	352.60%
3/1/1998	40,090,491	69,535,512	29,445,021	57.65%	8,184,000	359.79%
3/1/1997	35,592,043	65,972,531	30,380,488	53.95%	7,625,000	398.43%
Illinois Municipal Retirement Fund (City)						
12/31/2003	\$ 76,984,367	\$ 70,647,540	\$ (6,336,827)	108.97%	\$ 29,240,514	-
12/31/2002	76,316,234	64,062,155	(12,254,079)	119.13%	26,693,089	-
12/31/2001	76,203,038	59,669,590	(16,533,448)	127.71%	25,433,926	-
12/31/2000	70,365,652	54,227,258	(16,138,394)	129.76%	23,806,923	-
12/31/1999	61,752,937	49,606,631	(12,146,306)	124.49%	22,472,238	-
12/31/1998	50,646,948	46,788,407	(3,858,541)	108.25%	21,639,257	-
12/31/1997	43,588,102	44,482,424	894,322	97.99%	20,561,629	4.35%
12/31/1996	38,803,600	41,412,067	2,608,467	93.70%	19,608,848	13.30%
12/31/1995	38,365,142	43,076,322	4,711,180	89.06%	18,797,530	25.06%
12/31/1994	32,660,180	42,190,567	9,530,387	77.41%	18,484,399	51.56%
Illinois Municipal Retirement Fund (Township)						
12/31/2002	\$ 810,301	\$ 512,878	\$ (297,423)	157.99%	\$ 338,707	-
12/31/2001	817,333	565,556	(251,777)	144.52%	298,428	-
12/31/2000	851,413	529,330	(322,083)	160.85%	358,218	-
12/31/1999	894,898	684,060	(210,838)	130.82%	378,974	-
12/31/1998	715,669	559,842	(155,827)	127.83%	369,200	-
12/31/1997	747,332	682,880	(64,452)	109.44%	386,400	-
12/31/1996	622,085	587,853	(34,232)	105.82%	408,470	-
12/31/1995	546,997	484,603	(62,394)	112.88%	346,067	-
12/31/1994	434,467	358,078	(76,389)	121.33%	309,431	-
12/31/1993	374,609	285,803	(88,806)	131.07%	285,721	-

Information in this table has been presented for as many years as available.

CITY OF EVANSTON, ILLINOIS

Firefighters and Police Pension Funds

Schedules of Employer Contribution
Required Supplementary Information
February 29, 2004

Fiscal Year	Firefighters Pension Fund		Police Pension Fund	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2003	\$ 2,685,046	N/A	\$ 3,505,934	N/A
2002	2,355,236	102.75%	3,224,902	101.82%
2001	2,209,466	101.34%	2,990,038	101.12%
2000	2,145,764	101.42%	2,764,148	101.33%
1999	2,017,901	101.15%	2,707,362	101.14%
1998	2,025,630	101.07%	2,667,604	101.20%
1997	1,986,878	99.58%	2,526,744	99.92%
1996	2,197,623	100.69%	2,552,331	101.09%
1995	2,126,012	99.10%	2,469,918	101.56%
1994	1,963,252	100.86%	2,293,336	100.87%

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)

Required Supplementary Information

Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 35,666,800	\$ 38,266,201	\$ 2,599,401
Licenses and permits	5,834,500	6,699,058	864,558
Intergovernmental	13,566,400	13,748,351	181,951
Charges for services	5,879,000	5,996,802	117,802
Fines	4,062,600	4,162,610	100,010
Investment income	200,000	205,456	5,456
Miscellaneous	4,445,500	4,558,698	113,198
Total Revenues	<u>69,654,800</u>	<u>73,637,176</u>	<u>3,982,376</u>
Expenditures			
General management and support	12,752,400	11,381,264	1,371,136
Public safety	25,526,900	27,127,119	(1,600,219)
Public works	10,763,400	11,109,477	(346,077)
Health and human resource development	4,222,400	4,674,986	(452,586)
Recreation and cultural opportunities	13,843,600	14,157,026	(313,426)
Housing and economic development	2,480,100	2,537,220	(57,120)
Pensions	3,990,000	2,687,984	1,302,016
Total Expenditures	<u>73,578,800</u>	<u>73,675,076</u>	<u>(96,276)</u>
(Deficiency) of Revenues (under) Expenditures	<u>(3,924,000)</u>	<u>(37,900)</u>	<u>3,886,100</u>
Other Financing Sources (Uses)			
Operating transfers in (out)			
Motor Fuel Tax Fund	750,000	750,000	-
Housing Fund	30,000	30,000	-
Central Business Tax Increment			-
District Debt Service Fund	250,000	250,000	-
Washington National TIF DS Fund	130,000	130,000	-
Howard Hartrey TIF DS Fund	100,000	100,000	-
Southwest TIF DS Fund	20,000	20,000	-
Maple Garage Fund	-	(200,000)	(200,000)
Capital Improvement Fund	250,000	250,000	-
Special Assessment Capital Project Fund	30,000	30,000	-
Water Fund	2,539,000	2,539,000	-
Insurance Fund		(2,000,000)	(2,000,000)
General Obligation Debt Service Fund	(175,000)	(175,000)	-
	<u>3,924,000</u>	<u>1,724,000</u>	<u>(2,200,000)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>1,686,100</u>	<u>\$ 1,686,100</u>
Fund Balance			
Beginning of year		<u>25,134,988</u>	
End of year		<u>\$ 26,821,088</u>	

CITY OF EVANSTON, ILLINOIS

Notes to the Required Supplementary Information

NOTE 1. FIREFIGHTERS' AND POLICE PENSION FUNDS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>Firefighters' Pension Fund</u>	<u>Police Pension Fund</u>
Valuation date	March 1, 2003	March 1, 2003
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of payroll, closed period	Level percentage of payroll, closed period
Remaining amortization period	30 years	30 years
Asset valuation method	Fair market value	Fair market value
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	4.50%	4.50%
Attributable to inflation	4.00%	4.00%
Attributable to seniority/merit	0.50%	0.50%

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following March 1. 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. The budget was not amended during the 2002/03 fiscal year.

CITY OF EVANSTON, ILLINOIS

Notes to the Required Supplementary Information

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING – Continued

5. Budgets are legally adopted on a basis consistent with GAAP except that (1) property taxes are budgeted as revenue in the year they are levied, (2) debt service payments are budgeted upon tax levy for such purposes, (3) encumbrances are recorded as the equivalent of expenditures for budget purposes, and (4) interest earned on escrow accounts is budgeted as revenue in the year of debt repayment rather than when earned. For purposes of preparing the General Fund - Budget and Actual (Budgetary Basis) Schedule of Revenues, Expenditures and Changes in Fund Balance, GAAP revenues and expenditures have been adjusted to the budgetary basis.

Blended Component Unit

The Township prepares its annual appropriation ordinance, which is synonymous with its budget, using the modified accrual basis of accounting. The appropriation ordinance was adopted on June 25, 2002. It covers both Township funds.

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

The following City and Township funds do not have legally adopted budgets:

Special Revenue

Library, Neighborhood Improvement, HOME, Community Development Loan

Capital Projects

Library, Capital Improvements, Central Business Tax Increment District, Special Assessment

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities under GAAP.

CITY OF EVANSTON, ILLINOIS

Notes to the Required Supplementary Information

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING – Continued

Adjustments necessary to convert City revenues and expenditures for the year ended February 29, 2004 on the GAAP basis to the budgetary basis are presented below:

	General Fund	Special Revenue Funds	Debt Service Funds
Revenues			
GAAP basis revenues as reported in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 73,281,405	\$ 8,795,937	\$ 16,549,440
Increase (decrease) due to budgeting			
property taxes as revenue in the year of levy	355,771	9,152	356,068
GAAP revenues of nonbudgeted funds*	<u>-</u>	<u>(415,750)</u>	<u>-</u>
Budgetary Basis Revenues:	<u>\$ 73,637,176</u>	<u>\$ 8,389,339</u>	<u>\$ 16,905,508</u>
Expenditures			
GAAP basis revenues as reported in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 73,689,552	\$ 6,541,655	\$ 15,520,751
Increase (decrease) due to			
Encumbrances - March 1, 2003	(713,272)	-	-
Encumbrances - February 29, 2004	698,796	-	-
Decrease due to budgeting debt service payments based upon tax levy for such purposes	-	-	(654,342)
GAAP expenditures of nonbudgeted funds*	<u>-</u>	<u>(189,730)</u>	<u>-</u>
Budgetary Basis Expenditures:	<u>\$ 73,675,076</u>	<u>\$ 6,351,925</u>	<u>\$ 14,866,409</u>

*The Community Development Loan Fund, the HOME Fund, the Library Fund, and the Neighborhood Improvement Fund do not have annual budgets. Therefore, budgetary actual amounts exclude these funds so as to allow for valid comparisons with total budget amounts.

CITY OF EVANSTON, ILLINOIS

Notes to the Required Supplementary Information

NOTE 3. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following City funds had an excess of actual budgetary expenditures over original and final budget for the year ended February 29, 2004:

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 73,675,076	\$ 73,578,800	\$ 96,276
Economic Development Fund	606,870	577,200	29,670
General Obligation Debt Service Fund	9,980,098	8,578,099	1,401,999
Central Business Tax Increment City Fund	1,050,730	680,500	370,230
Howard Hartrey Debt Service Fund	2,062,620	870,918	1,191,702
Motor Vehicle Parking Fund	2,854,109	2,153,000	701,109
Water Fund	7,056,290	6,513,200	543,090
Fleet Services Fund	2,743,468	2,509,300	234,168
Insurance Fund	7,814,005	1,900,500	5,913,505

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GOVERNMENTAL FUND TYPES

Nonmajor Governmental Funds

Special Revenue Funds

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

City Funds

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

Economic Development Fund - to account for cost associated with economic development activities of the City. Financing is provided primarily by real estate transfer tax revenues.

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

Library Fund - to account for the activity of the funds donated to the library. These funds are invested at the direction of the library board and are used for library acquisitions.

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

Mayor's Special Housing Fund - to account for costs associated with housing-related programs of the City.

HOME Fund - 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 Fund - to account for revenues and expenditures of the community block grant program. Financing is provided by the federal government on a reimbursement basis in accordance with federal formula. Expenditures are made in accordance with requirements of federal law.

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

Special Service District No. 4 Fund - 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.

Employer Pension Contribution Fund - to account for the recognition of applicable tax revenues and employer contributions to the Pension Trust Funds. These contributions represent the City's pension expense for police and firefighters.

Special Revenue Funds - Continued

Township Funds

Town Fund - to account for general administrative services.

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

Debt Service Funds

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

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

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

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

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

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

Capital Projects Funds

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

Library Fund - to account for the design and building of a new public library to be financed primarily by general obligation bond proceeds and state income tax surcharge revenues.

Capital Improvements Fund - to account for the City of Evanston capital improvement program. The program includes, but is not limited to, improvements to public buildings, the paving of city streets, and the improvement and development of recreation facilities. Financing is provided principally by grants and general obligation bond proceeds.

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

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CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

February 29, 2004

	Special Revenue			
	Motor Fuel Tax	Economic Development	Emergency Telephone System	Library
Assets				
Cash and equivalents	\$ 2,479,025	\$ 131,935	\$ 223,251	\$ 32,779
Investments	-	1,000,000	2,000,000	2,175,576
Receivables				
Property taxes (net of allowances)				
Current year levy	-	-	-	-
Notes	-	-	-	-
Special assessments	-	-	-	-
Accrued interest	-	-	-	4,437
Other	-	49,985	221,953	-
Due from other governments	184,658	-	-	-
Due from other funds	-	-	536	-
Prepaid items	-	-	-	-
Total Assets	\$ 2,663,683	\$ 1,181,920	\$ 2,445,740	\$ 2,212,792
Liabilities and Fund Balances				
Liabilities				
Vouchers payable	\$ 66,040	\$ 15,100	\$ 105,475	\$ -
Accrued payroll	-	1,281	4,529	-
Other	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	2,745	38,116	-
Deferred revenues	-	-	-	-
Total Liabilities	66,040	19,126	148,120	-
Fund Balances				
Restricted for notes receivable	-	-	-	-
Restricted for prepaid items	-	-	-	-
Restricted for debt service	-	-	-	-
Unrestricted				
Designated for specific capital projects	2,597,643	-	-	2,212,792
Undesignated	-	1,162,794	2,297,620	-
Total Fund Balances	2,597,643	1,162,794	2,297,620	2,212,792
Total Liabilities and Fund Balances	\$ 2,663,683	\$ 1,181,920	\$ 2,445,740	\$ 2,212,792

