



City of
EvanstonTM
ILLINOIS

*Comprehensive Annual Financial Report
For the Fiscal Year Ended February 28, 2006*

CITY OF EVANSTON, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
FEBRUARY 28, 2006

Prepared by Finance Department
Mary Rodino Kutz
Interim Finance Director and Comptroller

CITY OF EVANSTON, ILLINOIS

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INTRODUCTORY SECTION

CITY OF EVANSTON, ILLINOIS

Principal Officials
February 28, 2006

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

Julia A. Carroll, City Manager

FINANCE DEPARTMENT

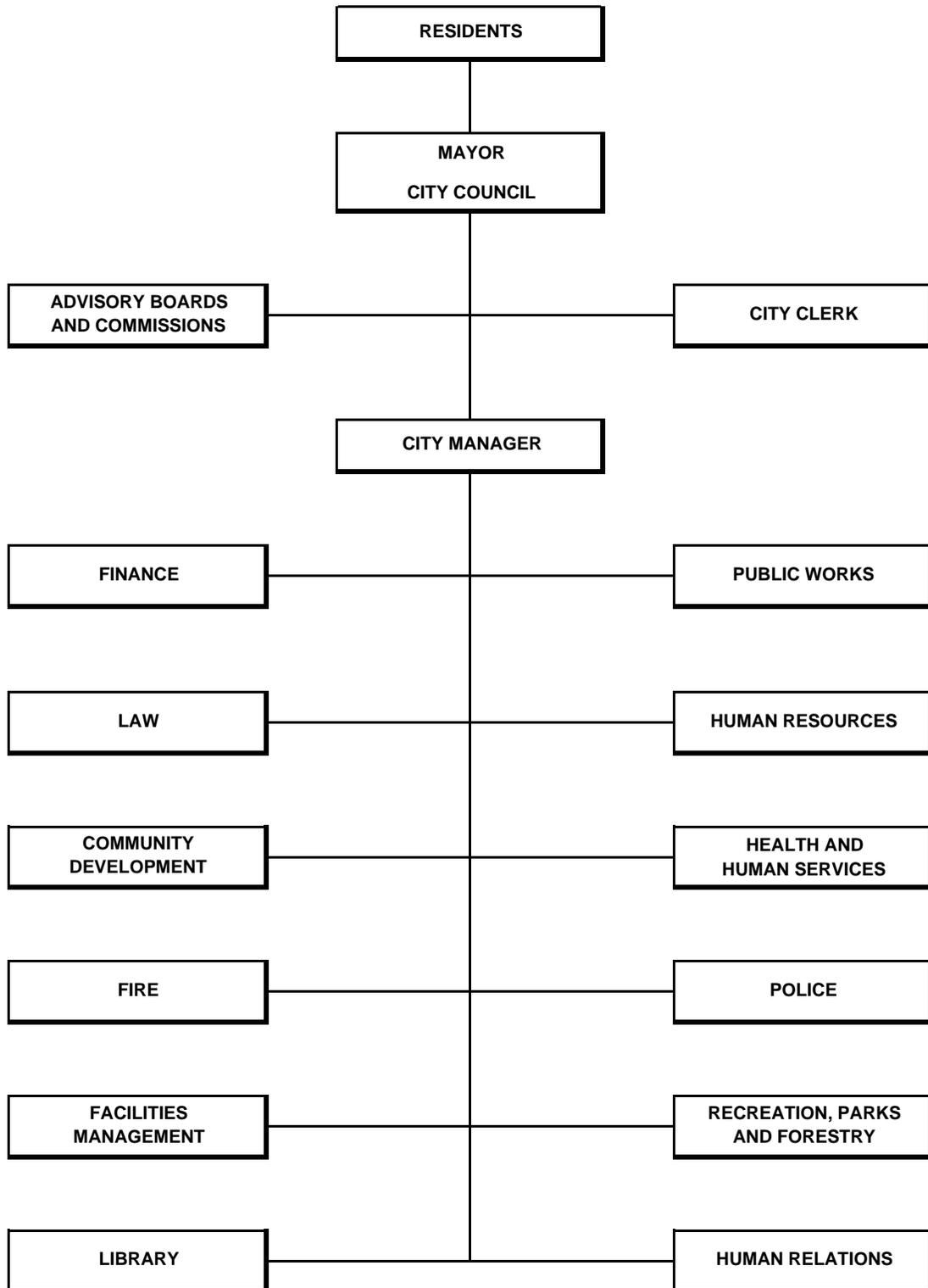
Mary Rodino Kutz, Interim Finance Director and Comptroller

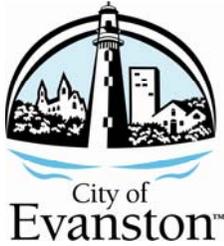
Bobbie Tolston, Director of Purchasing and Contracts

Patricia P. Ford, Payroll Manager

Kevin Lookis, Revenue Manager

CITY OF EVANSTON ORGANIZATION CHART





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August 15, 2006

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 28, 2006 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. 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 28, 2006, 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 28, 2006, 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; it has apartment, condominium, and student housing; its residents are commuters and locally employed workers; its 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 eight square miles, have been essentially the same ever since. The City has four miles of shoreline along Lake Michigan.

Evanston is the home of Northwestern University, so named as it was established to serve the Northwest Territory. The University first platted the village which surrounded it. The State Legislature named the Village “Evanston” in honor of Dr. John Evans, the then president of the University’s Board.

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 (four Saturday morning public hearings were held prior to adoption of the 2006/07 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 2006/2007, the City projects that 46.05% (\$85.7 million) of all City expenditures will occur in the General Fund. Other major funds include the Washington National Tax Increment District Fund, the Water Fund, and the Sewer Fund.

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 Council unanimously approved the Evanston Strategic Plan on March 27, 2006. The plan will help focus the City over the next five years. Strategic planning determines where an organization is going, how it is going to get there, and measures successes over time. It ensures the most effective use of the organization's limited resources by focusing the resources on key priorities. The thirteen goals of the City's Strategic Plan address these visions with objectives that support the community's values.
- The Sherman Plaza redevelopment is nearing completion as of the date of this letter. The City's new 1,500 space parking garage opened in June 2006. The garage is financed by the City's general obligation bonds. 160,000 square feet of retail space is expected to open this month (August 2006) and occupancy in the 24-story condominium tower is expected to begin later this summer.
- The City is in the final construction phase of a \$200 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.
- The 2005 Evanston Violent Crime Index is 42.5% below the national average. Reported aggravated assaults and batteries declined 66.4% from 1995 to 2005. Reported robberies declined 59.2% between 1996 and 2005. The 2005 Crime Index is at its lowest since 1970.
- The City is in the process of developing an environmentally sensitive lakefront master plan as part of its Strategic Plan.
- Additional 2006 initiatives include reconstruction of McCormick Boulevard, a major thoroughfare in the City, as well as traffic signal reconfiguration on Ridge Avenue. Both projects are partially financed through local as well as state and/or federal funding.

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. Building permits were 28% over budget, due to several large developments, including Sherman Plaza. State income taxes were 15% higher than the previous year and 13% higher than the budgeted amount. Sales tax for the fiscal year FY 2006 increased .3% from FY 2005. 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.

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. The City has also settled the majority of its largest outstanding lawsuits from previous years and liability estimates are currently very low.

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, 2005. 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.

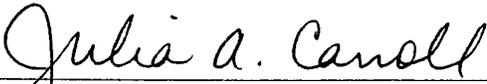
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated March 1, 2005. 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.

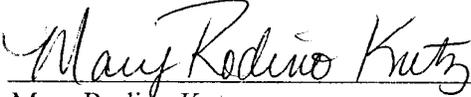
We acknowledge the excellent work of the TIF Accounting Analyst, Remy Navarrete, and the Accounting Division staff in preparing the financial statements. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the 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,



Julia A. Carroll
City Manager



Mary Rodino Kutz
Interim Finance Director and Comptroller

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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, 2005

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

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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 the City Council
Evanston, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evanston, Illinois, as of and for the year ended February 28, 2006, 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 of Evanston'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 the aggregate remaining fund information of the City of Evanston, Illinois, as of February 28, 2006, 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 our report dated August 4, 2006 on our consideration of the City of Evanston, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 10 and retirement fund historical data and budgetary comparison information on pages 85 through 88 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. 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 of Evanston, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and schedules and capital assets used in the operation of governmental funds, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, 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. This information has 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 4, 2006



MANAGEMENT'S DISCUSSION AND ANALYSIS

FEBRUARY 28, 2006

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

- A. The City's net assets increased by \$20,577,968 (or 9.21%) for the fiscal year reported (FY 2006). The governmental net assets increased by \$4,756,524 (or 6.24% from Fy 2005) and the business-type activities net assets increased by \$15,821,444 (or 10.75% from FY 2005).
- B. The governmental activities revenue increased by \$9,675,829 (or 8.29%). The expenditures increased by \$21,608,824 (or 22.55%).
- C. The business-type activities revenue increased by \$2,518,211 (or 7.63%). The expenditures decreased by \$903,513 (or 3.63%).
- D. The total cost of all City programs increased by \$20,705,311 or 17.16%.
- E. The City of Evanston issued new debt in the amount of \$29,270,000 during the current fiscal year. Of this \$13,060,000 for the Sherman Plaza garage construction, \$10,005,000 will be used to pay for capital improvements out of the Capital Improvement 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 financial position presenting information that includes all 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 non-financial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash was received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by 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 service, fleet service, insurance fund, and culture and recreation. Business-type activities include water and sewer utilities, parking, and garages. Fiduciary activities, such as employee pension plans and agency funds, are not included in the government-wide statements since these assets are not available to fund City programs.

The government-wide financial statements are presented on pages 11 - 14 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 15 - 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 such as the water utilities and the parking garages, are provided to customers external to the City organization. Internal service funds provide services and charge fees to customers within the City organization, such as equipment services (repair and maintenance of city vehicles) and the insurance fund. Because the City's internal service funds primarily serve governmental functions, they are included within the governmental activities of the government-wide financial statements.

Proprietary fund statements and statements for discretely presented component units (reporting is similar to proprietary funds) provide both 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 18 - 22 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 23 - 24 of this report.

Notes to the financial statements

The accompanying notes to financial statements provide information essential to a full understanding of the government wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Other supplementary information includes detail by fund and component unit for receivables, payables, transfers, and payments within the reporting entity. Required supplementary information can be found on pages 85 - 88 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 89. Additional information on capital assets and long-term debt can be found in notes (to the financial statements) 48 and 60 respectively.

Financial Analysis of the City as a Whole

The City's combined net assets increased by \$20,577,968 from FY 2005 - an increase from \$223,441,451 to \$244,019,419.

STATEMENT OF NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$132,931,957	\$148,165,127	\$39,038,968	\$35,542,196	\$171,970,925	\$183,707,323
Capital Assets	177,431,799	140,959,825	271,180,593	264,856,918	448,612,392	405,816,743
Total Assets	310,363,756	289,124,952	310,219,561	300,399,114	620,583,317	589,524,066
Long-Term Liabilities	132,862,214	105,722,077	119,708,579	124,190,111	252,570,793	229,912,188
Other Liabilities	96,497,745	107,155,602	27,495,360	29,014,825	123,993,105	136,170,427
Total Liabilities	229,359,959	212,877,679	147,203,939	153,204,936	376,563,898	366,082,615
Net Assets						
Investment in Capital assets, net of Debt	34,426,799	426,491	128,692,273	114,442,311	163,119,072	114,868,802
Restricted	33,745,651	32,810,919	10,449,106	11,274,326	44,194,757	44,085,245
Unrestricted	12,831,347	43,009,863	23,874,243	21,477,541	36,705,590	64,487,404
Total Net Assets	\$81,003,797	\$76,247,273	\$163,015,622	\$147,194,178	\$244,019,419	\$223,441,451

The City's total revenues increased by \$12,194,040 or 8.14%. The City's total cost of all programs was increased by \$20,705,311. Governmental activities increased due to net revenues over expenditures that added monies to the fund reserves. The main reason for the net assets 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 \$4,756,524. This was mainly due to a surplus in the General Fund of revenues over expenditures and settlement of some major liabilities in the Insurance Fund. Increased accumulations of nonmajor governmental funds is due to high interest rates on investments and a surplus in revenues over expenditures.

Business Funds: The business-type activities experienced a net increase in net assets of \$15,821,444. 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 \$100 million 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 spring 2005, demolition and construction began on the Sherman Plaza project. This project includes a new parking facility as well as high rise condominium and retail space. The Sherman Plaza parking facility will be finished and in operation on June 2006.

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	
	2006	2005	2006	2005	2006	2005
Revenue						
Program Revenues:						
Charges for services	\$27,663,692	\$26,246,493	\$34,626,625	\$32,623,801	\$62,290,317	\$58,870,294
Operating grants and contributions	3,440,889	3,713,201			3,440,889	3,713,201
Capital grants and contributions	1,126,610	212,000			1,126,610	212,000
General Revenues:						
Sales taxes	14,096,471	13,984,119			14,096,471	13,984,119
Property taxes	46,177,463	38,738,232			46,177,463	38,738,232
Utility taxes	8,858,217	8,397,773			8,858,217	8,397,773
Other taxes	22,090,240	23,935,340			22,090,240	23,935,340
Investment income	2,996,804	1,547,399	896,246	380,859	3,893,050	1,928,258
Total Revenue	126,450,386	116,774,557	35,522,871	33,004,660	161,973,257	149,779,217
Expenses						
General management and support	19,536,566	14,450,761			19,536,566	14,450,761
Public safety	45,950,611	31,167,640			45,950,611	31,167,640
Public works	14,631,723	14,224,855			14,631,723	14,224,855
Health and human resources development	4,781,198	5,843,522			4,781,198	5,843,522
Recreation and cultural opportunities	19,791,683	18,276,621			19,791,683	18,276,621
Housing and economic development	6,850,300	6,757,476			6,850,300	6,757,476
Interest	5,874,030	5,086,412			5,874,030	5,086,412
Water			8,759,592	8,175,691	8,759,592	8,175,691
Sewer			9,219,174	8,781,361	9,219,174	8,781,361
Maple avenue garage			3,096,444	3,148,145	3,096,444	3,148,145
Motor vehicle parking system			2,903,968	4,777,494	2,903,968	4,777,494
Total Expense	117,416,111	95,807,287	23,979,178	24,882,691	141,395,289	120,689,978
Increase in net assets before transfer	9,034,275	20,967,270	11,543,693	8,121,969	20,577,968	29,089,239
Transfers	(4,277,751)	(1,243,758)	4,277,751	1,243,758		
Increase in net assets	4,756,524	19,723,512	15,821,444	9,365,727	20,577,968	29,089,239
Net Assets - Beginning	76,247,273	56,523,761	147,194,178	137,828,451	223,441,451	194,352,212
Net Assets - Ending	\$81,003,797	\$76,247,273	\$163,015,622	\$147,194,178	\$244,019,419	\$223,441,451

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 \$95,635,375 as a year-end total, including \$23,654,784 unrestricted, indicating availability for continuing City service requirements. Reserved fund balances include \$62,643 committed to liquidate encumbrances remaining from prior years, \$2,590,000 committed to Illinois Municipal Retirement Fund (IMRF) reserves, \$2,576,360 committed to pay compensated absences, and \$798,417 committed to other activities.

The total ending balances of governmental funds show a decrease of \$13,007,732 from the prior year. The decrease is primarily the result of continuing Sherman Garage construction and demolition 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 \$1,673,971. 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, building permit revenues, utility taxes revenues, and increases in sales tax. State shared revenues, such as income taxes and use taxes, continued to have solid increases as the economy starts to recover. The City Council has been diligent in assuring that one-time, nonrecurring revenues are not inserted into the operating budget. Additionally, the increase in the General Fund cash balance to a level of 10% has been achieved during the last three years. This, again, was a policy objective set by the City Council that has been achieved during less than ideal economic conditions.

The Washington National Tax Increment District Fund has a fund balance of \$7,143,095, a decrease of \$18,059,717 due to the continuous construction of Sherman Plaza Garage.

The combined governmental funds: Have combined fund balances of \$63,660,726, an increase of \$3,378,014 from prior year (\$60,282,712). The increase was due to property taxes, hotel taxes, and amusement taxes received in FY2006.

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 are supported by external water sales to the Village of Skokie and the Northwest Water Commission. The Sewer Fund is in the final stages of the \$200 million plus sewer renovation program which is being funded by IEPA loans that are being paid off over twenty years. The Motor Vehicle Parking system has a surplus of \$136,087 as of February 28, 2006 due to increased parking rates in the 2006 fiscal year.

Internal Service Funds

The City's combined internal service funds net assets were \$2,853,763 as of February 28, 2006. At March 1, 2005, the combined funds had a balance of \$216,477.

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 due to overtime expenditures in the Fire Department and several retirements in the Police Department.

Capital Assets

The City established a policy of capitalizing equipment and vehicles with \$20,000 or more in value and infrastructure and building improvements with \$100,000 or more in value. The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities, as of February 28, 2006, was \$448,612,392. The total increase in this net investment was 26% for governmental and 2.0% for business-type activities. The overall increase was 10.5% for the City as a whole. Major capital asset events during the current fiscal year included continued construction of the downtown revitalization projects. Readers desiring more detailed information on capital asset activity should see Note 6 in the Notes to the Financial Statements.

Long-Term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$195,875,000. Of this amount, \$79,111,196 is funded directly from property taxes. The other major component is \$110,212,500, supported by pledged revenues generated primarily by the business-type activities of the City and City's five Tax Increment Financing (TIF) Districts. During the current year, the City issued \$29.270 million in fixed rate general obligation bonds for capital improvement, the Sherman Plaza project, and to partially refund 1998 bonds. As a home rule government under Illinois law, there is no legal debt limit for the City. Readers desiring more detailed information on long-term debt should see Note 9 in the Notes to the Financial Statements.

Bond Ratings

The City's general obligation bonds are rated Aaa and VIMG-1 by Moody's Investor Rating Service and AAA by Fitch Ratings. Evanston City Water Fund revenue bonds are rated Aa1 and AA for uninsured issues. The Aaa and AAA rating were confirmed during the year for the Series 2005 bond issue which was for capital improvements and construction of the Sherman Plaza garage project.

Economic Factors

The Evanston economy continues to hold firm in spite of a state economy that continues to lag. Fiscal 2006 revenues were nearly 4.5% up from fiscal 2005, according to Illinois State Comptroller Dan Hynes.

While the state's unemployment rate continues to be about 5.5% Evanston's is closer to 4.5%. Both state and Evanston sales tax increased in fiscal 2006. The City's housing market continued to boom with the largest year ever in real estate transfer tax receipts of over \$4 million. For the sixth 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 indicated that the number should continue to increase.

The Water Fund continues to generate \$6,684,309 in cash flows from operating activities due to the sale of water to the Village of Skokie and the villages in the Northwest Water Commission. The City notified the Northwest Water Commission that it is exercising the right to reopen the long-term contract. Negotiations are ongoing. Half of the revenue 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 Finance Department at the City of Evanston, 2100 Ridge Avenue, Evanston, Illinois 60201 or access the website at www.cityofevanston.org.

BASIC FINANCIAL STATEMENTS

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CITY OF EVANSTON, ILLINOIS

Statement of Net Assets

February 28, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and equivalents	\$ 40,401,782	\$ 5,703,164	\$ 46,104,946
Investments	37,252,481	2,994,865	40,247,346
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	39,405,095	-	39,405,095
Accounts	95,220	4,550,915	4,646,135
Notes	6,155,871	-	6,155,871
Special assessments	769,274	-	769,274
Accrued interest	159,818	90,434	250,252
Other	1,847,709	32,173	1,879,882
Due from other governments	6,359,177	-	6,359,177
Due from other agency	4,488	-	4,488
Internal balances	200,065	(200,065)	-
Inventories	280,977	660,175	941,152
Restricted assets			
Cash and equivalents and investments	-	24,898,307	24,898,307
Capital assets			
Capital assets not being depreciated	25,252,516	3,297,937	28,550,453
Construction in progress	41,657,942	18,279,118	59,937,060
Capital assets (net of accumulated depreciation)	110,521,341	249,603,538	360,124,879
Other assets	-	309,000	309,000
Total Assets	\$ 310,363,756	\$ 310,219,561	\$ 620,583,317

The accompanying notes are an integral part of this statement.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Vouchers payable	\$ 5,374,776	\$ 740,832	\$ 6,115,608
Accrued payroll	1,307,488	94,860	1,402,348
Interest payable	-	48,897	48,897
Other payables	138,443	-	138,443
Due to other governments	93,855	-	93,855
Due to pension funds	3,288,349	-	3,288,349
Payable from restricted assets			
Vouchers payable	-	2,163,820	2,163,820
Interest payable	-	1,113,221	1,113,221
Unearned revenues	26,342,499	-	26,342,499
Noncurrent liabilities			
Payable from restricted assets - due within one year	-	8,703,074	8,703,074
Due within one year	59,952,335	14,630,656	74,582,991
Due in more than one year	132,862,214	119,708,579	252,570,793
Total Liabilities	229,359,959	147,203,939	376,563,898
Net Assets			
Investment in capital assets, net of related debt	34,426,799	129,083,940	163,510,739
Restricted			
Pensions - IMRF	2,590,000	-	2,590,000
Culture and recreation	581,990	-	581,990
Debt service	27,780,874	10,449,106	38,229,980
Other	216,427	-	216,427
Unrestricted	15,407,707	23,482,576	38,890,283
Total Net Assets	\$ 81,003,797	\$ 163,015,622	\$ 244,019,419

CITY OF EVANSTON, ILLINOIS

Statement of Activities

Year ended February 28, 2006

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General management and support	\$ 19,536,566	\$ 13,060,396	\$ 150,624
Public safety	45,950,611	428,613	26,372
Public works	14,631,723	168,644	2,252,320
Health and human resource development	4,781,198	1,158,983	964,133
Recreation and cultural opportunities	19,791,683	4,310,449	47,440
Housing and economic development	6,850,300	8,536,607	-
Interest	5,874,030	-	-
Total governmental activities	117,416,111	27,663,692	3,440,889
Business-type activities:			
Water	8,759,592	13,961,436	-
Sewer	9,219,174	16,077,170	-
Maple avenue garage fund	3,096,444	1,622,575	-
Motor vehicle parking system	2,903,968	2,965,444	-
Total business-type activities	23,979,178	34,626,625	-
Total primary government	\$ 141,395,289	\$ 62,290,317	\$ 3,440,889

