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# CITY OF CHICAGO

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2004



Richard M. Daley, Mayor

Dana R. Levenson, Chief Financial Officer

Tariq G. Malhance, City Comptroller

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# CITY OF CHICAGO

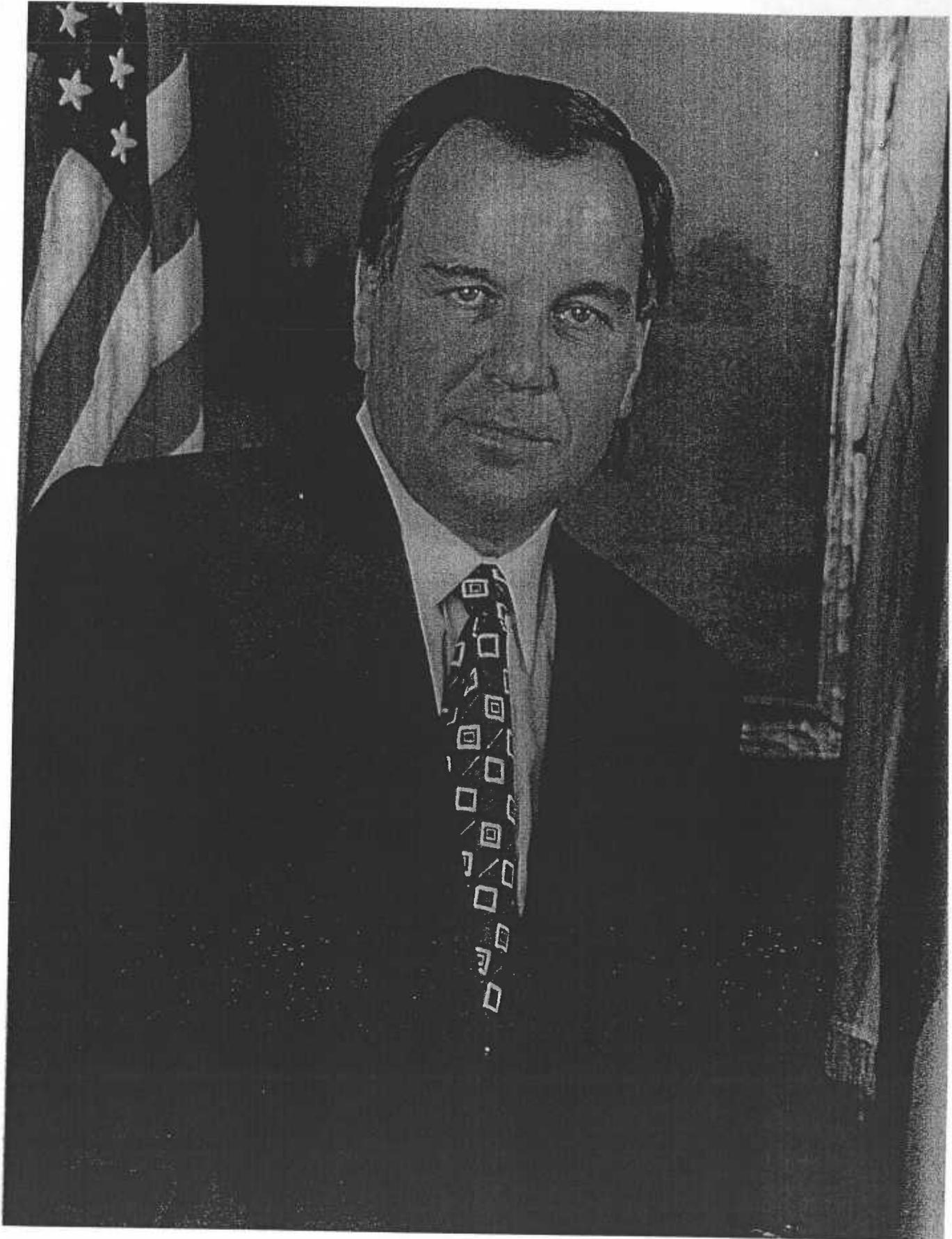
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2004



Richard M. Daley, Mayor

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Tariq G. Malhance, City Comptroller

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# CITY OF CHICAGO OFFICE OF THE MAYOR

**Richard M. Daley**  
Mayor

June 17, 2005

To the Citizens of Chicago and the Financial Community:

As Mayor of the City of Chicago, I am proud to present the Comprehensive Annual Financial Report of the City of Chicago for the fiscal year 2004.

Since 1989, the City of Chicago has cut over \$2 billion in spending through improved management and greater efficiencies. We are continuing our efforts to build affordable housing, make the City safer, invest in neighborhood infrastructure and improve the overall quality of life for our citizens. In addition, through our historic concession-sale of the Chicago Skyway, we will invest millions of dollars of new money over the next five years to help people across the City.

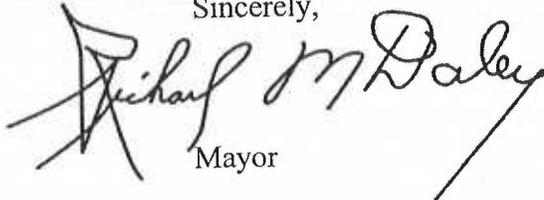
Over the past 16 years, our housing programs have created, preserved or otherwise supported more than 100,000 affordable apartments and homes in neighborhoods across the city. Through our new five-year plan, announced late last year, over \$1.9 billion has been committed to support an additional 48,000 affordable units.

We are using technology and manpower to fight crime in our communities by targeting our resources to where they are needed most. Overall, crime has declined for the thirteenth straight year and last year homicides in Chicago reached a 38-year low. Our Emergency Management and Communication Center, already one of the finest in the world, has been improved with the addition of an Operations Center, where representatives of every City department and sister agency can respond to emergencies in a coordinated fashion.

A major underlying principal regarding the developments within the City of Chicago is the highest regard for financial discipline and reporting.

While we have more to do, today our neighborhoods are stronger and safer than ever before. Thank you for your interest in the City of Chicago's Comprehensive Annual Financial Report.

Sincerely,



Mayor



CITY OF CHICAGO  
THE CITY COUNCIL  
As of December 31, 2004  
RICHARD M. DALEY, Mayor

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1st Ward	MANUEL FLORES
2nd Ward	MADLINE L. HAITHCOCK
3rd Ward	DOROTHY J. TILLMAN
4th Ward	TONI PRECKWINKLE
5th Ward	LESLIE A. HAIRSTON
6th Ward	FREDDRENA M. LYLE
7th Ward	WILLIAM M. BEAVERS
8th Ward	TODD H. STROGER
9th Ward	ANTHONY BEALE
10th Ward	JOHN A. POPE
11th Ward	JAMES A. BALCER
12th Ward	GEORGE A. CARDENAS
13th Ward	FRANK J. OLIVO
14th Ward	EDWARD M. BURKE
15th Ward	THEODORE THOMAS
16th Ward	SHIRLEY A. COLEMAN
17th Ward	LATASHA R. THOMAS
18th Ward	THOMAS W. MURPHY
19th Ward	VIRGINIA A. RUGAI
20th Ward	ARENDA TROUTMAN
21st Ward	HOWARD BROOKINS, JR.
22nd Ward	RICARDO MUNOZ
23rd Ward	MICHAEL R. ZALEWSKI
24th Ward	MICHAEL D. CHANDLER
25th Ward	DANIEL S. SOLIS
26th Ward	BILLY OCASIO
27th Ward	WALTER BURNETT, JR.
28th Ward	ED H. SMITH
29th Ward	ISAAC S. CAROTHERS
30th Ward	ARIEL E. REBOYRAS
31st Ward	REGNER "RAY" SUAREZ
32nd Ward	THEODORE MATLAK
33rd Ward	RICHARD F. MELL
34th Ward	CARRIE M. AUSTIN
35th Ward	REY COLON
36th Ward	WILLIAM J.P. BANKS
37th Ward	EMMA MITTS
38th Ward	THOMAS R. ALLEN
39th Ward	MARGARET LAURINO
40th Ward	PATRICK J. O'CONNOR
41st Ward	BRIAN G. DOHERTY
42nd Ward	BURTON F. NATARUS
43rd Ward	VI DALEY
44th Ward	THOMAS M. TUNNEY
45th Ward	PATRICK J. LEVAR
46th Ward	HELEN SHILLER
47th Ward	EUGENE C. SCHULTER
48th Ward	MARY ANN SMITH
49th Ward	JOE A. MOORE
50th Ward	BERNARD L. STONE

**2004 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE CITY OF CHICAGO**

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PART I

INTRODUCTORY SECTION





City of Chicago  
Richard M. Daley, Mayor  
Department of Finance

Richard G. Malhance  
Comptroller

Room 600  
North LaSalle Street  
Chicago, Illinois 60602  
2) 744-7100  
2) 744-0014 (FAX)  
2) 744-3263 (TTY)

<http://www.cityofchicago.org>

June 24, 2005

To the Honorable Mayor Richard M. Daley,  
Members of the City Council and Citizens of the City of Chicago:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Chicago (City) for the year ended December 31, 2004. State Law requires that all governmental units publish within six months of the close of each fiscal year, financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a licensed public accountant.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management. The purpose of the CAFR is to provide complete and accurate financial information which complies with the reporting requirements of the Municipal Code of Chicago ("Code"). The City's financial management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP.

The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that the valuation of costs and benefits requires estimates and judgments by management. An evaluation of the internal control structure during the City's annual independent audit disclosed no material weaknesses.

The Code also requires the City's basic financial statements to be audited by independent certified public accountants selected by the Committee of Finance of the City Council. This requirement has been met, and the unqualified audit opinion, rendered by Deloitte & Touche LLP, is included in the financial section of this report. The audit was conducted as a subcontractor arrangement between Deloitte & Touche LLP and a consortium of Chicago-based minority- and women-owned certified public accounting firms.

In addition to meeting the requirements set forth in the Code, an additional audit designed to meet the requirements of the federal Single Audit Act Amendment of 1996 and related OMB Circular A-133, Audits of State and Local Governments is performed annually.

GAAP require 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 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.



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**Profile of the Government.** The City, incorporated in 1837, currently occupies a land area of approximately 228 square miles and serves a population of approximately 2,896,000. The City of Chicago is a "home rule" unit of local government under State of Illinois law. The City has a mayor-council form of government. The Mayor is the Chief Executive Officer of the City and is elected by general election. The City Council is the legislative body and consists of 50 members. Each representing one of the City's 50 wards. The members of the City Council are elected through popular vote by ward for four-year terms.