Special Revenue

Neighborhood Improvement	Mayor's Special Housing	HOME	Community Development Block Grant	Community Development Loan	Special Service District No. 4	Employer Pension Contribution Fund	Total City Funds
\$ 482,074	\$ 35,633	\$ 227,543	\$ (5,869)	\$ 803,533	\$ 755	\$ -	\$ 4,410,659
-	-	-	-	-	-	-	5,175,576
-	-	-	-	-	224,380	4,894,076	5,118,456
-	1,742,499	1,376,100	12,799	1,517,225	-	-	4,648,623
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,437
-	25,000	-	-	32,533	-	-	329,471
-	-	-	48,429	-	-	-	233,087
20,404	10,000	-	29	-	-	-	30,969
-	-	-	-	-	-	-	-
\$ 502,478	\$ 1,813,132	\$1,603,643	\$ 55,388	\$ 2,353,291	\$ 225,135	\$ 4,894,076	\$ 19,951,278
\$ -	\$ -	\$ -	\$ 22,140	\$ 13,011	\$ -	\$ -	\$ 221,766
-	-	-	2,592	-	-	-	8,402
-	-	-	-	589	-	-	589
-	-	170,607	-	822,337	-	-	992,944
-	90,636	10,000	17,857	129	24,673	1,587,352	1,771,508
-	-	-	-	-	142,694	3,306,724	3,449,418
-	90,636	180,607	42,589	836,066	167,367	4,894,076	6,444,627
-	1,742,499	1,376,100	12,799	1,517,225	-	-	4,648,623
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,810,435
502,478	(20,003)	46,936	-	-	57,768	-	4,047,593
502,478	1,722,496	1,423,036	12,799	1,517,225	57,768	-	13,506,651
\$ 502,478	\$ 1,813,132	\$1,603,643	\$ 55,388	\$ 2,353,291	\$ 225,135	\$ 4,894,076	\$ 19,951,278

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet - Continued
February 29, 2004

	<u>Special Revenue</u>		
	Town Fund	General Assistance	Total Township Funds
Assets			
Cash and equivalents	\$ 336,998	\$ 267,065	\$ 604,063
Investments	-	-	-
Receivables			
Property taxes (net of allowances)			
Current year levy	210,920	559,144	770,064
Notes	-	-	-
Special assessments	-	-	-
Accrued interest	-	-	-
Other	-	117	117
Due from other governments	-	-	-
Due from other funds	-	-	-
Prepaid items	-	820	820
	<u>-\$ 547,918</u>	<u>\$ 827,146</u>	<u>\$ 1,375,064</u>
Total Assets			
Liabilities and Fund Balances			
Liabilities			
Vouchers payable	\$ 6,272	\$ 52,015	\$ 58,287
Accrued payroll	-	-	-
Other	-	-	-
Due to other governments	-	4,772	4,772
Due to other funds	-	-	-
Deferred revenues	203,103	539,167	742,270
	<u>209,375</u>	<u>595,954</u>	<u>805,329</u>
Total Liabilities			
Fund Balances			
Restricted for notes receivable	-	-	-
Restricted for prepaid items	-	820	820
Restricted for debt service	-	-	-
Unrestricted			
Designated for specific capital projects	-	-	-
Undesignated	338,543	230,372	568,915
	<u>338,543</u>	<u>231,192</u>	<u>569,735</u>
Total Fund Balances			
	<u>\$ 547,918</u>	<u>\$ 827,146</u>	<u>\$ 1,375,064</u>
Total Liabilities and Fund Balances			

Debt Service						
Special Service District No.5	Central Business Tax Increment District	Southwest TIF	Howard Hartrey TIF	Washington National TIF	Total	
\$ 43,514	\$ 8,589,627	\$ 839,991	\$ 1,521,647	\$ 4,305,583	\$ 15,300,362	
-	-	-	-	-	-	
384,968	4,091,662	265,135	1,168,809	946,449	6,857,023	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
101,364	536	-	-	19,870	121,770	
-	-	-	-	-	-	
<u>\$ 529,846</u>	<u>\$ 12,681,825</u>	<u>\$ 1,105,126</u>	<u>\$ 2,690,456</u>	<u>\$ 5,271,902</u>	<u>\$ 22,279,155</u>	
\$ -	\$ 3,116	\$ 600,000	\$ -	\$ 8,750	\$ 611,866	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
33,557	5,287	-	-	17,792	56,636	
231,791	2,982,609	1,539	584,405	486,032	4,286,376	
265,348	2,991,012	601,539	584,405	512,574	4,954,878	
-	-	-	-	-	-	
-	-	-	-	-	-	
264,498	9,690,813	503,587	2,106,051	4,759,328	17,324,277	
-	-	-	-	-	-	
-	-	-	-	-	-	
264,498	9,690,813	503,587	2,106,051	4,759,328	17,324,277	
<u>\$ 529,846</u>	<u>\$ 12,681,825</u>	<u>\$ 1,105,126</u>	<u>\$ 2,690,456</u>	<u>\$ 5,271,902</u>	<u>\$ 22,279,155</u>	

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet - Continued
February 29, 2004

	Capital Projects				Total Nonmajor Governmental Funds
	Library	Capital Improvements	Special Assessment	Total	
Assets					
Cash and equivalents	\$ -	\$ 16,148,025	\$ 23,196	\$ 16,171,221	\$ 36,486,305
Investments	-	-	862,874	862,874	6,038,450
Receivables					
Property taxes (net of allowances)					
Current year levy	-	-	-	-	12,745,543
Notes	-	88,200	-	88,200	4,736,823
Special assessments	-	-	1,014,798	1,014,798	1,014,798
Accrued interest	-	914	-	914	5,351
Other	-	-	-	-	329,588
Due from other governments	-	-	-	-	233,087
Due from other funds	-	-	27,598	27,598	180,337
Prepaid items	-	-	-	-	820
Total Assets	\$ -	\$ 16,237,139	\$ 1,928,466	\$ 18,165,605	\$ 61,771,102
Liabilities and Fund Balances					
Liabilities					
Vouchers payable	\$ -	\$ 732,713	\$ -	\$ 732,713	\$ 1,624,632
Accrued payroll	-	-	-	-	8,402
Other	-	-	-	-	589
Due to other governments	-	-	-	-	997,716
Due to other funds	-	10,443	299	10,742	1,838,886
Deferred revenues	-	-	1,014,798	1,014,798	9,492,862
Total Liabilities	-	743,156	1,015,097	1,758,253	13,963,087
Fund Balances					
Restricted for notes receivable	-	88,200	-	88,200	4,736,823
Restricted for prepaid items	-	-	-	-	820
Restricted for debt service	-	-	-	-	17,324,277
Unrestricted					
Designated for specific capital projects	-	15,405,783	913,369	16,319,152	21,129,587
Undesignated	-	-	-	-	4,616,508
Total Fund Balances	-	15,493,983	913,369	16,407,352	47,808,015
Total Liabilities and Fund Balances	\$ -	\$ 16,237,139	\$ 1,928,466	\$ 18,165,605	\$ 61,771,102

Concluded

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year ended February 29, 2004

	Special Revenue				
	Motor Fuel Tax	Economic Development	Emergency Telephone System	Library	Neighborhood Improvement
Revenues					
Taxes	\$ -	\$ 1,316,837	\$ 1,142,762	\$ -	\$ 20,000
Special assessments	-	-	-	-	-
Intergovernmental	2,119,189	-	-	-	-
State allotment	-	-	-	-	-
Investment income	25,809	729	1,504	427,304	405
Earnfare	-	-	-	-	-
SSI reimbursement	-	-	-	-	-
Replacement tax	-	-	-	-	-
Emergency assistance reimbursement	-	-	-	-	-
Miscellaneous	-	-	312	66,385	-
Total Revenues	2,144,998	1,317,566	1,144,578	493,689	20,405
Expenditures					
Current					
General management and support	-	-	-	-	-
Public safety	-	-	902,291	-	-
Health and human resource development	-	-	-	-	-
Recreation and cultural opportunities	-	-	-	76,000	-
Housing and economic development	-	606,870	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-
Capital outlay	959,773	-	-	-	-
Total Expenditures	959,773	606,870	902,291	76,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,185,225	710,696	242,287	417,689	20,405
Other Financing Sources (Uses)					
Proceeds from sale of bonds	-	-	-	-	-
Escrow funding	-	-	-	-	-
Transfers in (out)					
General Fund	(750,000)	-	-	-	-
CD Loan Fund	-	-	-	-	-
Home Fund	-	-	-	-	-
Town Fund	-	-	-	-	-
General Assistance Fund	-	-	-	-	-
General Obligation Debt Service Fund	-	-	(213,400)	-	-
Washington National Tax Increment District	-	-	-	-	-
Central Business Tax Increment District	-	-	-	-	-
Capital Improvements Fund	-	-	-	-	-
SSD#5 Fund	-	-	-	-	-
Sewer Fund	-	-	-	-	-
Water Fund	-	-	-	-	-
Washington National Capital Project Fund	-	91,781	-	-	-
Maple Avenue Garage Fund	-	(590,000)	-	-	-
Total Other Financing Sources (Uses)	(750,000)	(498,219)	(213,400)	-	-
Net Change in Fund Balances	435,225	212,477	28,887	417,689	20,405
Fund Balances -Beginning of Year	2,162,418	950,317	2,268,733	1,795,103	482,073
Fund Balances - End of Year	\$ 2,597,643	\$ 1,162,794	\$ 2,297,620	\$ 2,212,792	\$ 502,478

Special Revenue							
Mayor's Special Housing	HOME	Community Development Block Grant	Community Development Loan	Special Service District No. 4	Employer Pension Contribution Fund	Total City Funds	
\$ -	\$ -	\$ -	\$ -	\$ 233,418	\$ 5,887,076	\$ 8,600,093	
-	91,285	2,301,138	(255,382)	-	-	4,256,230	
-	-	-	-	-	-	-	
7,219	39,930	-	23,840	88	-	526,828	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
18,987	1,983	39,857	-	-	-	127,524	
26,206	133,198	2,340,995	(231,542)	233,506	5,887,076	13,510,675	
-	-	-	-	-	-	-	
-	-	-	-	-	5,887,076	6,789,367	
-	-	-	-	-	-	76,000	
39,644	62,868	2,340,995	50,862	245,000	-	3,346,239	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	959,773	
39,644	62,868	2,340,995	50,862	245,000	5,887,076	11,171,379	
(13,438)	70,330	-	(282,404)	(11,494)	-	2,339,296	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
(30,000)	-	-	-	-	-	(780,000)	
-	(9,046)	-	-	-	-	(9,046)	
-	-	-	9,046	-	-	9,046	
-	-	-	-	-	-	-	
-	-	-	-	-	-	(213,400)	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	91,781	
-	-	-	-	-	-	(590,000)	
(30,000)	(9,046)	-	9,046	-	-	(1,491,619)	
(43,438)	61,284	-	(273,358)	(11,494)	-	847,677	
1,765,934	1,361,752	12,799	1,790,583	69,262	-	12,658,974	
\$ 1,722,496	\$ 1,423,036	\$ 12,799	\$ 1,517,225	\$ 57,768	\$ -	\$ 13,506,651	

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Continued
 Year ended February 29, 2004

	Special Revenue			Debt Service		
	Town Fund	General Assistance	Total Township Funds	Special Service District No.5	Central Business Tax Increment District	Southwest Tax Increment District
Revenues						
Taxes	\$ 287,638	\$ 734,960	\$1,022,598	\$ 433,730	\$ 5,285,664	\$ 498,318
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
State allotment	-	-	-	-	-	-
Investment income	3,400	4,725	8,125	157	63,095	5,780
Earnfare	-	9,767	9,767	-	-	-
SSI reimbursement	-	15,305	15,305	-	-	-
Replacement tax	34,453	-	34,453	-	-	-
Emergency assistance reimbursement	-	80,000	80,000	-	-	-
Miscellaneous	2,090	-	2,090	-	-	-
Total Revenues	327,581	844,757	1,172,338	433,887	5,348,759	504,098
Expenditures						
Current						
General management and support	163,984	1,093,368	1,257,352	49,884	368,470	-
Public safety	-	-	-	-	-	-
Health and human resource development	-	-	-	-	-	600,000
Recreation and cultural opportunities	-	-	-	-	-	-
Housing and economic development	-	-	-	-	-	-
Debt service						
Principal	-	50,000	50,000	220,000	310,000	170,000
Interest	-	-	-	152,967	385,664	84,050
Fiscal agent fees	-	-	-	-	31,721	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	163,984	1,143,368	1,307,352	422,851	1,095,855	854,050
Excess (Deficiency) of Revenues Over (Under) Expenditures	163,597	(298,611)	(135,014)	11,036	4,252,904	(349,952)
Other Financing Sources (Uses)						
Proceeds from sale of bonds	-	-	-	-	-	1,190,000
Escrow funding	-	-	-	-	-	(1,190,000)
Transfers in (out)						
General Fund	-	-	-	-	(250,000)	(20,000)
CD Loan Fund	-	-	-	-	-	-
Home Fund	-	-	-	-	-	-
Town Fund	-	161,531	161,531	-	-	-
General Assistance Fund	(161,531)	-	(161,531)	-	-	-
General Obligation Debt Service Fund	-	-	-	-	-	-
Washington National Tax Increment District	-	-	-	-	(800,000)	-
Central Business Tax Increment District	-	-	-	-	-	-
Capital Improvements Fund	-	-	-	4,409	-	-
SSD#5 Fund	-	-	-	-	-	-
Sewer Fund	-	-	-	-	-	-
Water Fund	-	-	-	-	(40,000)	(10,000)
Washington National Capital Project Fund	-	-	-	-	-	-
Maple Avenue Garage Fund	-	-	-	-	(2,900,000)	-
Total Other Financing Sources (Uses)	(161,531)	161,531	-	4,409	(3,990,000)	(30,000)
Net Change in Fund Balances	2,066	(137,080)	(135,014)	15,445	262,904	(379,952)
Fund Balances -Beginning of Year	336,477	368,272	704,749	249,053	9,427,909	883,539
Fund Balances - End of Year	\$ 338,543	\$ 231,192	\$ 569,735	\$ 264,498	\$ 9,690,813	\$ 503,587