General revenues:
 Property and other taxes
 Gain on sale of capital assets
 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
\$ 648,910	\$ (5,676,636)	\$ -	\$ (5,676,636)
-	(45,495,626)	-	(45,495,626)
-	(12,210,759)	-	(12,210,759)
-	(2,658,082)	-	(2,658,082)
477,700	(14,956,094)	-	(14,956,094)
-	1,686,307	-	1,686,307
-	(5,874,030)	-	(5,874,030)
1,126,610	(85,184,920)	-	(85,184,920)
-	-	5,201,844	5,201,844
-	-	6,857,996	6,857,996
-	-	(1,473,869)	(1,473,869)
-	-	61,476	61,476
-	-	10,647,447	10,647,447
<u>\$ 1,126,610</u>	<u>(85,184,920)</u>	<u>10,647,447</u>	<u>(74,537,473)</u>
	89,810,392	-	89,810,392
	68,950	-	68,950
	1,343,049	-	1,343,049
	2,996,804	896,246	3,893,050
	(4,277,751)	4,277,751	-
	<u>89,941,444</u>	<u>5,173,997</u>	<u>95,115,441</u>
	4,756,524	15,821,444	20,577,968
	<u>76,247,273</u>	<u>147,194,178</u>	<u>223,441,451</u>
\$	<u>81,003,797</u>	\$ <u>163,015,622</u>	\$ <u>244,019,419</u>

CITY OF EVANSTON, ILLINOIS

Governmental Funds

Balance Sheet
February 28, 2006

Assets	General	Washington National Tax Increment District	Nonmajor Governmental Funds	Total Governmental Funds
Cash and equivalents	\$ 8,969,943	\$ 5,013,386	\$ 26,285,028	\$ 40,268,357
Investments	8,954,247	3,994,526	23,333,176	36,281,949
Receivables				
Property taxes (net of allowance)	14,226,522	-	25,178,573	39,405,095
Accounts	-	-	95,220	95,220
Notes	-	-	6,155,871	6,155,871
Special assessments	-	-	769,274	769,274
Accrued interest	66,343	-	93,475	159,818
Other	1,628,327	-	199,357	1,827,684
Due from other governments	6,063,406	-	295,771	6,359,177
Due from other funds	1,480,988	7,063	2,162,238	3,650,289
Total Assets	\$ 41,389,776	\$ 9,014,975	\$ 84,567,983	\$ 134,972,734
Liabilities and Fund Balances				
Liabilities				
Vouchers payable	\$ 2,450,860	\$ 1,871,876	\$ 787,647	\$ 5,110,383
Accrued payroll	1,268,681	-	14,470	1,283,151
Compensated absences payable	338,417	-	-	338,417
Other	136,458	-	1,985	138,443
Due to other governments	26,390	-	67,465	93,855
Due to other funds	2,910,032	4	3,120,575	6,030,611
Unearned revenues	9,427,384	-	16,915,115	26,342,499
Total Liabilities	16,558,222	1,871,880	20,907,257	39,337,359
Fund Balances				
Reserved	6,027,420	-	33,936,745	39,964,165
Unreserved				
Capital project funds	320,196	7,143,095	24,553,135	32,016,426
Special revenue funds	-	-	5,170,846	5,170,846
General fund	18,483,938	-	-	18,483,938
Total Fund Balances	24,831,554	7,143,095	63,660,726	95,635,375
Total Liabilities and Fund Balances	\$ 41,389,776	\$ 9,014,975	\$ 84,567,983	

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. 170,354,102

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. (187,839,443)

The net assets of the internal service fund are included in the governmental activities in the statement of net assets. 2,853,763

Net assets of governmental activities \$ 81,003,797

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 28, 2006

	General	Washington National Tax Increment District	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 41,910,555	\$ -	\$ 33,750,523	\$ 75,661,078
Licenses and permits	9,164,065	-	-	9,164,065
Special assessments	-	-	545,655	545,655
Intergovernmental	15,254,462	-	5,851,938	21,106,400
Charges for services	6,904,796	-	-	6,904,796
Fines and forfeits	3,781,020	-	-	3,781,020
Investment income	575,281	740,966	1,653,547	2,969,794
Miscellaneous	4,387,070	-	1,425,324	5,812,394
Total Revenues	81,977,249	740,966	43,226,987	125,945,202
Expenditures				
Current				
General management and support	13,905,339	345,738	1,350,004	15,601,081
Public safety	29,912,381	-	9,182,154	39,094,535
Public works	11,687,269	-	1,554,835	13,242,104
Health and human resource development	4,565,684	-	-	4,565,684
Recreation and cultural opportunities	16,408,586	-	117,000	16,525,586
Housing and economic development	2,904,682	-	3,740,953	6,645,635
Pensions	4,627,930	-	-	4,627,930
Debt service				
Principal	-	-	7,690,000	7,690,000
Interest	-	-	5,856,892	5,856,892
Fiscal agent fees	-	-	322,825	322,825
Capital outlay	-	32,373,714	9,712,853	42,086,567
Total Expenditures	84,011,871	32,719,452	39,527,516	156,258,839
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,034,622)	(31,978,486)	3,699,471	(30,313,637)
Other Financing Sources (Uses)				
Transfers in	4,966,843	5,347	2,060,108	7,032,298
Transfers out	(1,258,250)	-	(13,174,149)	(14,432,399)
Capitalized interest income	-	-	354,581	354,581
Capitalized interest expense	-	-	(354,581)	(354,581)
Issuance of debt	-	13,060,000	16,210,000	29,270,000
Premiums and discounts	-	853,422	1,208,973	2,062,395
Escrow funding	-	-	(6,626,389)	(6,626,389)
Total Other Financing Sources (Uses)	3,708,593	13,918,769	(321,457)	17,305,905
Net Change in Fund Balances	1,673,971	(18,059,717)	3,378,014	(13,007,732)
Fund Balances -Beginning of Year	23,157,583	25,202,812	60,282,712	108,643,107
Fund Balances - End of Year	\$ 24,831,554	\$ 7,143,095	\$ 63,660,726	\$ 95,635,375

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 28, 2006

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

Net change in fund balances - total governmental funds	\$ (13,007,732)
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.	35,554,082
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.	14,040,000
Issuance of 2005 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.	(31,332,395)
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.	(3,134,717)
Internal service funds are reported separately in the fund financial statements.	<u>2,637,286</u>
Change in net assets of governmental activities	<u>\$ 4,756,524</u>

The accompanying notes are an integral part of this statement.

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CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Statement of Net Assets
February 28, 2006

Assets	Business-type Activities- Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Nonmajor Proprietary Funds	Total	
Current Assets					
Cash and equivalents	\$ 442,062	\$ -	\$ 5,261,102	\$ 5,703,164	\$ 133,425
Investments	-	-	2,994,865	2,994,865	970,532
Restricted cash and equivalents and investments	479,365	10,709,549	-	11,188,914	-
Receivables					
Accounts - billed	1,052,876	412,352	-	1,465,228	-
Accounts - unbilled	864,508	2,221,179	-	3,085,687	-
Accrued interest	-	64,901	25,533	90,434	-
Other	20,487	-	11,686	32,173	20,025
Due from other funds	277	11,906	60,070	72,253	281,650
Inventories	527,163	133,012	-	660,175	280,977
Total Current Assets	3,386,738	13,552,899	8,353,256	25,292,893	1,686,609
Noncurrent Assets					
Restricted cash and equivalents and investments	10,582,066	3,127,327	-	13,709,393	-
Capital Assets					
Land	555,415	-	2,742,522	3,297,937	-
Construction in progress	1,027,973	17,251,145	-	18,279,118	-
Capital assets being depreciated	58,187,210	198,922,455	35,626,757	292,736,422	19,766,744
Less accumulated depreciation	(14,127,102)	(22,822,798)	(6,182,984)	(43,132,884)	(12,689,047)
Total Capital Assets	45,643,496	193,350,802	32,186,295	271,180,593	7,077,697
Other Assets					
Receivables					
Notes	-	-	309,000	309,000	-
Total Noncurrent Assets	56,225,562	196,478,129	32,495,295	285,198,986	7,077,697
Total Assets	\$ 59,612,300	\$ 210,031,028	\$ 40,848,551	\$ 310,491,879	\$ 8,764,306

The accompanying notes are an integral part of this statement.

Liabilities	Business-type Activities- Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Nonmajor Proprietary Funds	Totals	
Current Liabilities					
Vouchers payable	\$ 291,543	\$ 229,220	\$ 220,069	\$ 740,832	\$ 264,393
Vouchers payable - restricted	376,850	1,786,970	-	2,163,820	-
Accrued payroll	60,576	17,137	17,147	94,860	24,337
Interest payable	-	-	48,897	48,897	-
Interest payable - restricted	24,182	1,089,039	-	1,113,221	-
Revenue bonds payable	391,667	-	-	391,667	-
Revenue bonds payable - restricted	78,333	-	-	78,333	-
Compensated absences payable	387,900	79,131	108,357	575,388	102,575
General obligation bonds payable	-	-	13,685,000	13,685,000	-
General obligation bonds payable - restricted	-	2,050,000	-	2,050,000	-
Unamortized bond expenses and discount	-	-	(21,399)	(21,399)	-
Claims payable	-	-	-	-	862,114
Notes payable - Sewer IEPA Loans - restricted	-	6,574,741	-	6,574,741	-
Due to other funds	28,863	230,277	13,178	272,318	985,124
Total Current Liabilities	1,639,914	12,056,515	14,071,249	27,767,678	2,238,543
Long-Term Liabilities					
Notes payable - Sewer IEPA Loans	-	94,825,934	-	94,825,934	-
General obligation bonds payable	-	18,520,000	3,130,000	21,650,000	-
Revenue bonds payable	3,240,000	-	-	3,240,000	-
Unamortized bond expenses and discount	18,064	(25,419)	-	(7,355)	-
Claims payable	-	-	-	-	3,672,000
Total Long-Term Liabilities	3,258,064	113,320,515	3,130,000	119,708,579	3,672,000
Total Liabilities	4,897,978	125,377,030	17,201,249	147,476,257	5,910,543
Net Assets					
Invested in capital assets, net of related debt	42,307,099	71,405,546	15,371,295	129,083,940	7,077,697
Restricted for debt service	10,449,106	-	-	10,449,106	-
Unrestricted	1,958,117	13,248,452	8,276,007	23,482,576	(4,223,934)
Total net assets	\$ 54,714,322	\$ 84,653,998	\$ 23,647,302	\$ 163,015,622	\$ 2,853,763

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year ended February 28, 2006

	Business-type Activities- Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Nonmajor Proprietary Funds	Total	
Operating Revenues					
Charges for services	\$ 13,475,577	\$ 16,027,055	\$ 4,575,637	\$ 34,078,269	\$ 6,614,300
Miscellaneous	485,859	50,115	12,382	548,356	27,661
Total Operating Revenues	13,961,436	16,077,170	4,588,019	34,626,625	6,641,961
Operating Expenses Excluding Depreciation					
Administration	634,737	-	1,052,335	1,687,072	-
Operations	6,071,128	2,130,179	3,285,828	11,487,135	6,476,989
Total Operating Expenses Excluding Depreciation	6,705,865	2,130,179	4,338,163	13,174,207	6,476,989
Operating Income (Loss) Before Depreciation	7,255,571	13,946,991	249,856	21,452,418	164,972
Depreciation	1,345,848	2,665,388	844,028	4,855,264	1,388,947
Operating Income (Loss)	5,909,723	11,281,603	(594,172)	16,597,154	(1,223,975)
Nonoperating Revenues (Expenses)					
Investment income	419,530	300,856	175,860	896,246	27,010
Interest expense	(171,977)	(4,125,309)	(803,662)	(5,100,948)	(17,138)
Bond expenses and amortization of discount	(1,401)	(6,648)	(14,559)	(22,608)	-
Gain (loss) on disposition of assets	(242,851)	-	-	(242,851)	145,739
Total Nonoperating Revenues (Expenses)	3,301	(3,831,101)	(642,361)	(4,470,161)	155,611
Income (Loss) Before Transfers	5,913,024	7,450,502	(1,236,533)	12,126,993	(1,068,364)
Transfers In (Out)					
Central Business Tax Increment District Fund	268,449	899,602	4,500,000	5,668,051	51,650
Insurance Fund	(3,300,000)	-	-	(3,300,000)	-
Fleet Fund	-	(230,000)	-	(230,000)	-
Capital Improvement Fund	3,300,000	-	-	3,300,000	105,000
Water Fund	-	-	-	-	3,300,000
Sewer Fund	-	-	-	-	230,000
Economic Development Fund	-	-	650,000	650,000	-
General Fund	(2,693,600)	-	300,000	(2,393,600)	19,000
Total Transfers In (Out)	(2,425,151)	669,602	5,450,000	3,694,451	3,705,650
Change in Net Assets	3,487,873	8,120,104	4,213,467	15,821,444	2,637,286
Total Net Assets - Beginning of Year	51,226,449	76,533,894	19,433,835	147,194,178	216,477
Total Net Assets - End of Year	\$ 54,714,322	\$ 84,653,998	\$ 23,647,302	\$ 163,015,622	\$ 2,853,763

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Statement of Cash Flows
Year ended February 28, 2006

	Business-type Activities- Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Nonmajor Proprietary Funds	Total	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 14,011,895	\$ 15,940,864	\$ 4,561,852	34,514,611	\$ 6,649,928
Receipts from interfund services provided	348,296	(7,237)	71,571	412,630	(281,406)
Payments to suppliers	(5,821,382)	(764,321)	(3,196,571)	(9,782,274)	(12,625,001)
Payments to employees	(546,398)	9,925	(1,011,149)	(1,547,622)	(1,982,462)
Payments for interfund services provided	(1,308,102)	-	(142,384)	(1,450,486)	978,190
Net Cash Provided by (Used for) Operating Activities	6,684,309	15,179,231	283,319	22,146,859	(7,260,751)
Cash Flows from Noncapital Financing Activities					
Transfers In (Out)					
Central Business Tax Increment District Fund	268,449	899,602	4,500,000	5,668,051	51,650
Insurance Fund	(3,300,000)	-	-	(3,300,000)	-
Fleet Fund	-	(230,000)	-	(230,000)	-
Capital Improvement Fund	3,300,000	-	-	3,300,000	105,000
Water Fund	-	-	-	-	3,300,000
Sewer Fund	-	-	-	-	230,000
Economic Development Fund	-	-	650,000	650,000	-
General Fund	(2,693,600)	-	300,000	(2,393,600)	19,000
Net Cash Provided by (Used for) Noncapital Financing Activities	(2,425,151)	669,602	5,450,000	3,694,451	3,705,650
Cash Flows from Capital and Related Financing Activities					
Sale of capital assets	-	-	-	-	152,196
Acquisition and construction of capital assets	(3,119,850)	(8,352,942)	51,000	(11,421,792)	(2,313,297)
Principal paid on revenue bonds	(865,000)	-	-	(865,000)	-
Interest paid on revenue bonds	(177,355)	-	-	(177,355)	-
Principal paid on general obligation bonds	-	(1,925,000)	(4,345,000)	(6,270,000)	(450,000)
Interest paid on general obligation bonds	-	(1,276,080)	(803,662)	(2,079,742)	(22,850)
Principal paid on IEPA loans	-	(5,975,259)	-	(5,975,259)	-
Interest paid on IEPA loans	-	(2,849,228)	-	(2,849,228)	-
Proceeds from IEPA loans	-	5,175,923	-	5,175,923	-
Net Cash (Used for) Capital and Related Financing Activities	(4,162,205)	(15,202,586)	(5,097,662)	(24,462,453)	(2,633,951)
Cash Flows from Investing Activities					
Proceeds from sales and maturities of investments	-	-	-	-	10,300,000
Purchase of investments	-	-	-	-	(4,227,010)
Interest income	419,530	300,856	175,860	896,246	27,010
Net Cash Provided by Investing Activities	419,530	300,856	175,860	896,246	6,100,000
Net Increase (Decrease) in Cash and Equivalents	516,483	947,103	811,517	2,275,103	(89,052)
Cash and Equivalents					
Beginning of year	10,987,010	12,889,773	7,444,450	31,321,233	222,477
End of year	\$ 11,503,493	\$ 13,836,876	\$ 8,255,967	\$ 33,596,336	\$ 133,425
Reconciliation					
Cash and equivalents					
Unrestricted	\$ 921,427	\$ 10,709,549	\$ 8,255,967	\$ 19,886,943	\$ 133,425
Restricted	10,582,066	3,127,327	-	13,709,393	-
	\$ 11,503,493	\$ 13,836,876	\$ 8,255,967	\$ 33,596,336	\$ 133,425

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Proprietary Funds

Statement of Cash Flows - Continued
Year ended February 28, 2006

	Business-type Activities- Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Nonmajor Proprietary Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ 5,909,723	\$ 11,281,603	\$ (594,172)	\$ 16,597,154	\$ (1,223,975)
Depreciation	1,345,848	2,665,388	844,028	4,855,264	1,388,947
Changes in assets and liabilities					
Other receivables	(20,487)	-	(634)	(21,121)	7,967
Accounts receivable	70,946	(89,875)	-	(18,929)	-
Interfund receivable	348,296	(7,237)	71,571	412,630	(281,406)
Inventories	(47,699)	(433)	-	(48,132)	(26,543)
Accrued interest receivable	-	(46,431)	(25,533)	(71,964)	-
Compensated absences	76,579	7,682	36,891	121,152	2,556
Accrued payroll	11,760	2,243	4,295	18,298	1,766
Interfund payable	(1,308,102)	-	(142,384)	(1,450,486)	978,190
Interfund payable (restricted)	-	(23,668)	-	(23,668)	-
Vouchers payable	(68,776)	195,873	96,313	223,410	79,156
Vouchers payable (restricted)	366,221	1,172,250	-	1,538,471	-
Interest payable	-	21,836	(7,056)	14,780	-
Claims payable	-	-	-	-	(8,162,670)
Due to other governments	-	-	-	-	(24,739)
Net Cash Provided by (Used for) Operating Activities	\$ 6,684,309	\$ 15,179,231	\$ 283,319	\$ 22,146,859	\$ (7,260,751)

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

Fiduciary Funds

Statement of Net Assets February 28, 2006

	Pension Trust Funds	Special Assessment Agency Fund
Assets		
Cash and short-term investments	\$ 15,830,112	\$ 21,073
Receivables		
Accrued interest	279,071	-
Due from other funds	3,288,349	-
Total Receivables	3,567,420	-
Investments, at fair value		
U.S. Government obligations	37,923,588	-
Common stock	6,141,193	-
Mutual funds	35,595,129	-
Total Investments	79,659,910	-
Total Assets	99,057,442	21,073
Liabilities		
Vouchers payable	3,162	-
Due to special assessment bondholders	-	21,073
Total Liabilities	3,162	21,073
Net assets held in trust	\$ 99,054,280	\$ -

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 28, 2006

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 7,930,740
Plan members	1,764,322
Total contributions	<u>9,695,062</u>
Investment income	
Net appreciation in fair value of investments	3,433,599
Interest	2,482,993
Total investment income	5,916,592
Less investment expense	<u>256,261</u>
Net investment income	<u>5,660,331</u>
Total additions	<u>15,355,393</u>
Deductions	
Benefits	9,758,097
Refunds of contributions	81,538
Administrative expense	58,814
Total deductions	<u>9,898,449</u>
Net increase	5,456,944
Net assets held in trust for pension benefits	
Beginning of year	<u>93,597,336</u>
End of year	<u>\$ 99,054,280</u>

The accompanying notes are an integral part of this statement.

CITY OF EVANSTON, ILLINOIS

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CITY OF EVANSTON, ILLINOIS

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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

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.

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.

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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

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, 2005. 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 15. The joint ventures are: City of Evanston and Northwestern University Research Park; Solid Waste Agency of Northern Cook County (SWANCC); and Evanston Housing Corporation.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Government-wide and Fund Financial Statements - Continued

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.

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

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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 six month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded when payment is due or when amounts have been accumulated in the debt service fund for payment to be made early in the following year.

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

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

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

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 *Washington National Tax Increment District Fund* accounts for the costs of redevelopment of this special taxing district. Financing is provided from the general obligation bonds and note proceeds.

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

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.

Additionally, the City reports the following fund types:

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

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

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

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.

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Cash and Equivalents

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

F. Investments

Investments consist of certificates of deposit, treasury obligations, 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.

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 equipment and vehicles with an initial, individual cost of more than \$20,000, or infrastructure, buildings, or building improvements with an initial, individual cost of more than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Infrastructure acquired prior to the February 28, 2003 implementation of GASB 34 has been reported.

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

H. Capital Assets - Continued

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

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

I. Compensated Absences

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

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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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, 2005 and February 28, 2006 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 unearned revenue represents the net portion of the 2004 property tax levy that will not be collected within 60 days of the Township's March 31, 2005 year-end. A 5% allowance for loss is reflected in the Township financial statements.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 contributions payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$187,839,443 difference are as follows:

General obligation bonds payable	\$ 158,490,000
Special service district bonds payable	3,335,000
Bonds premium liability	4,675,953
Compensated absences payable	8,149,132
Pension contributions payable	<u>13,189,358</u>
Net adjustments to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	\$ <u><u>187,839,443</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 \$35,554,082 difference are as follows:

Capital outlay	\$ 42,291,596
Depreciation expense	<u>(6,737,514)</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>35,554,082</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 \$14,040,000 difference are as follows:

Principal repayments:

General obligation debt	\$	13,785,000
SSD#5 Bond refunded		<u>255,000</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>14,040,000</u></u>
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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 (\$3,134,717) difference are as follows:

Compensated absences	\$	(1,661,362)
Amortization income		333,174
Pension contributions		<u>(1,806,529)</u>

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$	<u><u>(3,134,717)</u></u>
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4. Another element of that reconciliation states that "Issuance of 2005 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 (\$31,332,395) difference are as follows:

2005 Bond Series	\$	(29,270,000)
Bonds premium liability		<u>(2,062,395)</u>

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$	<u><u>(31,332,395)</u></u>
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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

1. 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 2005/06 fiscal year.
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 28, 2004. 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, Employee Pension Contribution

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

Capital Projects

Capital Improvements, Central Business Tax Increment District, Washington National 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.

Adjustments necessary to convert City revenues and expenditures for the year ended February 28, 2006 on the GAAP basis to the budgetary basis are presented below:

	<u>General Fund</u>
Revenues	
GAAP basis revenues as reported in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 81,977,249
Increase (decrease) due to budgeting property taxes as revenue in the year of levy	<u>(57,583)</u>
Budgetary Basis Revenues	<u><u>\$ 81,919,666</u></u>
Expenditures	
GAAP basis revenues as reported in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 84,011,871
Increase (decrease) due to Encumbrances - March 1, 2005	(447,032)
Encumbrances - February 28, 2006	<u>62,643</u>
Budgetary Basis Expenditures	<u><u>\$ 83,627,482</u></u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

B. DEFICIT FUND EQUITY

The Insurance Fund, an internal service fund, had a net assets deficit of \$3,522,374 as of February 28, 2006. 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, in Government Sponsored Enterprises (GSE) such as Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), and Fannie Mae (FNMA); Bankers acceptances as well as commercial paper rated only in the highest tier; Repurchase agreement of the highest grade; Collateralized certificates of deposit issued by FDIC insured financial institutions, money market mutual funds with portfolios limited to securities guaranteed by the United States, the Illinois Metropolitan Investment Fund (IMET), and the Illinois Funds.

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

The Firefighters and Police Pension Funds are set up for the exclusive purpose of providing retirement and other benefits to plan participants and beneficiaries. All investments are governed and authorized by the respective Fire and Police Pension Boards. The investment objectives and parameters mirror those listed above for the City of Evanston. However, unlike the City's public funds, the Firefighters and Police Pension funds may invest in various equity accounts up to a limit of 45% of the aggregate value of each respective fund's assets. The pension funds invest to conform to all state and local statutes governing pension funds. Additional detail is available in each pension fund's investment policies.