The City provides public safety, street maintenance and sanitation, transportation infrastructure, water, sewer, health, cultural, aviation and human services. In addition to general government activities, the City has certain entities which are fiscally dependent on the City and perform services primarily for City employees such as the Municipal Employees' Annuity and Benefit Fund, Laborers' and Retirement Board Employees' Annuity and Benefit Fund, Policemen's Annuity and Benefit Fund and Firemen's Annuity and Benefit Fund. These component units are included in the City's reporting entity.

Additional services are provided by the following related organizations: the Chicago Public Schools, Chicago Park District, Chicago Transit Authority, City Colleges of Chicago and the Chicago Housing Authority.

Annual budgets are adopted for the general fund and certain special revenue funds. Prior to November 15, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year. The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing. Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance. Additional information on the budgetary process can be found in Note 3 in the notes to financial statements.

**Factors Affecting Financial Condition.** The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local Economy.** The year 2004 proved to be another year of strong economic activity and growth for the City of Chicago. Among the noteworthy events was the grand opening of Millennium Park in July, which helped increase hotel occupancy to its highest level since the year 2000. The increase in tourist activity around the park is expected to add millions of dollars to the City's economy in the years to come. In addition, the Park helped spur interest in condominium sales in downtown Chicago. Several buildings north and south of the park are being built and units sold to empty nesters that want a second home within the City. To the west of the park, older office buildings are being converted into condominium buildings. This activity, together with the theater district and the opening of new hotels and restaurants, will continue the trend of making Chicago's downtown a vibrant community on evenings and weekends, unlike the downtown areas of many other cities.

---

Chicago's neighborhoods are also thriving. In 2004, the City enjoyed an increase in sales of single-family homes by 17 percent over 2003. In addition, the median home price also increased by 10% to approximately \$242,000. Chicago has also enjoyed increases in sales of condominiums, which was 27 percent higher than 2003.

The City has worked hard to preserve important manufacturing jobs. The year 2004 marked the opening of the Ford Motor Company's Chicago Manufacturing Campus. Over two thousand jobs have been created at the Assembly plant and nearby facilities that supply parts. Over the last several years, the Mayor's Office of Workforce Development has successfully recruited several corporations to locate facilities within Chicago.

**Long-term Financial Planning.** One of the financial highlights of 2004 was the concession sale of the Chicago Skyway which closed in January 2005. The Chicago Skyway is a 7.8 mile toll bridge that was owned and operated by the City. The City believes that the private operator will continue to provide a high level of customer service, improve traffic flow, and maintain the bridge in a manner that protects the traveling public's safety. The concession sale will allow the private company to operate the Skyway for a period of 99 years.

Proceeds from the Chicago Skyway have been used to defease and/or repurchase the Skyway Bonds, to provide for the repayment of other City debt, provide for a long-term and mid-term reserve fund and to provide funds for important human infrastructure programs. For example, a portion of the proceeds will bridge the gap for Chicago residents who suffered in recent years from effects of a slow economy by providing funding for critically-needed programs. The long-term reserve fund will provide reserves sufficient to assure the City's continuing financial strength and stability by providing funding for operations. Over the next five years, proceeds from the Chicago Skyway will also be used to provide for neighborhood and human infrastructure investments.

**Cash Management.** To maximize interest income, the City aggregates and invests cash and investments of all funds except the City's pension and certain other funds required to be held in separate accounts in accordance with bond indentures. Interest earnings on the aggregated funds are allocated annually to participating funds. As part of the investment decision-making process, annual cash flow projections and monthly variance reports are used by management.

**Risk Management.** The City maintains a self-insurance program for substantially all of its governmental operations except the Skyway, O'Hare and Midway Airports operations and construction of projects, which are insured privately.

**Pension Plans and Other Post-employment Benefits.** Eligible City employees participate in one of four single-employer defined benefit pension plans. These plans are the Municipal Employees', the Laborers' and Retirement Board Employees', the Policemen's and Firemen's Annuity and Benefit Funds.

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The City makes payments to the pension trust funds in accordance with state law. The City's contribution is comprised of the property tax levy and the personal property replacement tax. In 1998, the state law was amended to reduce the City multiplier for the Laborers' and Municipal Pension Funds in subsequent years. As a result of the City's funding policies, the pension plans have funded the following percentages of the present value of the projected benefits earned by employees: Municipal employees' 72 percent, the Laborers' and Retirement Board Employees' 99 percent, the Policemen's Annuity and Benefit Fund 56 percent and the Firemen's Annuity and Benefit Fund 42 percent. There is a two-year lag between the City's reported pension cost and personnel services expenditures to which they relate because state law mandates that City contributions be made two years in arrears.

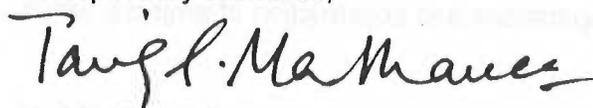
Under state law certain health benefits are available to employees who retire from the City based upon their participation in the City plans. Municipal or Laborers' pension plan participants older than age 55 with at least 20 years of service and Police and Fire pension plan participants older than age 50 with at least 10 years of service may become eligible for post-employment benefits. Health benefits include basic benefits for the annuitant and supplemental benefits for medicare eligible annuitants. In 2004, there were approximately 23,902 annuitants and their dependents enrolled in the plan.

**Awards and Acknowledgments.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chicago for its comprehensive annual financial report for the fiscal year ended December 31, 2003. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

This report could not have been prepared without the dedication and effective help of the staff of the Department of Finance. I wish to express my appreciation to those who contributed to the preparation of this report.

Respectfully submitted,



Tariq G. Malhance  
City Comptroller

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Chicago,  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