Debt Service			Capital Projects				Total Nonmajor Governmental Funds
Howard Hartrey Tax Increment District	Washington National Tax Increment District	Total	Library	Capital Improvements	Special Assessment	Total	
\$1,199,378	\$ 1,083,584	\$ 8,500,674	\$ -	\$ -	\$ -	\$ -	\$ 18,123,365
-	-	-	-	-	216,740	216,740	216,740
-	-	-	-	181,101	-	181,101	4,437,331
-	-	-	-	400,000	-	400,000	400,000
34,596	11,311	114,939	-	276,278	63,653	339,931	989,823
-	-	-	-	-	-	-	9,767
-	-	-	-	-	-	-	15,305
-	-	-	-	-	-	-	34,453
-	-	-	-	-	-	-	80,000
-	-	-	-	842,183	59	842,242	971,856
<u>1,233,974</u>	<u>1,094,895</u>	<u>8,615,613</u>	<u>-</u>	<u>1,699,562</u>	<u>280,452</u>	<u>1,980,014</u>	<u>25,278,640</u>
-	1,210	419,564	293	72,540	2,908	75,741	1,752,657
-	-	-	-	-	-	-	6,789,367
-	-	600,000	-	-	-	-	600,000
-	-	-	-	-	-	-	76,000
-	-	-	-	-	-	-	3,346,239
1,810,000	125,000	2,635,000	-	-	-	-	2,685,000
434,483	573,997	1,631,161	-	-	-	-	1,631,161
-	129,661	161,382	-	-	-	-	161,382
-	-	-	-	8,800,626	-	8,800,626	9,760,399
<u>2,244,483</u>	<u>829,868</u>	<u>5,447,107</u>	<u>293</u>	<u>8,873,166</u>	<u>2,908</u>	<u>8,876,367</u>	<u>26,802,205</u>
<u>(1,010,509)</u>	<u>265,027</u>	<u>3,168,506</u>	<u>(293)</u>	<u>(7,173,604)</u>	<u>277,544</u>	<u>(6,896,353)</u>	<u>(1,523,565)</u>
-	-	1,190,000	-	12,096,185	-	12,096,185	13,286,185
-	-	(1,190,000)	-	-	-	-	(1,190,000)
(100,000)	(130,000)	(500,000)	-	(250,000)	(30,000)	(280,000)	(1,560,000)
-	-	-	-	-	-	-	(9,046)
-	-	-	-	-	-	-	9,046
-	-	-	-	-	-	-	161,531
-	-	-	-	-	-	-	(161,531)
-	-	-	-	(293,488)	(280,000)	(573,488)	(786,888)
-	-	(800,000)	-	-	-	-	(800,000)
-	800,000	800,000	-	-	-	-	800,000
-	-	4,409	-	-	-	-	4,409
-	-	-	-	(4,409)	-	(4,409)	(4,409)
-	-	-	-	(3,000,000)	-	(3,000,000)	(3,000,000)
(10,000)	(40,000)	(100,000)	-	-	-	-	(100,000)
-	77,897	77,897	-	(3,000,000)	-	(3,000,000)	(2,830,322)
-	-	(2,900,000)	-	-	-	-	(3,490,000)
<u>(110,000)</u>	<u>707,897</u>	<u>(3,417,694)</u>	<u>-</u>	<u>5,548,288</u>	<u>(310,000)</u>	<u>5,238,288</u>	<u>328,975</u>
<u>(1,120,509)</u>	<u>972,924</u>	<u>(249,188)</u>	<u>(293)</u>	<u>(1,625,316)</u>	<u>(32,456)</u>	<u>(1,658,065)</u>	<u>(1,194,590)</u>
3,226,560	3,786,404	17,573,465	293	17,119,299	945,825	18,065,417	49,002,605
<u>\$2,106,051</u>	<u>\$ 4,759,328</u>	<u>\$17,324,277</u>	<u>\$ -</u>	<u>\$ 15,493,983</u>	<u>\$ 913,369</u>	<u>\$16,407,352</u>	<u>\$ 47,808,015</u>

Concluded

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis)
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Taxes			
Property taxes			
Current year levy	\$ 15,194,300	\$ 15,194,300	\$ -
Prior year levy	25,000	74,470	49,470
Total Property Taxes	15,219,300	15,268,770	49,470
Personal property replacement tax	523,500	597,760	74,260
Other Taxes			
Auto rental tax	34,000	32,872	(1,128)
Sales tax - home rule	5,300,000	5,499,126	199,126
Utility tax	7,350,000	7,986,489	636,489
State use tax	670,000	714,225	44,225
Athletic contest tax	500,000	519,506	19,506
Foreign fire insurance tax	50,000	(58,947)	(108,947)
Cigarette tax	300,000	179,099	(120,901)
Evanston motor fuel tax	320,000	308,210	(11,790)
Real estate transfer tax	2,500,000	4,011,084	1,511,084
Poured liquor tax	1,400,000	1,531,964	131,964
Amusement tax	-	6,565	6,565
Parking tax	1,500,000	1,669,478	169,478
Total Other Taxes	19,924,000	22,399,671	2,475,671
Total Taxes	35,666,800	38,266,201	2,599,401

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Licenses and Permits			
Vehicle licenses	\$ 2,020,000	\$ 2,100,343	\$ 80,343
Business licenses	150,000	101,051	(48,949)
Long-term care licenses	112,400	108,540	(3,860)
Rooming house licenses	180,000	180,774	774
Pet licenses	43,000	42,746	(254)
Bicycle licenses	200	40	(160)
Farmers' market licenses	14,000	23,780	9,780
Contractors' licenses	60,000	89,391	29,391
Other licenses	2,400	641	(1,759)
Building permits	1,600,000	1,916,309	316,309
Plumbing permits	100,000	165,189	65,189
Electrical permits	120,000	175,960	55,960
Elevator permits	55,000	42,874	(12,126)
Signs and awning permits	10,000	8,742	(1,258)
Combustion equipment permits	150,000	184,249	34,249
Commercial driveway permits	600	740	140
Other permits	200,000	294,540	94,540
Liquor licenses	250,000	288,462	38,462
Fire alarm permit fees	-	(1,565)	(1,565)
Cable franchise fee	475,000	627,977	152,977
Nicor franchise fee	49,400	59,614	10,214
Northwestern/Centel easement	97,000	97,104	104
Residents' parking permits	113,000	114,509	1,509
Visitor's parking permits	-	18,421	18,421
Sign license fee	30,000	40,230	10,230
Alarm panel franchise fee	-	18,000	18,000
Plat approval and sign appeal fees	2,500	397	(2,103)
Total Licenses and Permits	5,834,500	6,699,058	864,558

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Intergovernmental - Revenue from			
Other Agencies			
Health Department SEED Grant	\$ -	\$ 322,944	\$ 322,944
Preventive health block grant	55,600	53,976	(1,624)
Fire department training grant	600	3,550	2,950
Illinois state health department			
basic services grant	63,700	47,037	(16,663)
Hypertension grant	13,600	-	(13,600)
Family planning grant	54,500	51,900	(2,600)
Hearing and vision grant	6,400	12,700	6,300
Arts Council grants	28,400	20,630	(7,770)
Violent crime victim			
assistance grant	20,000	-	(20,000)
Federal police grant	79,100	104,344	25,244
Civil defense grants	-	12,932	12,932
Retailer and service occupation tax	8,100,000	7,922,537	(177,463)
State income tax	4,800,000	4,492,918	(307,082)
State highway maintenance	113,000	119,317	6,317
State allotment	-	112,063	112,063
Commission on Aging grant	17,800	15,140	(2,660)
Other state / county grants	-	6,067	6,067
Police training grant	8,000	-	(8,000)
Dental sealants grant	7,800	4,213	(3,587)
Lead grant	4,000	2,526	(1,474)
STD-HIV integrated service grant	7,200	1,814	(5,386)
Illinois Tobacco Free Community	37,000	25,593	(11,407)
Summer food inspections	-	600	600
Kid care agreement	8,000	9,606	1,606
HUD emergency shelter grant	-	83,021	83,021
Leadbase paint control grant	-	121,273	121,273
Genetic education grant	10,200	5,100	(5,100)
Tanning parlor inspection	-	100	100
Prostate cancer awareness	-	448	448
Family case management grant	110,500	184,821	74,321
Infant immunization grant	15,000	-	(15,000)
Teen parent service program	10,000	10,034	34
Vector prevention grant	-	1,135	1,135
Access to care	(4,000)	12	4,012
Total Intergovernmental - Revenue from Other Agencies	13,566,400	13,748,351	181,951

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Charges for Services			
Recreation			
Recreation - program	\$ 3,844,900	\$ 3,669,310	\$ (175,590)
Recreation - charges	-	482	482
Recreation - unreconciled	-	2,745	2,745
Total Recreation	3,844,900	3,672,537	(172,363)
Library			
Film rentals	60,000	62,649	2,649
Books, lost and paid	20,000	22,621	2,621
Reserves	4,700	5,616	916
Miscellaneous revenues	4,000	3,526	(474)
Rental books	9,000	8,316	(684)
Non-resident cards	3,000	3,080	80
Copy machine charges	24,000	26,559	2,559
Library meeting room rentals	8,500	24,978	16,478
Rental income	25,100	25,200	100
State library per capita grant	86,900	92,799	5,899
CD-ROM software rentals	2,800	2,165	(635)
Total Library	248,000	277,509	29,509

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Charges for Services			
Other Service Charges			
Family planning clinic	\$ 3,000	1,465	\$ (1,535)
Dental clinic fees & check up fees	90,000	76,239	(13,761)
Venereal disease program - Skokie	1,500	2,250	750
Birth and death records	224,700	137,242	(87,458)
TB nursing services	12,000	12,000	-
Flue and pneumonia program	-	17,393	17,393
Health clinic fees - immunizations	8,000	3,832	(4,168)
Health clinic fees - sexually transmitted disease	5,000	-	(5,000)
Health clinic fees - TB	2,500	3,360	860
Health clinic fees - lab	11,900	12,048	148
Health clinic fees - food establishment	165,000	150,149	(14,851)
Health clinic fees - well child	2,500	-	(2,500)
Health clinic fees - school physicals	3,500	2,065	(1,435)
S.T.D.O. & S.T.D.E.	-	6,785	6,785
Emergency dental exam	-	140	140
X-Ray	-	91	91
Amalgam filling	-	895	895
Resin filling	-	2,145	2,145
Sedative filling	-	95	95
Extraction	-	405	405
Pulpotomy	-	730	730
Sealant office visit	-	649	649
Additional sealant	-	77	77
Temporary license fee	-	3,251	3,251
Food delivery vehicle	-	6,460	6,460
Scavenger truck	-	2,250	2,250
Beverage snack vending machine	-	21,326	21,326
Food vending machine	-	1,770	1,770
Tobacco license	-	15,000	15,000
Funeral director license	4,500	7,050	2,550
Temporary funeral direct license	-	5,059	5,059
Ambulance services	340,000	399,311	59,311
Towing charges	50,000	38,495	(11,505)
Weights and measures examination	1,000	955	(45)
Senior taxi coupon sales	55,000	61,816	6,816
Recycling - material sales	-	365	365
Background check daycare providers	-	500	500
Curb / sidewalk replacement fee	-	46,940	46,940
Police report fees	21,500	19,468	(2,032)

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Charges for Services - Continued			
Other Service Charges - Continued			
Fire report fees	\$ 1,000	\$ -	\$ (1,000)
Fire cost recovery charges	5,000	5,990	990
Other service charges	5,000	3,280	(1,720)
Condo conversion application	44,000	34,390	(9,610)
Zoning fees	25,000	47,693	22,693
Alarm panel subscription fees	27,500	151,520	124,020
Skokie animal boarding fees	-	510	510
Passport execution fees	9,000	17,208	8,208
Sanitation classes and charges	40,000	67,058	27,058
Wood recycling	-	11,615	11,615
Recycling service charge and penalty	628,000	647,421	19,421
Total Other Service Charges	1,786,100	2,046,756	260,656
Total Charges for Services	5,879,000	5,996,802	117,802
Fines			
Ticket fines	3,400,000	3,375,155	(24,845)
Regular fines	170,000	259,098	89,098
Housing code violations	1,000	2,900	1,900
Building code violations	5,000	178	(4,822)
Permit penalty fees	5,000	33,386	28,386
Animal ordinance penalties	1,600	-	(1,600)
False alarm panel fines - fire	40,000	11,761	(28,239)
False alarm panel fines - police	100,000	105,575	5,575
Administrative adjudication	130,000	84,296	(45,704)
Library fines	160,000	168,766	8,766
Boot release fees	50,000	121,495	71,495
Total Fines	4,062,600	4,162,610	100,010

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Investment Income	\$ 200,000	\$ 205,456	\$ 5,456
Miscellaneous			
Charges to Other Funds			
Charges to Water Fund for administrative expenses	1,045,800	1,038,000	(7,800)
Economic Development Fund	250,000	250,000	-
Maple Garage Fund	38,300	38,300	-
Emergency Telephone System Fund	125,400	125,400	-
Community Development Block Grant Fund	1,053,400	922,855	(130,545)
Home Fund	37,300	32,868	(4,432)
Sewer Fund	591,200	487,200	(104,000)
Motor Vehicle Parking System Fund	893,700	893,700	-
Fleet Services Fund	116,400	117,400	1,000
Total Charges to Other Funds	4,151,500	3,905,723	(245,777)
Miscellaneous			
Other Revenues			
Payments in lieu of taxes	27,000	26,000	(1,000)
Sales and rentals of property	130,000	93,223	(36,777)
Compensation for damage to City property	25,000	91,601	66,601
Parking permits - Ryan Field	12,000	11,670	(330)
Miscellaneous	100,000	430,481	330,481
Total Other Revenues	294,000	652,975	358,975
Total Miscellaneous	4,445,500	4,558,698	113,198
Total Revenues	\$ 69,654,800	\$ 73,637,176	\$ 3,982,376