B. Pooling of Cash and Investments

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - Continued

C. Types of Investments

As of February 28, 2006, the City has the following investments and maturities.

Governmental and Enterprise Investment Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1 Year	1 - 10 More Years	Equities
Money Market / Liquid Assets	\$ 21,349,654	\$ 21,349,654	\$ -	\$ -
Illinois Funds	21,523,800	21,523,800	-	-
Mutual Funds	4,537,898	-	2,333,969	2,203,929
U.S. Treasuries	2,806,668	899,827	1,906,841	-
Federal Home Loan Mortgage Corp	9,472,562	5,489,544	3,983,018	-
Federal Home Loan Bank	23,001,474	13,002,599	9,998,875	-
Fannie Mae	17,396,844	16,396,844	1,000,000	-
Federal Farm Credit Bank	984,486	-	984,486	-
Corporate Notes	221,990	-	221,990	-
Total Governmental and Enterprise Investment Fund	\$ 101,295,376	\$ 78,662,268	\$ 20,429,179	\$ 2,203,929

IMET Money Market	\$ 2,347,263
Fifth Third Money Market	231,342
First Bank Money Market	6,547,447
Fidelity Money Market	774,428
JP Morgan Monet Market	11,387,049
Vanguard Money Market	62,125
Total Money Market	\$ 21,349,654

Township Investment Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1 Year	1 - 10 More Years	Equities
Illinois Funds	\$ 476,867	\$ 476,867	\$ -	\$ -
Total Township Investment	\$ 476,867	\$ 476,867	\$ -	\$ -

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - Continued

C. Types of Investments - continued

Fire and Police Pension Investment Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1 Year	1 - 10 More Years	Equities
Money Market / Liquid Assets	\$ 15,136,395	\$ 15,136,395	\$ -	\$ -
Mutual Funds	35,595,130	-	5,848,170	29,746,960
U.S. Treasuries	17,408,983	985,592	16,423,391	-
Federal Farm Credit Bank	74,282	-	74,282	-
Federal Home Loan Bank	3,750,387	-	3,750,387	-
Federal Home Loan Mortgage Corp	5,340,782	-	5,340,782	-
Fannie Mae	6,809,140	-	6,809,140	-
Ginnie Mae	4,540,013	-	4,540,013	-
Common Stock	6,141,193	-	-	6,141,193
Total Fire and Police Investment	\$ 94,796,305	\$ 16,121,987	\$ 42,786,165	\$ 35,888,153

Bank One Trust Money Market	\$ 312,380
Smith Barney Money Market	2,002,785
JP Morgan Monet Market	4,355,186
Schwab Money Market	2,909
Oak Brook Bank Money Market	8,463,135
	\$ 15,136,395

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

Credit Risk. State law limits investments in commercial paper, corporate bonds, and mutual bonds funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not impose further limits on investment choices. As of June 30, 2005, the Illinois Funds and Money Markets were rated AAAM by Standard & Poor's. The Illinois Metropolitan Investment 1 - 3 Year Fund (IMET) exclusively invests in AAA Standard & Poor's securities, such as treasury and agency obligations. IMET's convenience fund collateralizes all of its deposits 110%. The City's investment in Federal Home Loan Mortgage, Fannie Mae, and Federal Home Loan Bank bonds were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - Continued

C. Types of Investments - continued

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

Concentration of Credit Risk. It is the policy of the City to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in overconcentration in a security, maturity, issuer, or class of securities.

D. Deposits

City

Deposits consist of deposits in interest-bearing and noninterest-bearing checking accounts. At February 28, 2006, the carrying amount of the City's deposits, including cash on hand of \$42,708, was \$9,234,040. The financial institutions' balances totaled \$12,074,099.

Township

At March 31, 2005, the carrying amount of the Township's deposits was \$244,316. The financial institutions' balances totaled \$248,639.

Fiduciary

Deposits consist of deposits in interest-bearing and noninterest-bearing accounts. At February 28, 2006, the carrying amount of the Pension's deposits was \$693,717 and \$21,073 for Agency. The financial institutions' balances totaled \$702,794 and \$21,073, respectively.

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 for the fiduciary funds is reconciled to the preceding deposit and investment disclosures (Notes 4C and Notes 4D) as follows:

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 - Continued

Unrestricted cash and equivalents	\$ 46,104,946
Unrestricted investments	40,247,346
Restricted cash and equivalents and investments	<u>24,898,307</u>
Total Cash and Investments – Primary Government	111,250,599
Fiduciary funds cash and equivalents	15,851,185
Fiduciary funds investments	<u>79,659,910</u>
Total Cash and Investments	<u>\$ 206,761,694</u>
Carrying amount of deposits – from Note 4 D	\$ 10,193,146
Investments – from Note 4 C	<u>196,568,548</u>
Total	<u>\$ 206,761,694</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 5. RECEIVABLES

A. 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	Washington National TIF District	Water	Sewer	Nonmajor Enterprise Fund	Nonmajor and Other Funds	Total
Receivables:							
Property taxes	\$ 14,511,052	\$ -	\$ -	\$ -	\$ -	\$ 25,682,144	\$ 40,193,196
Accounts	-	-	1,917,384	2,633,531	-	95,220	4,646,135
Notes	-	-	-	-	-	6,155,871	6,155,871
Special assessments	-	-	-	-	-	769,274	769,274
Accrued interest	66,343	-	-	64,901	25,533	372,546	529,323
Other	1,628,327	-	20,487	-	11,686	219,382	1,879,882
Gross receivables	16,205,722	-	1,937,871	2,698,432	37,219	33,294,437	54,173,681
Less: allowance for uncollectibles	284,530	-	-	-	-	503,571	788,101
Net total receivables	\$ 15,921,192	\$ -	\$ 1,937,871	\$ 2,698,432	\$ 37,219	\$ 32,790,866	53,385,580
Less Fiduciary Fund Accrued Interest Included in Nonmajor and Other Funds							(279,071)
Net total receivables - Statement of Net Assets							\$ 53,106,509

B. Notes Receivable – Special Revenue Funds

The City makes loans to City residents for the rehabilitation of single-family and multi-family housing. Initial funding for these loans was from Community Development Block Grant (CDBG) and Housing and Urban Development (HUD) Funds. Two types of loans are made: (1) title transfer loans which are due in full when the housing unit is sold, and (2) amortizing loans which are due in monthly installments over varying lengths of time. Repayments of principal and any interest earned on these receivables, which are recorded in the respective Special Revenue funds, are used to make additional rehabilitation loans. An allowance of \$90,000 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%	\$ 5,395,129	\$ 1,086,641	\$ 349,599	\$ 6,132,171

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 28, 2006 was as follows:

	Balance March 1, 2005 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	89,755	-	18,695,896
Construction in progress	9,284,228	32,373,714	-	41,657,942
Total capital assets, not being depreciated	34,446,989	32,463,469	-	66,910,458
Capital assets, being depreciated:				
Buildings and improvements	76,877,897	1,968,868	337,382	78,509,383
Office equipment and furniture	10,629,496	-	1,094,727	9,534,769
Machinery and equipment	18,912,872	2,783,394	756,301	20,939,965
Infrastructure	78,806,398	7,088,442	-	85,894,840
Library collections	9,929,181	300,719	37,590	10,192,310
Capitalized leases	1,190,567	-	526,498	664,069
Total capital assets being depreciated	196,346,411	12,141,423	2,752,498	205,735,336
Less accumulated depreciation for:				
Buildings and improvements	22,002,552	1,769,587	337,382	23,434,757
Office equipment and furniture	4,899,639	1,265,709	1,094,727	5,070,621
Machinery and equipment	12,547,054	1,509,604	749,844	13,306,814
Infrastructure	41,986,999	2,129,890	-	44,116,889
Library collections	7,206,764	1,451,671	37,590	8,620,845
Capitalized leases	1,190,567	-	526,498	664,069
Total accumulated depreciation	89,833,575	8,126,461	2,746,041	95,213,995
Total capital net assets being depreciated, net	106,512,836	4,014,962	6,457	110,521,341
Governmental activities capital assets, net	\$140,959,825	\$36,478,431	\$ 6,457	\$177,431,799

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	19,902,342	11,377,454	13,000,678	18,279,118
Total capital assets, not being depreciated	23,200,279	11,377,454	13,000,678	21,577,055
Capital assets, being depreciated:				
Land improvements	3,386,672	-	-	3,386,672
Buildings and improvements	31,428,772	-	-	31,428,772
Leasehold improvements	302,752	-	-	302,752
Plant	29,586,234	2,082,633	224,624	31,444,243
Transmission and distribution system	24,229,620	2,006,010	117,253	26,118,377
Sewer system and underground lines	188,719,150	8,956,371	-	197,675,521
Equipment	1,967,905	-	36,671	1,931,234
Parking meters	448,851	-	-	448,851
Total capital assets being depreciated	280,069,956	13,045,014	378,548	292,736,422
Less accumulated depreciation for:				
Land improvements	620,365	80,567	-	700,932
Buildings and improvements	4,157,637	720,019	-	4,877,656
Leasehold improvements	253,567	13,262	-	266,829
Plant	8,711,431	703,501	87,670	9,327,262
Transmission and distribution system	3,655,417	616,035	11,358	4,260,094
Sewer system and underground lines	19,388,971	2,543,715	-	21,932,686
Equipment	1,350,386	151,502	36,669	1,465,219
Parking meters	275,543	26,663	-	302,206
Total accumulated depreciation	38,413,317	4,855,264	135,697	43,132,884
Total capital net assets being depreciated, net	241,656,639	8,189,750	242,851	249,603,538
Business-type activities capital assets, net	\$ 264,856,918	\$19,567,204	\$13,243,529	\$ 271,180,593

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	\$ 2,714,498
Public safety	455,591
Public works	2,246,430
Recreation and cultural opportunities	<u>2,709,942</u>
Total depreciation expense – governmental activities	\$ <u>8,126,461</u>

Business – type activities:

Water	\$ 1,345,848
Sewer	2,665,388
Maple Avenue Garage	685,311
Motor Vehicle Parking	<u>158,717</u>
Total depreciation expense – business – type activities	\$ <u>4,855,264</u>

B. Construction Commitments

The value of construction contracts signed, where the work has not yet been performed at February 28, 2006, is as follows:

Capital Improvement Fund	\$ 1,091,123
Water Fund	334,848
Sewer Fund	<u>17,633,335</u>
Total Construction Commitments	\$ <u>19,059,306</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS

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

A. Interfund Accounts

At February 28, 2006 interfund receivables and payables consist of the following:

Funds	Due from Other Funds	Due to Other Funds
Governmental Funds		
General Fund		
Emergency Telephone System	\$ 1,852	\$ -
Economic Development	1,897	-
EVNORSKO	5,000	-
Motor Fuel Tax	367,068	-
Fleet Service	984,612	-
Neighborhood Improvement	-	20,000
Community Development Block Grant	142	-
Special Assessment	-	222
Washington National Tax Increment District	4	-
Central Business Tax Increment District	73,972	-
General Obligation Debt	-	1,787,137
Central Business Tax Increment District	-	240
Capital Improvements	4,470	-
Maple Avenue Garage	398	-
Motor Vehicle Parking System	12,710	-
Water	28,863	-
Sewer	-	11,906
Firefighters Pension	-	533,054
Police Pension	-	557,473
	<hr/>	<hr/>
Total General Fund	1,480,988	2,910,032
Washington National Tax Increment District		
General	-	4
Economic Development	1,716	-
Howard Ridge Tax Increment District	5,347	-
	<hr/>	<hr/>
Total Washington National Tax Increment District	7,063	4

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
Nonmajor Governmental Funds		
Motor Fuel Tax		
General	\$ -	\$ 367,068
Community Development Loan	109	-
Total Motor Fuel Tax	<u>109</u>	<u>367,068</u>
Economic Development		
General	-	1,897
Washington National Tax Increment District	-	1,716
Howard Ridge Tax Increment District	41,586	-
Total Economic Development	<u>41,586</u>	<u>3,613</u>
Emergency Telephone System		
General	-	1,852
Neighborhood Improvement		
General	<u>20,000</u>	<u>-</u>
Community Development Block Grant		
General	-	142
Capital Improvements	14,788	-
Community Development Loan	-	75,000
Total Community Development Block Grant	<u>14,788</u>	<u>75,142</u>
Community Development Loan		
Community Development Block Grant	75,000	-
Motor Fuel Tax	-	109
Total Community Development Loan	<u>75,000</u>	<u>109</u>
Special Service District No. 4		
Washington National Tax Increment District	-	20,000
Employer Pension Contribution		
Firefighters Pension	-	970,049
Police Pension	-	1,227,773
Total Employer Pension Contribution	<u>-</u>	<u>2,197,822</u>
Town		
General Assistance	<u>200,786</u>	<u>-</u>
General Assistance		
Town	-	200,786
General Obligation Debt		
General	<u>1,787,137</u>	<u>-</u>
Central Business Tax Increment District		
General	-	73,972
Fleet	-	51,650
Total Central Business Tax Increment District	<u>-</u>	<u>125,622</u>
Washington National Tax Increment District		
Special Service District No. 4	<u>20,000</u>	<u>-</u>

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
Nonmajor Governmental Funds - Continued		
Howard Ridge Tax Increment District		
Economic Development	\$ -	\$ 41,586
Washington National Tax Increment District	-	5,347
Central Business Tax Increment District	-	2,370
Total Howard Ridge Tax Increment District	-	49,303
Central Business Tax Increment District		
General	240	-
Howard Ridge Tax Increment District	2,370	-
Total Central Business Tax Increment District	2,610	-
Capital Improvements		
Maple Avenue Garage	-	60,000
Community Development Block Grant	-	14,788
General	-	4,470
Total Capital Improvements	-	79,258
Special Assessment		
General	222	-
 Total Nonmajor Governmental Funds	 2,162,238	 3,120,575
 Total Governmental Funds	 3,650,289	 6,030,611
Enterprise Funds		
Water		
Sewer	277	-
General	-	28,863
Total Water	277	28,863
Sewer		
General	11,906	-
Water	-	277
Fleet	-	230,000
Total Sewer	11,906	230,277
Nonmajor Enterprise Funds		
Maple Avenue Garage		
General	-	398
Motor Vehicle Parking System	70	-
Capital Improvements	60,000	-
Total Maple Avenue Garage	60,070	398

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
Nonmajor Enterprise Funds - Continued		
Motor Vehicle Parking System		
General	\$ -	\$ 12,710
Maple Avenue Garage	-	70
Total Motor Vehicle Parking System	-	12,780
Total Nonmajor Enterprise Funds	60,070	13,178
Total Enterprise Funds	72,253	272,318
Internal Service Funds		
Fleet Services		
General	-	984,612
EVNORSKO	-	512
Sewer	230,000	-
Central Business Tax Increment District	51,650	-
Total Fleet Services	281,650	985,124
Total Internal Service Funds	281,650	985,124
Trust and Agency Funds		
Firefighters Pension		
General	533,054	-
Employer Pension Contribution	970,049	-
Total Firefighters Pension	1,503,103	-
Police Pension		
General	557,473	-
Employer Pension Contribution	1,227,773	-
Total Police Pension	1,785,246	-
Total Trust and Agency Funds	3,288,349	-
Total All Funds	7,292,541	7,288,053
Less amounts eliminated during GASB 34 implementation	(3,799,639)	(3,799,639)
Less total due from other Agency (EVNORSKO)	(4,488)	-
Less total Firefighters and Police Pension	(3,288,349)	(3,288,349)
Total Primary Government	\$ 200,065	\$ 200,065

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS - Continued

B. Interfund Transfers

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

At February 28, 2006 transfers in / out consist of the following:

Funds	Transfers In	Transfers Out
Governmental Funds		
General Fund		
Motor Fuel Tax	\$ 772,500	\$ -
Mayor's Special Housing	31,800	-
Central Business Tax Increment District	884,043	-
Washington National Tax Increment District	137,900	-
Howard Hartrey Tax Increment District	128,800	-
Southwest Tax Increment District	21,200	-
Capital Improvements	265,200	813,500
Special Assessment	31,800	-
General Obligation Debt	-	125,750
Fleet	-	19,000
Water	2,693,600	-
Maple Avenue Garage	-	300,000
Total General Fund	4,966,843	1,258,250
Washington National Tax Increment District		
Howard Ridge Tax Increment District	5,347	-
Total Washington National Tax Increment District	5,347	-
Nonmajor Governmental Funds		
Motor Fuel Tax		
General	-	772,500
Economic Development		
Maple Avenue Garage	-	650,000
Howard Ridge Tax Increment District	37,521	-
Total Economic Development	37,521	650,000
Mayor's Special Housing		
General	-	31,800
Community Development Loan		
Community Development Block Grant	-	79,551

Continued

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS - Continued

B. Interfund Transfers - Continued

Funds	Transfer In	Transfer Out
Nonmajor Governmental Funds - Continued		
Community Development Block Grant		
Community Development Loan	\$ 79,551	\$ -
Town		
General Assistance	-	123,171
General Assistance		
Town	123,171	-
General Obligation Debt		
General	125,750	-
Special Assessment	300,500	-
Total General Obligation Debt	426,250	-
Central Business Tax Increment District		
General	-	884,043
Washington National Tax Increment District	-	845,315
Fleet	-	51,650
Sewer	-	899,602
Maple Avenue Garage	-	4,500,000
Water	-	268,449
Total Central Business Tax Increment District	-	7,449,059
Southwest Tax Increment District		
General Fund	-	21,200
Howard Hartrey Tax Increment District		
General Fund	-	128,800
Washington National Tax Increment District		
General Fund	-	137,900
Central Business Tax Increment District	845,315	-
Total Washington National Tax Increment District	845,315	137,900
Howard Ridge Tax Increment District		
Economic Development	-	37,521
Washington National Tax Increment District	-	5,347
Total Howard Ridge Tax Increment District	-	42,868
Capital Improvements		
Water	-	3,300,000
Fleet	-	105,000
General	548,300	-
Total Capital Improvement	548,300	3,405,000

Continued

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 7. INTERFUNDS - Continued

B. Interfund Transfers - Continued

Funds	Transfer In	Transfer Out
Nonmajor Governmental Funds - Continued		
Special Assessment		
General	\$ -	\$ 31,800
General Obligation Debt	-	300,500
Total Special Assessment	-	332,300
 Total Nonmajor Governmental Funds	 2,060,108	 13,174,149
 Total Governmental Funds	 7,032,298	 14,432,399
 Enterprise Funds		
Water		
General	-	2,693,600
Capital Improvement	3,300,000	-
Insurance	-	3,300,000
Central Business Tax Increment District	268,449	-
Total Water	3,568,449	5,993,600
Sewer		
Central Business Tax Increment District	899,602	-
Fleet	-	230,000
Total Sewer	899,602	230,000
 Nonmajor Enterprise Funds		
Maple Avenue Garage		
General	300,000	-
Central Business Tax Increment District	4,500,000	-
Economic Development	650,000	-
Total Maple Avenue Garage	5,450,000	-
 Total Nonmajor Enterprise Funds	 5,450,000	 -
 Total Enterprise Funds	 9,918,051	 6,223,600

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		
Fleet Services		
General	\$ 19,000	\$ -
Capital Improvement	105,000	-
Central Business Tax Increment District	51,650	-
Sewer	230,000	-
Total Fleet Services	<u>405,650</u>	<u>-</u>
Insurance		
Water	3,300,000	-
Total Internal Service Funds	<u>3,705,650</u>	<u>-</u>
Total All Funds	20,655,999	20,655,999
Less amounts eliminated during GASB 34 implementation	<u>(16,378,248)</u>	<u>(16,378,248)</u>
Total Primary Government	<u>\$ 4,277,751</u>	<u>\$ 4,277,751</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 8. OPERATING LEASES

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

During the 2006 fiscal year, the lease of 4 copiers for the Police and Recreation Departments, with monthly payments of \$1,757, was terminated and replaced with a new contract from Document Vision Technologies for a 60-month term starting April 2005 (monthly payment \$2,541), which added 2 copiers for the fourth floor and first floor of the Evanston Civic Center

The City leases 9 copiers for the Library from GE Capital, with a 60-month term starting February 2004 (monthly payment of \$1,789), 4 copiers for the Police Department from GE Capital with a 60-month term starting February 2004 (monthly payment of \$1,930 and \$247), 1 copier for the Hearings Division from Document Vision Technologies with a 60-month term starting June 2003 (monthly payment of \$190), 1 copier for the Budget Department from Document Vision Technologies with a 60-month term starting April 2003 (monthly payment of \$490), 1 copier for the Water Department from Document Vision Technologies with a 36-month term starting December 2004 (monthly payment of \$305), 3 copiers for Fleet Services from GE Capital with a 36-month term starting March 2004 (monthly payment of \$600), 1 copier for the Chandler Center from GE Capital with a 60-month term starting September 2004 (monthly payment of \$302), and 2 copiers for Parks/Forestry and Recreation with a 60-month term starting February 2004 (monthly payment of \$1,759).