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



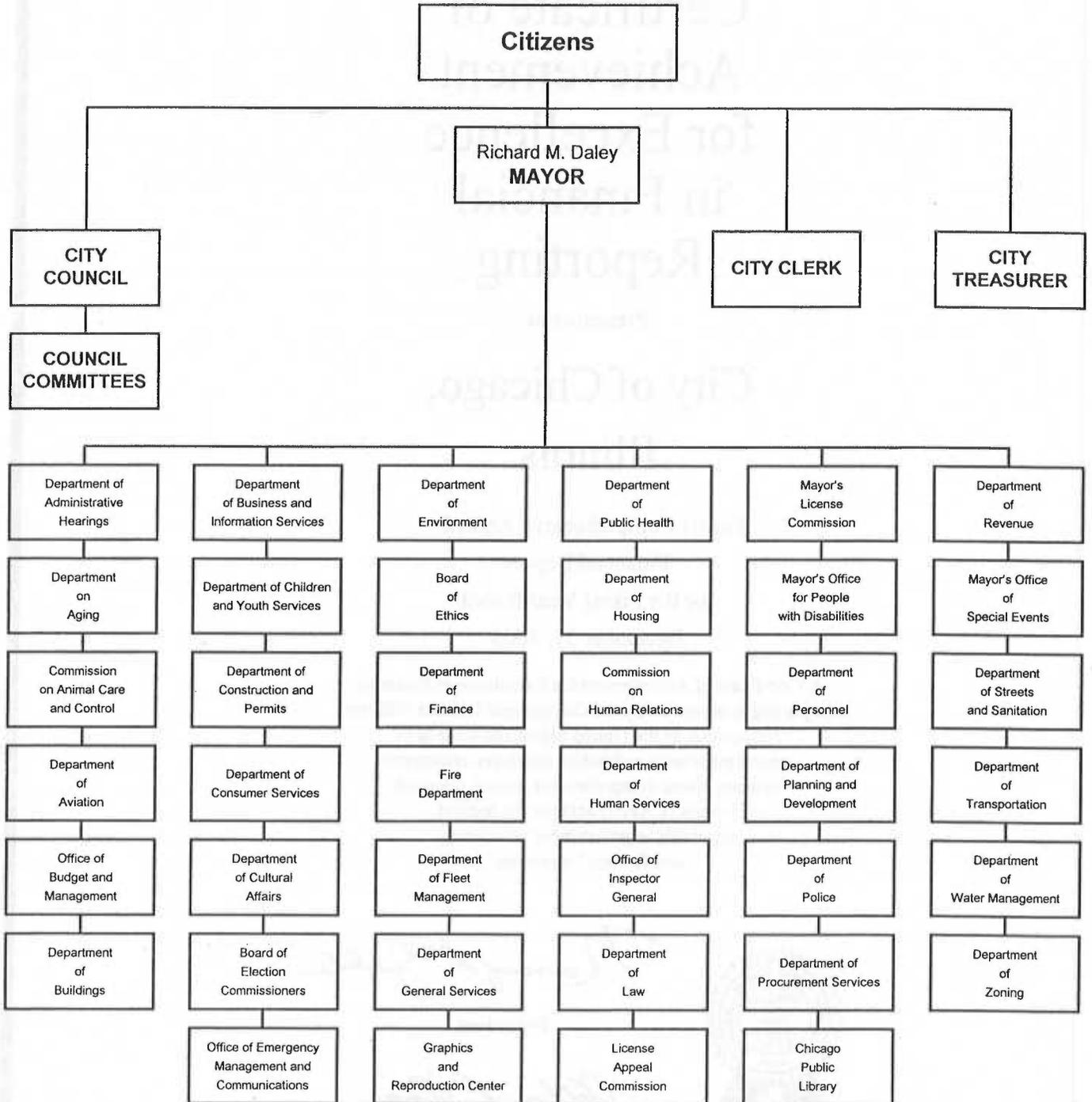
*Nancy L. Zjelke*

President

*Jeffrey R. Enos*

Executive Director

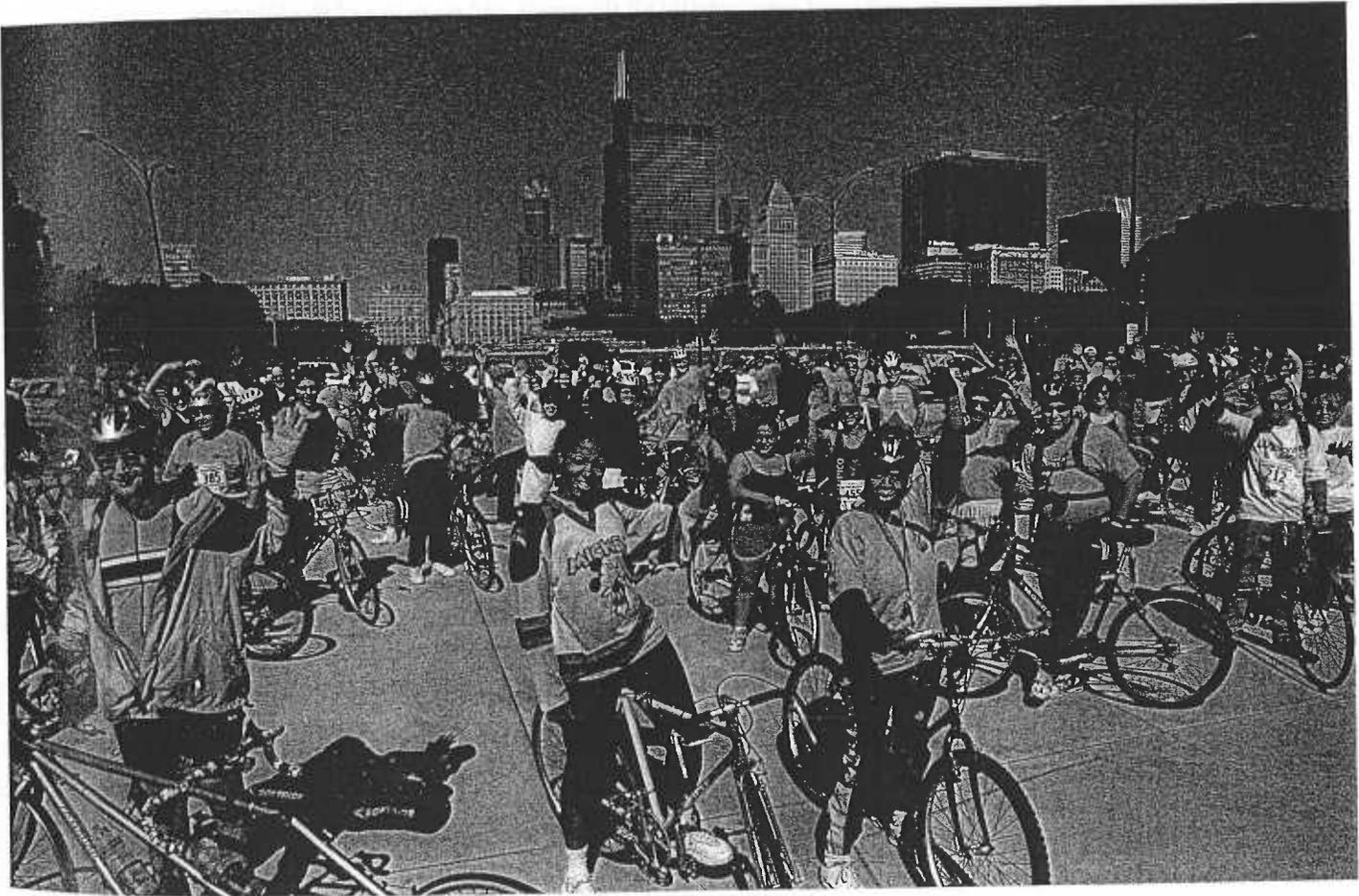
**CITY OF CHICAGO  
ORGANIZATION CHART  
AS OF 12/31/2004**



**PART II**

**FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT,  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AND  
THE FINANCIAL STATEMENTS**



## INDEPENDENT AUDITORS' REPORT

To the Honorable Richard M. Daley, Mayor,  
and Members of the City Council  
City of Chicago, 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 Chicago, Illinois (the "City"), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the City's Pension Plans (the "Plans") which, in aggregate, represent substantially all the assets and revenues of the fiduciary funds, included in the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plans, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, 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 opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective net assets or financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Chicago, Illinois, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 16 to 28 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the City's management. 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 an opinion on the City's respective financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of City's management. The combining and individual fund statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section 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.

*Deloitte & Touche LLP*

June 17, 2005

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004**

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**Management's Discussion and Analysis**

As management of the City of Chicago, Illinois (City) we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2004. We encourage the readers to consider the information presented here in conjunction with information that we have furnished in our letter of transmittal, contained within this report.

**Fiscal 2004 Financial Highlights**

- Assets of the City, in the government-wide financial statements, exceeded its liabilities at the close of the most recent fiscal year by \$3,134.9 million (*net assets*). Of this amount, \$1,514.4 is an unrestricted deficit, while \$2,424.8 million is invested in capital assets, net of related debt and \$2,224.5 million is restricted for specific purposes.
- The City's total assets increased by \$422.4 million. The increase relates to \$677.3 million increase in capital assets as a result of the City's capital improvement program and \$447.2 million decrease in unrestricted and restricted cash and cash equivalents and investments as a result of debt financing used to support the capital plan. In addition, property tax receivable increased by \$84.6 million as a result of increased assessed values within the special taxing areas.
- Revenues and Other Financing Sources, in the fund financial statements, available for general governmental operations during 2004 were \$5,564.9 million, a decrease of \$625.0 million (10.1 percent) from 2003.
- The General Fund, also in the fund financial statements, ended 2004 with a total Fund Balance of \$73.2 million. Total Fund Balance increased from 2003 primarily because Revenues and Other Financing Sources exceeded Expenditures and Other Financing Uses by \$14.5 million. Fund Balance at December 31, 2004 of \$10.3 million was reserved for commitments. Unreserved Fund Balance was \$42.2 million at December 31, 2004, compared to a balance of \$19.5 million at the end of 2003.
- The City's general obligation bonds and notes outstanding increased by \$249.3 million during the current fiscal year. The key factor in this increase was the issuance of additional general obligation bonds to further the City's capital plan.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements. These components are described below:

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, using accounting methods similar to those used by private-sector companies. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the City's economic condition at the end of the fiscal year. These financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means such statements follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two 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 is improving or deteriorating, respectively. To assess the overall health of the City the reader should consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The *statement of activities* presents information showing how the government's net assets changed during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (for example, uncollected taxes, and earned but unused vacation). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general

CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004

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government, public safety, employee pensions, streets and sanitation, transportation, health, and cultural and recreation. The business-type activities of the City include water, sewer, tollway and airport services.

The government-wide financial statements present information about the City as a primary government, which includes the Chicago Public Library and the City related funds of the Public Building Commission.

The government-wide financial statements can be found immediately following this management's discussion and analysis.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds and governmental activities*.

The City maintains 18 individual governmental funds. Information for the four funds that qualify as major is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The four major governmental funds are as follows: the General Fund, the Federal, State and Local Grants Fund, the Bond, Note Redemption and Interest Fund, and the Community Development and Improvement Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriation budget for its general and certain special revenue funds on a non-GAAP budgetary basis. A budgetary comparison statement has been provided for the General Fund, the only major fund with an appropriation budget, to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found immediately following the government-wide statements.

**Proprietary funds.** These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge user fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds, like government-wide statements, use the accrual basis of accounting and provide both long- and short-term financial information. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The City uses five enterprise funds to account for its water, sewer, tollway and two airports operations.

Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, Chicago Skyway Fund, Chicago-O'Hare International Airport Fund and the Midway International Airport Fund. With exception of the Chicago Skyway Fund, all the proprietary funds are considered to be major funds of the City.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement can be used only for the trust beneficiaries. The City also uses fiduciary funds to account for transactions for assets

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004**

held by the City as agent for various entities. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found immediately following the proprietary fund financial statements.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fiduciary fund financial statements.

**Additional Information.** The combining statements, which include nonmajor funds, for governmental funds and trust and agency funds are presented immediately following the notes to the financial statements

**Financial Analysis of the City as a Whole**

**Net assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$3,134.9 million at December 31, 2004.

By far the largest portion of the City's net assets, \$2,424.8 million reflects its investment in capital assets (land, buildings, roads, bridges, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Chicago, Illinois  
Summary Statement of Net Assets  
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 4,349.8	\$ 4,357.7	\$ 3,061.7	\$ 3,308.7	\$ 7,411.5	\$ 7,666.4
Capital assets	6,259.6	6,033.7	7,407.5	6,956.1	13,667.1	12,989.8
Total assets	10,609.4	10,391.4	10,469.2	10,264.8	21,078.6	20,656.2
Long-term liabilities						
outstanding	8,803.4	8,240.8	7,445.9	7,274.2	16,249.3	15,515.0
Other liabilities	1,042.4	1,044.2	652.0	549.7	1,694.4	1,593.9
Total Liabilities	9,845.8	9,285.0	8,097.9	7,823.9	17,943.7	17,108.9
Net assets:						
Invested in capital assets,						
net of related debt	814.0	1,091.9	1,610.8	1,560.5	2,424.8	2,652.4
Restricted	1,346.8	1,216.6	877.7	897.4	2,224.5	2,114.0
Unrestricted	(1,397.2)	(1,202.1)	(117.2)	(17.0)	(1,514.4)	(1,219.1)
Total net assets	\$ 763.6	\$ 1,106.4	\$ 2,371.3	\$ 2,440.9	\$ 3,134.9	\$ 3,547.3

An additional portion of the City's net assets (\$2,224.5 million) represent resources that are subject to external restrictions on how they may be used.

CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004

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**Governmental Activities.** Net assets of the City's governmental activities decreased \$342.8 million (31.0 percent) to \$763.6 million. However, a significant portion of those net assets are either restricted as to the purpose they can be used for or they are invested in capital assets (buildings, roads, bridges, etc.). Consequently, unrestricted net assets showed a \$1,397.2 million deficit at the end of this year. This deficit does not mean that the City does not have the resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Specifically, the City did not include in past annual budgets the full amounts needed to finance future liabilities arising from personnel, property and casualty claims (\$507.2 million), and Policemen's and Firemen's net pension obligation (\$1,505.1 million). The City will include these amounts in future years' budgets as they come due.

Virtually half of the City's revenue comes from taxes. Total taxes increased by 3.9 percent. Total taxes include a decrease in property taxes of \$13.3 million (1.9 percent) relating to the timing of collections. Other taxes increased by \$107.5 million (6.3 percent) primarily attributable to special area taxes increasing \$61.9 million (27.9 percent) based on an increase in the number of taxing areas and an increase in the equalized assessed valuation of those areas. Federal/State grants vary from year to year depending primarily on the level of spending for programs, construction and other projects.

Expenses for governmental activities in 2004 were \$5,029.6 million. This reflects an increase of \$61.7 million (1.2 percent) over 2003. Public safety (police and fire protection) was the largest component of current expenses, accounting for 36.9 percent of total expenses. Public safety expenses increased \$207.1 million (12.6 percent) over 2003 because of an increase in related personnel costs. General government decreased \$96.5 million (5.5 percent) over 2003 as a result of decreased personnel and related fringe benefits. Interest expenses increased \$50.9 million (16.9 percent) over 2003, due to additional debt and related fiscal charges.