Concluded

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis)
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
General Management and Support			
City Council	\$ 267,900	\$ 270,850	\$ (2,950)
City Manager	2,763,300	2,450,130	313,170
City Clerk	192,700	185,323	7,377
Law Department	559,000	565,893	(6,893)
Human Resources	1,083,500	1,137,833	(54,333)
Finance	1,617,700	1,848,039	(230,339)
Facilities management	2,049,900	2,206,133	(156,233)
Miscellaneous operating requirements	4,218,400	2,717,063	1,501,337
Total General Management and Support	12,752,400	11,381,264	1,371,136
Public Safety			
Emergency services and disaster assistance	65,900	51,768	14,132
Police	16,202,700	16,867,553	(664,853)
Fire	9,258,300	10,207,798	(949,498)
Total Public Safety	25,526,900	27,127,119	(1,600,219)
Public Works			
Municipal service center	243,100	286,005	(42,905)
Public Works Director	135,200	148,712	(13,512)
City Engineer	1,020,800	1,102,868	(82,068)
Traffic Engineer	2,155,200	2,324,721	(169,521)
Streets	3,155,600	3,287,146	(131,546)
Sanitation	4,053,500	3,960,025	93,475
Total Public Works	10,763,400	11,109,477	(346,077)

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Health and Human Resource Development			
Health and Human Services Director	\$ 331,800	\$ 260,893	\$ 70,907
Health Department	1,797,700	2,348,703	(551,003)
Emergency assistance services	258,000	260,682	(2,682)
Mental health and community purchased services	1,016,900	1,020,865	(3,965)
Commission on Aging	90,300	92,120	(1,820)
Subsidized Taxicab Program	212,400	199,209	13,191
Human Relations	515,300	492,514	22,786
Total Health and Human Resource Development	4,222,400	4,674,986	(452,586)
Recreation and Cultural Opportunities			
Library	3,794,600	3,954,342	(159,742)
Recreation	6,076,500	6,287,581	(211,081)
Parks and forestry	2,825,500	2,795,050	30,450
Ecology Center	344,200	362,444	(18,244)
Arts Council	802,800	757,609	45,191
Total Recreation and Cultural Opportunities	13,843,600	14,157,026	(313,426)
Housing and Economic Development			
Community Development administration	179,800	184,936	(5,136)
Planning and zoning	718,800	735,910	(17,110)
Housing rehabilitation and property standards	661,500	665,551	(4,051)
Building code compliance	920,000	950,823	(30,823)
Total Housing and Economic Development	2,480,100	2,537,220	(57,120)
Pensions			
Illinois Municipal Retirement Pension	3,990,000	2,687,984	1,302,016
Total Expenditures	\$ 73,578,800	\$ 73,675,076	\$ (96,276)

Concluded

CITY OF EVANSTON, ILLINOIS

Motor Fuel Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 2,000,000	\$ 2,119,189	\$ 119,189
Interest	55,000	25,809	(29,191)
Total Revenues	2,055,000	2,144,998	89,998
Expenditures			
Public Works	2,100,000	959,773	1,140,227
Excess (Deficiency) of Revenues over (under) Expenditures	(45,000)	1,185,225	1,230,225
Other Financing (Uses)			
Operating transfers (out) General Fund	(750,000)	(750,000)	-
Excess (Deficiency) of Revenues over (under) Expenditures and Other Financing Uses	<u>\$ (795,000)</u>	435,225	<u>\$ (1,230,225)</u>
Fund Balances			
Beginning of year		<u>2,162,418</u>	
End of year		<u>\$ 2,597,643</u>	

CITY OF EVANSTON, ILLINOIS

Economic Development Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Revenues			
Real estate transfer taxes	\$ 1,160,000	\$ 1,316,837	\$ 156,837
Interest	9,500	729	(8,771)
Total Revenue	1,169,500	1,317,566	148,066
Expenditures			
Housing and economic development	577,200	606,870	(29,670)
Excess of Revenues over Expenditures	592,300	710,696	118,396
Other Financing Sources (Uses)			
Operating transfers in (out)			
Maple Avenue Garage Fund	(590,000)	(590,000)	-
Washington National Capital Project Fund	-	91,781	91,781
Excess (Deficiency) of Revenues over (under) Expenditures and Other Financing Uses	<u>\$ 2,300</u>	212,477	<u>\$ (210,177)</u>
Fund Balances			
Beginning of year		<u>950,317</u>	
End of year		<u>\$ 1,162,794</u>	

CITY OF EVANSTON, ILLINOIS

Emergency Telephone System Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Revenues			
Enhanced 911 surcharge	\$ 1,047,000	\$ 1,142,762	\$ 95,762
Interest	25,000	1,504	(23,496)
Miscellaneous	-	312	312
Total Revenue	1,072,000	1,144,578	72,578
Expenditures			
Public Safety	1,150,700	902,291	248,409
Excess (Deficiency) of Revenues over (under) Expenditures	(78,700)	242,287	320,987
Other Financing (Uses)			
Operating transfers (out) General Obligation Debt Service Fund	(213,400)	(213,400)	-
Excess (Deficiency) of Revenues over (under) Expenditures and Other Financing Uses	<u>\$ (292,100)</u>	28,887	<u>\$ 320,987</u>
Fund Balance			
Beginning of year		<u>2,268,733</u>	
End of year		<u>\$ 2,297,620</u>	

CITY OF EVANSTON, ILLINOIS

Mayor's Special Housing Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Revenues			
Interest	\$ 40,000	\$ 7,219	\$ (32,781)
Miscellaneous	-	18,987	18,987
Total Revenue	40,000	26,206	(13,794)
Expenditures			
Housing and economic development	216,600	39,644	176,956
Excess (Deficiency) of Revenues over (under) Expenditures	(176,600)	(13,438)	163,162
Other Financing (Uses)			
Operating transfers (out) General Fund	-	(30,000)	(30,000)
Excess (Deficiency) of Revenues over (under) Expenditures and Other Financing Uses	<u>\$ (176,600)</u>	(43,438)	<u>\$ 133,162</u>
Fund Balance			
Beginning of year		<u>1,765,934</u>	
End of year		<u>\$ 1,722,496</u>	

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments			
Grant from the U.S. Department of Housing and Urban Development	\$ 2,622,261	\$ 2,301,138	\$ (321,123)
Miscellaneous	-	39,857	39,857
Total Revenues	2,622,261	2,340,995	(281,266)
Expenditures			
Housing and economic development	2,622,261	2,340,995	281,266
(Deficiency) of Revenues (under) Expenditures	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balances			
Beginning of year		<u>12,799</u>	
End of year		<u>\$ 12,799</u>	

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis)
Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Administration/Planning			
CDBG Administration	\$ 333,000	\$ 296,827	\$ 36,173
Fair Housing Assistance	86,000	85,993	7
Total Administration/Planning	419,000	382,820	36,180
Economic Development			
Ben & Jerry's	23,178	23,178	-
MBE/Small Business Assistance	93,000	92,784	216
Total Economic Development	116,178	115,962	216
Housing			
Housing Rehabilitation Administration	230,000	226,345	3,655
Adaptive Devices	15,000	12,402	2,598
Community Development Administration	100,000	96,588	3,412
Minor Repairs/Painting Assistance - E.N.A.W.	168,150	168,150	-
Demolition/Vacant Lot Cleanup Program	-	7,835	(7,835)
Housing Code Compliance	240,000	202,873	37,127
Total Housing	753,150	714,193	38,957
Neighborhood Revitalization			
Target Area Tree	23,000	23,000	-
Accessible Curb Ramp Program	90,000	35,596	54,404
Fire Safety Education	-	21,900	(21,900)
Curb/Sidewalk Replacement	90,000	63,228	26,772
F/J Landscape Redesign	232,500	185,842	46,658
Alley Paving - East Clyde	85,000	-	85,000
Harbert Park	-	68,085	(68,085)
South Evanston Neighborhood Security	-	4,115	(4,115)
Black American Heritage and Tech Center	-	28,308	(28,308)
Alley Paving Program	180,000	166,582	13,418
Howard St. Enhancement (Outpost)	-	1,400	(1,400)
Masin Park	150,000	-	150,000
Beck Park Restoration	-	34,705	(34,705)
Handyman Assistance	-	10,104	(10,104)
Hill Arboretum Apts. - Over the Rainbow	85,000	85,000	-
Graffiti Removal Program	28,000	27,192	808
Total Neighborhood Revitalization	963,500	755,057	208,443

Continued

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis) - Continued
Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Public Services			
Adopt a Fancy Can	\$ 5,000	\$ 8,670	\$ (3,670)
Senior Crime Prevention	23,000	27,616	(4,616)
HACA Education & Training	23,000	17,244	5,756
Evanston Community Defender	62,000	62,000	-
Evanston Legal Services CCLAF	10,000	10,000	-
Youth Job Center of Evanston	80,000	80,000	-
Summer Youth	55,000	55,000	-
Shorefront Mag	5,000	5,000	-
YWCA Shelter Project	35,453	35,453	-
Foster Reading Center	5,000	5,000	-
Center for Public Ministry - Family Shelter Program	16,000	16,000	-
North Shore Senior Center	27,000	27,000	-
Interfaith Housing Program	17,500	17,500	-
Metropolitan Family Service	6,480	6,480	-
Total Public Services	370,433	372,963	(2,530)
Total Expenditures	\$ 2,622,261	\$ 2,340,995	\$ 281,266

CITY OF EVANSTON, ILLINOIS

Special Service District No. 4 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
 Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes			
Current year levy	\$ 255,000	\$ 255,000	\$ -
Prior year levy	-	(12,430)	(12,430)
Interest	-	88	88
Total Revenues	<u>255,000</u>	<u>242,658</u>	<u>(12,342)</u>
Expenditures			
Housing and economic development	<u>268,000</u>	<u>245,000</u>	<u>23,000</u>
Total Expenditures	<u>268,000</u>	<u>245,000</u>	<u>23,000</u>
(Deficiency) of Revenues (under) Expenditures	<u>\$ (13,000)</u>	(2,342)	<u>\$ 10,658</u>
Fund Balance			
Beginning of year		<u>202,805</u>	
End of year		<u>\$ 200,463</u>	

CITY OF EVANSTON, ILLINOIS

Township - Town Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	\$ 282,000	\$ 287,638	\$ 5,638
Interest income	6,000	3,400	(2,600)
Replacement tax	45,000	34,453	(10,547)
Miscellaneous	-	2,090	2,090
Total Revenues	333,000	327,581	(5,419)
Expenditures			
General management and support	168,523	163,984	4,539
Excess of Revenues over Expenditures	164,477	163,597	(880)
Other Financing (Uses)			
Operating transfers (out)			
General Assistance Fund	(160,000)	(161,531)	(1,531)
Excess of Revenues over Expenditures and Other Financing Uses	<u>\$ 4,477</u>	2,066	<u>\$ (2,411)</u>
Fund Balance			
Beginning of year		<u>336,477</u>	
End of year		<u>\$ 338,543</u>	

CITY OF EVANSTON, ILLINOIS

Township - General Assistance Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year ended February 29, 2004

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	\$ 752,000	\$ 734,960	\$ (17,040)
Interest income	6,000	4,725	(1,275)
Earnfare	2,500	9,767	7,267
SSI reimbursement	40,000	15,305	(24,695)
Emergency Assistance reimbursement	140,000	80,000	(60,000)
Total Revenues	940,500	844,757	(95,743)
Expenditures			
General management and support	1,096,568	1,093,368	(3,200)
Debt service			
Principal	-	50,000	50,000
Total Expenditures	1,096,568	1,143,368	46,800
(Deficiency) of Revenues (under) Expenditures	(156,068)	(298,611)	(142,543)
Other Financing Sources			
Transfers in			
Town Fund	160,000	161,531	1,531
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 3,932</u>	(137,080)	<u>\$ (141,012)</u>
Fund Balance			
Beginning of year		<u>368,272</u>	
End of year		<u>\$ 231,192</u>	

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CITY OF EVANSTON, ILLINOIS

Debt Service Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual (Budgetary Basis)
 Year ended February 29, 2004