Payments on existing leases include 9 copiers for the Evanston Civic Center (monthly payment of \$776), 3 copiers for Parks/Forestry and Recreation (monthly payment of \$2,626), and 1 copier for the Fire Department (monthly payment of \$410)

Minimum annual lease payments are as follows

Fiscal year ending 2007	\$ 167,584
Fiscal year ending 2008	152,939
Fiscal year ending 2009	105,236
Fiscal year ending 2010	33,649
Fiscal year ending 2011	2,541
	<u>\$ 461,949</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 9. LONG-TERM DEBT

A. Changes in Long-Term Debt

	Interest Rate	Final Maturity Date	Balance March 1, 2005	Issued or Adjusted	Retired or Transferred to Debt Service Funds	Balance February 28, 2006	Due Within One Year
Governmental activities							
General obligation bonds/corporate purpose bonds							
Series 1996	4.20%-5.70%	12/1/2016	\$ 1,040,000	\$ -	\$ 1,040,000	\$ -	-
Series 1997	5.00%-5.50%	12/1/2017	16,660,000	-	2,260,000	14,400,000	2,430,000
Series 1998	4.80%-4.875%	12/1/2018	8,300,000	-	6,950,000	1,350,000	420,000
Series 1999	4.25%-5.00%	12/1/2019	34,060,000	-	2,165,000	31,895,000	3,060,000
Series 2000	Variable Rate	12/1/2021	31,800,000	-	4,000,000	27,800,000	27,800,000
Series 2002A	Variable Rate	12/1/2018	29,500,000	-	-	29,500,000	29,500,000
Series 2002B	Variable Rate	12/1/2007	5,500,000	-	-	5,500,000	5,500,000
Series 2002C	5.00%-5.80%	1/1/2022	13,955,000	-	1,290,000	12,665,000	735,000
Series 2003	2.00%-5.00%	1/1/2010	10,285,000	-	2,540,000	7,745,000	2,530,000
Series 2003B	2.00%-5.25%	1/1/2023	11,070,000	-	80,000	10,990,000	80,000
Series 2004	2.00%-5.00%	12/1/2023	13,355,000	-	130,000	13,225,000	145,000
Series 2004B	2.00%-5.25%	12/1/2017	11,585,000	-	-	11,585,000	-
Series 2005	3.25%-5.00%	12/1/2025	-	29,270,000	50,000	29,220,000	800,000
Total general obligation bonds/corporate purpose bonds			187,110,000	29,270,000	20,505,000	195,875,000	73,000,000
Less: Business-type activity bonds			(43,655,000)	-	(6,270,000)	(37,385,000)	(15,735,000)
Total governmental activity bonds			143,455,000	29,270,000	14,235,000	158,490,000	57,265,000
Special Service District #5							
Series 2002C rfndg	5.00% - 5.80%	1/1/2016	3,445,000	-	110,000	3,335,000	265,000
Bonds 1995	4.30% - 5.90%	12/1/2015	145,000	-	145,000	-	-
Total special service district # 5 bonds			3,590,000	-	255,000	3,335,000	265,000
Bonds premium liability			2,946,732	2,062,395	333,174	4,675,953	-
Pension contributions			11,382,829	1,806,529	-	13,189,358	-
Compensated absences payable - City			7,039,870	1,661,362	111,108	8,590,124	1,560,221
Claims payable			12,696,784	741,028	8,903,698	4,534,114	862,114
Governmental activity Long-term liabilities			\$ 181,111,215	\$ 35,541,314	\$ 23,837,980	\$ 192,814,549	\$ 59,952,335

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 9. LONG-TERM DEBT - Continued

A. Changes in Long-Term Debt - Continued

	Interest Rate	Final Maturity Date	Balance March 1, 2005	Issued or Adjusted	Retire or Transferred to Debt Service Funds	Balance February 28, 2006	Due Within One Year
Business-type Activities							
General obligation bonds/corporate purpose bonds							
Sewer			\$ 22,495,000	\$ -	\$ 1,925,000	\$ 20,570,000	\$ 2,050,000
Maple Avenue Garage			16,900,000	-	3,800,000	13,100,000	13,100,000
Parking System			4,260,000	-	545,000	3,715,000	585,000
Total general obligation bonds/corporate purpose bonds			43,655,000	-	6,270,000	37,385,000	15,735,000
Unamortized bond expenses and discount			(51,362)	-	(22,608)	(28,754)	(21,399)
Water Fund revenue bonds							
Series 1997	4.00-4.30%	1/1/2006	410,000	-	410,000	-	-
Series 1999	4.125-4.375%	1/1/2014	2,325,000	-	220,000	2,105,000	230,000
Series 2002	2.00-3.75%	1/1/2012	1,840,000	-	235,000	1,605,000	240,000
Total Water Fund revenue bonds			4,575,000	-	865,000	3,710,000	470,000
Sewer Fund – Illinois Environmental Protection Agency loans	2.535-3.59%	Various Through 11/26/2021	102,200,011	5,175,923	5,975,259	101,400,675	6,574,741
Compensated absences payable - City			454,238	121,150	-	575,388	575,388
Business-type activity long-term liabilities			\$ 150,832,887	\$ 5,297,073	\$ 13,087,651	\$ 143,042,309	\$ 23,333,730

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 9. 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 December 1, 2001 through November 30, 2005. During the current fiscal year, the City paid an additional \$144,468 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 December 1, 2002 through November 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 those monies were used to fully pay off 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.

In May 13, 2004, the City issued Series 2004 \$13,355,000 in General Obligation bonds at a net interest cost of 4.6291740%. The proceeds are being used to partially finance the City's Long-Range Capital Improvement Program and Special Assessment Alley program.

In July 27, 2004, the City issued Series 2004B \$11,730,000 in General Obligation bonds at a net interest cost of 3.739542%. The proceeds are being used to partially refund \$11,085,000 of the 1997 bonds.

In July 28, 2005, the City issued Series 2005 \$29,270,000 in General Obligation bonds at a net interest cost of 3.893986%. The proceeds are being used to partially refund \$6,350,000 of the 1998 bonds, pay a portion of the costs of the Capital Improvement Program, finish constructing the Sherman Garage, and pay for the additional Special Assessment Alley program. The City completed the partial advance refunding of the 1998 bonds to reduce its total debt service payments over the next thirteen years by \$296,958 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$227,965.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 9. LONG-TERM DEBT - Continued

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

Year Ending February 28	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 57,265,000	\$ 16,321,489	\$ 15,735,000	\$ 2,345,968
2008	7,495,000	4,508,209	2,785,000	1,282,325
2009	6,360,000	4,223,199	2,980,000	1,109,885
2010	6,510,000	3,995,735	3,170,000	925,328
2011	6,650,000	3,791,437	2,735,000	728,974
2012-2016	38,265,000	14,504,892	8,940,000	1,403,085
2017-2021	25,220,000	6,185,456	1,040,000	97,944
2022-2026	10,725,000	1,227,713	-	-
Total	<u>\$ 158,490,000</u>	<u>\$ 54,758,130</u>	<u>\$ 37,385,000</u>	<u>\$ 7,893,509</u>

C. Special Service District Bonds Payable

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

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

Year Ending February 28	Governmental Activities	
	Principal	Interest
2007	\$ 265,000	\$ 170,563
2008	285,000	157,313
2009	295,000	143,063
2010	305,000	128,313
2011	325,000	113,063
2012-2016	1,860,000	301,823
Total	<u>\$ 3,335,000</u>	<u>\$ 1,014,138</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 9. LONG-TERM DEBT - Continued

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 follow:

Year Ending February 28	Business-type Activities	
	Principal	Interest
2007	\$ 470,000	\$ 145,088
2008	485,000	128,713
2009	510,000	110,913
2010	525,000	91,556
2011	550,000	71,269
2012-2016	<u>1,170,000</u>	<u>88,717</u>
Total	<u>\$ 3,710,000</u>	<u>\$ 636,256</u>

E. Notes Payable - Sewer IEPA Loans

As of February 28, 2006, the City currently has 24 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.

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

Year Ending February 28	Business-type Activities	
	Principal	Interest
2007	\$ 6,574,741	\$ 2,807,623
2008	6,768,449	2,613,831
2009	6,967,954	2,414,239
2010	7,173,432	2,208,672
2011	7,385,064	1,996,948
2012-2016	35,798,956	6,737,629
2017-2021	23,031,295	2,488,149
2022-2026	<u>7,700,784</u>	<u>403,985</u>
Total	<u>\$ 101,400,675</u>	<u>\$ 21,671,076</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 9. LONG-TERM DEBT - Continued

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 the Series 1999 Bonds in an irrevocable trust to provide for the advance refunding of the callable portion of the bonds.

In 2004, the City defeased a portion of Series 1997 Corporate Purpose bonds, by placing a portion of the proceeds of Series 2004B in an irrevocable escrow account

In 2005, the City defeased a portion of Series 1998 Corporate Purpose bonds, by placing a portion of the proceeds of Series 2005 in an irrevocable escrow account

The trust account assets and the liabilities for the defeased bonds are not included in the City's financial statements. At February 28, 2006, the following remaining outstanding balances are considered defeased

<u>GO Series</u>	<u>Original Amount Defeased</u>	<u>Outstanding Defeased Amounts</u>
1996	\$ 9,765,000	\$ 9,765,000
1997	11,085,000	#####
1998	6,350,000	6,350,000

The outstanding balances of Series 1997 and 1998, not defeased at February 28, 2006, are recorded as a liability in the City's financial statements. Those balances are as follows

<u>Series</u>	
1997	\$ 14,400,000
1998	1,350,000

G. Prior Years' Special Service District #5 Bond Defeasances

In 2003, the City defeased a portion of Special Service District #5 Series 1995 and 1996 bonds by placing a portion of the proceeds of Series 2002C in an irrevocable escrow account

<u>Special Service District #5</u>	<u>Original Amount Defeased</u>	<u>Outstanding Defeased Amounts</u>
1995	\$ 1,990,000	\$ 1,990,000
1996	1,620,000	1,260,000

There are no outstanding balances for Special Service District #5 bonds 1995 and 1996, not defeased at February 28, 2006.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 10. 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.

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 Account - 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 no 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 10. 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		
	Reserved for encumbrances	\$	62,643
	Reserved for Arts Council		34,265
	Reserved for private elm trees		55,384
	Reserved for Butterfield sculpture		31,833
	Reserved for scholarship contributions		34,653
	Reserved for public library acquisitions		233,797
	Reserved for recreation group activities		192,058
	Reserved for IMRF		2,590,000
	Reserved for compensated absences		2,576,360
	Other reserves		<u>216,427</u>
	Total General Fund		<u>6,027,420</u>
	Special Revenue Funds		
	Reserved for notes receivable		<u>6,132,171</u>
	Debt Service Funds		
	Reserved for debt service		<u>27,780,874</u>
	Capital Project Funds		
	Reserved for notes receivable		<u>23,700</u>
	Total Reserved Fund Equity - Governmental Funds	\$	<u><u>39,964,165</u></u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 10. FUND EQUITY - Continued

B. Restrictions of Fund Equity - Continued

Fiduciary Funds	
Firefighters' Pension Fund Restriction for employee pension benefits	\$ 40,653,426
Police Pension Fund Restriction for employee pension benefits	<u>58,400,854</u>
Total Fiduciary Funds	<u>\$ 99,054,280</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>320,196</u>
Special Revenue Funds	
Specific Capital Projects	
Motor Fuel Tax	2,306,613
Library	<u>2,490,977</u>
Total Special Revenue Funds	<u>4,797,590</u>
Capital Projects Funds	
Specific capital projects	
Capital Improvements	13,728,067
Central Business Tax Increment District	4,217,593
Special Assessment	1,809,885
Washington National Tax Increment District	<u>7,143,095</u>
Total Capital Projects Funds	<u>26,898,640</u>
Unrestricted Fund Equity - Designated	<u>\$ 32,016,426</u>

The Township has no designated unrestricted fund equity.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 11. INDIVIDUAL FUND ACTIVITIES

A. General Obligation Debt Service Fund

The City usually adopts several resolutions abating portions of the property tax debt service levies. The amount of property taxes abated is derived from principal and interest payments by private assessments on street paving projects; additional 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 2005 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 12. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to the City's employees. The City maintains commercial all-risk property insurance to cover damage to City facilities and contents and other losses including business interruption and loss of rents. The coverage is subject to a deductible of \$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.

No cases have exceeded the amount of insurance coverage for the past three years.

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 1, 2004	\$ 2,056,152	\$ 26,109,499	\$ 28,165,651
New claims and/or estimate revisions	1,136,548	(10,421,403)	(9,284,855)
Claims payments	<u>(498,416)</u>	<u>(5,685,596)</u>	<u>(6,184,012)</u>
February 28, 2005	2,694,284	10,002,500	12,696,784
New claims and/or estimate revisions	651,119	89,909	741,028
Claims payments	<u>(404,288)</u>	<u>(8,499,410)</u>	<u>(8,903,698)</u>
February 28, 2006	\$ <u>2,941,115</u>	\$ <u>1,592,999</u>	\$ <u>4,534,114</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 13. SUBSEQUENT EVENTS

The City issued Series 2006, \$10,290,000 general obligation bonds in July 2006. The proceeds are being used to partially finance the City's long-range capital improvement program. The bonds bear interest at rates ranging from 3.85% to 5%, and are payable in annual principal and interest amounts through December, 2026.

NOTE 14. 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 15. 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.

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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 15. JOINT VENTURES – Continued

A. Northwestern University - Continued

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. In 1996, TOPCORP and RPI were merged and the resultant entity renamed Northwestern University/Evanston Research Park, Inc. All of the existing management and loan agreements were assumed by the new corporation.

As of December 31, 2003, the decision was made to dissolve the organization. The remaining assets of \$27,500 are to be divided among the interested parties. The City's Corporation Counsel filed the necessary court documents to dissolve the organization, and it was completed on June 2006. There was no activity between December 31, 2002 and December 31, 2005, so there are no financial statements to report.

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 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.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 15. JOINT VENTURES – Continued

B. Solid Waste Agency of Northern Cook County - Continued

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

Summary of Financial Position as of April 30, 2005:

Current assets	\$	6,896,680
Restricted assets		1,269,497
Property, plant, and equipment		14,504,530
Debt issuance costs, net		162,840
Total assets	\$	<u>22,833,547</u>
Current liabilities	\$	4,121,980
Long-term debt, net of unamortized discount		9,727,956
Invested in capital assets, net of related debt		4,176,574
Restricted for debt service, net of accrued interest		1,223,121
Unrestricted net assets		3,583,916
Total liabilities and fund equity	\$	<u>22,833,547</u>

Summary of Revenues and Expenses for the Year Ended April 30, 2005:

Total revenues	\$	16,204,835
Total expenses		(16,420,179)
Net (loss)	\$	<u>(215,344)</u>

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 15. JOINT VENTURES – Continued

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, respectively. The notes bear no interest. However, the City is entitled to a certain net sales consideration upon the sale or exchange of the mortgaged property, as well as a prorated portion of the investment income earned on the funds not loaned to mortgagees.

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

The audited financial statements of Evanston Housing Corporation for the year ended December 31, 2005 are summarized as follows:

Statement of Financial Position as of December 31, 2005:

Cash and cash equivalents	\$	2,281,896
Mortgage loans receivable		834,869
Total assets		<u>3,116,765</u>
Payables and accrued expenses		52,765
Notes payable		3,064,000
Total liabilities		<u>3,116,765</u>
Net Assets	\$	<u><u>-</u></u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 15. JOINT VENTURES – Continued

C. Evanston Housing Corporation - Continued

Statement of Activities for the Year Ended December 31, 2005:

Total revenues	\$	89,728
Total operating expenses		(89,728)
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 16. 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.

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 28, 2006	\$	<u><u>29,452,518</u></u>
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CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 17. 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 the employer contribution.

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

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 2005 and 2004 were 7.64% and 3.97%, respectively, of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 17. DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund - Continued

B. Funding Status and Progress

The City's total payroll for the calendar year ended December 31, 2005 was \$55,621,021. Of this amount, \$31,403,514 in payroll earnings were reported to and covered by the IMRF system. The Township's total payroll for the year ended December 31, 2004 was \$325,805. Of this amount, \$325,805 in payroll earnings were reported to and covered by the IMRF plan.

C. Annual Pension Cost

For December 31, 2005, the City's annual pension cost of \$2,399,228 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2003 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 2005 actuarial valuation were based on the 2002-2004 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, 2005 was 10 years.

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 17. DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund - Continued

C. Annual Pension Cost - Continued

Three-Year Trend Information for IMRF - City

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 2,399,228	100%	-
12/31/04	1,173,858	100%	-
12/31/03	508,785	100%	-

For December 31, 2004, the Township’s annual pension cost of \$3,877 was equal to the Township’s required and actual contributions. The required contribution was determined as part of the December 31, 2002 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 2004 actuarial valuation were based on the 1999-2001 experience study.

Three-Year Trend Information for IMRF - Township

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/04	\$ 3,877	100%	-
12/31/03	3,767	100%	-
12/31/02	4,302	100%	-

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 17. 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 28, 2006 was \$10,642,000 and \$7,684,000, respectively.

Participation in the plans at February 28, 2006 was:

	<u>Police</u>	<u>Firefighters'</u>
Retirees, disabled participants, and beneficiaries of deceased retirees currently receiving benefits	146	114
Active plan members	<u>159</u>	<u>107</u>
Total	<u><u>305</u></u>	<u><u>221</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.

	<u>Firefighters'</u> <u>Pension Fund</u>	<u>Police</u> <u>Pension Fund</u>
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%

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 17. 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 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 9.46% 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 17. 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 actuary. The General Fund is used to liquidate the net pension obligation.

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, 2005) and are as follows:

	<u>Police</u>	<u>Firefighters'</u>
Annual required contribution	\$ 4,071,765	\$ 3,317,158
Interest on net pension obligation	549,761	303,951
Adjustment to annual required contribution	<u>(464,219)</u>	<u>(256,657)</u>
Annual pension cost	4,157,307	3,364,452
Contributions made	<u>(3,221,523)</u>	<u>(2,493,707)</u>
Increase in net pension obligation	935,784	870,745
Net pension obligation at March 1, 2004	<u>7,330,143</u>	<u>4,052,686</u>
Net pension obligation at February 28, 2005	\$ <u><u>8,265,927</u></u>	\$ <u><u>4,923,431</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 17. 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	2/28/05	\$ 4,157,307	73.87 %	\$ 8,265,927
	2/29/04	4,361,218	107.87	7,330,143
	2/28/03	3,595,566	99.02	6,847,380
Firefighters'	2/28/05	\$ 3,364,452	80.67 %	\$ 4,923,431
	2/29/04	3,091,174	106.37	4,052,686
	2/28/03	2,733,813	100.63	3,869,516

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

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 17. DEFINED BENEFIT PENSION PLANS - Continued

Police and Firefighters' Pension Plans – Continued

I. Pensions - Detailed Statement of Net Assets

	<u>Firefighters' Pension</u>	<u>Police Pension</u>	<u>Total Pension</u>
Assets			
Cash and short-term investments	\$ 6,516,290	\$ 9,313,822	\$ 15,830,112
Receivables			
Accrued interest	76,390	202,681	279,071
Due from other funds	<u>1,503,103</u>	<u>1,785,246</u>	<u>3,288,349</u>
Total Receivables	<u>1,579,493</u>	<u>1,987,927</u>	<u>3,567,420</u>
Investments, at fair value			
U.S. Government obligations	14,926,378	22,997,210	37,923,588
Common stock	6,141,193	-	6,141,193
Mutual funds	<u>11,490,155</u>	<u>24,104,974</u>	<u>35,595,129</u>
Total Investments	<u>32,557,726</u>	<u>47,102,184</u>	<u>79,659,910</u>
Total Assets	<u>40,653,509</u>	<u>58,403,933</u>	<u>99,057,442</u>
Liabilities			
Vouchers payable	83	3,079	3,162
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>83</u>	<u>3,079</u>	<u>3,162</u>
Net assets held in trust for pension benefits	<u>\$ 40,653,426</u>	<u>\$ 58,400,854</u>	<u>\$ 99,054,280</u>

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements

NOTE 17. 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	\$ 3,513,682	\$ 4,417,058	\$ 7,930,740
Plan members	744,074	1,020,248	1,764,322
	<u> </u>	<u> </u>	<u> </u>
Total Contributions	4,257,756	5,437,306	9,695,062
	<u> </u>	<u> </u>	<u> </u>
Investment income			
Net appreciation in fair value of investments	1,328,817	2,104,782	3,433,599
Interest	965,261	1,517,732	2,482,993
	<u> </u>	<u> </u>	<u> </u>
Total investment income	2,294,078	3,622,514	5,916,592
	<u> </u>	<u> </u>	<u> </u>
Less investment expense	155,677	100,584	256,261
Net investment income	2,138,401	3,521,930	5,660,331
	<u> </u>	<u> </u>	<u> </u>
Total Additions	6,396,157	8,959,236	15,355,393
	<u> </u>	<u> </u>	<u> </u>
Deductions			
Benefits	4,046,368	5,711,729	9,758,097
Refunds of contributions	-	81,538	81,538
Administrative expense	23,785	35,029	58,814
	<u> </u>	<u> </u>	<u> </u>
Total Deductions	4,070,153	5,828,296	9,898,449
	<u> </u>	<u> </u>	<u> </u>
Net increase	2,326,004	3,130,940	5,456,944
Net assets held in trust for pension benefits			
Beginning of year	38,327,422	55,269,914	93,597,336
End of year	<u>\$ 40,653,426</u>	<u>\$ 58,400,854</u>	<u>\$ 99,054,280</u>

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 28, 2006

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						
3/1/2005	\$ 38,327,422	\$ 78,759,019	40,431,597	48.66%	\$ 7,684,000	526.18%
3/1/2004	37,420,932	75,342,794	37,921,862	49.67%	7,376,000	514.13%
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						
3/1/2005	\$ 55,269,914	\$ 106,426,694	51,156,780	51.93%	\$ 10,642,000	480.71%
3/1/2004	54,469,873	101,824,016	47,354,143	53.49%	10,217,000	463.48%
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)						
12/31/2005	\$ 82,368,849	\$ 79,384,403	(2,984,446)	103.76%	\$ 31,403,514	-
12/31/2004	77,206,655	74,129,924	(3,076,731)	104.15%	29,568,219	-
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%
Illinois Municipal Retirement Fund (Township)						
12/31/2004	\$ 612,303	\$ 450,398	(161,905)	135.95%	\$ 325,805	-
12/31/2003	585,069	429,243	(155,826)	136.30%	345,639	-
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	-

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 28, 2006

Fiscal Year	Firefighters' Pension Fund		Police Pension Fund	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2005	\$ 3,317,158	N/A	\$ 4,071,765	N/A
2004	3,041,911	81.98%	4,274,043	75.37%
2003	2,685,046	108.30%	3,505,934	110.63%
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%

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 28, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 39,907,000	\$ 41,852,972	\$ 1,945,972
Licenses and permits	7,794,950	9,164,065	1,369,115
Intergovernmental	14,715,600	15,254,462	538,862
Charges for services	6,711,150	6,904,796	193,646
Fines	4,355,500	3,781,020	(574,480)
Investment income	232,700	575,281	342,581
Miscellaneous	4,605,600	4,387,070	(218,530)
Total Revenues	<u>78,322,500</u>	<u>81,919,666</u>	<u>3,597,166</u>
Expenditures			
General management and support	12,602,500	13,862,563	(1,260,063)
Public safety	28,701,200	29,892,818	(1,191,618)
Public works	11,727,800	11,587,586	140,214
Health and human resource development	5,337,400	4,565,703	771,697
Recreation and cultural opportunities	16,345,800	16,187,980	157,820
Housing and economic development	2,853,700	2,902,902	(49,202)
Pensions	4,157,400	4,627,930	(470,530)
Total Expenditures	<u>81,725,800</u>	<u>83,627,482</u>	<u>(1,901,682)</u>
(Deficiency) of Revenues (under) Expenditures	<u>(3,403,300)</u>	<u>(1,707,816)</u>	1,695,484
Other Financing Sources (Uses)			
Operating transfers in (out)			
Motor Fuel Tax Fund	772,500	772,500	-
Housing Fund	31,800	31,800	-
Central Business Tax Increment District	309,000	884,043	575,043
Washington National TIF Debt Service Fund	137,900	137,900	-
Southwest TIF II Debt Service Fund	128,800	128,800	-
Southwest TIF I Debt Service Fund	21,200	21,200	-
Maple Avenue Garage	-	(300,000)	(300,000)
Capital Improvement Fund	265,200	265,200	-
Fleet Fund	-	(19,000)	(19,000)
Special Assessment Capital Project Fund	31,800	31,800	-
Water Fund	2,693,600	2,693,600	-
Capital Improvement Fund	(813,500)	(813,500)	-
General Obligation Debt Service Fund	(175,000)	(125,750)	49,250
	<u>3,403,300</u>	<u>3,708,593</u>	<u>305,293</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	2,000,777	<u>\$ 2,000,777</u>
Fund Balance			
Beginning of year		<u>31,979,049</u>	
End of year		<u>\$ 33,979,826</u>	

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

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

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

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

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

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

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

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

Employer Pension Contribution - 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.