The cost of all governmental activities was \$5,029.6 million.

- The amount that taxpayers paid for these activities through City taxes was only \$2,517.9 million.
    - ◆ Some of the cost was paid by those who directly benefited from the programs (\$564.5 million), or
    - ◆ By other governments and organizations that subsidized certain programs with grants and contributions (\$822.6 million).
- The City paid for the "public benefit" portion with \$685.8 million with other revenues such as state aid, interest and miscellaneous income.

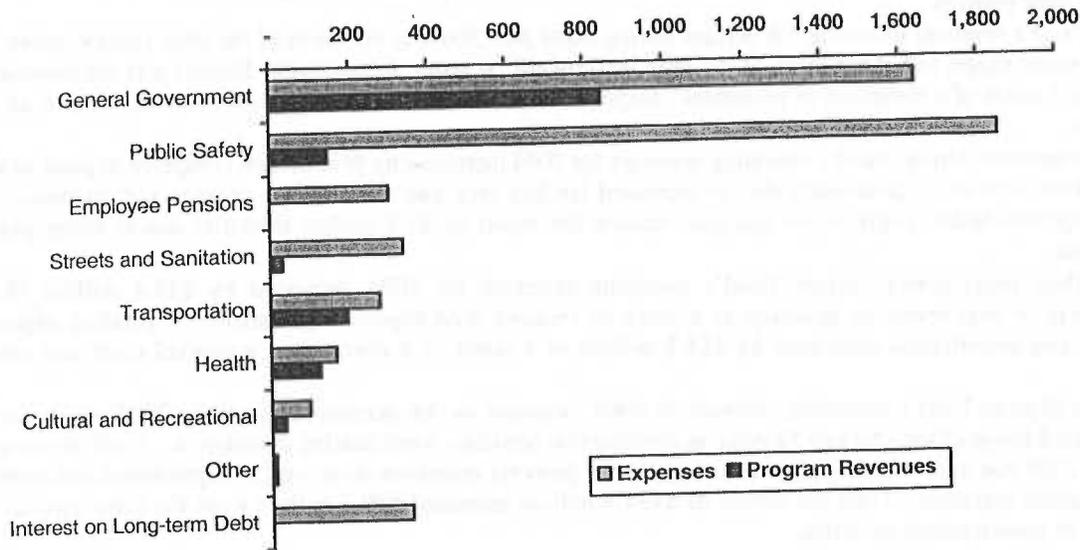
Although total net assets of business-types activities were \$2,371.3 million, these resources cannot be used to make up for the net asset deficit in governmental activities. The City generally can only use these net assets to finance the continuing operations of the water, sewer, tollway, and airports activities.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004**

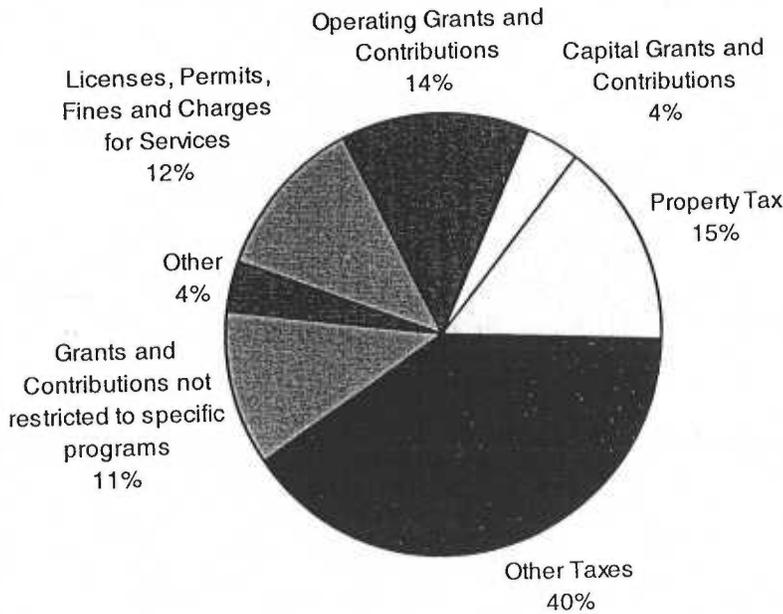
**City of Chicago, Illinois  
Changes in Net Assets  
Years Ended December 31,  
(in millions of dollars)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Revenues:						
Program Revenues:						
Licenses, Permits, Fines and Charges for Services	\$ 564.5	\$ 523.0	\$ 1,041.9	\$ 1,060.5	\$ 1,606.4	\$ 1,583.5
Operating Grants and Contributions	649.1	680.9	-	-	649.1	680.9
Capital Grants and Contributions	173.5	236.7	210.9	179.6	384.4	416.3
General Revenues:						
Property Taxes	693.4	706.7	-	-	693.4	706.7
Other Taxes	1,824.5	1,716.9	-	-	1,824.5	1,716.9
Grants and Contributions not Restricted to Specific Programs	523.0	498.2	-	-	523.0	498.2
Other	162.8	122.9	32.7	29.3	195.5	152.2
Total Revenues	<u>4,590.8</u>	<u>4,485.3</u>	<u>1,285.5</u>	<u>1,269.4</u>	<u>5,876.3</u>	<u>5,754.7</u>
Expenses:						
General Government	1,642.1	1,738.6	-	-	1,642.1	1,738.6
Public Safety	1,853.9	1,646.8	-	-	1,853.9	1,646.8
Employee Pensions	299.8	354.8	-	-	299.8	354.8
Streets and Sanitation	334.9	335.7	-	-	334.9	335.7
Transportation	275.5	304.6	-	-	275.5	304.6
Health	164.8	174.8	-	-	164.8	174.8
Cultural and Recreational	95.9	100.7	-	-	95.9	100.7
Other	10.6	10.7	-	-	10.6	10.7
Interest on Long-term Debt	352.1	301.2	-	-	352.1	301.2
Water	-	-	297.9	318.9	297.9	318.9
Sewer	-	-	135.0	144.4	135.0	144.4
Midway International Airport	-	-	138.4	128.6	138.4	128.6
Chicago-O'Hare International Airport	-	-	645.4	636.6	645.4	636.6
Chicago Skyway	-	-	42.4	37.5	42.4	37.5
Total Expenses	<u>5,029.6</u>	<u>4,967.9</u>	<u>1,259.1</u>	<u>1,266.0</u>	<u>6,288.7</u>	<u>6,233.9</u>
Change in Net Assets Before Transfers	(438.8)	(482.6)	26.4	3.4	(412.4)	(479.2)
Transfers	96.0	-	(96.0)	-	-	-
Change in Net Assets	(342.8)	(482.6)	(69.6)	3.4	(412.4)	(479.2)
Net Assets, Beginning of Year	<u>1,106.4</u>	<u>1,589.0</u>	<u>2,440.9</u>	<u>2,437.5</u>	<u>3,547.3</u>	<u>4,026.5</u>
Net Assets, End of Year	<u>\$ 763.6</u>	<u>\$ 1,106.4</u>	<u>\$ 2,371.3</u>	<u>\$ 2,440.9</u>	<u>\$ 3,134.9</u>	<u>\$ 3,547.3</u>

**Expenses and Program Revenues - Governmental Activities**  
 (in millions of dollars)



**Revenues by Source - Governmental Activities**



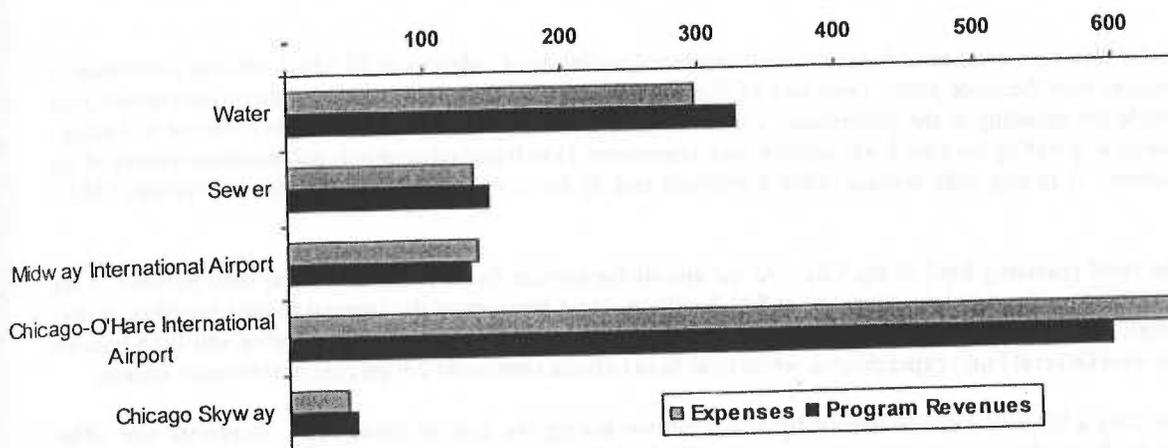
CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004

**Business-type Activities.** Operating revenues of the City's business-type activities decreased by \$27.6 million in 2004 due primarily to decreases in charges for services. All Funds except the Chicago Skyway met debt service coverage ratios set forth in the applicable bond indentures.