	General Obligation Debt		Special Service District No. 5		Central Business Tax Increment District	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
	Revenues					
Taxes						
Property taxes						
Current year levy, net	\$8,097,845	\$7,609,413	\$ 436,000	\$ 438,183	\$ 5,802,523	\$5,833,543
Prior year levy, net	-	41,074	-	(11,808)	-	1,858
Sales tax	-	-	-	-	159,000	250,000
Investment income	60,000	106,593	200	157	50,000	63,095
Miscellaneous	-	28,002	-	-	-	-
Total Revenues	<u>8,157,845</u>	<u>7,785,082</u>	<u>436,200</u>	<u>426,532</u>	<u>6,011,523</u>	<u>6,148,496</u>
Expenditures						
General management and support	-	3,103	-	49,884	1,000	368,470
Health and human resources development			-	-	-	-
Health and human resource development	-	-	-	-	-	-
Debt Service						
Principal	6,520,000	6,661,270	225,000	167,718	280,000	280,000
Interest	1,958,099	3,113,745	213,184	196,153	369,500	370,539
Fiscal agent fees	100,000	201,980	500	-	30,000	31,721
Total Expenditures	<u>8,578,099</u>	<u>9,980,098</u>	<u>438,684</u>	<u>413,755</u>	<u>680,500</u>	<u>1,050,730</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(420,254)</u>	<u>(2,195,016)</u>	<u>(2,484)</u>	<u>12,777</u>	<u>5,331,023</u>	<u>5,097,766</u>
Other Financing Sources (Uses)						
Operating transfers in (out)						
Bond Proceeds	-	11,630,649	-	-	-	-
Escrow Funding	-	#####	-	-	-	-
General	132,840	175,000	-	-	(250,000)	(250,000)
Emergency Telephone System	212,000	213,400	-	-	-	-
Special Assessment Capital Projects	280,000	280,000	-	-	-	-
Water Fund	-	726,106	-	-	-	(40,000)
Washington National TIF DS	-	-	-	-	(845,315)	(800,000)
Maple Avenue Garage	-	-	-	-	(4,117,709)	(2,900,000)
Washington National Cap. Proj.	-	-	-	-	-	-
Capital Improvement	-	293,488	-	4,409	-	-
Downtown TIF DS	-	-	-	-	-	-
	<u>624,840</u>	<u>1,789,813</u>	<u>-</u>	<u>4,409</u>	<u>(5,213,024)</u>	<u>(3,990,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 204,586</u>	<u>(405,203)</u>	<u>\$ (2,484)</u>	<u>17,186</u>	<u>\$ 117,999</u>	<u>1,107,766</u>
Fund Balances						
Beginning of year		<u>1,284,912</u>		<u>42,951</u>		<u>6,785,494</u>
End of year		<u>\$ 879,709</u>		<u>\$ 60,137</u>		<u>\$7,893,260</u>

Southwest Tax Increment District		Howard Hartrey Tax Increment District		Washington National Tax Increment District		Totals	
Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
\$ 566,318	\$ 265,136	\$1,107,672	\$1,168,809	\$ 885,339	\$ 976,283	\$16,895,697	\$16,291,367
-	8,483	-	-	-	-	-	39,607
-	-	-	-	75,000	75,000	234,000	325,000
10,000	5,780	50,000	34,596	10,000	11,311	180,200	221,532
-	-	-	-	-	-	-	28,002
576,318	279,399	1,157,672	1,203,405	970,339	1,062,594	17,309,897	16,905,508
-	-	-	-	41,916	1,210	42,916	422,667
-	-	-	-	-	-	-	-
600,000	600,000	-	-	-	-	600,000	600,000
195,000	195,000	460,000	1,755,000	130,000	130,000	7,810,000	9,188,988
72,150	72,150	410,918	307,620	1,947,565	231,185	4,971,416	4,291,392
-	-	-	-	74,725	129,661	205,225	363,362
867,150	867,150	870,918	2,062,620	2,194,206	492,056	13,629,557	14,866,409
(290,832)	(587,751)	286,754	(859,215)	(1,223,867)	570,538	3,680,340	2,039,099
-	1,190,000	-	-	-	-	-	12,820,649
-	(1,190,000)	-	-	-	-	-	(12,718,830)
(20,000)	(20,000)	(10,000)	(100,000)	(75,000)	(130,000)	(222,160)	(325,000)
-	-	-	-	-	-	212,000	213,400
-	-	-	-	-	-	280,000	280,000
-	(10,000)	-	(10,000)	-	(40,000)	-	626,106
-	-	-	-	-	-	(845,315)	(800,000)
-	-	-	-	-	-	(4,117,709)	(2,900,000)
-	-	-	-	-	77,897	-	77,897
-	-	-	-	-	-	-	297,897
-	-	-	-	845,315	800,000	845,315	800,000
(20,000)	(30,000)	(10,000)	(110,000)	770,315	707,897	(3,847,869)	(1,627,881)
<u>\$(310,832)</u>	(617,751)	<u>\$ 276,754</u>	(969,215)	<u>\$(453,552)</u>	1,278,435	<u>\$(167,529)</u>	411,218
	<u>590,592</u>		<u>1,808,242</u>		<u>1,939,161</u>		<u>12,451,352</u>
	<u>\$ (27,159)</u>		<u>\$ 839,027</u>		<u>\$3,217,596</u>		<u>\$12,862,570</u>

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PROPRIETARY FUND TYPES

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CITY OF EVANSTON, ILLINOIS

Water Fund

Schedule of Net Assets

February 29, 2004

	Restricted Accounts				Totals
	Operation and Maintenance Account	Bond and Interest	Bond Reserve	Depreciation Improvement and Extension	
Assets					
Current Assets					
Cash and equivalents	\$ 21,475	\$ -	\$ -	\$ -	\$ 21,475
Receivables					
Accounts - billed	923,290	-	-	-	923,290
Accounts - unbilled	905,904	-	-	-	905,904
Due from other funds	-	-	-	-	-
Other receivables	1,360	-	-	-	1,360
Intrafund receivable	352,817	(86,783)	-	(266,034)	-
Inventory	461,384	-	-	-	461,384
Total Current Assets	2,666,230	(86,783)	-	(266,034)	2,313,413
Noncurrent Assets					
Restricted cash and equivalents	335,403	1,688,017	2,934,733	6,711,042	11,669,195
Total Restricted Assets	335,403	1,688,017	2,934,733	6,711,042	11,669,195
Capital Assets					
Land	555,415	-	-	-	555,415
Construction in progress	24,767	-	-	523,512	548,279
Capital assets being depreciated	52,715,922	-	-	-	52,715,922
Less accumulated depreciation	(11,740,417)	-	-	-	(11,740,417)
Total Capital Assets	41,555,687	-	-	523,512	42,079,199
Total Assets	\$ 44,557,320	\$ 1,601,234	\$ 2,934,733	\$ 6,968,520	\$ 56,061,807

	Restricted Accounts				Totals
	Operation and Maintenance Account	Bond and Interest	Bond Reserve	Depreciation Improvement and Extension	
Liabilities and Fund Equity					
Current Liabilities (Payable from Current Assets)					
Vouchers payable	\$ 219,802	\$ -	\$ -	\$ 56,734	\$ 276,536
Accrued payroll	74,133	-	-	-	74,133
Due to other funds	133,956	-	-	-	133,956
Compensated absences payable	318,011	-	-	-	318,011
Total Current Liabilities	745,902	-	-	56,734	802,636
Current Liabilities (Payable from Restricted Assets)					
Vouchers payable	-	-	-	121,183	121,183
Interest payable	-	34,429	-	-	34,429
Revenue bonds payable	-	134,167	-	-	134,167
Total Restricted Liabilities	-	168,596	-	121,183	289,779
Long-Term Liabilities					
Revenue bonds payable	5,245,833	-	-	-	5,245,833
Unamortized bond discount on bonds payable	13,009	-	-	-	13,009
Total Long-Term Liabilities	5,258,842	-	-	-	5,258,842
Total Liabilities	6,004,744	168,596	-	177,917	6,351,257
Net Assets (Deficit)					
Restricted for debt service	-	1,432,638	2,934,733	6,790,603	11,157,974
Unrestricted	38,552,576	-	-	-	38,552,576
Total Net Assets (Deficit)	38,552,576	1,432,638	2,934,733	6,790,603	49,710,550
Total Liabilities and Net Assets	\$ 44,557,320	\$ 1,601,234	\$ 2,934,733	\$ 6,968,520	\$ 56,061,807

CITY OF EVANSTON, ILLINOIS

Water Fund

Schedule of Changes in Net Assets - Reserved - Restricted Accounts
Year ended February 29, 2004

	Bond and Interest	Bond Reserve	Depreciation, Improvement and Extension	Totals
Increases				
Intrafund transfers in - accordance with bond ordinance unreserved retained earnings - Operation and Maintenance	\$ 1,041,400	\$ 145,800	\$ 3,192,400	\$ 4,379,600
Investment earnings	9,323	23,562	33,246	66,131
Total Increases	1,050,723	169,362	3,225,646	4,445,731
Decreases				
Bond principal	805,000	-	-	805,000
Bond interest	231,023	-	-	231,023
Purchase of capital assets	-	-	1,254,730	1,254,730
Payment of expense	618	-	514,114	514,732
Intrafund transfers to operation and maintenance	-	145,800	-	145,800
Total Decreases	1,036,641	145,800	1,768,844	2,951,285
Net Increase	14,082	23,562	1,456,802	1,494,446
Net Assets				
Beginning of year	1,418,556	2,911,171	5,333,801	9,663,528
End of year	\$ 1,432,638	\$ 2,934,733	\$ 6,790,603	\$ 11,157,974

CITY OF EVANSTON, ILLINOIS

Water Fund - Operation and Maintenance Account

Schedule of Revenues, Expenses, and Changes in Unreserved Net Assets - Budget and Actual

Year ended February 29, 2004

(With Comparative Totals for the Year Ended February 28, 2003)

	Budget	Actual	Prior Year Actual
Operating Revenues			
Charges for services	\$ 13,070,200	\$ 12,992,143	\$ 13,156,708
Miscellaneous	207,700	486,236	338,243
Total Operating Revenues	<u>13,277,900</u>	<u>13,478,379</u>	<u>13,494,951</u>
Operating Expenses Excluding Depreciation			
Administration	607,600	765,262	686,341
Operations			
Pumping	1,826,000	1,699,664	1,681,641
Filtration	1,903,800	1,763,407	1,552,318
Meter maintenance	277,900	279,882	276,162
Distribution	1,123,500	1,098,151	1,102,688
Other	774,400	935,192	889,017
Total Operating Expenses Excluding Depreciation	<u>6,513,200</u>	<u>6,541,558</u>	<u>6,188,167</u>
Operating Income Before Depreciation	6,764,700	6,936,821	7,306,784
Depreciation	-	1,287,466	1,401,012
Operating Income	<u>6,764,700</u>	<u>5,649,355</u>	<u>5,905,772</u>
Nonoperating Revenues (Expenses)			
Investment income	65,000	39,005	72,404
Interest expense	-	(231,023)	(317,538)
Bond expenses and amortization of discount	-	(5,968)	(137,174)
Net book value of capital assets disposed	-	(6,205)	(1,349)
Total Nonoperating Revenues (Expenses)	<u>65,000</u>	<u>(204,191)</u>	<u>(383,657)</u>
Income Before Transfers	<u>6,829,700</u>	<u>5,445,164</u>	<u>5,522,115</u>
Transfers In (Out)			
Transfer In	-	618,336	-
Transfer Out	(2,531,800)	(3,265,106)	(3,915,290)
	<u>(2,531,800)</u>	<u>(2,646,770)</u>	<u>(3,915,290)</u>
Net Income	<u>\$ 4,297,900</u>	<u>2,798,394</u>	<u>1,606,825</u>
Other Changes in Unreserved Net Assets			
Intrafund transfers in (out) - net assets - reserved - restricted accounts		(1,943,047)	(1,744,546)
Increase in Unreserved Net Assets		<u>855,347</u>	<u>(137,721)</u>
Unreserved Net Assets			
Beginning of year		37,697,229	37,834,950
End of year		<u>\$ 38,552,576</u>	<u>\$ 37,697,229</u>

CITY OF EVANSTON, ILLINOIS

Water Fund - Operation and Maintenance Account

Schedule of Operating Revenues - Budget and Actual

Year ended February 29, 2004

(With Comparative Totals for the Year Ended February 28, 2003)

	Budget	Actual	Prior Year Actual
Charges for Services, Net			
Water Sales			
Evanston	\$ 6,588,000	\$ 6,665,158	\$ 6,711,005
Skokie	3,121,200	2,959,732	3,011,018
Northwest Water Commission	3,361,000	3,367,253	3,434,685
Total Charges for Services	13,070,200	12,992,143	13,156,708
Miscellaneous			
Fees and outside work	45,000	73,740	79,055
Fees, merchandise and other	162,700	412,496	259,188
Total Miscellaneous	207,700	486,236	338,243
Total Operating Revenues	\$ 13,277,900	\$ 13,478,379	\$ 13,494,951

INTERNAL SERVICE FUNDS

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

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

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

CITY OF EVANSTON, ILLINOIS

Internal Service Funds

Schedule of Net Assets

February 29, 2004

Assets	Fleet Services	Insurance	Totals
Current Assets			
Cash and equivalents	\$ 267,793	\$ 356,168	\$ 623,961
Investment	500,000	3,027,942	3,527,942
Receivables - other	18,259	-	18,259
Due from other funds	-	2,090,760	2,090,760
Inventory	290,181	-	290,181
Total Unrestricted Current Assets	1,076,233	5,474,870	6,551,103
Capital Assets			
Cost	17,390,095	-	17,390,095
Accumulated depreciation	(11,517,322)	-	(11,517,322)
Total Capital Assets	5,872,773	-	5,872,773
Total Assets	6,949,006	5,474,870	12,423,876
Liabilities and Fund Equity			
Current Liabilities			
Vouchers payable	93,565	73,550	167,115
Accrued payroll	19,140	-	19,140
Interest payable	17,721	-	17,721
Compensated absences payable	99,531	-	99,531
General obligation bonds payable	915,000	-	915,000
Claims payable	-	25,303,735	25,303,735
Due to other government	-	83,030	83,030
Due to other funds	44,567	1,072	45,639
Total Current Liabilities	1,189,524	25,461,387	26,650,911
Long-Term Liabilities			
General obligation bonds payable	450,000	-	450,000
Unamortized bond expenses and discount	(1,186)	-	(1,186)
Claims payable	-	2,861,917	2,861,917
Total Long-Term Liabilities	448,814	2,861,917	3,310,731
Total Liabilities	1,638,338	28,323,304	29,961,642
Net Assets (Deficit)			
Invested in capital assets, net of related debt	4,508,959	-	4,508,959
Unrestricted	801,709	(22,848,434)	(22,046,725)
Total net assets (deficit)	\$ 5,310,668	\$ (22,848,434)	\$ (17,537,766)