Continued

Special Revenue Funds - Continued

Township Funds

Town - to account for general administrative services.

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

Debt Service Funds

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

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

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

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

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

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

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

Capital Projects Funds

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

Central Business Tax Increment District - to account for the purchase of land and other related costs of the research park. Financing is provided from general obligation bond and note proceeds.

Capital Improvements - 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 - 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 28, 2006

	Special Revenue			
	Motor Fuel Tax	Economic Development	Emergency Telephone System	Library
Assets				
Cash and equivalents	\$ 2,540,799	\$ 1,113,210	\$ 2,217,430	\$ 62,125
Investments	-	-	-	2,425,919
Receivables				
Property taxes (net of allowance)				
Current year levy	-	-	-	-
Notes	-	-	-	-
Accounts	-	-	-	-
Allowance	-	-	-	-
Special assessments	-	-	-	-
Accrued interest	-	-	-	2,933
Other	-	19,273	147,674	-
Due from other governments	179,094	-	-	-
Due from other funds	109	41,586	-	-
Total Assets	\$ 2,720,002	\$ 1,174,069	\$ 2,365,104	\$ 2,490,977
Liabilities and Fund Balances				
Liabilities				
Vouchers payable	\$ 46,321	\$ 47,900	\$ 37,454	\$ -
Accrued payroll	-	2,664	4,956	-
Other	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	367,068	3,613	1,852	-
Unearned revenues	-	-	-	-
Total Liabilities	413,389	54,177	44,262	-
Fund Balances				
Reserved for notes receivable	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved				
Capital projects	2,306,613	-	-	2,490,977
Undesignated	-	1,119,892	2,320,842	-
Total Fund Balances	2,306,613	1,119,892	2,320,842	2,490,977
Total Liabilities and Fund Balances	\$ 2,720,002	\$ 1,174,069	\$ 2,365,104	\$ 2,490,977

Special Revenue

Neighborhood Improvement	Mayor's Special Housing	HOME	Community Development Block Grant	Community Development Loan	Special Service District No. 4	Employer Pension Contribution	Total City Funds
\$ 22,498	\$ 92,808	\$ 204,443	\$ 4,626	\$ 656,748	\$ 2,287	\$ -	\$ 6,916,974
-	-	-	-	-	-	-	2,425,919
-	-	-	-	-	238,191	6,235,012	6,473,203
-	1,444,886	3,201,381	12,799	1,473,105	-	-	6,132,171
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,933
-	8,667	-	-	-	-	-	175,614
-	-	-	116,677	-	-	-	295,771
20,000	-	-	14,788	75,000	-	-	151,483
\$ 42,498	\$ 1,546,361	\$ 3,405,824	\$ 148,890	\$ 2,204,853	\$ 240,478	\$ 6,235,012	\$ 22,574,068
\$ -	\$ -	\$ 91,826	\$ 56,912	\$ 9,924	\$ -	\$ -	\$ 290,337
-	-	-	4,037	-	-	-	11,657
-	-	-	-	1,985	-	-	1,985
-	-	62,862	-	4,603	-	-	67,465
-	-	-	75,142	109	20,000	2,197,822	2,665,606
-	-	-	-	-	134,617	4,037,190	4,171,807
-	-	154,688	136,091	16,621	154,617	6,235,012	7,208,857
-	1,444,886	3,201,381	12,799	1,473,105	-	-	6,132,171
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,797,590
42,498	101,475	49,755	-	715,127	85,861	-	4,435,450
42,498	1,546,361	3,251,136	12,799	2,188,232	85,861	-	15,365,211
\$ 42,498	\$ 1,546,361	\$ 3,405,824	\$ 148,890	\$ 2,204,853	\$ 240,478	\$ 6,235,012	\$ 22,574,068

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet - Continued
February 28, 2006

	Special Revenue			
	Town Fund	General Assistance	Total Township Funds	Total
Assets				
Cash and equivalents	\$ 189,023	\$ 532,160	\$ 721,183	\$ 7,638,157
Investments	-	-	-	2,425,919
Receivables				
Property taxes (net of allowance)				
Current year levy	204,371	566,489	770,860	7,244,063
Notes	-	-	-	6,132,171
Accounts	-	-	-	-
Allowance	-	-	-	-
Special assessments	-	-	-	-
Accrued interest	-	-	-	2,933
Other	-	23,443	23,443	199,057
Due from other governments	-	-	-	295,771
Due from other funds	200,786	-	200,786	352,269
Total Assets	\$ 594,180	\$ 1,122,092	\$ 1,716,272	\$ 24,290,340
Liabilities and Fund Balances				
Liabilities				
Vouchers payable	\$ 32,511	\$ 30,080	\$ 62,591	\$ 352,928
Accrued payroll	-	-	-	11,657
Other	-	-	-	1,985
Due to other governments	-	-	-	67,465
Due to other funds	-	200,786	200,786	2,866,392
Unearned revenues	189,717	527,782	717,499	4,889,306
Total Liabilities	222,228	758,648	980,876	8,189,733
Fund Balances				
Reserved for notes receivable	-	-	-	6,132,171
Reserved for debt service	-	-	-	-
Unreserved				
Capital projects	-	-	-	4,797,590
Undesignated	371,952	363,444	735,396	5,170,846
Total Fund Balances	371,952	363,444	735,396	16,100,607
Total Liabilities and Fund Balances	\$ 594,180	\$ 1,122,092	\$ 1,716,272	\$ 24,290,340

Debt Service							
General Obligation Debt	Special Service District No.5	Central Business Tax Increment District	Southwest Tax Increment District	Howard Hartrey Tax Increment District	Washington National Tax Increment District	Howard Ridge Tax Increment District	Total
\$ 621,113	\$ 39,596	\$ 597,859	\$ 883,631	\$ 2,461,808	\$ 3,748,750	\$ -	\$ 8,352,757
1,498,753	-	7,471,346	-	-	1,999,000	-	10,969,099
7,500,121	416,819	6,709,445	557,665	1,140,225	1,525,951	84,284	17,934,510
-	-	-	-	-	-	-	-
-	-	-	-	-	-	95,220	95,220
-	-	-	-	-	-	-	-
20,983	-	28,366	-	-	15,055	-	64,404
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,787,137	-	-	-	-	20,000	-	1,807,137
<u>\$ 11,428,107</u>	<u>\$ 456,415</u>	<u>\$ 14,807,016</u>	<u>\$ 1,441,296</u>	<u>\$ 3,602,033</u>	<u>\$ 7,308,756</u>	<u>\$ 179,504</u>	<u>\$ 39,223,127</u>
\$ 704	\$ -	\$ 1,667	\$ -	\$ -	\$ 5,609	\$ -	\$ 7,980
-	-	2,813	-	-	-	-	2,813
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	125,622	-	-	-	49,303	174,925
4,876,099	225,769	4,323,708	283,965	668,404	832,623	45,967	11,256,535
4,876,803	225,769	4,453,810	283,965	668,404	838,232	95,270	11,442,253
-	-	-	-	-	-	-	-
6,551,304	230,646	10,353,206	1,157,331	2,933,629	6,470,524	84,234	27,780,874
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,551,304	230,646	10,353,206	1,157,331	2,933,629	6,470,524	84,234	27,780,874
<u>\$ 11,428,107</u>	<u>\$ 456,415</u>	<u>\$ 14,807,016</u>	<u>\$ 1,441,296</u>	<u>\$ 3,602,033</u>	<u>\$ 7,308,756</u>	<u>\$ 179,504</u>	<u>\$ 39,223,127</u>

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet - Continued
February 28, 2006

	Capital Projects				Total Nonmajor Governmental Funds
	Capital Improvements	Central Business Tax Increment District	Special Assessment	Total	
Assets					
Cash and equivalents	\$ 4,266,843	\$ 4,217,608	\$ 1,809,663	\$ 10,294,114	\$ 26,285,028
Investments	9,938,158	-	-	9,938,158	23,333,176
Receivables					
Property taxes (net of allowance)					
Current year levy	-	-	-	-	25,178,573
Notes	23,700	96,649	-	120,349	6,252,520
Accounts	-	-	-	-	95,220
Allowance	-	(96,649)	-	(96,649)	(96,649)
Special assessments	-	-	769,274	769,274	769,274
Accrued interest	26,138	-	-	26,138	93,475
Other	300	-	-	300	199,357
Due from other governments	-	-	-	-	295,771
Due from other funds	-	2,610	222	2,832	2,162,238
Total Assets	<u>\$ 14,255,139</u>	<u>\$ 4,220,218</u>	<u>\$ 2,579,159</u>	<u>\$ 21,054,516</u>	<u>\$ 84,567,983</u>
Liabilities and Fund Balances					
Liabilities					
Vouchers payable	\$ 424,114	\$ 2,625	\$ -	\$ 426,739	\$ 787,647
Accrued payroll	-	-	-	-	14,470
Other	-	-	-	-	1,985
Due to other governments	-	-	-	-	67,465
Due to other funds	79,258	-	-	79,258	3,120,575
Unearned revenues	-	-	769,274	769,274	16,915,115
Total Liabilities	<u>503,372</u>	<u>2,625</u>	<u>769,274</u>	<u>1,275,271</u>	<u>20,907,257</u>
Fund Balances					
Reserved for notes receivable	23,700	-	-	23,700	6,155,871
Reserved for debt service	-	-	-	-	27,780,874
Unreserved					
Capital projects	13,728,067	4,217,593	1,809,885	19,755,545	24,553,135
Undesignated	-	-	-	-	5,170,846
Total Fund Balances	<u>13,751,767</u>	<u>4,217,593</u>	<u>1,809,885</u>	<u>19,779,245</u>	<u>63,660,726</u>
Total Liabilities and Fund Balances	<u>\$ 14,255,139</u>	<u>\$ 4,220,218</u>	<u>\$ 2,579,159</u>	<u>\$ 21,054,516</u>	<u>\$ 84,567,983</u>

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CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year ended February 28, 2006

	Special Revenue			
	Motor Fuel Tax	Economic Development	Emergency Telephone System	Library
Revenues				
Taxes	\$ -	\$ 1,576,389	\$ 1,071,951	\$ -
Special assessments	-	-	-	-
Intergovernmental	2,158,221	-	-	-
Investment income	75,950	-	-	244,042
Earnfare	-	-	-	-
SSI reimbursement	-	-	-	-
Emergency assistance reimbursement	-	-	-	-
Miscellaneous	-	-	-	101,996
Total Revenues	2,234,171	1,576,389	1,071,951	346,038
Expenditures				
Current				
General management and support	-	-	-	-
Public safety	-	-	1,251,414	-
Public works	1,554,835	-	-	-
Recreation and cultural opportunities	-	-	-	117,000
Housing and economic development	-	763,751	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	1,554,835	763,751	1,251,414	117,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	679,336	812,638	(179,463)	229,038
Other Financing Sources (Uses)				
Proceeds from sale of bonds	-	-	-	-
Escrow funding	-	-	-	-
Premiums and discount	-	-	-	-
Capitalized Interest Income	-	-	-	-
Capitalized Interest Expense	-	-	-	-
Transfers in (out)				
General Fund	(772,500)	-	-	-
Economic Development	-	-	-	-
Community Development Block Grant	-	-	-	-
Community Development Loan	-	-	-	-
Town Fund	-	-	-	-
General Assistance Fund	-	-	-	-
General Obligation Debt Service Fund	-	-	-	-
Central Business Tax Increment District	-	-	-	-
Washington National Tax Increment District	-	-	-	-
Howard Ridge Tax Increment District	-	37,521	-	-
Special Assessment Capital Project	-	-	-	-
Washington National Tax Increment District	-	-	-	-
Water Fund	-	-	-	-
Sewer Fund	-	-	-	-
Maple Avenue Garage Fund	-	(650,000)	-	-
Fleet Fund	-	-	-	-
Total Other Financing Sources (Uses)	(772,500)	(612,479)	-	-
Net Change in Fund Balances	(93,164)	200,159	(179,463)	229,038
Fund Balances -Beginning of Year	2,399,777	919,733	2,500,305	2,261,939
Fund Balances - End of Year	\$ 2,306,613	\$ 1,119,892	\$ 2,320,842	\$ 2,490,977

Special Revenue								
Neighborhood Improvement	Mayor's Special Housing	HOME	Community Development Block Grant	Community Development Loan	Special Service District No. 4	Employer Pension Contribution	Total City Funds	
\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 255,430	\$ 7,930,740	\$ 10,854,510	
-	-	-	-	-	-	-	-	
-	-	730,230	2,342,426	(2,857)	-	-	5,228,020	
-	11,524	20,809	-	3,849	330	-	356,504	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	47,444	32,807	35,225	-	-	-	217,472	
20,000	58,968	783,846	2,377,651	992	255,760	7,930,740	16,656,506	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	7,930,740	9,182,154	
-	-	-	-	-	-	-	1,554,835	
-	-	-	-	-	-	-	117,000	
-	174,586	79,490	2,457,202	20,924	245,000	-	3,740,953	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	174,586	79,490	2,457,202	20,924	245,000	7,930,740	14,594,942	
20,000	(115,618)	704,356	(79,551)	(19,932)	10,760	-	2,061,564	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	(31,800)	-	-	-	-	-	(804,300)	
-	-	-	-	-	-	-	-	
-	-	-	-	(79,551)	-	-	(79,551)	
-	-	-	79,551	-	-	-	79,551	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	37,521	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	(650,000)	
-	-	-	-	-	-	-	-	
-	(31,800)	-	79,551	(79,551)	-	-	(1,416,779)	
20,000	(147,418)	704,356	-	(99,483)	10,760	-	644,785	
22,498	1,693,779	2,546,780	12,799	2,287,715	75,101	-	14,720,426	
\$ 42,498	\$ 1,546,361	\$ 3,251,136	\$ 12,799	\$ 2,188,232	\$ 85,861	\$ -	\$ 15,365,211	

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Continued
 Year ended February 28, 2006

	Special Revenue			
	Town Fund	General Assistance	Total Township Funds	Total
Revenues				
Taxes	\$ 303,822	\$ 792,836	\$ 1,096,658	\$ 11,951,168
Special assessments	-	-	-	-
Intergovernmental	41,218	-	41,218	5,269,238
Investment income	1,334	2,726	4,060	360,564
Earnfare	-	739	739	739
SSI reimbursement	-	42,659	42,659	42,659
Emergency assistance reimbursement	-	66,008	66,008	66,008
Miscellaneous	-	-	-	217,472
Total Revenues	346,374	904,968	1,251,342	17,907,848
Expenditures				
Current				
General management and support	217,369	883,850	1,101,219	1,101,219
Public safety	-	-	-	9,182,154
Public works	-	-	-	1,554,835
Recreation and cultural opportunities	-	-	-	117,000
Housing and economic development	-	-	-	3,740,953
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	217,369	883,850	1,101,219	15,696,161
Excess (Deficiency) of Revenues Over (Under) Expenditures	129,005	21,118	150,123	2,211,687
Other Financing Sources (Uses)				
Proceeds from sale of bonds	-	-	-	-
Escrow funding	-	-	-	-
Premiums and discount	-	-	-	-
Capitalized Interest Income	-	-	-	-
Capitalized Interest Expense	-	-	-	-
Transfers in (out)				
General Fund	-	-	-	(804,300)
Economic Development	-	-	-	-
Community Development Block Grant	-	-	-	(79,551)
Community Development Loan	-	-	-	79,551
Town Fund	-	123,171	123,171	123,171
General Assistance Fund	(123,171)	-	(123,171)	(123,171)
General Obligation Debt Service Fund	-	-	-	-
Central Business Tax Increment District	-	-	-	-
Washington National Tax Increment District	-	-	-	-
Howard Ridge Tax Increment District	-	-	-	37,521
Special Assessment Capital Project	-	-	-	-
Washington National Tax Increment District	-	-	-	-
Water Fund	-	-	-	-
Sewer Fund	-	-	-	-
Maple Avenue Garage Fund	-	-	-	(650,000)
Fleet Fund	-	-	-	-
Total Other Financing Sources (Uses)	(123,171)	123,171	-	(1,416,779)
Net Change in Fund Balances	5,834	144,289	150,123	794,908
Fund Balances -Beginning of Year	366,118	219,155	585,273	15,305,699
Fund Balances - End of Year	\$ 371,952	\$ 363,444	\$ 735,396	\$ 16,100,607

Debt Service							
General Obligation Debt	Special Service District No.5	Central Business Tax Increment District	Southwest Tax Increment District	Howard Hartrey Tax Increment District	Washington National Tax Increment District	Howard Ridge Tax Increment District	Total
\$ 8,835,654	\$ 451,279	\$ 8,634,023	\$ 580,477	\$ 1,351,654	\$ 1,812,820	\$ 133,448	\$ 21,799,355
-	-	-	-	-	-	-	-
387,201	595	163,760	21,524	120,936	80,165	89	774,270
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	5
9,222,860	451,874	8,797,783	602,001	1,472,590	1,892,985	133,537	22,573,630
804	17,142	111,446	-	-	1,446	6,435	137,273
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,380,000	255,000	295,000	225,000	395,000	140,000	-	7,690,000
3,623,931	183,748	357,041	58,500	288,620	1,345,052	-	5,856,892
183,826	-	25,947	-	-	113,052	-	322,825
-	-	-	-	-	-	-	-
10,188,561	455,890	789,434	283,500	683,620	1,599,550	6,435	14,006,990
(965,701)	(4,016)	8,008,349	318,501	788,970	293,435	127,102	8,566,640
6,205,000	-	-	-	-	-	-	6,205,000
(6,626,389)	-	-	-	-	-	-	(6,626,389)
479,204	-	-	-	-	-	-	479,204
354,581	-	-	-	-	-	-	354,581
-	-	-	-	-	-	-	-
125,750	-	(884,043)	(21,200)	(128,800)	(137,900)	-	(1,046,193)
-	-	-	-	-	-	(37,521)	(37,521)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	845,315	-	845,315
-	-	(845,315)	-	-	-	-	(845,315)
-	-	-	-	-	-	-	-
300,500	-	-	-	-	-	-	300,500
-	-	-	-	-	-	(5,347)	(5,347)
-	-	(268,449)	-	-	-	-	(268,449)
-	-	(899,602)	-	-	-	-	(899,602)
-	-	(4,500,000)	-	-	-	-	(4,500,000)
-	-	(51,650)	-	-	-	-	(51,650)
838,646	-	(7,449,059)	(21,200)	(128,800)	707,415	(42,868)	(6,095,866)
(127,055)	(4,016)	559,290	297,301	660,170	1,000,850	84,234	2,470,774
6,678,359	234,662	9,793,916	860,030	2,273,459	5,469,674	-	25,310,100
\$ 6,551,304	\$ 230,646	\$ 10,353,206	\$ 1,157,331	\$ 2,933,629	\$ 6,470,524	\$ 84,234	\$ 27,780,874

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Continued
 Year ended February 28, 2006

	Capital Projects			Total	Total Nonmajor Governmental Funds
	Capital Improvements	Central Business Tax Increment District	Special Assessment		
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 33,750,523
Special assessments	-	-	545,655	545,655	545,655
Intergovernmental	582,700	-	-	582,700	5,851,938
Investment income	362,175	100,271	56,267	518,713	1,653,547
Earnfare	-	-	-	-	739
SSI reimbursement	-	-	-	-	42,659
Emergency assistance reimbursement	-	-	-	-	66,008
Miscellaneous	1,098,441	-	-	1,098,441	1,315,918
Total Revenues	2,043,316	100,271	601,922	2,745,509	43,226,987
Expenditures					
Current					
General management and support	55,037	53,326	3,149	111,512	1,350,004
Public safety	-	-	-	-	9,182,154
Public works	-	-	-	-	1,554,835
Recreation and cultural opportunities	-	-	-	-	117,000
Housing and economic development	-	-	-	-	3,740,953
Debt service					
Principal	-	-	-	-	7,690,000
Interest	-	-	-	-	5,856,892
Fiscal agent fees	-	-	-	-	322,825
Capital outlay	9,667,853	45,000	-	9,712,853	9,712,853
Total Expenditures	9,722,890	98,326	3,149	9,824,365	39,527,516
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,679,574)	1,945	598,773	(7,078,856)	3,699,471
Other Financing Sources (Uses)					
Proceeds from sale of bonds	9,540,000	-	465,000	10,005,000	16,210,000
Escrow funding	-	-	-	-	(6,626,389)
Premiums and discount	699,720	-	30,049	729,769	1,208,973
Capitalized Interest Income	-	-	-	-	354,581
Capitalized Interest Expense	(354,581)	-	-	(354,581)	(354,581)
Transfers in (out)					
General Fund	548,300	-	(31,800)	516,500	(1,333,993)
Economic Development	-	-	-	-	(37,521)
Community Development Block Grant	-	-	-	-	(79,551)
Community Development Loan	-	-	-	-	79,551
Town Fund	-	-	-	-	123,171
General Assistance Fund	-	-	-	-	(123,171)
General Obligation Debt Service Fund	-	-	(300,500)	(300,500)	(300,500)
Central Business Tax Increment District	-	-	-	-	845,315
Washington National Tax Increment District	-	-	-	-	(845,315)
Howard Ridge Tax Increment District	-	-	-	-	37,521
Special Assessment Capital Project	-	-	-	-	300,500
Washington National Tax Increment District	-	-	-	-	(5,347)
Water Fund	(3,300,000)	-	-	(3,300,000)	(3,568,449)
Sewer Fund	-	-	-	-	(899,602)
Maple Avenue Garage Fund	-	-	-	-	(5,150,000)
Fleet Fund	(105,000)	-	-	(105,000)	(156,650)
Total Other Financing Sources (Uses)	7,028,439	-	162,749	7,191,188	(321,457)
Net Change in Fund Balances	(651,135)	1,945	761,522	112,332	3,378,014
Fund Balances -Beginning of Year	14,402,902	4,215,648	1,048,363	19,666,913	60,282,712
Fund Balances - End of Year	\$ 13,751,767	\$ 4,217,593	\$ 1,809,885	\$ 19,779,245	\$ 63,660,726

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Taxes			
Property			
Current year levy	\$ 16,700,000	\$ 16,433,625	\$ (266,375)
Prior year levy	25,000	214,385	189,385
Total Property Taxes	16,725,000	16,648,010	(76,990)
Personal Property Replacement Tax	495,500	878,108	382,608
Other Taxes			
Auto rental	34,000	32,372	(1,628)
Sales - home rule	5,500,000	5,611,780	111,780
Utility	8,200,000	8,858,216	658,216
State use	714,500	897,667	183,167
Athletic contest	500,000	663,896	163,896
Foreign fire insurance	50,000	-	(50,000)
Cigarette	378,000	400,492	22,492
Evanston motor fuel	310,000	273,915	(36,085)
Real estate transfer	4,000,000	4,008,668	8,668
Poured liquor	1,500,000	1,772,039	272,039
Affordable housing demolition tax	-	10,000	10,000
Parking	1,500,000	1,797,809	297,809
Total Other Taxes	22,686,500	24,326,854	1,640,354
Total Taxes	39,907,000	41,852,972	1,945,972