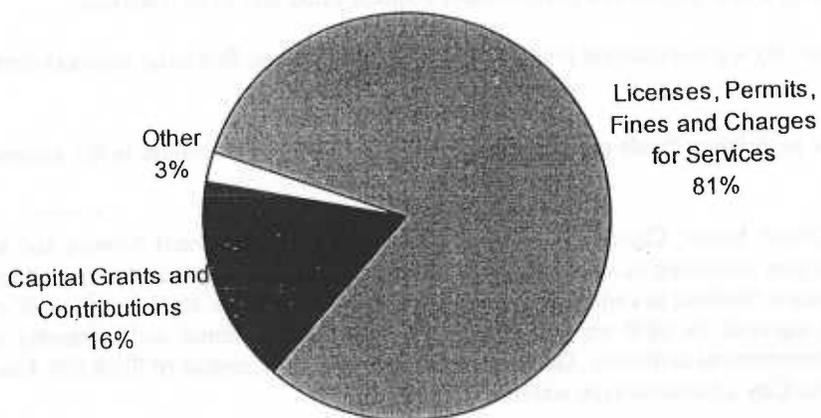
- The Water Fund's revenues for 2004 increased by 3.2 percent from 2003 due to an increase in water rates offset by a reduction in water usage. Operating expenses in 2004 decreased by 7.2 percent primarily due to a decrease in personnel cost and related fringe benefits.
- The Sewer Fund's revenues increased 1.8 percent during fiscal year 2004, as the result of the 2004 rate increases, offset by a decrease in water usage, and a reduction in the number of qualified senior exemptions. Repairs and maintenance for 2004 decreased as a result of a reduction in personnel. Depreciation and amortization increased primarily due to an increase in capital assets.
- Midway International Airport Fund's operating revenues for 2004 increased by \$6.6 million compared to prior year operating revenues. This increase is principally due to increased landing fees and terminal use charges and concession revenues. Operating expenses before depreciation and amortization decreased by \$1.7 million primarily due to lower personnel and fringe benefits.
- Chicago-O'Hare International Airport Fund's operating revenues for 2004 decreased by \$39.4 million (8.2 percent) compared to prior year operating revenues as a result of reduced fund deposit requirements. Operating expenses before depreciation and amortization decreased by \$13.7 million as a result of a decrease in personnel costs and related fringe benefits.
- The Chicago Skyway Fund's operating revenues in 2004 increased by 3.6 percent compared to 2003 which was primarily due to increased usage of the Chicago Skyway as construction activities were nearing completion. Total operating expenses increased in 2004 due to costs relating to: 1) an increase in property insurance costs, and 2) depreciation and amortization as a result of capital activities. Total net deficit of \$134.5 million increased \$89.5 million from the prior year as a result of transfers out to governmental activities.



**Expenses and Program Revenues - Business-type Activities**  
 (in millions of dollars)



**Revenues by Source - Business-type Activities**



**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004**

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**Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2004, the City's governmental funds reported combined ending fund balances of \$1,856.7 million, a decrease of \$34.5 million in comparison with the prior year. Over half of this total amount (\$1,336.8 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$98.3 million), 2) to pay debt service (\$358.8 million) and 3) for a variety of other restricted purposes (\$62.8 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$42.2 million with a total fund balance of \$73.2 million. As a measure of the General Fund's liquidity, it may be helpful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 1.6 percent of total General Fund expenditures, while total fund balance represents 2.9 percent of that same amount.

The fund balance of the City's General Fund increased by \$12.9 million during the current fiscal year. Revenues and Other Financing Sources exceeded Expenditures and Other Financing Uses by \$14.5 million.

The Federal, State and Local Grants Fund has a total fund balance of \$14.2 million, \$42.1 million of which is reserved for the resale property, while there is an unreserved, undesignated deficit of \$27.9 million.

The Bond, Note Redemption and Interest Fund has a total fund balance of \$136.5 million, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the Bond, Note Redemption and Interest Fund was \$48.3 million.

The Community Development and Improvement Projects Fund has a total fund balance of \$934.7 million, of which \$60.6 million is reserved for encumbrances and the remaining \$874.0 million is unreserved, undesignated. The decrease in fund balance during the current year in the Community Development and Improvement Projects Fund was \$185.0 million.

**Changes in fund balance.** The City's governmental fund revenues (excluding other financing sources) decreased by 1.2 percent or \$56.5 million.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water, Sewer, Chicago Skyway, Chicago-O'Hare International Airport, and Midway International Airport Funds at the end of the year amounted to a deficit of \$117.2 million. The total decrease in unrestricted net assets related to the \$1,610.8 million of net assets invested in capital assets, net of related debt and the \$877.7 million of net assets restricted is primarily due to assets being reserved for debt service, construction, and rehabilitation and a transfer out of business-type activities of \$96.0 million to governmental activities. Other factors concerning the finances of these five funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

The City's 2004 General Fund Budget is \$2,605.4 million. This budget reflects an increase of \$55.6 million (2.2 percent) over the 2003 Budget. The City's 2004 General Fund Budget contains no additions or material changes to existing taxes and fees. The City's 2004 General Fund Budget was approved by the City Council on November 19, 2003.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004**

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The General Fund revenues and expenditures in 2004 ended the current fiscal year with an available unreserved fund balance of \$42.2 million, which is a \$22.8 million increase over 2003.

The General Fund revenues on a budgetary basis were \$23.2 million below budget as a result of lower than expected land sales, internal service charges, and postponement of a sale-leaseback transaction. These revenues were offset by favorable results from various tax revenues. Expenditures were \$37.2 million less than budgeted as a result of lower than anticipated personnel and related fringe benefit costs due to the early retirement initiative. However, sworn personnel such as police & fire were excluded from the early retirement initiative, and their expenditures increased above expectations.

There were no differences between the original budget and the final amended budget.

Additional information on the City's budget can be found in Note #3 under Stewardship, Compliance and Accountability within this report.

### **Capital Asset and Debt Administration**

*Capital assets.* The City's capital assets for its governmental and business-type activities as of December 31, 2004 amount to \$13,667.1 million (net of accumulated depreciation). These capital assets include land, buildings and system improvements, machinery and equipment, roads, highways and bridges, and property, plant and equipment.

Major capital asset events during the current fiscal year included the following:

- Millennium Park opened in July 2004 which included donated assets.
- South Lake Shore Drive mainline reconstruction project is in process.
- Three new senior centers were completed, Abbot Park/Roseland Senior Center, Portage Park Senior Center, and Austin Senior Center.
- Oriole Park Library on West Balmoral was opened in 2004.
- A new police station was completed for the 22<sup>nd</sup> Police District.
- A major rehabilitation was completed for the City's Operations Center on West Madison Street.
- The 8<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup> and 17<sup>th</sup> Police Districts were a significant part of the construction in progress in 2004.
- The 2004 Water Main Replacement Program completed 25 miles of water mains at a replacement cost of \$28.3 million. The Water System also completed its new warehouse facility at 39<sup>th</sup> and Iron (\$5.5 million) and fluoride equipment replacement (\$6.8 million).
- The 2004 Sewer Main Replacement Program completed 9 miles of sewer mains at a replacement cost of \$14.9 million.
- Midway International Airport expended \$427.4 million on capital activities relating to a fuel storage facility, runway and taxiway rehabilitation, apron reconstruction, security enhancements, water drainage, and terminal improvements.
- Chicago-O'Hare International Airport completed projects totaling \$134.7 million for electrical system improvements, runway and taxiway rehabilitation, apron reconstruction, security enhancements, water drainage and terminal improvements. The Airport also acquired land at a cost of \$36.6 million.
- The Chicago Skyway expended \$83.2 million for the reconstruction of the westbound traffic lanes from Commercial Avenue to the Indiana border and construction of the 92<sup>nd</sup> Street entrance and exit ramps.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004**

**City of Chicago, Illinois  
Capital Assets (net of depreciation)  
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 1,224.8	\$ 1,208.3	\$ 280.5	\$ 243.3	\$ 1,505.3	\$ 1,451.6
Works of Art and Historical Collections	9.6	8.6	-	-	9.6	8.6
Construction in Progress	197.4	181.2	540.0	854.9	737.4	1,036.1
Buildings and Other Improvements	1,077.1	945.8	6,331.1	5,609.8	7,408.2	6,555.6
Machinery and Equipment	253.9	277.2	255.9	248.1	509.8	525.3
Infrastructure	3,496.8	3,412.6	-	-	3,496.8	3,412.6
<b>Total</b>	<b>\$ 6,259.6</b>	<b>\$ 6,033.7</b>	<b>\$ 7,407.5</b>	<b>\$ 6,956.1</b>	<b>\$ 13,667.1</b>	<b>\$ 12,989.8</b>

Information on the City's capital assets can be found in Note #7 of this report.

*Debt.* At the end of the current fiscal year, the City had \$5,270.8 million in General Obligation Bonds and Notes and \$364.6 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$162.2 million in Motor Fuel Tax Revenue Bonds; \$473.8 million in Tax Increment Financing Bonds; \$12.4 million in Installment Purchase Agreements; \$381.2 million of Sales Tax Revenue Bonds; and \$7,615.4 million in Enterprise Fund Bonds and long-term obligations.

**City of Chicago, Illinois  
General Obligation and Revenue Bonds  
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	\$ 5,635.4	\$ 5,386.1	\$ -	\$ -	\$ 5,635.4	\$ 5,386.1
Installment Purchase Agreement	12.4	13.8	-	-	12.4	13.8
Tax Increment Revenue Bonds	473.8	474.1	-	-	473.8	474.1
	543.4	553.9	7,615.4	7,407.1	8,158.8	7,961.0
<b>Total</b>	<b>\$ 6,665.0</b>	<b>\$ 6,427.9</b>	<b>\$ 7,615.4</b>	<b>\$ 7,407.1</b>	<b>\$ 14,280.4</b>	<b>\$ 13,835.0</b>

During 2004, the City issued the following:

**General Obligation Bonds and Notes:**

- General Obligation Bonds, Project and Refunding Series 2004A and B (\$489.5 million)
- General Obligation Bonds, (Emergency Telephone System) Taxable Series 2004 (\$64.7 million)
- General Obligation Tender Notes Series 2004 (\$96.3 million)

**Tax Increment Allocation Bonds and Notes:**

- Various Tax Increment Allocation Notes, Taxable Series 2004, totaling (\$1.5 million)
- Tax Increment Allocation Revenue Bonds (Pilsen Redevelopment Project), Series 2004 (\$49.5 million)

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004**

**Enterprise Fund Revenue Bonds and Notes:**

- Chicago-O'Hare International Airport General Airport Third Lien Revenue Refunding Bonds, Series 2004A (Non-AMT) (\$242.9 million), Series 2004B (Non-AMT) (\$38.2 million), Series 2004C (AMT) (\$32.0 million), and Series 2004D (AMT) (\$7.7 million), Series 2004E (Taxable) (\$33.8 million), Series 2004F (Taxable) (\$21.0 million), 2004G (Taxable) (\$8.4 million), Series 2004H (Taxable) (\$1.2 million)
- Chicago Midway Airport, Second Lien Revenue Refunding Bonds, Series 2004A and B (\$77.6 million)
- Chicago Midway Airport, Second Lien Revenue Bonds, Series 2004 (\$152.2 million)
- Second Lien Water Revenue Refunding Bonds, Series 2004 (\$500.0 million)
- Water Commercial Paper Notes (\$25.4 million)
- Second Lien Wastewater Transmission Variable Rate Revenue Bonds, Series 2004A (\$332.2 million)
- Second Lien Wastewater Transmission Revenue Refunding Bonds, Series 2004B (\$61.9 million)

At December 31, 2004 the City had credit ratings with each of the three major rating agencies as follows:

Rating Agency	Moody's	Standard & Poors	Fitch
General Obligation:			
City	A1	A+	AA-
Revenue Bonds:			
O'Hare Airport:			
First Lien	A1	A+	AA-
Second Lien	A1	A	AA-
Third Lien	A2	A-	A
First Lien PFC	A1	A+	A
Second Lien PFC	A2	A	A
Midway Airport:			
First Lien	A2	A	A+
Second Lien	A3	A-	A
Water:			
First Lien	Aa3	AA-	AA+
Second Lien	A1	A+	AA
Wastewater:			
First Lien	n/a	n/a	n/a
Second Lien	A3	A-	AA-
Skyway	n/a	n/a	A-

Information on the City's long-term debt can be found in Note #10 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The City's economy showed a slight recovery as economically sensitive taxes increased in 2004. The City's real estate market continued to show strong activity as real estate transaction taxes exceeded the 2004 budget by 37 percent and increased \$45.3 million as compared to 2003. Residential home sales increased 17 percent as compared to the prior year. The median sales price for single family dwellings rose 10 percent to \$242,600 from \$224,000 in 2003 and condominiums rose to 8 percent to a median price of \$196,900.