CITY OF EVANSTON, ILLINOIS

Internal Service Funds

Combining Schedule of Revenues, Expenses, and Changes in Net Assets
Year ended February 29, 2004

	Fleet Services	Insurance	Totals
Operating Revenues			
Charges for Services			
General Fund	\$ 4,047,098	\$ 1,900,000	\$ 5,947,098
Sewer Fund	235,800	-	235,800
Water Fund	301,900	-	301,900
Motor Vehicle Parking System Fund	99,200	-	99,200
Miscellaneous	360,217	721,110	1,081,327
Total Operating Revenues	5,044,215	2,621,110	7,665,325
Operating Expenses			
General support	425,394	-	425,394
Major maintenance	1,949,653	-	1,949,653
Vehicle body maintenance	251,720	-	251,720
General liability claims	-	6,602,462	6,602,462
Workers compensation claims	-	1,211,543	1,211,543
Other	116,701	-	116,701
Total Operating Expenses	2,743,468	7,814,005	10,557,473
Operating Income (Loss) Before Depreciation	2,300,747	(5,192,895)	(2,892,148)
Depreciation	1,572,777	-	1,572,777
Operating Income (Loss)	727,970	(5,192,895)	(4,464,925)
Nonoperating Revenues (Expenses)			
Investment income	455	19,992	20,447
Other nonoperating revenues	45,532	-	45,532
Interest expense	(114,901)	-	(114,901)
Amortization of bond discount	(2,310)	-	(2,310)
Sale of fixed assets	136,335	-	136,335
Net book value of fixed assets disposed	(8,579)	-	(8,579)
Total Nonoperating Revenues (Expenses)	56,532	19,992	76,524
Income (Loss) before Operating Transfers	784,502	(5,172,903)	(4,388,401)
Transfers In (Out)			
General Fund	-	2,000,000	2,000,000
Change in Net Assets	784,502	(3,172,903)	(2,388,401)
Total Net Assets (Deficit) - Beginning of Year	4,526,166	(19,675,531)	(15,149,365)
Total Net Assets (Deficit)- End of Year	\$ 5,310,668	\$ (22,848,434)	\$ (17,537,766)

CITY OF EVANSTON, ILLINOIS

Internal Service Funds

Combining Schedule of Cash Flows
Year ended February 29, 2004

	Fleet Services	Insurance	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 5,044,817	\$ 2,621,110	\$ 7,665,927
Receipts from interfund services provided	64,219	(2,090,760)	(2,026,541)
Payments to suppliers	(2,339,316)	(1,793,760)	(4,133,076)
Payments to employees	(390,430)	(1,211,543)	(1,601,973)
Payments for interfund services provided	44,567	916	45,483
Net cash provided by operating activities	2,423,857	(2,474,037)	(50,180)
Cash Flows from Noncapital Financing Activities			
Operating transfers (out)			
General Fund	-	2,000,000	2,000,000
Net Cash Provided by (Used for) Noncapital Financing Activities	-	2,000,000	2,000,000
Cash Flows from Capital and Related Financing Activities			
Sale of fixed assets	136,335	-	136,335
Acquisition and construction of capital assets	(861,943)	-	(861,943)
Principal paid on general obligation bonds	(1,130,000)	-	(1,130,000)
Interest paid on general obligation bonds	(129,572)	-	(129,572)
Net Cash (Used for) Capital and Related Financing Activities	(1,985,180)	-	(1,985,180)
Cash Flows from Investing Activities			
Proceeds from sale/maturities of investment securities	(500,000)	780,286	280,286
Interest income	455	19,992	20,447
Net Increase in Cash and Equivalents	(60,868)	326,241	265,373
Cash and Equivalents			
Beginning of year	328,661	29,927	358,588
End of year	\$ 267,793	\$ 356,168	\$ 623,961

CITY OF EVANSTON, ILLINOIS

Combining Schedule of Cash Flows - Continued

Internal Service Funds
 Year ended February 29, 2004

	Fleet Services	Insurance	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (loss)	\$ 727,970	\$ (5,192,895)	\$ (4,464,925)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	1,572,777	-	1,572,777
Changes in assets and liabilities			
Other receivables	602	-	602
Interfund receivable	64,219	(2,090,760)	(2,026,541)
Inventory	(20,629)	-	(20,629)
Compensated absences	26,172	-	26,172
Accrued payroll	8,792	-	8,792
Interfund payable	44,567	916	45,483
Vouchers payable	(613)	71,151	70,538
Claims payable	-	5,225,941	5,225,941
Due to other governments	-	(488,390)	(488,390)
Net Cash Provided by Operating Activities	<u>\$ 2,423,857</u>	<u>\$ (2,474,037)</u>	<u>\$ (50,180)</u>

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**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

CITY OF EVANSTON, ILLINOIS

Capital Assets Used in the Operation of Governmental Funds

Comparative Schedules by Source
Year Ended February 29, 2004

	<u>2004</u>	<u>2003</u>
Governmental funds capital assets:		
Land	\$ 6,556,620	\$ 6,556,620
Right of way	18,606,141	18,606,141
Buildings and improvements	76,477,157	69,466,531
Office equipment and furniture	5,696,745	5,696,745
Machinery and equipment	699,003	626,152
Library collections	9,354,086	8,918,031
Capital leases	1,190,567	1,190,567
Infrastructure	73,165,617	69,624,901
Construction in progress	<u>3,563,951</u>	<u>5,450,621</u>
Total governmental funds capital assets	<u>\$ 195,309,887</u>	<u>\$ 186,136,309</u>
Investments in governmental funds capital assets by source:		
Capital Project Funds	\$ 165,738,247	\$ 157,073,575
General and Special Revenue Funds	28,958,116	28,449,210
Gifts / Donation	<u>613,524</u>	<u>613,524</u>
Total governmental funds capital assets	<u>\$ 195,309,887</u>	<u>\$ 186,136,309</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. The capital asset balances of the internal service funds were \$17,390,095 at February 29, 2004 and \$16,982,512 at February 28, 2003.

CITY OF EVANSTON, ILLINOIS

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity
 Year Ended February 29, 2004

FUNCTION AND ACTIVITY	<u>Land</u>	<u>Buildings and improvements</u>	<u>Office equipment and furniture</u>	<u>Machinery and equipment</u>
General management and support	\$ 5,194,320	\$ 5,565,293	\$ 4,449,504	\$ 176,192
Public safety	99,900	12,870,960	1,182,246	260,079
Public works	951,020	20,054,066	-	46,884
Recreation and cultural opportunities	<u>311,380</u>	<u>37,986,838</u>	<u>64,995</u>	<u>215,848</u>
Total capital assets	<u>\$ 6,556,620</u>	<u>\$ 76,477,157</u>	<u>\$ 5,696,745</u>	<u>\$ 699,003</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. The capital asset balances of the internal service funds were \$17,390,095 at February 29, 2004 and \$16,982,512 at February 28, 2003.

<u>Library Collections</u>	<u>Right of Way</u>	<u>Capitalized leases</u>	<u>Infrastructure</u>	<u>Construction in progress</u>	<u>Total</u>
\$ -	\$ 18,606,141	\$ 706,974	\$ -	\$ 3,563,951	\$ 38,262,375
-	-	70,719	-	-	14,483,904
-	-	-	69,786,861	-	90,838,831
<u>9,354,086</u>	<u>-</u>	<u>412,874</u>	<u>3,378,756</u>	<u>-</u>	<u>51,724,777</u>
<u>\$ 9,354,086</u>	<u>\$ 18,606,141</u>	<u>\$ 1,190,567</u>	<u>\$ 73,165,617</u>	<u>\$ 3,563,951</u>	<u>\$ 195,309,887</u>

CITY OF EVANSTON, ILLINOIS

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity
Year Ended February 29, 2004

FUNCTION AND ACTIVITY	Capital assets March 1, 2003	Additions	Deletions	Capital assets February 29, 2004
General management and support	\$ 36,128,612	\$ 2,133,763	\$ -	\$ 38,262,375
Public safety	11,844,420	5,950,405	(3,310,921)	14,483,904
Public works	88,193,069	2,645,762	-	90,838,831
Recreation and cultural opportunities	<u>49,970,208</u>	<u>2,391,229</u>	<u>(636,660)</u>	<u>51,724,777</u>
Total capital assets	<u>\$ 186,136,309</u>	<u>\$ 13,121,159</u>	<u>\$ (3,947,581)</u>	<u>\$ 195,309,887</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. The capital asset balances of the internal service funds were \$17,390,095 at February 29, 2004 and \$16,982,512 at February 28, 2003.

STATISTICAL SECTION (UNAUDITED)

CITY OF EVANSTON, ILLINOIS

Government-wide Expenses by Function

Year ended February 29, 2004

	<u>2003</u>	<u>2004</u>
Government Activities		
General management and support	\$ 14,273,641	\$ 15,791,355
Public safety	33,420,019	39,237,180
Public works	13,186,710	13,065,137
Health and human resource development	5,041,428	5,370,262
Recreation and cultural opportunities	16,247,049	17,129,356
Housing and economic development	5,817,651	5,973,494
Interest	4,540,304	4,899,622
	<hr/>	<hr/>
Total governmental activities	92,526,802	101,466,406
	<hr/>	<hr/>
Business-type Activities		
Water	11,407,511	8,992,102
Motor vehicle parking system	3,701,739	3,468,096
Sewer	8,543,719	8,964,469
Maple avenue garage fund	2,678,894	3,028,429
	<hr/>	<hr/>
Total business-type activities	26,331,863	24,453,096
	<hr/>	<hr/>
Total expenses	<u>\$ 118,858,665</u>	<u>\$ 125,919,502</u>

Source: City's Comprehensive Annual Financial Reports.

Note: The City implemented GASB-34 for the fiscal year ended February 28, 2003.

CITY OF EVANSTON, ILLINOIS

Government-wide Revenues

Year ended February 29, 2004

	<u>2003</u>	<u>2004</u>
Program revenues		
Charges for services	\$ 53,636,822	\$ 56,731,361
Operating grants and contributions	3,006,468	3,479,547
Capital grants and contributions	1,962,713	1,458,824
General revenues		
Property and replacement taxes	71,718,463	75,929,482
Sales tax	217,000	345,000
Motor fuel tax	2,116,330	- *
Special assessments	208,002	- *
Gain on sale of property	174,825	93,223
Miscellaneous	2,131,077	2,003,696
Investment income	1,698,323	2,054,006
Total revenues	<u>\$ 136,870,023</u>	<u>\$ 142,095,139</u>

* Included in program revenues in 2004

Source: City's Comprehensive Annual Financial Reports.

Note: The City implemented GASB-34 for the fiscal year ended February 28, 2003.

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CITY OF EVANSTON, ILLINOIS

General Governmental Revenues - By Source (City Funds)
Last Ten Fiscal Years

	1995	1996	1997	1998
Taxes	\$ 41,741,004	\$ 44,435,251	\$ 47,377,295	\$ 49,253,561
Licenses and permits	3,540,071	3,318,511	3,935,179	4,394,035
Intergovernmental	4,187,718	4,960,463	4,420,780	5,773,857
Charges for services	4,173,777	4,631,830	4,012,343	4,030,003
Fines and forfeits	1,783,142	1,689,984	1,902,396	2,763,919
Investment income	614,007	709,267	803,826	930,876
Miscellaneous	3,036,585	3,004,735	3,305,452	3,642,998
	<u>\$ 59,076,304</u>	<u>\$ 62,750,041</u>	<u>\$ 65,757,271</u>	<u>\$ 70,789,249</u>

Note: Includes General, Special Revenue and Debt Service Funds

	1999	2000	2001	2002	2003	2004
\$	51,219,538	\$ 56,526,013	\$ 61,553,222	\$ 62,319,808	\$ 52,545,639	\$ 56,923,353
	4,186,623	5,333,590	6,436,357	7,404,986	6,459,186	6,699,058
	5,593,385	6,250,303	5,448,577	5,859,079	18,291,511	18,004,581
	4,997,650	4,859,680	5,491,544	5,514,980	6,261,930	5,996,802
	2,830,747	2,624,768	2,782,303	3,241,930	3,742,055	4,162,610
	832,176	1,178,473	1,909,097	1,442,953	690,001	953,816
	3,586,765	4,103,998	4,127,182	3,631,267	5,995,219	4,714,224
\$	73,246,884	\$ 80,876,825	\$ 87,748,282	\$ 89,415,004	\$ 93,985,541	\$ 97,454,444

CITY OF EVANSTON, ILLINOIS

General Governmental Expenditures - By Function/Program (City Funds) Last Ten Fiscal Years