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Licenses and Permits			
Vehicle licenses	\$ 2,100,000	\$ 2,128,640	\$ 28,640
Business licenses	90,000	80,195	(9,805)
Long-term care licenses	112,400	97,980	(14,420)
Rooming house licenses	194,700	169,048	(25,652)
Pet licenses	40,000	46,930	6,930
Bicycle licenses	50	-	(50)
Farmers' market licenses	27,700	24,300	(3,400)
Contractors' licenses	90,000	85,690	(4,310)
Other licenses	-	880	880
Building permits	3,100,000	3,973,861	873,861
Plumbing permits	160,000	204,177	44,177
Electrical permits	175,000	210,450	35,450
Elevator permits	55,000	48,270	(6,730)
Signs and awning permits	10,000	9,306	(694)
Combustion equipment permits	180,000	330,420	150,420
Commercial driveway permits	700	22,161	21,461
Other permits	250,000	347,380	97,380
Liquor licenses	275,000	412,708	137,708
Fire alarm permit fees	-	(975)	(975)
Cable franchise fee	660,000	657,546	(2,454)
Nicor franchise fee	50,000	88,784	38,784
Northwestern/Centel easement	40,000	47,000	7,000
Residents' parking permits	116,000	118,141	2,141
Visitor's parking permits	18,000	13,608	(4,392)
Sign license fee	35,000	36,765	1,765
Alarm panel franchise fee	14,400	10,800	(3,600)
Plat approval and sign appeal fees	1,000	-	(1,000)
Total Licenses and Permits	7,794,950	9,164,065	1,369,115

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Intergovernmental - Revenue from			
Other Agencies			
Health Department SEED Grant	\$ 400,000	\$ 85,624	\$ (314,376)
Preventive health block grant	56,600	41,810	(14,790)
Fire department training grant	600	-	(600)
Illinois state health department			
basic services grant	63,300	95,029	31,729
Bio-terrorism grant	80,000	-	(80,000)
Family planning grant	54,500	55,556	1,056
Hearing and vision grant	6,400	13,767	7,367
ICJIA grant - community service	15,000	-	(15,000)
ICJIA grant - victim	60,000	-	(60,000)
Other federal aid	14,100	-	(14,100)
Violent crime victim assistance grant	24,700	15,000	(9,700)
Federal police grant	44,400	-	(44,400)
Civil defense grants	20,000	11,372	(8,628)
Retailer and service occupation tax	8,200,000	8,484,692	284,692
State income tax	5,000,000	5,637,725	637,725
State highway maintenance	90,000	94,099	4,099
District 65 dental	1,500	3,000	1,500
Commission on Aging grant	33,000	31,998	(1,002)
Other state / county grants	-	240,843	240,843
Police training grant	8,000	-	(8,000)
Dental sealants grant	4,200	2,367	(1,833)
Lead grant	4,000	524	(3,476)
Federal grant / Aid	-	20,700	20,700
Illinois Tobacco Free Community	25,000	25,593	593
Art council	-	47,440	47,440
Kid care agreement	11,300	6,150	(5,150)
HUD emergency shelter grant	88,100	89,958	1,858
Leadbase paint control grant	178,000	8,921	(169,079)
Genetic education grant	10,200	5,100	(5,100)
Tanning parlor inspection	-	200	200
Prostate cancer awareness	-	1,327	1,327
Family case management grant	189,800	193,817	4,017
Infant immunization grant	2,900	-	(2,900)
Teen parent service program	30,000	38,600	8,600
Vector prevention grant	-	3,241	3,241
Access to care	-	9	9
		<u>9</u>	<u>9</u>
 Total Intergovernmental - Revenue from Other Agencies	 <u>14,715,600</u>	 <u>15,254,462</u>	 <u>538,862</u>

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Charges for Services			
Recreation			
Recreation - program	\$ 4,084,500	\$ 4,310,448	\$ 225,948
Total Recreation	4,084,500	4,310,448	225,948
Library			
Film rentals	63,000	44,107	(18,893)
Books, lost and paid	21,000	16,781	(4,219)
Reserves	5,600	6,461	861
Miscellaneous revenues	3,500	1,345	(2,155)
Rental books	8,600	2,004	(6,596)
Non-resident cards	3,000	3,929	929
Copy machine charges	26,000	21,259	(4,741)
Library meeting room rentals	9,000	11,260	2,260
Rental income	27,000	27,003	3
State library per capita grant	92,700	92,075	(625)
CD-ROM software rentals	2,000	1,025	(975)
Total Library	261,400	227,249	(34,151)

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Charges for Services			
Other Service Charges			
Family planning clinic	\$ -	1,292	\$ 1,292
Dental clinic fees and check up fees	68,000	68,540	540
Venereal disease program - Skokie	2,250	2,250	-
Birth and death records	131,000	128,996	(2,004)
TB nursing services	12,000	12,102	102
Flu and pneumonia program	23,500	10,852	(12,648)
Health clinic fees - immunizations	4,200	2,961	(1,239)
Health clinic fees - sexually transmitted disease	8,000	-	(8,000)
Health clinic fees - TB	3,500	3,680	180
Health clinic fees - lab	16,200	13,743	(2,457)
Health clinic fees - food establishment	150,000	151,072	1,072
Health clinic fees - school physicals	2,300	1,541	(759)
S.T.D.O. and S.T.D.E.	-	8,255	8,255
Dental check up	9,000	9,545	545
Emergency dental exam	100	70	(30)
X-Ray	-	40	40
Amalgam filling	900	110	(790)
Resin filling	4,000	4,695	695
Sedative filling	100	10	(90)
Extraction	100	495	395
Pulpotomy	800	905	105
Sealant office visit	700	647	(53)
Additional sealant	100	30	(70)
Temporary license fee	3,300	2,537	(763)
Food delivery vehicle	6,500	6,545	45
Scavenger truck	2,300	2,340	40
Beverage snack vending machine	22,000	34,624	12,624
Tobacco license	15,000	12,750	(2,250)
Funeral director license	-	6,330	6,330
Temporary funeral direct license	-	5,942	5,942
Ambulance services	470,000	638,292	168,292
Towing charges	-	(10,010)	(10,010)
Weights and measures examination	1,000	920	(80)
Senior taxi coupon sales	68,000	97,779	29,779
Recycling - material sales	-	1,200	1,200
Background check daycare providers	-	(180)	(180)
Police report fees	15,000	17,477	2,477
Child health	1,700	-	(1,700)
Food vending machine	2,000	36	(1,964)
Inoculation funding	384,800	-	(384,800)

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Charges for Services - Continued			
Other Service Charges - Continued			
Fire report fees	\$ 900	\$ 1,020	\$ 120
Fire cost recovery charges	5,000	7,869	2,869
Fire building inspection	8,000	1,750	(6,250)
Other service charges	4,000	2,108	(1,892)
Condo conversion application	70,000	80,101	10,101
Zoning fees	40,000	59,352	19,352
Alarm panel subscription fees	100,000	205,889	105,889
Skokie animal boarding fees	1,000	430	(570)
Passport execution fees	10,000	5,805	(4,195)
Sanitation classes and charges	60,000	73,090	13,090
Wood recycling	-	16,919	16,919
Plan review	10,000	6,130	(3,870)
Recycling service charge and penalty	628,000	668,223	40,223
Total Other Service Charges	2,365,250	2,367,099	1,849
Total Charges for Services	6,711,150	6,904,796	193,646
Fines			
Ticket fines	3,640,000	2,843,211	(796,789)
Regular fines	185,000	272,911	87,911
Housing code violations	-	29,279	29,279
Permit penalty fees	5,000	69,573	64,573
False alarm panel fines - fire	55,000	51,280	(3,720)
False alarm panel fines - police	85,000	133,504	48,504
Administrative adjudication	95,000	111,660	16,660
Library fines	169,000	177,777	8,777
Boot release fees	121,500	91,825	(29,675)
Total Fines	4,355,500	3,781,020	(574,480)

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Investment Income	\$ 232,700	\$ 575,281	\$ 342,581
Miscellaneous			
Charges to Other Funds			
Charges to Water for			
administrative expenses	1,113,000	1,113,000	-
Economic Development	376,900	385,300	8,400
Maple Garage	40,700	40,700	-
Emergency Telephone System	170,000	170,000	-
Community Development Block Grant	908,300	936,672	28,372
HOME	39,300	39,288	(12)
Sewer	633,100	647,400	14,300
Motor Vehicle Parking System	688,900	688,900	-
Fleet Services	127,000	123,300	(3,700)
Total Charges to Other Funds	4,097,200	4,144,560	47,360
Miscellaneous			
Other Revenues			
Payments in lieu of taxes	27,000	26,898	(102)
Sales and rentals of property	102,900	68,950	(33,950)
Compensation for damage to			
City property	50,000	40,775	(9,225)
Parking permits - Ryan Field	12,000	13,020	1,020
Miscellaneous	316,500	92,867	(223,633)
Total Other Revenues	508,400	242,510	(265,890)
Total Miscellaneous	4,605,600	4,387,070	(218,530)
Total Revenues	\$ 78,322,500	\$ 81,919,666	\$ 3,597,166

Concluded

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis) Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
General Management and Support			
City Council	\$ 291,000	\$ 270,871	\$ 20,129
City Manager	3,646,900	3,311,124	335,776
City Clerk	196,000	207,209	(11,209)
Law Department	690,600	648,009	42,591
Human Resources	1,234,000	1,482,908	(248,908)
Finance	1,762,600	1,797,763	(35,163)
Facilities management	2,357,000	2,372,129	(15,129)
Miscellaneous operating requirements	2,424,400	3,772,550	(1,348,150)
Total General Management and Support	12,602,500	13,862,563	(1,260,063)
Public Safety			
Emergency services and disaster assistance	81,900	39,252	42,648
Police	18,095,400	18,670,460	(575,060)
Fire	10,523,900	11,183,106	(659,206)
Total Public Safety	28,701,200	29,892,818	(1,191,618)
Public Works			
Municipal service center	299,300	336,526	(37,226)
Public Works Director	195,400	199,801	(4,401)
City Engineer	1,111,800	1,154,822	(43,022)
Traffic Engineer	2,376,700	2,270,500	106,200
Streets	3,450,400	3,254,728	195,672
Sanitation	4,294,200	4,371,209	(77,009)
Total Public Works	11,727,800	11,587,586	140,214

Continued

CITY OF EVANSTON, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis) - Continued
Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Health and Human Resource Development			
Health and Human Services Director	\$ 350,700	\$ 290,053	\$ 60,647
Health Department	2,692,200	2,049,441	642,759
Emergency assistance services	334,600	245,484	89,116
Mental health and community purchased services	1,032,000	1,035,632	(3,632)
Commission on Aging	117,500	115,609	1,891
Subsidized Taxicab Program	212,400	285,935	(73,535)
Human Relations	598,000	543,549	54,451
Total Health and Human Resource Development	5,337,400	4,565,703	771,697
Recreation and Cultural Opportunities			
Library	4,147,900	4,359,676	(211,776)
Recreation	6,707,900	6,815,658	(107,758)
Parks and forestry	4,190,600	3,797,286	393,314
Ecology Center	414,500	412,291	2,209
Arts Council	884,900	803,069	81,831
Total Recreation and Cultural Opportunities	16,345,800	16,187,980	157,820
Housing and Economic Development			
Community Development administration	202,700	238,939	(36,239)
Planning and zoning	799,700	813,930	(14,230)
Housing rehabilitation and property standards	786,000	752,195	33,805
Building code compliance	1,065,300	1,097,838	(32,538)
Total Housing and Economic Development	2,853,700	2,902,902	(49,202)
Pensions			
Illinois Municipal Retirement Pension	4,157,400	4,627,930	(470,530)
Total Expenditures	\$ 81,725,800	\$ 83,627,482	\$ (1,901,682)

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 28, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments	\$ 2,000,000	\$ 2,158,221	\$ 158,221
Interest	55,000	75,950	20,950
Total Revenues	2,055,000	2,234,171	179,171
Expenditures			
Public Works	3,090,000	1,554,835	1,535,165
Excess (Deficiency) of Revenues over (under) Expenditures	(1,035,000)	679,336	1,714,336
Other Financing (Uses)			
Operating transfers (out) General Fund	(772,500)	(772,500)	-
Deficiency of Revenues under Expenditures and Other Financing Uses	<u>\$ (1,807,500)</u>	(93,164)	<u>\$ (1,714,336)</u>
Fund Balances			
Beginning of year		<u>2,399,777</u>	
End of year		<u><u>\$ 2,306,613</u></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 28, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Hotel taxes	\$ 650,000	\$ 1,278,559	\$ 628,559
Amusement taxes	300,000	297,830	(2,170)
Total Revenue	950,000	1,576,389	626,389
Expenditures			
Housing and economic development	848,900	763,751	85,149
Excess of Revenues over Expenditures	101,100	812,638	711,538
Other Financing Sources (Uses)			
Operating transfers in (out)			
Howard Ridge Tax Increment District	-	37,521	37,521
Maple Avenue Garage Fund	(650,000)	(650,000)	-
Deficiency of Revenues under Expenditures and Other Financing Uses	<u>\$ (548,900)</u>	200,159	<u>\$ (749,059)</u>
Fund Balances			
Beginning of year		<u>919,733</u>	
End of year		<u>\$ 1,119,892</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 28, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Enhanced 911 surcharge	\$ 1,143,000	\$ 1,071,951	\$ (71,049)
Interest	1,500	-	(1,500)
Total Revenue	1,144,500	1,071,951	(72,549)
Expenditures			
Public Safety	2,190,300	1,251,414	938,886
Deficiency of Revenues under Expenditures	<u>\$ (1,045,800)</u>	(179,463)	<u>\$ (866,337)</u>
Fund Balance			
Beginning of year		<u>2,500,305</u>	
End of year		<u>\$ 2,320,842</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 28, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Interest	\$ 10,000	\$ 11,524	\$ 1,524
Miscellaneous	7,000	47,444	40,444
Total Revenue	17,000	58,968	41,968
Expenditures			
Housing and economic development	254,300	174,586	79,714
Excess (Deficiency) of Revenues over (under) Expenditures	(237,300)	(115,618)	121,682
Other Financing (Uses)			
Transfers (out) General Fund	-	(31,800)	(31,800)
Excess (Deficiency) of Revenues over (under) Expenditures and Other Financing Uses	<u>\$ (237,300)</u>	(147,418)	<u>\$ 89,882</u>
Fund Balance			
Beginning of year		<u>1,693,779</u>	
End of year		<u>\$ 1,546,361</u>	

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
 Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental allotments			
Grant from the U.S. Department of Housing and Urban Development	\$ 2,824,337	\$ 2,342,426	\$ (481,911)
Miscellaneous	-	35,225	35,225
Total Revenues	2,824,337	2,377,651	(446,686)
Expenditures			
Housing and economic development	2,824,337	2,457,202	367,135
Excess (Deficiency) of Revenues over (under) Expenditures	-	(79,551)	(79,551)
Other Financing (Uses)			
Transfers			
Community Development Loan	-	79,551	79,551
Excess (Deficiency) of Revenues over (under) Expenditures and Other Financing Uses	\$ -	-	\$ -
Fund Balance			
Beginning of year		12,799	
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 28, 2006

	Original and Final Budget	Actual	Variance
Administration/Planning			
CDBG Administration	\$ 313,393	\$ 313,372	\$ 21
Fair Housing Assistance	84,866	84,864	2
Total Administration/Planning	398,259	398,236	23
Economic Development			
Evanston Community Development Corp.	25,000	25,000	-
Neighborhood Façade Program	20,000	-	20,000
MBE/Small Business Assistance	72,916	72,900	16
Total Economic Development	117,916	97,900	20,016
Housing			
Housing Rehabilitation Administration	238,000	237,991	9
Adaptive Devices	-	6,383	(6,383)
Community Development Administration	106,000	105,994	6
Minor Repairs/Painting Assistance - E.N.A.W.	148,000	148,000	-
Program Income - Revolving Loan Fund	200,000	-	200,000
Demolition/Vacant Lot Cleanup Program	-	15,510	(15,510)
Civic Center Boiler	-	14,558	(14,558)
Housing Code Compliance	248,000	240,566	7,434
Total Housing	940,000	769,002	170,998

Continued

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Neighborhood Revitalization			
Fleetwood Jourdain-Locker Rooms	\$ -	\$ 47,904	\$ (47,904)
Accessible Curb Ramp Program	-	64,612	(64,612)
Street Light Upgrade	-	41,855	(41,855)
Curb/Sidewalk Replacement	75,000	65,071	9,929
Fleetwood Jourdain-Roof Replacement	-	98,068	(98,068)
Hemenway UM Church-Handicapped Access	53,000	53,000	-
South Evanston Neighborhood Security	-	3,435	(3,435)
Black American Heritage and Tech Center	-	24,065	(24,065)
Alley Paving Program	150,000	149,860	140
Howard St. Enhancement (Outpost)	-	2,729	(2,729)
Mason Park	360,000	64,792	295,208
Community Development-Neighborhood Improvement	25,000	317	24,683
Handyman Assistance	12,000	8,347	3,653
McGaw YMCA Elevator Project	50,000	12,115	37,885
Reba Early Learning Center	50,000	50,000	-
Ridgeville Park District-Brummel Park Lighting	16,000	16,000	-
Special Assesstments / Alley Paving	80,000	67,302	12,698
Reba Park	-	450	(450)
Fleetwood Jourdain-Community Center	75,000	1,592	73,408
Family Focus Center Improvements	50,000	49,997	3
Graffiti Removal Program	28,521	28,524	(3)
 Total Neighborhood Revitalization	 1,024,521	 850,035	 174,486

Continued

CITY OF EVANSTON, ILLINOIS

Community Development Block Grant Fund

Schedule of Expenditures - Budget and Actual (Budgetary Basis) - Continued
 Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Public Services			
Adopt a Fancy Can	\$ 4,764	\$ 3,989	\$ 775
Senior Crime Prevention	19,093	19,093	-
Girls Scouts Studio B	4,300	4,300	-
Evanston Community Defender	45,304	45,304	-
Evanston Legal Services CCLAF	9,546	8,709	837
Youth Job Center of Evanston	67,980	67,980	-
Summer Youth	47,677	47,677	-
EEAC Job Counselor	3,819	3,819	-
YWCA Shelter Project	36,703	36,703	-
Connections for Homeless-Entry Point	12,401	12,401	-
Melas at Home	9,546	9,546	-
North Shore Senior Center	23,840	23,840	-
First Base Homeless	4,764	4,764	-
Interfaith Predatory	4,764	4,764	-
Open Studio Art	4,764	4,764	-
Neighborhood Youth Services	14,310	14,310	-
Shorefront NFP Legacy Project	9,546	9,546	-
Wildkits Scholarship and Training Program	2,391	2,391	-
Interfaith Housing Program	13,365	13,365	-
Metropolitan Family Service	4,764	4,764	-
Total Public Services	343,641	342,029	1,612
Total Expenditures	\$ 2,824,337	\$ 2,457,202	\$ 367,135

Concluded

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 28, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes			
Current year levy	\$ 255,000	\$ 255,000	\$ -
Prior year levy	-	(6,110)	(6,110)
Interest	-	330	330
Total Revenues	255,000	249,220	(5,780)
Expenditures			
Housing and economic development	245,000	245,000	-
Excess of Revenues over Expenditures	<u>\$ 10,000</u>	4,220	<u>\$ (5,780)</u>
Fund Balance			
Beginning of year		<u>216,258</u>	
End of year		<u>\$ 220,478</u>	

CITY OF EVANSTON, ILLINOIS

Township - Town Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	\$ 330,000	\$ 303,822	\$ (26,178)
Interest	2,000	1,334	(666)
Replacement tax	30,000	41,218	11,218
Total Revenues	362,000	346,374	(15,626)
Expenditures			
General management and support	215,550	217,369	(1,819)
Excess of Revenues over Expenditures	146,450	129,005	(17,445)
Other Financing (Uses)			
Operating transfers (out)			
General Assistance Fund	(125,000)	(123,171)	1,829
Excess of Revenues over Expenditures and Other Financing Uses	<u>\$ 21,450</u>	5,834	<u>\$ (15,616)</u>
Fund Balance			
Beginning of year		<u>366,118</u>	
End of year		<u>\$ 371,952</u>	

CITY OF EVANSTON, ILLINOIS

Township - General Assistance Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year ended February 28, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	\$ 880,000	\$ 792,836	\$ (87,164)
Interest	1,000	2,726	1,726
Earnfare	1,000	739	(261)
SSI reimbursement	20,000	42,659	22,659
Emergency assistance reimbursement	133,730	66,008	(67,722)
Total Revenues	1,035,730	904,968	(130,762)
Expenditures			
General management and support	1,158,534	883,850	(274,684)
(Deficiency) of Revenues (under) Expenditures	(122,804)	21,118	143,922
Other Financing Sources			
Transfers in			
Town Fund	125,000	123,171	(1,829)
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 2,196</u>	144,289	<u>\$ 142,093</u>
Fund Balance			
Beginning of year		<u>219,155</u>	
End of year		<u>\$ 363,444</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 28, 2006

	General Obligation Debt		Special Service District No. 5		Central Business Tax Increment District	
	Original and Final		Original and Final		Original and Final	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues						
Taxes						
Property taxes						
Current year levy, net	\$ 8,758,600	\$ 8,794,174	\$ 438,000	\$ 437,706	\$ 7,235,100	\$ 8,204,243
Prior year levy, net	-	124,769	-	(2,813)	-	39,607
Sales tax	-	-	-	-	250,000	250,000
Investment income	110,000	387,201	200	595	50,000	163,760
Miscellaneous	-	5	-	-	-	-
Total Revenues	8,868,600	9,306,149	438,200	435,488	7,535,100	8,657,610
Expenditures						
General management and support	3,000	804	-	17,142	250,000	111,446
Health and human resources development	-	-	-	-	-	-
Debt Service						
Principal	5,985,000	6,175,680	250,000	265,000	2,915,000	315,000
Interest	3,673,447	3,929,229	180,820	170,563	343,000	342,291
Fiscal agent fees	220,000	183,826	-	-	40,000	25,947
Total Expenditures	9,881,447	10,289,539	430,820	452,705	3,548,000	794,684
Excess (Deficiency) of Revenues over (under) Expenditures	(1,012,847)	(983,390)	7,380	(17,217)	3,987,100	7,862,926
Other Financing Sources (Uses)						
Operating transfers in (out)						
Bond Proceeds	-	6,205,000	-	-	-	-
Escrow Funding	-	(6,626,389)	-	-	-	-
Premiums and discounts	-	479,204	-	-	-	-
Capitalized Interest Income	-	354,581	-	-	-	-
General	125,750	125,750	-	-	(309,000)	(884,043)
Economic Development	-	-	-	-	-	-
Special Service District #5	437,700	-	-	-	-	-
Downtown TIF DS	-	-	-	-	-	-
Washington National TIF DS	-	-	-	-	(845,315)	(845,315)
Special Assessment						
Capital Projects	300,500	300,500	-	-	-	-
Washington National TIF	-	-	-	-	-	-
Water	-	-	-	-	-	(268,449)
Sewer	-	-	-	-	-	(899,602)
Maple Avenue Garage	-	-	-	-	(4,502,000)	(4,500,000)
Fleet	-	-	-	-	-	(51,650)
Total Other Financing Sources (Uses)	863,950	838,646	-	-	(5,656,315)	(7,449,059)
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (148,897)</u>	<u>(144,744)</u>	<u>\$ 7,380</u>	<u>(17,217)</u>	<u>\$(1,669,215)</u>	<u>413,867</u>
Fund Balances						
Beginning of year		1,657,918		38,069		6,858,852
End of year		<u>\$ 1,513,174</u>		<u>\$ 20,852</u>		<u>\$ 7,272,719</u>