Chicago remains a center of tourism and conventions with hotel occupancy increasing to a rate of 70.6 percent in 2004. Hotel projects completed in 2004 included the Amalfi Hotel with 215 rooms and the Hard Rock Hotel with 381 rooms. Despite decreases in travel due to the economy, Chicago has a full calendar for conventions in 2005.

The City's unemployment rate of 7.2 percent in 2004 decreased from 8.2 percent in 2003; another sign of the rebounding economy.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2004**

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On December 15, 2004, the City Council approved the City's 2005 General Fund Budget in the amount of \$2,791.1 million which includes a \$58.1 million surplus from prior years. This budget reflects an increase over the 2004 General Fund budget of \$185.7 million (7.1 percent). The City's 2005 budget contains increases in certain taxes, fees and fines.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Chicago Comptroller's Office.

Exhibit 1  
 CITY OF CHICAGO, ILLINOIS  
 STATEMENT OF NET ASSETS  
 December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 643,218	\$ 216,806	\$ 860,024
Investments .....	979,903	19,816	999,719
Cash and Investments with Escrow Agent .....	378,006	-	378,006
Receivables (Net of Allowances):			
Property Tax .....	1,010,155	-	1,010,155
Accounts .....	573,612	192,368	765,980
Internal Balances .....	105,277	(105,277)	-
Inventories .....	20,723	11,201	31,924
Restricted Assets:			
Cash and Cash Equivalents .....	-	1,066,566	1,066,566
Investments .....	-	1,236,849	1,236,849
Other Assets .....	638,885	423,426	1,062,311
Capital Assets:			
Land, Improvements, Art, and Construction in Progress .....	1,431,766	820,490	2,252,256
Other Capital Assets, Net of Depreciation .....	4,827,847	6,586,991	11,414,838
Total Capital Assets .....	<u>6,259,613</u>	<u>7,407,481</u>	<u>13,667,094</u>
Total Assets .....	<u>\$ 10,609,392</u>	<u>\$ 10,469,236</u>	<u>\$ 21,078,628</u>
<b>LIABILITIES</b>			
Voucher Warrants Payable .....	\$ 412,704	\$ 218,322	\$ 631,026
Short-term Debt .....	747	-	747
Accrued Interest .....	109,323	150,737	260,060
Accrued and Other Liabilities .....	434,685	118,617	553,302
Deferred Revenue .....	84,911	164,259	249,170
Long-term Liabilities:			
Due Within One Year .....	377,178	97,135	474,313
Due in More Than One Year .....	8,426,286	7,348,835	15,775,121
Total Liabilities .....	<u>9,845,834</u>	<u>8,097,905</u>	<u>17,943,739</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt .....	813,964	1,610,788	2,424,752
Restricted for:			
Capital Projects .....	26,130	301,571	327,701
Debt Service .....	976,139	48,961	1,025,100
Federal, State and Local Grants .....	14,155	-	14,155
Other Purposes .....	330,330	527,249	857,579
Unrestricted (Deficit) .....	<u>(1,397,160)</u>	<u>(117,238)</u>	<u>(1,514,398)</u>
Total Net Assets .....	<u>\$ 763,558</u>	<u>\$ 2,371,331</u>	<u>\$ 3,134,889</u>

See notes to basic financial statements.

Exhibit 2  
 CITY OF CHICAGO, ILLINOIS  
 STATEMENT OF ACTIVITIES  
 December 31, 2004  
 (Amounts are in Thousands of Dollars)

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government .....	\$ 1,642,072	\$ 362,973
Public Safety .....	1,853,887	112,721
Employee Pensions .....	299,810	-
Streets and Sanitation .....	334,878	31,494
Transportation .....	275,536	23,589
Health .....	164,830	12,333
Cultural and Recreational .....	95,924	21,423
Other .....	10,581	-
Interest on Long-term Debt .....	352,119	-
Total Governmental Activities .....	5,029,637	564,533
Business-type Activities:		
Water .....	297,902	327,514
Sewer .....	135,013	144,988
Midway Airport .....	138,404	85,608
Chicago O'Hare International Airport .....	645,437	442,569
Chicago Skyway .....	42,373	41,191
Total Business-type Activities .....	1,259,129	1,041,870
Total Primary Government .....	\$ 6,288,766	\$ 1,606,403

See notes to basic financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 479,612	\$ 4,137	\$ (795,350)	\$ -	\$ (795,350)
33,713	-	(1,707,453)	-	(1,707,453)
-	-	(299,810)	-	(299,810)
-	-	(303,384)	-	(303,384)
-	169,392	(82,555)	-	(82,555)
111,676	-	(40,821)	-	(40,821)
12,997	-	(61,504)	-	(61,504)
11,068	-	487	-	487
-	-	(352,119)	-	(352,119)
<u>649,066</u>	<u>173,529</u>	<u>(3,642,509)</u>	<u>-</u>	<u>(3,642,509)</u>
-	-	-	29,612	29,612
-	1,242	-	11,217	11,217
-	46,878	-	(5,918)	(5,918)
-	155,061	-	(47,807)	(47,807)
-	7,734	-	6,552	6,552
-	<u>210,915</u>	<u>-</u>	<u>(6,344)</u>	<u>(6,344)</u>
<u>\$ 649,066</u>	<u>\$ 384,444</u>	<u>(3,642,509)</u>	<u>(6,344)</u>	<u>(3,648,853)</u>

General Revenues

Taxes:			
Property Tax .....	693,411	-	693,411
Utility Tax .....	504,800	-	504,800
Sales Tax .....	203,251	-	203,251
Transportation Tax .....	322,018	-	322,018
Transaction Tax .....	278,584	-	278,584
Special Area Tax .....	350,293	-	350,293
Other Taxes .....	165,607	-	165,607
Grants and Contributions not Restricted to			
Specific Programs .....	522,951	-	522,951
Unrestricted Investment Earnings .....	27,377	27,109	54,486
Miscellaneous .....	135,400	5,669	141,069
Transfers .....	96,000	(96,000)	-
Total General Revenues .....	<u>3,299,692</u>	<u>(63,222)</u>	<u>3,236,470</u>
Change in Net Assets .....	(342,817)	(69,566)	(412,383)
Net Assets - Beginning .....	1,106,375	2,440,897	3,547,272
Net Assets - Ending .....	<u>\$ 763,558</u>	<u>\$ 2,371,331</u>	<u>\$ 3,134,889</u>

Exhibit 3  
 CITY OF CHICAGO, ILLINOIS  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 December 31, 2004  
 (Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants
<b>ASSETS</b>		
Cash and Cash Equivalents .....	\$ 2,690	\$ 23,146
Investments .....	3,052	10,612
Cash and Investments with Escrow Agent .....	-	667
Receivables (Net of Allowances):		
Property Tax .....	-	-
Accounts .....	186,956	31,832
Due From Other Funds .....	282,291	102,251
Due From Other Governments .....	170,805	111,603
Inventories .....	20,723	-
Other Assets .....	-	42,118
<b>Total Assets</b> .....	<b>\$ 666,517</b>	<b>\$ 322,229</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Voucher Warrants Payable .....	\$ 127,915	\$ 137,378
Bonds, Notes and Other Obligations Payable - Current .....	-	-
Accrued Interest .....	-	-
Due to Other Funds .....	397,249	84,755
Accrued and Other Liabilities .....	50,887	3,114
Claims Payable .....	15,320	-
Deferred Revenue .....	1,919	82,827
<b>Total Liabilities</b> .....	<b>593,290</b>	<b>308,074</b>
<b>Fund Balance</b>		
Reserved for Encumbrances .....	10,258	-
Reserved for Resale Property .....	-	42,118
Reserved for Inventory .....	20,723	-
Reserved for Debt Service .....	-	-
Unreserved, Undesignated .....	42,246	(27,963)
<b>Total Fund Balance</b> .....	<b>73,227</b>	<b>14,155</b>
<b>Total Liabilities and Fund Balance</b> .....	<b>\$ 666,517</b>	<b>\$ 322,229</b>

See notes to basic financial statements.

Bond, Note Redemption and Interest	Community Development and Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$ 46,331	\$ 188,983	\$ 382,068	\$ 643,218
2,065	822,422	141,752	979,903
216,409	-	160,930	378,006
413,021	-	597,134	1,010,155
31	5,538	24,472	248,829
17,073	13,041	160,917	575,573
1,033	-	41,342	324,783
-	-	-	20,723
-	-	-	42,118
<u>\$ 695,963</u>	<u>\$ 1,029,984</u>	<u>\$ 1,508,615</u>	<u>\$ 4,223,308</u>
\$ -	\$ 47,199	\$ 77,535	\$ 390,027
74,712	-	3,135	77,847
104,484	-	3,284	107,768
1,562	47,961	133,010	664,537
2,808	4	55,897	112,710
-	-	-	15,320
375,871	162	537,602	998,381
<u>559,437</u>	<u>95,326</u>	<u>810,463</u>	<u>2,366,590</u>
-	60,639	27,456	98,353
-	-	-	42,118
-	-	-	20,723
136,526	-	222,246	358,772
-	874,019	448,450	1,336,752
136,526	934,658	698,152	1,856,718
<u>\$ 695,963</u>	<u>\$ 1,029,984</u>	<u>\$ 1,508,615</u>	<u>\$ 4,223,308</u>

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.	6,259,613
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,460,431
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(8,813,204)
Net assets of governmental activities	<u>\$ 763,558</u>

Exhibit 4  
 CITY OF CHICAGO, ILLINOIS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 Year Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants
Revenues:		
Property Tax .....	\$ -	\$ -
Utility Tax .....	460,596	-
Sales Tax .....	412,909	-
Transportation Tax .....	138,060	-
State Income Tax .....	258,378	-
Transaction Tax .....	278,584	-
Special Area Tax .....	-	-
Other Taxes .....	153,358	-
Federal/State Grants .....	1,947	850,103
Internal Service .....	269,523	-
Licenses and Permits .....	104,627	-
Fines .....	188,477	-
Investment Income .....	2,617	-
Charges for Services .....	104,682	-
Miscellaneous .....	28,242	-
<b>Total Revenues .....</b>	<b>2,402,000</b>	<b>850,103</b>
Expenditures:		
Current:		
General Government .....	692,090	488,752
Health .....	39,320	127,430
Public Safety .....	1,540,686	34,245
Streets and Sanitation .....	242,723	-
Transportation .....	39,108	176,340
Cultural and Recreational .....	-	14,566
Employee Pensions .....	-	-
Other .....	2,259	7,557
Capital Outlay .....	-	4,137
Debt Service:		
Principal Retirement .....	4,900	-
Interest and Other Fiscal Charges .....	6,572	-
<b>Total Expenditures .....</b>	<b>2,567,658</b>	<b>853,027</b>
<b>Revenues Under Expenditures .....</b>	<b>(165,658)</b>	<b>(2,924)</b>

Continued on following pages.