	1995	1996	1997	1998
General management and support services	\$ 6,914,666	\$ 6,221,091	\$ 6,009,344	\$ 6,200,320
Public Safety	18,507,221	19,190,402	19,493,788	21,239,535
Public Works	8,468,374	9,196,628	9,771,057	9,615,973
Health and human resource development	3,298,291	3,364,856	3,632,846	3,991,174
Recreation and cultural opportunities	8,618,848	9,176,867	9,624,646	9,939,803
Housing and economic development	4,369,329	4,911,069	4,534,206	6,320,413
Pension	3,625,581	3,748,991	3,865,286	3,811,861
Debt service	13,817,122	12,605,427	18,486,089	15,791,760
	<u>\$ 67,619,432</u>	<u>\$ 68,415,331</u>	<u>\$ 75,417,262</u>	<u>\$ 76,910,839</u>

Note: Includes General, Special Revenue and Debt Service Funds

1999	2000	2001	2002	2003	2004
\$ 7,212,004	\$ 8,260,083	\$ 8,909,240	\$ 11,965,898	\$ 11,293,648	\$ 11,815,342
22,181,724	22,504,948	23,927,733	25,454,153	26,875,820	28,008,431
10,434,066	12,677,399	12,211,887	11,655,007	10,847,474	11,118,899
4,211,702	4,341,946	4,743,728	4,620,954	4,839,565	5,272,090
10,590,037	11,729,639	12,107,322	13,028,036	13,422,959	14,251,886
5,336,215	7,013,119	5,619,661	6,292,771	5,661,898	5,882,117
3,938,842	3,858,622	3,926,955	4,090,630	4,209,396	2,687,984
12,187,953	10,717,903	11,095,141	10,639,365	11,224,087	14,548,084
<u>\$ 76,092,543</u>	<u>\$ 81,103,659</u>	<u>\$ 82,541,667</u>	<u>\$ 87,746,814</u>	<u>\$ 88,374,847</u>	<u>\$ 93,584,833</u>

CITY OF EVANSTON, ILLINOIS

Schedule of Insurance in Force

March 1, 2004

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Dates</u>	<u>Type of Coverage</u>	<u>Details</u>
FM Global	FB920	3/01/04 - 3/01/05	All - Risk Property (includes business interruption, loss of rents, and fine arts)	Actual cash value per Statement of Values each loss/each location in excess of \$75,000 deductible
Fireman's Fund Insurance Co.	MX1-97902812	9/26/03 - 9/26/04	Property - Noyes, Levy Center and Fleetwood/Jourdain Theaters	Per Statement of Values in excess of \$250 deductible limits of different levels at each property
Safety National Casualty Corp.	SP3985IL	3/01/04 - 2/28/05	Excess Workers' Compensation	Specific excess coverage in excess of \$300,000 per occurrence
Western World Insurance	NPP720300	3/01/04 - 3/1/05	Ambulance/Paramedic Liability	\$1,000,000 per occurrence; \$1,000,000 aggregate
Illinois National Insurance Co.	76031064	3/01/04 - 3/1/05	Excess Liability	\$10,000,000 coverage in excess of \$2,000,000 per occurrence (first \$2,000,000 is City's portion)
National Union Fire Ins. Co. (AIG)	004593302	3/1/04 - 3/1/05	Crime Policy	Theft of cash in excess of \$25,000 deductible, to limit of \$2,000,000

CITY OF EVANSTON, ILLINOIS

Property Tax Rates
Last Ten Levy Years

Tax Levy Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Fund										
General Corporate	1.4880	1.3672	1.1649	1.1161	1.0918	0.9801	1.0231	1.0872	0.8646	0.8554
Debt Service	0.5084	0.5740	0.5308	0.5417	0.5946	0.5443	0.5574	0.5743	0.4467	0.4404
	1.9964	1.9412	1.6957	1.6578	1.6864	1.5244	1.5805	1.6615	1.3113	1.2958
Police Pension	0.1671	0.2209	0.2111	0.2154	0.2138	0.2062	0.2021	0.2088	0.1819	0.1812
Firefighters' Pension	0.1312	0.1842	0.1774	0.1855	0.1681	0.1566	0.1505	0.1626	0.1348	0.1321
Total All Funds	2.2947	2.3463	2.0842	2.0587	2.0683	1.8872	1.9331	2.0329	1.6280	1.6091
Actual Rate Extended	2.295	2.347	2.085	2.059	2.069	1.888	1.934	2.033	1.628	1.610

*2003 property tax rates were not available at publication of this report.

CITY OF EVANSTON, ILLINOIS

Property Tax Levies and Collections (City)
Last Ten Levy Years

(1) Tax Levy Year	(2) Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Levy	Outstanding and Delinquent Taxes	Outstanding and Delinquent Taxes as Percent of Current Levy
1994	23,758,135	23,458,468	98.74%	130,842	23,589,310	99.29%	168,825	0.71%
1995	23,757,143	23,627,365	99.45%	24,932	23,652,297	99.56%	104,846	0.44%
1996	23,757,143	23,390,347	98.46%	284,877	23,675,224	99.66%	81,919	0.34%
1997	23,757,144	23,234,806	97.80%	404,013	23,638,819	99.50%	118,325	0.50%
1998	23,757,032	23,223,913	97.76%	544,880	23,768,793	100.05%	(11,761)	-0.05%
1999	25,137,352	24,468,693	97.34%	425,270	24,893,963	99.03%	243,389	0.97%
2000	26,217,646	25,319,911	96.58%	421,153	25,741,064	98.18%	476,582	1.82%
2001	26,305,327	25,391,349	96.53%	442,216	25,833,565	98.21%	471,762	1.79%
2002	27,957,126	27,286,591	97.60%	254,154	27,540,745	98.51%	416,381	1.49%
2003	29,813,787	5,085,209	17.06%	-	5,085,209	17.06%	24,728,578	82.94%

Notes:

(1) In Illinois, general property taxes are billed and payable in the first year following the levy year.

(2) Does not include tax levy for Special Service District debt, Central Business Tax Increment District debt, Howard Hartrey Tax Increment District debt, Southwest Tax Increment District debt, or Washington National Tax Increment District debt.

CITY OF EVANSTON, ILLINOIS

Analysis of City Government Tax Levies
Last Ten Levy Years

Tax Levy Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Fund										
General Corporate	\$ 13,843,634	\$ 13,278,261	\$ 12,879,799	\$ 12,540,792	\$ 12,320,265	\$ 13,304,293	\$ 13,986,844	\$ 13,970,507	\$ 14,862,246	\$ 15,504,388
Debt Service	5,812,463	6,050,947	6,250,681	6,829,848	6,875,709	7,248,097	7,452,297	7,218,006	7,650,862	8,263,107
	19,656,097	19,329,208	19,130,480	19,370,640	19,195,974	20,552,390	21,439,141	21,188,513	22,513,108	23,767,495
Police Pension	2,236,354	2,405,808	2,486,082	2,455,583	2,592,476	2,627,920	2,686,300	2,939,263	3,147,859	3,420,846
Firefighters Pension	1,865,684	2,022,127	2,140,581	1,930,921	1,968,582	1,957,042	2,092,205	2,177,551	2,296,159	2,625,446
	<u>\$ 23,758,135</u>	<u>\$ 23,757,143</u>	<u>\$ 23,757,143</u>	<u>\$ 23,757,144</u>	<u>\$ 23,757,032</u>	<u>\$ 25,137,352</u>	<u>\$ 26,217,646</u>	<u>\$ 26,305,327</u>	<u>\$ 27,957,126</u>	<u>\$ 29,813,787</u>

Note:

Schedule does not include Central Business Tax Increment District debt, Howard Hartrey Tax Increment District debt, Southwest Tax Increment District debt, or Washington National Tax Increment District debt.

CITY OF EVANSTON, ILLINOIS

Property Tax Rates per \$100 - Direct and Overlapping Governments
Last Ten Levy Years

Tax Levy Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Government Unit										
City of Evanston	2.295	2.347	2.085	2.059	2.069	1.888	1.934	2.033	1.628	1.610
Consolidated Elections	-	-	-	-	0.027	-	0.023	-	0.032	-
Cook County	0.993	0.993	1.023	0.989	0.919	0.911	0.854	0.824	0.746	0.690
Cook County Forest Preserve District	0.072	0.073	0.072	0.074	0.074	0.072	0.070	0.069	0.067	0.061
Suburban T.B. Sanitarium	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.007	0.006
Metropolitan Water Reclamation District	0.471	0.495	0.495	0.492	0.451	0.444	0.419	0.415	0.401	0.371
North Shore Mosquito Abatement District	0.011	0.011	0.011	0.011	0.011	0.011	0.011	0.011	0.010	0.009
Evanston Township	0.085	0.088	0.077	0.076	0.077	0.072	0.072	0.077	0.064	0.062
Community College 535	0.248	0.255	0.233	0.206	0.216	0.205	0.203	0.213	0.186	0.179
School District 202	3.000	3.202	2.946	2.992	3.107	2.905	2.865	2.977	2.469	2.349
School District 65	4.148	4.678	4.245	4.209	4.356	4.126	4.073	4.232	3.516	3.343
Total tax rate for property not in park district or special service district	11.331	12.150	11.195	11.116	11.315	10.642	10.532	10.859	9.126	8.680
Percent of total tax rate levied by City of Evansto	20.0%	19.3%	18.6%	18.5%	18.3%	17.7%	18.4%	18.7%	17.8%	18.5%

*2003 property tax rates were not available at publication of this report.

CITY OF EVANSTON, ILLINOIS

Equalized Assessed Valuation of Taxable Property Last Ten Levy Years

Tax Levy Year	Real Property	Railroad Property	Total Assessment	Equalization Factor
1993	1,035,262,113	95,997	1,035,358,110	2.1407
1994	1,012,476,073	111,936	1,012,588,009	2.1135
1995	1,139,714,098	153,640	1,139,867,738	2.1243
1996	1,153,575,794	356,179	1,153,931,973	2.1517
1997	1,148,286,831	317,786	1,148,604,617	2.1489
1998	1,256,699,519	296,665	1,256,996,184	2.1799
1999	1,300,085,710	286,492	1,300,372,202	2.2505
2000	1,286,161,490	298,315	1,286,459,805	2.2235
2001	1,615,527,795	311,382	1,615,839,177	2.3098
2002	1,737,175,732	368,172	1,737,543,904	2.4689

Notes:

- (1) Equalized assessed value is based on approximately 33% of estimated actual value.
- (2) Equalized assessed values do not include tax increment financing district incremental assessed values.
- (3) Equalized assessed values and equalization factor for the levy year 2003 were not available at publication of this report.

CITY OF EVANSTON, ILLINOIS

Special Assessment Billings and Collections Last Ten Levy Years

Tax Levy Year	Total Current Installments	Total Collections Including Prepayments and Delinquent Collections	Total Outstanding Current, Delinquent, and Future Assessments
1995	114,564	102,859	604,763
1996	134,181	114,550	377,696
1997	151,737	188,358	357,058
1998	195,698	227,311	582,145
1999	221,200	224,406	755,760
2000	202,662	275,867	742,605
2001	208,794	214,344	765,015
2002	224,764	258,313	737,273
2003	220,564	208,002	684,523
2004	207,711	216,740	1,014,798

CITY OF EVANSTON, ILLINOIS

Ratio of Net General Obligation Bonded Debt to Equalized Assessed
Valuation and Net General Obligation Debt Per Capita (City)
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	Net Debt to Equalized Assessed Valuation	Net General Obligation Bonded Debt Per Capita
1996	73,233	1,139,867,738	120,403,037	4,124,072	61,595,000	54,683,965	4.80%	746.71
1997	73,233	1,153,931,973	123,574,951	4,199,858	62,575,000	56,800,093	4.92%	775.61
1998	73,233	1,148,604,617	128,908,875	4,039,098	62,085,000	62,784,777	5.47%	857.33
1999	73,233	1,256,996,184	130,976,752	4,178,055	68,025,000	58,773,697	4.68%	802.56
2000	73,233	1,300,372,202	128,981,760	4,182,913	64,175,000	60,623,847	4.66%	827.82
2001	74,239	1,286,459,805	156,955,729	4,562,562	91,710,000	60,683,167	4.72%	817.40
2002	74,239	1,615,839,177	147,832,588	5,193,168	86,835,000	55,804,420	3.45%	751.69
2003	74,239	1,710,663,113 (4)	194,086,731	6,942,441	123,720,000	63,424,290	3.71%	854.33
2004	74,239	1,737,543,904 (4)	191,073,334	6,592,437	114,445,000	70,035,897	4.03%	943.38

Notes:

- (1) Equalized assessed values do not include tax increment financing district incremental equalized assessed values.
- (2) Includes contracts payable from governmental funds. Excludes limited purpose special service district bonds and general obligation notes payable under line of credit with Northwestern University.
- (3) These amount include the general obligation bonds that are being repaid from the Sewer Fund, the Fleet Service Fund, the Motor Vehicle Parking System Fund, the Central Business Tax Increment District Fund, the Howard Hartrey Tax Increment Tax District Fund, the Southwest Tax Increment District Fund, the Washington Nat'l Tax Increment Tax District Fund, the Emergency Telephone System Fund, the Maple Street Parking Fund, recycling revenues of the General Fund, certain dedicated Water Fund revenues and property tax from the defaced Special Service District No. 5 Bonds is not being abated..
- (4) Equalized assessed values for fiscal year ending 2004 were not available at publication of this report; therefore, fiscal year ending 2003 values are used.