Southwest Tax Increment District		Howard Hartrey Tax Increment District		Washington National Tax Increment District		Howard Ridge Tax Increment District		Totals	
Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
\$ 600,400	\$ 557,665	\$ 1,199,900	\$ 1,388,058	\$ 998,600	\$ 1,599,296	\$ -	\$ 94,208	\$ 19,230,600	\$ 21,075,350
-	19,056	-	-	-	1,910	-	923	-	183,452
-	-	-	-	-	-	-	-	250,000	250,000
6,000	21,524	35,000	120,936	10,000	80,165	-	89	211,200	774,270
-	-	-	-	-	-	-	-	-	5
606,400	598,245	1,234,900	1,508,994	1,008,600	1,681,371	-	95,220	19,691,800	22,283,077
-	-	-	-	150,000	1,446	-	6,435	403,000	137,273
600,000	-	-	-	-	-	-	-	600,000	-
225,000	250,000	525,000	425,000	195,000	2,580,000	-	-	10,095,000	10,010,680
50,625	42,750	344,600	268,620	1,268,350	2,142,065	-	-	5,860,842	6,895,518
-	-	-	-	130,000	113,052	-	-	390,000	322,825
875,625	292,750	869,600	693,620	1,743,350	4,836,563	-	6,435	17,348,842	17,366,296
(269,225)	305,495	365,300	815,374	(734,750)	(3,155,192)	-	88,785	2,342,958	4,916,781
-	-	-	-	-	-	-	-	-	6,205,000
-	-	-	-	-	-	-	-	-	(6,626,389)
-	-	-	-	-	-	-	-	-	479,204
-	-	-	-	-	-	-	-	-	354,581
(21,200)	(21,200)	(128,800)	(128,800)	(137,900)	(137,900)	-	-	(471,150)	(1,046,193)
-	-	-	-	-	-	-	(37,521)	-	(37,521)
-	-	-	-	-	-	-	-	437,700	-
-	-	-	-	845,315	845,315	-	-	845,315	845,315
-	-	-	-	-	-	-	-	(845,315)	(845,315)
-	-	-	-	-	-	-	-	300,500	300,500
-	-	-	-	-	-	-	(5,347)	-	(5,347)
-	-	-	-	-	-	-	-	-	(268,449)
-	-	-	-	-	-	-	-	-	(899,602)
-	-	-	-	-	-	-	-	(4,502,000)	(4,500,000)
-	-	-	-	-	-	-	-	-	(51,650)
(21,200)	(21,200)	(128,800)	(128,800)	707,415	707,415	-	(42,868)	(4,234,950)	(6,095,866)
<u>\$ (290,425)</u>	284,295	<u>\$ 236,500</u>	686,574	<u>\$ (27,335)</u>	(2,447,777)	<u>\$ -</u>	45,917	<u>\$ (1,891,992)</u>	(1,179,085)
	<u>306,586</u>		<u>1,081,613</u>		<u>3,862,220</u>		<u>-</u>		<u>13,805,258</u>
	<u>\$ 590,881</u>		<u>\$ 1,768,187</u>		<u>\$ 1,414,443</u>		<u>\$ 45,917</u>		<u>\$ 12,626,173</u>

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PROPRIETARY FUND TYPES

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CITY OF EVANSTON, ILLINOIS

Nonmajor Proprietary Funds

Statement of Net Assets
February 28, 2006

	Business-type Activities-Enterprise Fund		
	Maple Avenue Garage	Motor Vehicle Parking System	Total Nonmajor Proprietary Funds
Assets			
Current Assets			
Cash and equivalents	\$ 2,717,885	\$ 2,543,217	\$ 5,261,102
Investments	2,994,865	-	2,994,865
Receivables			
Accrued interest	25,533	-	25,533
Other	-	11,686	11,686
Due from other funds	60,070	-	60,070
Total Current Assets	5,798,353	2,554,903	8,353,256
Noncurrent Assets			
Capital Assets			
Land	-	2,742,522	2,742,522
Capital assets being depreciated	27,128,673	8,498,084	35,626,757
Less accumulated depreciation	(3,547,929)	(2,635,055)	(6,182,984)
Total Noncurrent Assets	23,580,744	8,605,551	32,186,295
Other Assets			
Receivables			
Notes	-	309,000	309,000
Total Assets	\$ 29,379,097	\$ 11,469,454	\$ 40,848,551

	Business-type Activities-Enterprise Fund		
	Maple Avenue Garage	Motor Vehicle Parking System	Total Nonmajor Proprietary Funds
Liabilities			
Current Liabilities (Payable from Current Assets)			
Vouchers payable	\$ 176,517	\$ 43,552	\$ 220,069
Accrued payroll	-	17,147	17,147
Interest payable	-	48,897	48,897
Compensated absences payable	-	108,357	108,357
General obligation bonds payable	13,100,000	585,000	13,685,000
Unamortized bond expenses and discount	(21,399)	-	(21,399)
Due to other funds	398	12,780	13,178
Total Current Liabilities Payable from Current Assets	13,255,516	815,733	14,071,249
Long-Term Liabilities			
General obligation bonds payable	-	3,130,000	3,130,000
Total Liabilities	13,255,516	3,945,733	17,201,249
Net Assets			
Invested in capital assets, net of related debt	10,480,744	4,890,551	15,371,295
Unrestricted	5,642,837	2,633,170	8,276,007
Total net assets	\$ 16,123,581	\$ 7,523,721	\$ 23,647,302

CITY OF EVANSTON, ILLINOIS

Nonmajor Proprietary Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year ended February 28, 2006

	Business-type Activities-Enterprise Fund		
	Maple Avenue Garage Fund	Motor Vehicle Parking System	Total Nonmajor Proprietary Funds
Operating Revenues			
Charges for services	\$ 1,622,573	\$ 2,953,064	\$ 4,575,637
Miscellaneous	2	12,380	12,382
Total Operating Revenues	1,622,575	2,965,444	4,588,019
Operating Expenses Excluding Depreciation			
Administration	-	1,052,335	1,052,335
Operations	1,879,546	1,406,282	3,285,828
Total Operating Expenses Excluding Depreciation	1,879,546	2,458,617	4,338,163
Operating Income (Loss) Before Depreciation	(256,971)	506,827	249,856
Depreciation	685,311	158,717	844,028
Operating Income (Loss)	(942,282)	348,110	(594,172)
Nonoperating Revenues (Expenses)			
Investment income	101,249	74,611	175,860
Interest expense	(517,028)	(286,634)	(803,662)
Bond expenses and amortization of discount	(14,559)	-	(14,559)
Total Nonoperating Revenues (Expenses)	(430,338)	(212,023)	(642,361)
Income (Loss) Before Transfers	(1,372,620)	136,087	(1,236,533)
Transfers In (Out)			
Central Business Tax Increment District Fund	4,500,000	-	4,500,000
Economic Development Fund	650,000	-	650,000
General Fund	300,000	-	300,000
Change in Net Assets	4,077,380	136,087	4,213,467
Total Net Assets (Deficit) - Beginning of Year	12,046,201	7,387,634	19,433,835
Total Net Assets - End of Year	\$ 16,123,581	\$ 7,523,721	\$ 23,647,302

CITY OF EVANSTON, ILLINOIS

Nonmajor Proprietary Funds

Statement of Cash Flows
Year ended February 28, 2006

	Business-type Activities-Enterprise Fund		
	Maple Avenue Garage Fund	Motor Vehicle Parking System	Total Nonmajor Proprietary Funds
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 1,597,042	\$ 2,964,810	\$ 4,561,852
Receipts from interfund services provided	(13,967)	85,538	71,571
Payments to suppliers	(1,760,418)	(1,436,153)	(3,196,571)
Payments to employees	-	(1,011,149)	(1,011,149)
Payments for interfund services provided	(129,472)	(12,912)	(142,384)
Net Cash Provided by (Used for) Operating Activities	(306,815)	590,134	283,319
Cash Flows from Noncapital Financing Activities			
Transfers In (Out)			
Central Business Tax Increment District Fund	4,500,000	-	4,500,000
Economic Development Fund	650,000	-	650,000
General Fund	300,000	-	300,000
Net Cash Provided by Noncapital Financing Activities	5,450,000	-	5,450,000
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	51,000	-	51,000
Principal paid on general obligation bonds	(3,800,000)	(545,000)	(4,345,000)
Interest paid on general obligation bonds	(517,028)	(286,634)	(803,662)
Net Cash (Used for) Capital and Related Financing Activities	(4,266,028)	(831,634)	(5,097,662)
Cash Flows from Investing Activities			
Interest income	101,249	74,611	175,860
Net Cash Provided by Investing Activities	101,249	74,611	175,860
Net Increase (Decrease) in Cash and Equivalents	978,406	(166,889)	811,517
Cash and Equivalents			
Beginning of year	4,734,344	2,710,106	7,444,450
End of year	\$ 5,712,750	\$ 2,543,217	\$ 8,255,967
Reconciliation			
Cash and equivalents			
Unrestricted	\$ 5,712,750	\$ 2,543,217	\$ 8,255,967
	\$ 5,712,750	\$ 2,543,217	\$ 8,255,967

CITY OF EVANSTON, ILLINOIS

Nonmajor Proprietary Funds

Statement of Cash Flows - Continued
 Year ended February 28, 2006

	Business-type Activities-Enterprise Fund		
	Maple Avenue Garage Fund	Motor Vehicle Parking System	Total Nonmajor Proprietary Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating income (loss)	\$ (942,282)	\$ 348,110	\$ (594,172)
Depreciation	685,311	158,717	844,028
Changes in assets and liabilities			
Other receivables	-	(634)	(634)
Interfund receivable	(13,967)	85,538	71,571
Accrued interest receivable	(25,533)	-	(25,533)
Compensated absences	-	36,891	36,891
Accrued payroll	-	4,295	4,295
Interfund payable	(129,472)	(12,912)	(142,384)
Vouchers payable	119,128	(22,815)	96,313
Interest payable	-	(7,056)	(7,056)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (306,815)</u>	<u>\$ 590,134</u>	<u>\$ 283,319</u>

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CITY OF EVANSTON, ILLINOIS

Water Fund

Schedule of Net Assets
February 28, 2006

	Operation and Maintenance Account	Restricted Accounts			Totals
		Bond and Interest	Bond Reserve	Depreciation Improvement and Extension	
Assets					
Current Assets					
Cash and equivalents	\$ 442,062	\$ -	\$ -	\$ -	\$ 442,062
Restricted cash and equivalents and investments	-	102,515	-	376,850	479,365
Receivables					
Accounts - billed	1,052,876	-	-	-	1,052,876
Accounts - unbilled	864,508	-	-	-	864,508
Due from other funds	277	-	-	-	277
Other Receivables	12,904	-	-	7,583	20,487
Inventory	527,163	-	-	-	527,163
Total Current Assets	2,899,790	102,515	-	384,433	3,386,738
Noncurrent Assets					
Restricted cash and equivalents and investments	1,082,873	1,537,458	3,050,118	4,911,617	10,582,066
Capital Assets					
Land	555,415	-	-	-	555,415
Construction in progress	-	-	-	1,027,973	1,027,973
Capital assets being depreciated	58,187,210	-	-	-	58,187,210
Less accumulated depreciation	(14,127,102)	-	-	-	(14,127,102)
Total Capital Assets	44,615,523	-	-	1,027,973	45,643,496
Total Assets	\$ 48,598,186	\$ 1,639,973	\$ 3,050,118	\$ 6,324,023	\$ 59,612,300

	Restricted Accounts				Totals
	Operation and Maintenance Account	Bond and Interest	Bond Reserve	Depreciation Improvement and Extension	
Liabilities and Net Assets					
Current Liabilities					
Vouchers payable	\$ 206,685	\$ -	\$ -	\$ 84,858	\$ 291,543
Vouchers payable - restricted	-	-	-	376,850	376,850
Accrued payroll	60,576	-	-	-	60,576
Interest payable - restricted	-	24,182	-	-	24,182
Revenue bonds payable - restricted	-	78,333	-	-	78,333
Due to other funds	28,078	-	-	785	28,863
Compensated absences payable	387,900	-	-	-	387,900
Total Current Liabilities	683,239	102,515	-	462,493	1,248,247
Long-Term Liabilities					
Revenue bonds payable	3,631,667	-	-	-	3,631,667
Unamortized bond discount on bonds payable	18,064	-	-	-	18,064
Total Long-Term Liabilities	3,649,731	-	-	-	3,649,731
Total Liabilities	4,332,970	102,515	-	462,493	4,897,978
Net Assets					
Restricted for debt service	-	1,537,458	3,050,118	5,861,530	10,449,106
Unrestricted	44,265,216	-	-	-	44,265,216
Total Net Assets	44,265,216	1,537,458	3,050,118	5,861,530	54,714,322
Total Liabilities and Net Assets	\$ 48,598,186	\$ 1,639,973	\$ 3,050,118	\$ 6,324,023	\$ 59,612,300

CITY OF EVANSTON, ILLINOIS

Water Fund

Schedule of Changes in Net Assets - Reserved - Restricted Accounts
Year ended February 28, 2006

	Bond and Interest	Bond Reserve	Depreciation, Improvement and Extension	Totals
Increases				
Intrafund transfers in - accordance with bond ordinance unreserved retained earnings - Operation and Maintenance	\$ 1,020,400	\$ 145,800	\$ 2,877,200	\$ 4,043,400
Transfer from Capital Improvement	-	-	3,300,000	3,300,000
Investment earnings	39,276	81,239	131,866	252,381
Total Increases	1,059,676	227,039	6,309,066	7,595,781
Decreases				
Bond principal	799,167	-	-	799,167
Bond interest	171,977	-	-	171,977
Purchase of capital assets	-	-	3,993,253	3,993,253
Transfer to Insurance Fund	-	-	3,300,000	3,300,000
Payment of expense	-	260	10,544	10,804
Intrafund transfers to operation and maintenance	-	145,800	-	145,800
Total Decreases	971,144	146,060	7,303,797	8,421,001
Net Increase (Decrease)	88,532	80,979	(994,731)	(825,220)
Net Assets				
Beginning of year	1,448,926	2,969,139	6,856,261	11,274,326
End of year	\$ 1,537,458	\$ 3,050,118	\$ 5,861,530	\$ 10,449,106

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 28, 2006

(With Comparative Totals for the Year Ended February 28, 2005)

	Budget	Actual	Prior Year Actual
Operating Revenues			
Charges for services	\$ 13,332,100	\$ 13,475,577	\$ 12,739,153
Miscellaneous	300,700	485,859	447,692
Total Operating Revenues	13,632,800	13,961,436	13,186,845
Operating Expenses Excluding Depreciation			
Administration	676,800	634,737	698,958
Operations			
Pumping	1,863,000	1,875,494	1,745,290
Filtration	2,066,100	1,822,574	1,665,264
Meter maintenance	301,700	310,591	294,986
Distribution	1,197,100	1,100,542	1,110,097
Other	942,800	951,123	874,507
Total Operating Expenses Excluding Depreciation	7,047,500	6,695,061	6,389,102
Operating Income Before Depreciation	6,585,300	7,266,375	6,797,743
Depreciation	-	1,345,848	1,296,208
Operating Income	6,585,300	5,920,527	5,501,535
Nonoperating Revenues (Expenses)			
Investment income	50,000	167,149	49,387
Interest expense	-	(171,977)	(201,705)
Bond expenses and amortization of discount	-	(1,401)	(3,654)
Net book value of capital assets disposed	-	(242,851)	(2,643)
Total Nonoperating Revenues (Expenses)	50,000	(249,080)	(158,615)
Income Before Transfers	6,635,300	5,671,447	5,342,920
Transfers In (Out)			
Transfer In	-	3,568,449	1,308,102
Transfer Out	(2,615,200)	(5,993,600)	(3,923,302)
	(2,615,200)	(2,425,151)	(2,615,200)
Net Income	<u>\$ 4,020,100</u>	3,246,296	2,727,720
Other Changes in Unreserved Net Assets			
Intrafund transfers in (out) - net assets - reserved - restricted accounts		1,066,797	(1,328,173)
Increase in Unreserved Net Assets		4,313,093	1,399,547
Unreserved Net Assets			
Beginning of year		39,952,123	38,552,576
End of year		<u>\$ 44,265,216</u>	<u>\$ 39,952,123</u>

CITY OF EVANSTON, ILLINOIS

Water Fund - Operation and Maintenance Account

Schedule of Operating Revenues - Budget and Actual

Year ended February 28, 2006

(With Comparative Totals for the Year Ended February 28, 2005)

	Budget	Actual	Prior Year Actual
Charges for Services, Net			
Water Sales			
Evanston	\$ 6,588,000	\$ 6,706,643	\$ 6,559,026
Skokie	3,247,300	3,018,734	2,802,720
Northwest Water Commission	3,496,800	3,750,200	3,377,407
Total Charges for Services	13,332,100	13,475,577	12,739,153
Miscellaneous			
Fees and outside work	45,000	78,619	85,788
Fees, merchandise and other	255,700	407,240	361,904
Total Miscellaneous	300,700	485,859	447,692
Total Operating Revenues	\$ 13,632,800	\$ 13,961,436	\$ 13,186,845

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

Statement of Net Assets
February 28, 2006

Assets	Fleet Services	Insurance	Totals
Current Assets			
Cash and equivalents	\$ 24,718	\$ 108,707	\$ 133,425
Investments	-	970,532	970,532
Receivables - other	20,025	-	20,025
Due from other funds	281,650	-	281,650
Inventories	280,977	-	280,977
Total Unrestricted Current Assets	607,370	1,079,239	1,686,609
Capital Assets			
Cost	19,766,744	-	19,766,744
Accumulated depreciation	(12,689,047)	-	(12,689,047)
Total Capital Assets	7,077,697	-	7,077,697
Total Assets	7,685,067	1,079,239	8,764,306
Liabilities and Fund Equity			
Current Liabilities			
Vouchers payable	197,621	66,772	264,393
Accrued payroll	23,610	727	24,337
Compensated absences payable	102,575	-	102,575
Claims payable	-	862,114	862,114
Due to other funds	985,124	-	985,124
Total Current Liabilities	1,308,930	929,613	2,238,543
Long-Term Liabilities			
Claims payable	-	3,672,000	3,672,000
Total Liabilities	1,308,930	4,601,613	5,910,543
Net Assets (Deficit)			
Invested in capital assets, net of related debt	7,077,697	-	7,077,697
Unrestricted	(701,560)	(3,522,374)	(4,223,934)
Total net assets (deficit)	\$ 6,376,137	\$ (3,522,374)	\$ 2,853,763

CITY OF EVANSTON, ILLINOIS

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Net Assets
Year ended February 28, 2006

	Fleet Services	Insurance	Totals
Operating Revenues			
Charges for Services			
General Fund	\$ 4,055,400	\$ 1,900,000	\$ 5,955,400
Sewer Fund	242,900	-	242,900
Water Fund	311,000	-	311,000
Motor Vehicle Parking System Fund	105,000	-	105,000
Miscellaneous	21,301	6,360	27,661
Total Operating Revenues	4,735,601	1,906,360	6,641,961
Operating Expenses			
General support	449,342	-	449,342
Major maintenance	2,498,690	-	2,498,690
Vehicle body maintenance	201,662	-	201,662
General liability claims	-	1,571,371	1,571,371
Workers compensation claims	-	1,537,442	1,537,442
Other	56,795	161,687	218,482
Total Operating Expenses	3,206,489	3,270,500	6,476,989
Operating Income (Loss) Before Depreciation	1,529,112	(1,364,140)	164,972
Depreciation	1,388,947	-	1,388,947
Operating Income (Loss)	140,165	(1,364,140)	(1,223,975)
Nonoperating Revenues (Expenses)			
Investment income	-	27,010	27,010
Interest expense	(17,138)	-	(17,138)
Gain (loss) on disposition of assets	145,739	-	145,739
Total Nonoperating Revenues (Expenses)	128,601	27,010	155,611
Income (Loss) before Operating Transfers	268,766	(1,337,130)	(1,068,364)
Transfers In (Out)			
Water Fund	-	3,300,000	3,300,000
Sewer Fund	230,000	-	230,000
General Fund	19,000	-	19,000
Central Business Tax Increment District Fund	51,650	-	51,650
Capital Improvement Fund	105,000	-	105,000
Change in Net Assets	674,416	1,962,870	2,637,286
Total Net Assets (Deficit) - Beginning of Year	5,701,721	(5,485,244)	216,477
Total Net Assets (Deficit)- End of Year	\$ 6,376,137	\$ (3,522,374)	\$ 2,853,763

CITY OF EVANSTON, ILLINOIS

Internal Service Funds

Combining Statement of Cash Flows
Year ended February 28, 2006

	Fleet Services	Insurance	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 4,733,962	\$ 1,915,966	\$ 6,649,928
Receipts from interfund services provided	(281,406)	-	(281,406)
Payments to suppliers	(2,771,306)	(9,853,695)	(12,625,001)
Payments to employees	(445,261)	(1,537,201)	(1,982,462)
Payments for interfund services provided	980,325	(2,135)	978,190
Net Cash Provided By (Used For) Operating Activities	2,216,314	(9,477,065)	(7,260,751)
Cash Flows from Noncapital Financing Activities			
Transfers In (Out)			
Water Fund	-	3,300,000	3,300,000
Sewer Fund	230,000	-	230,000
General Fund	19,000	-	19,000
Central Business Tax Increment District Fund	51,650	-	51,650
Capital Improvement Fund	105,000	-	105,000
Net Cash Provided by Noncapital Financing Activities	405,650	3,300,000	3,705,650
Cash Flows from Capital and Related Financing Activities			
Sale of capital assets	152,196	-	152,196
Acquisition and construction of capital assets	(2,313,297)	-	(2,313,297)
Principal paid on general obligation bonds	(450,000)	-	(450,000)
Interest paid on general obligation bonds	(22,850)	-	(22,850)
Net Cash (Used for) Capital and Related Financing Activities	(2,633,951)	-	(2,633,951)
Cash Flows from Investing Activities			
Proceeds from sales and maturities of investments	-	10,300,000	10,300,000
Purchase of investments	-	(4,227,010)	(4,227,010)
Interest income	-	27,010	27,010
Net Cash Provided by Investing Activities	-	6,100,000	6,100,000
Net Decrease in Cash and Equivalents	(11,987)	(77,065)	(89,052)
Cash and Equivalents			
Beginning of year	36,705	185,772	222,477
End of year	\$ 24,718	\$ 108,707	\$ 133,425

Continued

CITY OF EVANSTON, ILLINOIS

Combining Statement of Cash Flows - Continued

Internal Service Funds
Year ended February 28, 2006

	Fleet Services	Insurance	Totals
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities			
Operating Income	\$ 140,165	\$ (1,364,140)	\$ (1,223,975)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities			
Depreciation	1,388,947	-	1,388,947
Changes in assets and liabilities			
Other receivables	(1,639)	9,606	7,967
Interfund receivable	(281,406)	-	(281,406)
Inventories	(26,543)	-	(26,543)
Compensated absences	2,556	-	2,556
Accrued payroll	1,525	241	1,766
Interfund payable	980,325	(2,135)	978,190
Vouchers payable	12,384	66,772	79,156
Claims payable	-	(8,162,670)	(8,162,670)
Due to other governments	-	(24,739)	(24,739)
Net Cash Provided By (Used For) Operating Activities	<u>\$ 2,216,314</u>	<u>\$ (9,477,065)</u>	<u>\$ (7,260,751)</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 28, 2006

	<u>2006</u>	<u>2005</u>
Governmental funds capital assets:		
Land	\$ 6,556,620	\$ 6,556,620
Right of way	18,695,896	18,606,141
Buildings and improvements	78,509,383	76,877,897
Office equipment and furniture	9,534,769	10,629,496
Machinery and equipment	1,173,221	703,123
Library collections	10,192,310	9,929,181
Capitalized leases	664,069	1,190,567
Infrastructure	85,894,840	78,806,398
Construction in progress	<u>41,657,942</u>	<u>9,284,228</u>
Total governmental funds capital assets	<u>\$ 252,879,050</u>	<u>\$ 212,583,651</u>
Investments in governmental funds capital assets by source:		
Capital Project Funds	\$ 222,462,024	\$ 182,432,795
General and Special Revenue Funds	29,803,502	29,537,332
Gifts / Donation	<u>613,524</u>	<u>613,524</u>
Total governmental funds capital assets	<u>\$ 252,879,050</u>	<u>\$ 212,583,651</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 \$19,766,744 at February 28, 2006 and \$18,209,749 at February 28, 2005 and consisted of machinery and equipment.