Bond, Note Redemption and Interest	Community Development and Improvement Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 386,924	\$ -	\$ 265,026	\$ 651,950
10,645	-	33,559	504,800
26,277	-	2,393	441,579
18,604	-	165,354	322,018
-	-	24,298	282,676
-	-	-	278,584
-	-	284,127	284,127
4	-	12,245	165,607
-	-	-	852,050
-	-	23,816	293,339
-	-	-	104,627
-	-	14,059	202,536
5,783	12,964	6,013	27,377
-	-	46,197	150,879
-	41,101	12,302	81,645
<u>448,237</u>	<u>54,065</u>	<u>889,389</u>	<u>4,643,794</u>
-	-	177,627	1,358,469
-	-	12,781	179,531
-	-	4,083	1,579,014
-	-	110,297	353,020
-	-	93,087	308,535
-	-	63,095	77,661
-	-	299,810	299,810
-	-	375	10,191
-	483,389	76,449	563,975
246,677	-	52,178	303,755
264,684	-	44,660	315,916
<u>511,361</u>	<u>483,389</u>	<u>934,442</u>	<u>5,349,877</u>
<u>(63,124)</u>	<u>(429,324)</u>	<u>(45,053)</u>	<u>(706,083)</u>

**Exhibit 4 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants
<b>Other Financing Sources (Uses):</b>		
Proceeds of Debt, Net of Original Discount .....	\$ 87,465	\$ -
Payment to Refunded Bond Escrow Agent .....	-	-
Transfers In .....	92,666	-
Transfers Out .....	-	(6,511)
<b>Total Other Financing Sources (Uses) .....</b>	<b>180,131</b>	<b>(6,511)</b>
<b>Net Changes in Fund Balances .....</b>	<b>14,473</b>	<b>(9,435)</b>
Fund Balance, Beginning of Year .....	60,355	23,590
Change in Inventory .....	(1,601)	-
<b>Fund Balance, End of Year .....</b>	<b>\$ 73,227</b>	<b>\$ 14,155</b>

See notes to basic financial statements.

Bond, Note Redemption and Interest	Community Development and Improvement Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 159,724	\$ 279,208	\$ 193,960	\$ 720,357
(143,143)	-	-	(143,143)
-	2,194	105,920	200,780
(1,778)	(37,070)	(59,421)	(104,780)
<u>14,803</u>	<u>244,332</u>	<u>240,459</u>	<u>673,214</u>
(48,321)	(184,992)	195,406	(32,869)
184,847	1,119,650	502,746	1,891,188
-	-	-	(1,601)
<u>\$ 136,526</u>	<u>\$ 934,658</u>	<u>\$ 698,152</u>	<u>\$ 1,856,718</u>

**Exhibit 5**  
**CITY OF CHICAGO, ILLINOIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

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

Net change in fund balances - total governmental funds .....	\$ (32,869)
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 .....	173,960
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....	107,627
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments .....	(301,936)
Certain 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 .....	(289,599)
Change in the net assets of governmental activities .....	<u>\$ (342,817)</u>

See notes to basic financial statements.

Exhibit 6  
 CITY OF CHICAGO, ILLINOIS  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL  
 GENERAL FUND (BUDGETARY BASIS)  
 Year Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
<b>Revenues:</b>			
Utility Tax .....	\$ 464,744	\$ 460,596	\$ (4,148)
Sales Tax .....	170,300	174,581	4,281
Transportation Tax .....	138,230	138,060	(170)
Transaction Tax .....	235,870	278,584	42,714
Recreation Tax .....	85,519	84,062	(1,457)
Business Tax .....	67,516	66,151	(1,365)
State Income Tax .....	219,829	258,378	38,549
State Sales Tax .....	230,460	238,328	7,868
State Auto Rental .....	3,100	3,145	45
Federal/State Grants .....	5,000	1,947	(3,053)
Internal Service .....	288,381	269,523	(18,858)
Licenses and Permits .....	100,921	104,627	3,706
Fines .....	189,262	188,477	(785)
Investment Income .....	4,753	2,617	(2,136)
Charges for Services .....	89,187	79,959	(9,228)
Municipal Utilities .....	26,800	23,153	(3,647)
Leases, Rentals and Sales .....	36,696	18,974	(17,722)
Miscellaneous .....	32,100	10,838	(21,262)
Proceeds of Debt, Net of Original Discount .....	87,465	87,465	-
Budgeted Prior Years' Surplus and Reappropriations .....	21,212	-	(21,212)
Transfers In/Other .....	108,035	92,666	(15,369)
<b>Total Revenues</b> .....	<u>2,605,380</u>	<u>2,582,131</u>	<u>(23,249)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government .....	742,816	697,166	45,650
Health .....	41,638	38,050	3,588
Public Safety .....	1,528,499	1,539,346	(10,847)
Streets and Sanitation .....	241,162	242,805	(1,643)
Transportation .....	40,974	39,255	1,719
<b>Debt Service:</b>			
Principal Retirement .....	4,901	4,900	1
Interest and Other Fiscal Charges .....	5,390	6,623	(1,233)
<b>Total Expenditures</b> .....	<u>2,605,380</u>	<u>2,568,145</u>	<u>37,235</u>
<b>Revenues Over Expenditures</b> .....	<u>\$ -</u>	<u>\$ 13,986</u>	<u>\$ 13,986</u>

See notes to basic financial statements.

Exhibit 7  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds				Other Fund	
	Water	Sewer	Midway Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS:</b>						
Cash and Cash Equivalents .....	\$ 22,671	\$ 10,564	\$ 39,269	\$ 141,928	\$ 2,374	\$ 216,806
Investments .....	709	2,294	5,994	10,748	71	19,816
Accounts Receivable (Net of Allowances) .....	66,028	30,329	7,445	43,987	583	148,372
Due from Other Funds .....	10,317	16,286	1,202	17,747	305	45,857
Due from Other Governments .....	-	-	21,456	14,095	-	35,551
Inventories .....	9,420	1,781	-	-	-	11,201
<b>Total Current Assets .....</b>	<b>109,145</b>	<b>61,254</b>	<b>75,366</b>	<b>228,505</b>	<b>3,333</b>	<b>477,603</b>
<b>NONCURRENT RESTRICTED ASSETS:</b>						
Cash and Cash Equivalents .....	88,707	61,150	265,096	628,606	23,007	1,066,566
Investments .....	111,972	99,387	225,905	798,199	1,386	1,236,849
<b>Total Noncurrent Restricted Assets .....</b>	<b>200,679</b>	<b>160,537</b>	<b>491,001</b>	<b>1,426,805</b>	<b>24,393</b>	<b>2,303,415</b>
<b>OTHER ASSETS .....</b>	<b>9,294</b>	<b>7,157</b>	<b>60,198</b>	<b>335,081</b>	<b>11,696</b>	<b>423,426</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>						
Land .....	5,083	560	100,840	161,403	12,609	280,495
Structures, Equipment and Improvements .....	2,250,579	1,252,347	1,007,355	4,180,158	474,203	9,164,642
Accumulated Depreciation .....	(563,624)	(267,499)	(113,599)	(1,516,452)	(116,477)	(2,577,651)
Construction Work in Progress .....	72,337	5,093	87,678	374,887	-	539,995
<b>Total Property, Plant and Equipment ....</b>	<b>1,764,375</b>	<b>990,501</b>	<b>1,082,274</b>	<b>3,199,996</b>	<b>370,335</b>	<b>7,407,481</b>
<b>Total Assets .....</b>	<b>\$ 2,083,493</b>	<b>\$ 1,219,449</b>	<b>\$ 1,708,839</b>	<b>\$ 5,190,387</b>	<b>\$ 409,757</b>	<b>\$ 10,611,925</b>

See notes to basic financial statements.

Business-type Activities - Enterprise Funds

	Major Funds					Other Fund	Total
	Water	Sewer	Midway Airport	Chicago- O'Hare	Chicago Skyway		
				International Airport			
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES:</b>							
Voucher Warrants Payable .....	\$ 20,187	\$ 8,734	\$ 10,153	\$ 40,921	\$ 1,053	\$ 81,048	
Due to Other Funds .....	28,259	2,051	3,323	8,012	101,044	142,689	
Accrued and Other Liabilities .....	53,498	17,785	-	14,144	1,848	87,275	
Deferred Revenue .....	11,256	8,059	18,455	126,489	-	164,259	
<b>Total Current Liabilities .....</b>	<b>113,200</b>	<b>36,629</b>	<b>31,931</b>	<b>189,566</b>	<b>103,945</b>	<b>475,271</b>	
Current Liabilities Payable From Restricted Assets .....	43,582	20,569	82,928	235,693	33,716	416,488	
<b>NONCURRENT LIABILITIES:</b>							
Revenue Bonds Payable .....	1,007,620	718,920	1,258,060	3,957,589	406,646	7,348,835	
<b>Total Noncurrent Liabilities .....</b>	<b>1,007,620</b>	<b>718,920</b>	<b>1,258,060</b>	<b>3,957,589</b>	<b>406,646</b>	<b>7,348,835</b>	
<b>Total Liabilities .....</b>	<b>1,164,402</b>	<b>776,118</b>	<b>1,372,919</b>	<b>4,382,848</b>	<b>544,307</b>	<b>8,240,594</b>	
<b>NET ASSETS:</b>							
Invested in Capital Assets, Net of Related Debt .....	742,173	407,523	105,782	285,194	70,116	1,610,788	
<b>Restricted Net Assets:</b>							
Debt Service .....	-	-	2,442	46,519	-	48,961	
Capital Projects .....	125,577	12,451	57,753	71,108	34,682	301,571	
Passenger Facility Charges .....	-	-	51,511	184,271	-	235,782	
Contractual Use Agreement .....	-	-	38,728	81,829	-	120,557	
Other .....	-	-	57,132	113,778	-	170,910	
Unrestricted Net Assets .....	51,341	23,357	22,572	24,840	(239,348)	(117,238)	
<b>Total Net Assets .....</b>	<b>\$ 919,091</b>	<b>\$ 443,331</b>	<b>\$ 335,920</b>	<b>\$ 807,539</b>	<b>\$ (134,550)</b>	<b>\$ 2,371,331</b>	

See notes to basic financial statements.