CITY OF EVANSTON, ILLINOIS

Schedule of Direct and Overlapping Debt (City)
February 29, 2004

	Total Outstanding	Percentage of Debt Applicable to City of Evanston	City of Evanston's Share of Debt (1)
Direct debt - bonds, notes, and contracts outstanding (2)	<u>\$ 70,035,897</u>	100.000%	<u>\$ 70,035,897</u>
Other bonded debt			
County of Cook	2,590,255,000 (3)	1.653%	42,811,074
Metropolitan Water Reclamation District	1,344,529,104 (4)	1.689%	22,711,786
High School District 202	13,900,978 (4)	89.919%	12,499,565
School District 65	50,965,000	89.919%	45,827,014
Skokie Park District	<u>8,825,000 (5)</u>	0.676%	<u>59,675</u>
Total Overlapping Debt	<u>4,008,475,082</u>		<u>123,909,115</u>
Total Direct and Overlapping Debt	<u><u>\$ 4,078,510,979</u></u>		<u><u>\$ 193,945,012</u></u>

Notes:

- (1) City of Evanston's share based upon 2001 real property valuations.
- (2) Excludes general obligation bonds reported in the enterprise and internal service funds, general obligation notes payable under line of credit with Northwestern University, and Special Service District No. 5 unlimited ad valorem tax bonds.
- (3) Includes Cook County Forest Preserve District debt.
- (4) Excludes General Obligation Notes issued in lieu of tax anticipation warrants and notes issued to provide interim construction financing.
- (5) Excludes \$28,884,163 General Obligation bonds issued pursuant to Section 15 of the Local Government Debt Reform Act ("Alternate Bonds").

CITY OF EVANSTON, ILLINOIS

Ratio of Annual Debt Service Expenditures for General Obligation Debt
to Total General Governmental Expenditures (City)
Last Ten Fiscal Years

Fiscal Year Ended	Principal	(1) Interest and Paying Agent Fees	(2) Total Debt Service	(3) Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1995	4,929,243 (3)	3,860,860 (1)	8,790,103 (2)	67,619,432	13.00%
1996	4,940,639 (3)	3,963,212	8,903,851	68,415,331	13.01%
1997	5,203,536 (3)	4,194,072	9,397,608	75,417,262	12.46%
1998	5,933,536 (3)	3,960,368	9,893,904 (2)	76,910,839	12.86%
1999	5,580,868 (3)	4,490,869	10,071,737	76,092,543	13.24%
2000	6,008,333	4,262,359	10,270,692 (2)	81,103,659	12.66%
2001	6,140,000	4,512,807	10,652,807	82,541,667	12.91%
2002	6,105,000	4,092,174	10,197,174	87,746,814	11.62%
2003	6,465,000	4,713,831	11,178,831	88,374,847	12.65%
2004	9,385,000	4,943,084	14,328,084	93,584,833	15.31%

Notes:

- (1) Excludes interest paid by escrow agent.
- (2) Net of bond proceeds paid to escrow agent to advance refund general obligation bonds.
- (3) Excludes principal payments made upon maturity of certain Series 1993 Bond Anticipation Bonds.

CITY OF EVANSTON, ILLINOIS

Water Fund

Schedule of Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended	Gross Revenue	(1) Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	(2) Interest	Total	
1995	11,665,892	4,520,961	7,144,931	1,485,834	974,457	2,460,291	2.90x
1996	12,128,099	4,984,307	7,143,792	1,382,500	1,170,384	2,552,884	2.80x
1997	12,134,432	5,128,622	7,005,810	1,485,833	1,067,950	2,553,783	2.74x
1998	12,113,182	5,669,524	6,443,658	1,613,334	941,293	2,554,627	2.52x
1999	13,192,965	5,416,366	7,776,599	1,907,500	639,234	2,546,734	3.05x
2000	13,709,645	5,602,297	8,107,348	2,170,000	666,466	2,836,466	2.86x
2001	13,509,413	5,430,908	8,078,505	2,245,000	589,559	2,834,559	2.85x
2002	13,005,269	5,670,480	7,334,789	2,325,000	494,210	2,819,210	2.60x
2003	13,687,288	9,347,238	4,340,050	2,200,000	343,795	2,543,795	1.71x
2004	13,583,515	7,056,290	6,527,225	805,000	235,913	1,040,913	6.27x

Notes:

- (1) Excludes depreciation and amortization.
- (2) Excludes interest paid by escrow agent.

CITY OF EVANSTON, ILLINOIS

Water Fund

Water Revenues by Area
Last Seven Fiscal Years

Schedule of Operating Revenues

Fiscal Year Ended	Evanston	Skokie	Northwest Water Commission
1998	5,152,353	2,817,402	2,941,420
1999	6,911,950	2,907,178	3,181,411
2000	6,774,380	2,908,102	3,367,773
2001	6,811,100	2,918,766	3,283,048
2002	6,606,091	2,859,685	3,247,291
2003	6,711,004	3,011,018	3,434,685
2004	6,665,158	2,959,732	3,367,253

CITY OF EVANSTON, ILLINOIS

Water Fund

Water Pumpage by Area
Last Seven Fiscal Years

Pumpage to Distribution System (Millions of Gallons)

Fiscal Year Ended	Evanston	Skokie	Northwest Water Commission
1998	3,356.12	3,886.07	9,037.36
1999	3,446.67	3,931.28	9,532.74
2000	3,717.30	3,891.25	9,830.50
2001	3,441.92	3,793.56	9,392.41
2002	3,443.72	3,643.84	9,119.18
2003	3,428.94	3,761.22	9,448.57
2004	3,448.09	3,624.90	9,079.86

CITY OF EVANSTON, ILLINOIS

Water Fund
Ten Largest Water Customers

Ten Largest Water Customers (2003)

Rank	Name	Cubic Feet of Water Used
1	Northwestern University	41,514,200
2	Evanston Hospital	18,832,900
3	St. Francis Hospital	11,193,600
4	Presbyterian Homes	5,990,400
5	District 202, ETHS	3,897,100
6	Orrington Hotel	3,195,600
7	North Shore Hotel	2,785,500
8	Albany House	2,494,600
9	District 65 Schools	2,066,800
10	Wagner Health Center (Mather Pavillion)	1,669,300

CITY OF EVANSTON, ILLINOIS

Water Fund

Water Allocations and Use

Accounting Years Ending September 30

WATER ALLOCATIONS - - USERS OF EVANSTON WATER SYSTEM
(Million Gallons Per Day - - Accounting Years Ending September 30)

	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
City of Evanston	9.941	10.070	10.199	10.328	10.453
Village of Skokie	10.950	11.073	11.196	11.319	11.433
Total Original Service Area	<u>20.891</u>	<u>21.143</u>	<u>21.395</u>	<u>21.647</u>	<u>21.886</u>
Village of Arlington Heights	9.667	9.809	9.951	10.093	10.244
Village of Palatine	8.009	8.645	9.281	9.917	10.598
Village of Buffalo Grove	4.922	5.489	6.079	6.098	6.180
Village of Wheeling	4.540	4.710	4.880	4.975	5.070
Total New Service Area (The Commission)	<u>27.138</u>	<u>28.653</u>	<u>30.191</u>	<u>31.083</u>	<u>32.092</u>
Combined Total	<u>48.029</u>	<u>49.796</u>	<u>51.586</u>	<u>52.730</u>	<u>53.978</u>

CITY OF EVANSTON, ILLINOIS

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year Ended	(1) Population	(2) Per Capita Income	(3) Median Age	(4) Education Level in Years of Formal Schooling	(5) School Enrollment	(6) Unemployment Percentage
1995	73,233	\$ 26,559	31.9	13.6	9,478	4.30%
1996	73,233	27,356	31.9	13.6	9,533	3.80%
1997	73,233	28,117	31.9	13.6	9,556	3.90%
1998	73,233	28,740	31.9	13.6	9,764	3.70%
1999	73,233	29,372	31.9	13.6	9,433	3.60%
2000	73,233	30,068	31.9	13.6	10,068	3.50%
2001	74,239	30,068	31.9	13.6	9,999	4.20%
2002	74,239	33,645	32.5	13.6	10,889	5.00%
2003	74,239	36,296	32.5	13.6	9,766	5.40%
2004	74,239	36,296 *	32.5	13.6	9,849	5.00%

* 2004 statistic were not available at publication time of this report

Data Sources

- (1) U.S. Department of Commerce, Bureau of the Census, 2000 census.
- (2) U.S. Department of Commerce, Bureau of the Census, based on adjustments through the Chicago Consumer
- (3) U.S. Department of Commerce, Bureau of the Census, 2000 census.
- (4) U.S. Department of Commerce, Bureau of the Census, 2000 census.
- (5) Evanston school boards - Districts #65 and #202 combined, based on enrollment figures as of September 30 of the previous year.
- (6) Illinois Department of Labor, Research Division. Figures are for Evanston only and represent average annual unemployment rate for previous calendar year.

CITY OF EVANSTON, ILLINOIS

Construction Value and Property Value Last Ten Fiscal Years

Fiscal Year Ended	(1) Construction Value	(2) Property Value
1995	84,208,856	3,038,000,000
1996	41,911,303	3,419,000,000
1997	106,310,738	3,462,000,000
1998	107,237,350	3,446,000,000
1999	98,163,935	3,771,000,000
2000	176,684,000	3,901,000,000
2001	193,951,036	3,901,000,000
2002	269,726,073	3,998,000,000
2003	132,905,871	4,848,000,000
2004	124,772,892	5,200,000,000

Data Sources

- (1) City of Evanston building department
- (2) Estimated actual value.

CITY OF EVANSTON, ILLINOIS

Principal Taxpayers
Ten Largest Taxpayers

Taxpayers	Type of Business	(1) Equalized Assessed Valuation	Percentage of Total Assessed Valuation
Golub & Company	Bank One/Office Building	\$ 20,504,101	1.20%
Rotary International	Office building - 18 story	17,204,801	1.01%
Evanston NW Healthcare	Chicago Ave. Condo Building	14,623,909	0.85%
Church & Chicago LTD. Partnership	Chicago Avenue Condo Building	12,760,189	0.75%
Evanston Plaza Freed	Shopping Center	11,162,304	0.65%
Church Street Plaza	Shopping Center	10,995,024	0.64%
Lynn Minnici	1800 Sherman/Office Building	10,819,781	0.63%
Greenfield Acquisitions	Real Estate	10,270,624	0.60%
Evanston Hotel	Hotel	10,268,980	0.60%
Albertson's (Jewel & Osco)	Grocery & Drug Stores	8,700,722	0.51%
Total Ten Largest Taxpayers		<u>\$ 127,310,435</u>	<u>7.33%</u>

Note:

(1) January 1, 2001 - Levy year 2001 for 2002 tax billing purposes. Levy year 2001 equalized assessed valuation, including tax increment financing district incremental values, was \$1,710,663,113.

CITY OF EVANSTON, ILLINOIS

Miscellaneous Statistics
February 29, 2004

Date of Incorporation	1863
Form of Government	Council - Manager
Geographic Location	On Lake Michigan Immediately north of Chicago
Area	8.513 Square Miles
Population	
1900	19,259
1910	24,978
1920	37,234
1930	63,338
1940	65,389
1950	73,461
1955	74,959
1960	79,283
1970	80,113
1980	73,706
1990	73,233
2000	74,239
Number of Housing Units (2000 Census)	30,817
Per Capita Income	\$36,296
Annual Gross Retail Sales 2001/2002	\$751,741,503
Municipal Services and Facilities	
Number of Full-Time Employees	831
Miles of Streets	137
Miles of Alleys	70
Miles of Sewers	150
Number of Street Lights	5,448
Value of Construction Authorized in 2003/2004	\$124,772,892

Continued

CITY OF EVANSTON, ILLINOIS

Miscellaneous Statistics - Continued
February 29, 2004

Fire Protection	
Number of Firefighters	110
Number of Other Employees	2
Number of Stations	5
Number of Fire Hydrants	1,200
I.S.O. Rating	Class 3
Police Protection	
Number of Police Officers	158
Number of School Crossing Guards	34
Number of Parking Enforcement Officers	9
Number of Other Employees	45
Library Services	
Number of Branch Libraries	2
Number of Books and Other Materials	514,248
Number of Registered Borrowers	47,367
Loan of Library Materials - 2003/2004	868,837
Recreation Facilities	
Number of Parks and Playgrounds	80
Park Area in Acres	289.6
Number of Beaches	5
Municipal Parking Utility	
Number of Parking Meters on Streets	1,430
Number of Parking Lots	44
Capacity of Parking Lots	3,404
Metered Spaces	730
Space Rentals and Free Spaces	2,615
Capacity of Parking Garages	2,567
Municipal Water Utility	
Population Serviced	
Northwest Water Commission	221,643
Evanston	73,421
Skokie	63,126
Filtration Plant Rated Daily Capacity (gallons)	108,000,000
Rated Daily Pumping Capacity (gallons)	147,000,000
Average Daily Pumpage (gallons) 2002/2003	44,274,000
Maximum Daily Pumpage (gallons) 2002/2003	72,908,000
Miles of Water Mains	155.908

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TAX INCREMENT FINANCING DISTRICT
REQUIREMENTS

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Lorraine H. Morton, Mayor and
Members of City Council
Evanston, Illinois

We have examined management's assertion included in its representation letter dated August 9, 2004, that the City of Evanston, Illinois complied with the provision 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 February 29, 2004. As discussed in that representation letter, the City of Evanston, Illinois' management is responsible for 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 the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence supporting the City of Evanston, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Evanston, Illinois' 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 February 29, 2004, is fairly stated in all material respects.

This report is intended solely for the information and use of the Mayor, Members of City Council, management, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than those specified parties.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Northbrook, Illinois
August 9, 2004