CITY OF EVANSTON, ILLINOIS

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity
Year ended February 28, 2006

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	\$ 5,902,335	\$ 8,242,819	\$ 309,882
Public safety	99,900	13,452,544	1,226,956	300,606
Public works	951,020	21,464,929	-	346,885
Recreation and cultural opportunities	<u>311,380</u>	<u>37,689,575</u>	<u>64,994</u>	<u>215,848</u>
Total capital assets	<u>\$ 6,556,620</u>	<u>\$ 78,509,383</u>	<u>\$ 9,534,769</u>	<u>\$ 1,173,221</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 \$19,766,744 at February 28, 2006 and \$18,209,749 at February 28, 2005 and consisted of machinery and equipment.

<u>Library Collections</u>	<u>Right of Way</u>	<u>Capitalized leases</u>	<u>Infrastructure</u>	<u>Construction in progress</u>	<u>Total</u>
\$ -	\$ 18,695,896	\$ 180,476	\$ -	\$ -	\$ 38,525,728
-	-	70,719	-	-	15,150,725
-	-	-	79,170,923	41,657,942	143,591,699
<u>10,192,310</u>	<u>-</u>	<u>412,874</u>	<u>6,723,917</u>	<u>-</u>	<u>55,610,898</u>
<u>\$ 10,192,310</u>	<u>\$ 18,695,896</u>	<u>\$ 664,069</u>	<u>\$ 85,894,840</u>	<u>\$ 41,657,942</u>	<u>\$ 252,879,050</u>

CITY OF EVANSTON, ILLINOIS

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity
Year ended February 28, 2006

FUNCTION AND ACTIVITY	Capital assets March 1, 2005	Additions	Deletions	Capital assets February 28, 2006
General management and support	\$ 39,590,585	\$ 466,612	\$ (1,621,225)	\$ 38,435,972
Public safety	14,929,354	221,371	-	15,150,725
Public works	104,319,323	39,362,130	-	143,681,453
Recreation and cultural opportunities	<u>53,744,389</u>	<u>2,241,483</u>	<u>(374,972)</u>	<u>55,610,900</u>
Total capital assets	<u>\$ 212,583,651</u>	<u>\$ 42,291,596</u>	<u>\$ (1,996,197)</u>	<u>\$ 252,879,050</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 \$19,766,744 at February 28, 2006 and \$18,209,749 at February 28, 2005.

STATISTICAL SECTION (UNAUDITED)

CITY OF EVANSTON, ILLINOIS

Government-wide Expenses by Function

Last Four Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Government Activities				
General management and support	\$ 14,273,641	\$ 15,791,355	\$ 14,450,761	\$ 19,536,566
Public safety	33,420,019	39,237,180	31,167,640	45,950,611
Public works	13,186,710	13,065,137	14,224,855	14,631,723
Health and human resource development	5,041,428	5,370,262	5,843,522	4,781,198
Recreation and cultural opportunities	16,247,049	17,129,356	18,276,621	19,791,683
Housing and economic development	5,817,651	5,973,494	6,757,476	6,850,300
Interest	4,540,304	4,899,622	5,086,412	5,874,030
Total governmental activities	<u>92,526,802</u>	<u>101,466,406</u>	<u>95,807,287</u>	<u>117,416,111</u>
Business-type Activities				
Water	11,407,511	8,992,102	8,175,691	8,759,592
Sewer	3,701,739	3,468,096	4,777,494	9,219,174
Maple avenue garage fund	8,543,719	8,964,469	8,781,361	3,096,444
Motor vehicle parking system	2,678,894	3,028,429	3,148,145	2,903,968
Total business-type activities	<u>26,331,863</u>	<u>24,453,096</u>	<u>24,882,691</u>	<u>23,979,178</u>
Total expenses	<u>\$ 118,858,665</u>	<u>\$ 125,919,502</u>	<u>\$ 120,689,978</u>	<u>\$ 141,395,289</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

Last Four Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Program revenues				
Charges for services	\$ 53,636,822	\$ 56,731,361	\$ 58,870,294	\$ 62,290,317
Operating grants and contributions	3,006,468	3,479,547	3,713,201	3,440,889
Capital grants and contributions	1,962,713	1,458,824	212,000	1,126,610
General revenues				
Property, replacement, and other taxes	71,935,463	76,274,482	80,059,394	89,810,392
Motor fuel tax	2,116,330	-	-	-
Special assessments	208,002	-	-	-
Gain on sale of capital assets	174,825	93,223	53,605	68,950
Miscellaneous	2,131,077	2,003,696	4,942,465	1,343,049
Investment income	1,698,323	2,054,006	1,928,258	3,893,050
Total revenues	<u>\$ 136,870,023</u>	<u>\$ 142,095,139</u>	<u>\$ 149,779,217</u>	<u>\$ 161,973,257</u>

* Included in program revenues starting in fiscal 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

	1997	1998	1999	2000
Taxes	\$ 47,377,295	\$ 49,253,561	\$ 51,219,538	\$ 56,526,013
Licenses and permits	3,935,179	4,394,035	4,186,623	5,333,590
Intergovernmental	4,420,780	5,773,857	5,593,385	6,250,303
Charges for services	4,012,343	4,030,003	4,997,650	4,859,680
Fines and forfeits	1,902,396	2,763,919	2,830,747	2,624,768
Investment income	803,826	930,876	832,176	1,178,473
Miscellaneous	3,305,452	3,642,998	3,586,765	4,103,998
	<u>\$ 65,757,271</u>	<u>\$ 70,789,249</u>	<u>\$ 73,246,884</u>	<u>\$ 80,876,825</u>

Note: Includes General, Special Revenue and Debt Service Funds

	2001	2002	2003	2004	2005	2006
\$	61,553,222	\$ 62,319,808	\$ 52,545,639	\$ 56,923,353	\$ 59,026,698	\$ 66,633,680
	6,436,357	7,404,986	6,459,186	6,699,058	6,773,407	9,164,065
	5,448,577	5,859,079	18,291,511	18,004,581	21,519,882	20,482,482
	5,491,544	5,514,980	6,261,930	5,996,802	6,052,956	6,904,796
	2,782,303	3,241,930	3,742,055	4,162,610	3,999,105	3,781,020
	1,909,097	1,442,953	690,001	953,816	698,922	1,706,055
	4,127,182	3,631,267	5,995,219	4,714,224	8,156,295	4,604,547
\$	87,748,282	\$ 89,415,004	\$ 93,985,541	\$ 97,454,444	\$ 106,227,265	\$ 113,276,645

CITY OF EVANSTON, ILLINOIS

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

	1997	1998	1999	2000
General management and support services	\$ 6,009,344	\$ 6,200,320	\$ 7,212,004	\$ 8,260,083
Public Safety	19,493,788	21,239,535	22,181,724	22,504,948
Public Works	9,771,057	9,615,973	10,434,066	12,677,399
Health and human resource development	3,632,846	3,991,174	4,211,702	4,341,946
Recreation and cultural opportunities	9,624,646	9,939,803	10,590,037	11,729,639
Housing and economic development	4,534,206	6,320,413	5,336,215	7,013,119
Pension / IMRF	3,865,286	3,811,861	3,938,842	3,858,622
Debt service	18,486,089	15,791,760	12,187,953	10,717,903
	<u>\$ 75,417,262</u>	<u>\$ 76,910,839</u>	<u>\$ 76,092,543</u>	<u>\$ 81,103,659</u>

Note: Includes General, Special Revenue and Debt Service Funds

	2001	2002	2003	2004	2005	2006
\$	8,909,240	\$ 11,965,898	\$ 11,293,648	\$ 11,815,342	\$ 13,156,536	\$ 14,365,437
	23,927,733	25,454,153	26,875,820	28,008,431	29,707,010	31,163,795
	12,211,887	11,655,007	10,847,474	11,118,899	12,070,461	13,242,104
	4,743,728	4,620,954	4,839,565	5,272,090	5,800,662	4,565,684
	12,107,322	13,028,036	13,422,959	14,251,886	15,493,468	16,525,586
	5,619,661	6,292,771	5,661,898	5,882,117	6,717,231	6,645,635
	3,926,955	4,090,630	4,209,396	2,687,984	1,371,992	4,627,930
	11,095,141	10,639,365	11,224,087	14,548,084	12,912,536	13,546,892
\$	82,541,667	\$ 87,746,814	\$ 88,374,847	\$ 93,584,833	\$ 97,229,896	\$ 104,683,063

CITY OF EVANSTON, ILLINOIS

Schedule of Insurance in Force

March 1, 2006

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Dates</u>	<u>Type of Coverage</u>	<u>Details</u>
FM Global	FC359	3/01/06 - 3/01/07	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
Hartford Insurance Co.	83MSRZ3857	3/01/06 - 3/01/07	Fine Arts - 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.	SP8724-IL	3/01/06 - 3/01/07	Excess Workers' Compensation	Specific excess coverage in excess of \$500,000 per occurrence
Western World Insurance	NPP970824	3/01/06 - 3/01/07	Ambulance/Paramedic Liability	\$1,000,000 per occurrence; \$1,000,000 aggregate
Illinois National Insurance Co.	76062798	3/01/06 - 3/01/07	Excess Liability	\$10,000,000 coverage in excess of \$2,000,000 per occurrence (first \$2,000,000 is City's portion)
Lexington Insurance Co.	6501691	3/01/06 - 3/01/07	Excess Liability	\$5,000,000 coverage in excess of \$10,000,000 per occurrence
National Union Fire Ins. Co. (AIG)	006260954	3/01/06 - 3/01/07	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	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Fund										
General Corporate	1.1649	1.1161	1.0918	0.9801	1.0231	1.0872	0.8646	0.8554	0.8977	0.7685
Debt Service	0.5308	0.5417	0.5946	0.5443	0.5574	0.5743	0.4467	0.4404	0.4494	0.4025
	1.6957	1.6578	1.6864	1.5244	1.5805	1.6615	1.3113	1.2958	1.3471	1.1710
Police Pension	0.2111	0.2154	0.2138	0.2062	0.2021	0.2088	0.1819	0.1812	0.1981	0.1991
Firefighters' Pension	0.1774	0.1855	0.1681	0.1566	0.1505	0.1626	0.1348	0.1321	0.1520	0.1573
Total All Funds	2.0842	2.0587	2.0683	1.8872	1.9331	2.0329	1.6280	1.6091	1.6972	1.5274
Actual Rate Extended	2.085	2.059	2.069	1.888	1.934	2.033	1.628	1.610	1.698	1.528

*2005 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
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	28,565,408	95.81%	365,801	28,931,209	97.04%	882,578	2.96%
2004	32,100,657	30,991,234	96.54%	412,246	31,403,480	97.83%	697,177	2.17%
2005	33,423,311	4,851,401	14.52%	-	4,851,401	14.52%	28,571,910	85.48%

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	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Fund										
General Corporate	\$ 12,879,799	\$ 12,540,792	\$ 12,320,265	\$ 13,304,293	\$ 13,986,844	\$ 13,970,507	\$ 14,862,246	\$ 15,504,388	\$ 16,105,714	\$ 17,040,816
Debt Service	6,250,681	6,829,848	6,875,709	7,248,097	7,452,297	7,218,006	7,650,862	8,263,107	8,593,632	8,915,268
	19,130,480	19,370,640	19,195,974	20,552,390	21,439,141	21,188,513	22,513,108	23,767,495	24,699,346	25,956,084
Police Pension	2,486,082	2,455,583	2,592,476	2,627,920	2,686,300	2,939,263	3,147,859	3,420,846	4,171,429	4,171,429
Firefighters Pension	2,140,581	1,930,921	1,968,582	1,957,042	2,092,205	2,177,551	2,296,159	2,625,446	3,229,882	3,295,798
	<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>	<u>\$ 32,100,657</u>	<u>\$ 33,423,311</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	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Government Unit										
City of Evanston	2.085	2.059	2.069	1.888	1.934	2.033	1.628	1.610	1.698	1.528
Consolidated Elections	-	-	0.027	-	0.023	-	0.032	-	0.029	-
Cook County	1.023	0.989	0.919	0.911	0.854	0.824	0.746	0.690	0.630	0.593
Cook County Forest Preserve District	0.072	0.074	0.074	0.072	0.070	0.069	0.067	0.061	0.059	0.060
Suburban T.B. Sanitarium	0.008	0.008	0.008	0.008	0.008	0.008	0.007	0.006	0.004	0.001
Metropolitan Water Reclamation District	0.495	0.492	0.451	0.444	0.419	0.415	0.401	0.371	0.361	0.347
North Shore Mosquito Abatement District	0.011	0.011	0.011	0.011	0.011	0.011	0.010	0.009	0.009	0.008
Evanston Township	0.077	0.076	0.077	0.072	0.072	0.077	0.064	0.062	0.065	0.056
Community College 535	0.233	0.206	0.216	0.205	0.203	0.213	0.186	0.179	0.186	0.161
School District 202	2.946	2.992	3.107	2.905	2.865	2.977	2.469	2.349	2.444	2.078
School District 65	4.245	4.209	4.356	4.126	4.073	4.232	3.516	3.343	3.475	2.978
Total tax rate for property not in park district or special service district	<u>11.195</u>	<u>11.116</u>	<u>11.315</u>	<u>10.642</u>	<u>10.532</u>	<u>10.859</u>	<u>9.126</u>	<u>8.680</u>	<u>8.960</u>	<u>7.810</u>
Percent of total tax rate levied by City of Evanston	<u>18.6%</u>	<u>18.5%</u>	<u>18.3%</u>	<u>17.7%</u>	<u>18.4%</u>	<u>18.7%</u>	<u>17.8%</u>	<u>18.5%</u>	<u>19.0%</u>	<u>19.6%</u>

*2005 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
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
2003	1,726,750,429	397,456	1,727,147,885	2.4598
2004	2,095,165,000	446,570	2,095,611,570	2.5757

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 2005 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
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
2005	261,711	365,554	649,243
2006	242,900	545,655	769,274

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
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	194,086,731	6,942,441	123,720,000	63,424,290	3.71%	854.33
2004	74,239	1,737,543,904	191,073,334	6,592,437	114,445,000	70,035,897	4.03%	943.38
2005	74,239	1,727,147,885	187,110,000	6,678,359	106,935,000	73,496,641	4.26%	990.00
2006	74,239	2,095,611,570 (4)	195,875,000	6,551,304	110,212,500	79,111,196	3.78%	1,065.63

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 amounts 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 National 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 defeased Special Service District No. 5 Bonds that is not being abated.
- (4) Equalized assessed values for fiscal year ending 2005 were not available at publication of this report; therefore, fiscal year ending 2004 values are used.

CITY OF EVANSTON, ILLINOIS

Schedule of Direct and Overlapping Debt (City)
February 28, 2006

	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>\$ 79,111,196</u>		100.000%	<u>\$ 79,111,196</u>
Other bonded debt				
County of Cook	3,199,185,000 (3)		1.653%	52,875,314
Metropolitan Water Reclamation District	1,256,985,306 (4)		1.689%	21,232,996
High School District 202	14,396,049 (4)		89.919%	12,944,726
School District 65	37,795,000		89.919%	33,984,735
Skokie Park District	<u>22,043,563 (5)</u>		0.676%	<u>149,059</u>
 Total Overlapping Debt	 <u>4,530,404,918</u>			 <u>121,186,831</u>
 Total Direct and Overlapping Debt	 <u>\$ 4,609,516,114</u>			 <u>\$ 200,298,027</u>

Notes:

- (1) City of Evanston's share based upon 2004 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
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	9,165,000	5,010,117	14,175,117	93,584,833	15.15%
2005	7,645,000	4,831,383	12,476,383	97,229,896	12.83%
2006	7,435,000	5,673,144	13,108,144	104,683,063	12.52%

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

Legal Debt Margin Information

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 one hundred-ten million dollars (\$110,000,000).

As of February 28, 2006, the amount of direct debt of the City appearing in the direct and overlapping debt statistical table is \$79,111,196. 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.

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	
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
2005	13,338,642	6,395,231	6,943,411	805,000	206,575	1,011,575	6.86x
2006	14,380,966	6,705,865	7,675,101	865,000	177,355	1,042,355	7.36x

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	Total
2000	\$ 6,774,380	\$ 2,908,102	\$ 3,367,773	\$ 13,050,255
2001	6,811,100	2,918,766	3,283,048	13,012,914
2002	6,606,091	2,859,685	3,247,291	12,713,067
2003	6,711,004	3,011,018	3,434,685	13,156,707
2004	6,665,158	2,959,732	3,367,253	12,992,143
2005	6,559,026	2,802,720	3,377,407	12,739,153
2006	6,706,643	3,018,734	3,750,200	13,475,577

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	Total
2000	3,717.30	3,891.25	9,830.50	17,439.05
2001	3,441.92	3,793.56	9,392.41	16,627.89
2002	3,443.72	3,643.84	9,119.18	16,206.74
2003	3,428.94	3,761.22	9,448.57	16,638.73
2004	3,448.09	3,624.90	9,079.86	16,152.85
2005	3,200.43	3,365.42	8,928.10	15,493.94
2006	3,303.76	3,544.78	9,724.17	16,572.71

CITY OF EVANSTON, ILLINOIS

Water Fund
Ten Largest Water Customers

Ten Largest Water Customers (2005)

Rank	Name	Cubic Feet of Water Used
1	Northwestern University	39,795,500
2	Evanston Hospital	9,898,200
3	St. Francis Hospital	6,796,200
4	Presbyterian Homes	6,306,400
5	District 202, ETHS	3,790,600
6	Mather Lifeways	2,884,400
7	Albany House	2,582,700
8	North Shore Hotel	2,517,000
9	District 65 Schools	2,221,600
10	Best Western Hotel	1,202,600

CITY OF EVANSTON, ILLINOIS

Water Fund

Water Allocations and Use - Projected
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
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%
2005	74,239	37,384	32.5	13.6	9,740	5.00%
2006	74,239	39,103	32.5	13.6	9,550	4.50%

Data Sources

- (1) U.S. Department of Commerce, Bureau of the Census, 2000 census.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis based on the national average.
- (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
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
2005	237,211,198	5,181,000,000
2006	240,769,623	6,287,000,000

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	\$ 27,694,704	1.32%
Rotary International	Office building - 18 story	20,292,050	0.97%
REP CBRE	Office building - Church & Davis	19,828,403	0.95%
Church Street Plaza	Shopping Center	16,896,273	0.81%
Church & Chicago LTD. Partnership	Chicago Avenue Condo Building	14,968,168	0.71%
Omni Orrington Hotel	Hotel	13,091,516	0.62%
Albertson's (Jewel & Osco)	Grocery & Drug Stores	12,711,074	0.61%
Evanston Plaza Freed	Shopping Center	12,539,427	0.60%
Evanston Hotel	Hotel	11,654,424	0.56%
St. Francis Hospital	Commercial buildings over three stories, two or three story apartments, one story store, and parking lot.	8,798,117	0.42%
Total Ten Largest Taxpayer:		\$ 158,474,156	7.56%

Note:

(1) 2004 equalized assessed valuation from Cook County Clerk and Assessor's Office

CITY OF EVANSTON, ILLINOIS

Miscellaneous Statistics
February 28, 2006

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	\$39,103
Annual Gross Retail Sales 2005/06	\$867,952,900
Municipal Services and Facilities	
Number of Full-Time Employees	891
Miles of Streets	147
Miles of Alleys	76
Miles of Sewers	169
Number of Street Lights	5,641
Value of Construction Authorized in 2005/2006	\$240,769,623

Continued

CITY OF EVANSTON, ILLINOIS

Miscellaneous Statistics - Continued

February 28, 2006

Fire Protection	
Number of Firefighters	107
Number of Other Employees	2
Number of Stations	5
Number of Fire Hydrants	1,236
I.S.O. Rating	Class 3
Police Protection	
Number of Police Officers	159
Number of School Crossing Guards	38
Number of Parking Enforcement Officers	16
Number of Other Employees	49
Library Services	
Number of Branch Libraries	2
Number of Books and Other Materials	505,791
Number of Registered Borrowers	51,676
Loan of Library Materials - 2004/2005	893,841
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	1,619
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	2,000
Municipal Water Utility	
Population Serviced	
Northwest Water Commission	221,364
Evanston	74,360
Skokie	63,633
Filtration Plant Rated Daily Capacity (gallons)	108,000,000
Rated Daily Pumping Capacity (gallons)	147,000,000
Average Daily Pumpage (gallons) 2004/2005	45,573,000
Maximum Daily Pumpage (gallons) 2004/2005	80,457,000
Miles of Water Mains	157.590

TAX INCREMENT FINANCING DISTRICT
REQUIREMENTS

MILLER
COOPER
& Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined management's assertion, included in its representation letter dated August 4, 2006, that the City of Evanston, Illinois complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended February 28, 2006 as it relates to the Central Business, Howard Hartrey, Southwest, and Washington National Tax Increment Districts. As discussed in the 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 of Evanston, Illinois' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City 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 28, 2006 is fairly stated, in all material respects.

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

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Northbrook, Illinois
August 4, 2006