Exhibit 8  
CITY OF CHICAGO, ILLINOIS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
Year Ended December 31, 2004  
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds				Other Fund	
	Water	Sewer	Midway Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
<b>Operating Revenues:</b>						
Charges for Services .....	\$ 314,533	\$ 142,680	\$ 29,299	\$ 228,276	\$ 41,141	\$ 755,929
Rent .....	-	-	56,309	214,293	-	270,602
Other .....	12,981	2,308	-	-	50	15,339
<b>Total Operating Revenues .....</b>	<b>327,514</b>	<b>144,988</b>	<b>85,608</b>	<b>442,569</b>	<b>41,191</b>	<b>1,041,870</b>
<b>Operating Expenses:</b>						
Personal Services .....	95,291	5,605	32,316	134,890	5,259	273,361
Contractual Services .....	44,340	4,505	10,678	33,449	2,637	95,609
Repairs and Maintenance .....	1,862	50,338	28,065	66,066	2,779	149,110
Commodities and Materials .....	16,230	-	-	-	106	16,336
Depreciation and Amortization .....	32,798	18,394	20,994	137,661	8,670	218,517
Interfund Services .....	64,849	25,272	-	-	1,433	91,554
Other .....	2,011	-	10,473	83,425	-	95,909
<b>Total Operating Expenses .....</b>	<b>257,381</b>	<b>104,114</b>	<b>102,526</b>	<b>455,491</b>	<b>20,884</b>	<b>940,396</b>
<b>Operating Income (Loss) .....</b>	<b>70,133</b>	<b>40,874</b>	<b>(16,918)</b>	<b>(12,922)</b>	<b>20,307</b>	<b>101,474</b>
<b>Nonoperating Revenues (Expenses):</b>						
Investment Income (Loss) .....	966	140	3,887	22,194	(78)	27,109
Interest Expense .....	(40,521)	(30,899)	(35,878)	(189,946)	(21,489)	(318,733)
Passenger Facility Charges .....	-	-	25,299	135,265	-	160,564
Other .....	4,488	399	782	-	-	5,669
<b>Total Nonoperating Revenues (Expenses) .....</b>	<b>(35,067)</b>	<b>(30,360)</b>	<b>(5,910)</b>	<b>(32,487)</b>	<b>(21,567)</b>	<b>(125,391)</b>
Operating Transfers Out .....	-	-	-	-	(96,000)	(96,000)
Capital Grants .....	-	1,242	21,579	19,796	7,734	50,351
<b>Net Income (Loss) .....</b>	<b>35,066</b>	<b>11,756</b>	<b>(1,249)</b>	<b>(25,613)</b>	<b>(89,526)</b>	<b>(69,566)</b>
Net Assets (Deficit) - Beginning of Year .....	884,025	431,575	337,169	833,152	(45,024)	2,440,897
<b>Net Assets (Deficit) - End of Year .....</b>	<b>\$ 919,091</b>	<b>\$ 443,331</b>	<b>\$ 335,920</b>	<b>\$ 807,539</b>	<b>\$ (134,550)</b>	<b>\$ 2,371,331</b>

See notes to basic financial statements.

Exhibit 9  
 CITY OF CHICAGO, ILLINOIS  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds				Other Fund	
	Water	Sewer	Midway Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
<b>Cash Flows from Operating Activities:</b>						
Received from Customers .....	\$ 319,203	\$ 142,631	\$ 91,551	\$ 536,602	\$ 41,000	\$ 1,130,987
Payments to Vendors .....	(63,465)	(24,104)	(48,907)	(144,332)	(5,452)	(286,260)
Payments to Employees .....	(115,968)	(38,409)	(28,263)	(140,488)	(4,126)	(327,254)
Transactions with Other City Funds .....	(48,822)	(31,004)	(7,490)	(42,895)	(2,506)	(132,717)
<b>Cash Flows from Operating Activities .....</b>	<b>90,948</b>	<b>49,114</b>	<b>6,891</b>	<b>208,887</b>	<b>28,916</b>	<b>384,756</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Proceeds from Issuance of Bonds .....	525,522	398,915	233,490	393,303	-	1,551,230
Acquisition and Construction of Capital Assets .....	(116,523)	(39,994)	(78,403)	(246,074)	(89,516)	(570,510)
Grant Receipts .....	-	1,242	5,196	9,455	7,734	23,627
Bond Issuance Costs .....	(4,696)	(4,620)	(3,348)	(6,270)	-	(18,934)
Payment to Refund Bonds .....	(495,525)	(305,534)	(113,688)	(392,722)	-	(1,307,469)
Principal Paid on Bonds .....	(25,557)	(15,255)	(6,610)	(37,045)	(17,712)	(102,179)
Interest Paid .....	(39,387)	(39,326)	(55,247)	(220,686)	(21,190)	(375,836)
Passenger Facility Charges .....	-	-	24,694	129,162	-	153,856
Noise Mitigation Program .....	-	-	(4,974)	(19,172)	-	(24,146)
Intergovernmental Loan .....	-	-	-	-	4,163	4,163
<b>Cash Flows from Capital and Related Financing Activities .....</b>	<b>(156,166)</b>	<b>(4,572)</b>	<b>1,110</b>	<b>(390,049)</b>	<b>(116,521)</b>	<b>(666,198)</b>
<b>Cash Flows from Investing Activities:</b>						
Sale (Purchases) of Investments, Net .....	86,090	(67,217)	(49,570)	87,933	52,545	109,781
Investment Interest .....	4,916	2,555	6,063	34,748	90	48,372
<b>Cash Flows from Investing Activities .....</b>	<b>91,006</b>	<b>(64,662)</b>	<b>(43,507)</b>	<b>122,681</b>	<b>52,635</b>	<b>158,153</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents .....</b>	<b>25,788</b>	<b>(20,120)</b>	<b>(35,506)</b>	<b>(58,481)</b>	<b>(34,970)</b>	<b>(123,289)</b>
<b>Cash and Cash Equivalents, Beginning of Year .....</b>	<b>85,590</b>	<b>91,834</b>	<b>339,871</b>	<b>829,015</b>	<b>60,351</b>	<b>1,406,661</b>
<b>Cash and Cash Equivalents, End of Year .....</b>	<b>\$ 111,378</b>	<b>\$ 71,714</b>	<b>\$ 304,365</b>	<b>\$ 770,534</b>	<b>\$ 25,381</b>	<b>\$ 1,283,372</b>

See notes to basic financial statements.

**Exhibit 9 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds				Other Fund	
	Water	Sewer	Midway Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
Reconciliation of Operating Income to Cash Flows from Operating Activities:						
Operating Income (Loss) .....	\$ 70,133	\$ 40,874	\$ (16,918)	\$ (12,922)	\$ 20,307	\$ 101,474
Adjustments to Reconcile:						
Depreciation and Amortization .....	32,798	18,394	20,994	137,661	8,670	218,517
Provision for Uncollectible Accounts .....	3,727	-	157	97	-	3,981
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables .....	(9,509)	(3,474)	(2,415)	(8,085)	(190)	(23,673)
Decrease in Due From Other Funds .....	(50)	(6,312)	(1,162)	(17,743)	(180)	(25,447)
Decrease in Voucher Warrants Payable and Due to Other Funds .....	(9,885)	(1,608)	(1,811)	8,642	196	(4,466)
Increase in Deferred Revenue and Other Liabilities .....	(1,381)	896	8,046	101,237	1,149	109,947
Decrease in Inventories and Other Assets .....	5,115	344	-	-	(1,036)	4,423
Cash Flows from Operating Activities .....	<u>\$ 90,948</u>	<u>\$ 49,114</u>	<u>\$ 6,891</u>	<u>\$ 208,887</u>	<u>\$ 28,916</u>	<u>\$ 384,756</u>

**Supplemental Disclosure of**

**Noncash Items:**

Capital asset additions in 2004 included in accounts payable and accrued and other liabilities .....	<u>\$ 18,996</u>	<u>\$ 4,155</u>	<u>\$ 26,616</u>	<u>\$ 68,235</u>	<u>\$ 22,269</u>	<u>\$ 140,271</u>
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See notes to basic financial statements.

Exhibit 10  
 CITY OF CHICAGO, ILLINOIS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents .....	\$ 267,371	\$ 2
Investments .....	12,605,041	20,262
Cash and Investments with Escrow Agent .....	-	22,203
Property Tax Receivable .....	-	214
Accounts Receivable, Net .....	524,957	7,006
Due from Other Funds .....	25,447	187,764
Invested Securities Lending Collateral .....	1,531,803	-
<b>Total Assets</b> .....	<u>\$ 14,954,619</u>	<u>\$ 237,451</u>
<b>LIABILITIES</b>		
Voucher Warrants Payable .....	\$ 470,717	\$ 33,959
Due to Other Funds .....	-	27,415
Accrued and Other Liabilities .....	-	176,077
Securities Lending Collateral .....	1,531,803	-
<b>Total Liabilities</b> .....	<u>2,002,520</u>	<u>237,451</u>
<b>NET ASSETS</b>		
Reserved for Employee Benefit Plans .....	12,952,099	-
<b>Total Net Assets</b> .....	<u>\$ 12,952,099</u>	<u>\$ -</u>

See notes to basic financial statements.

**Exhibit 11**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**Year Ended December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

	<u>Total</u>
<b>Additions</b>	
Contributions:	
Employees .....	\$ 295,011
City .....	<u>345,399</u>
Total Contributions .....	<u>640,410</u>
Investment Income:	
Net Appreciation in	
Fair Value of Investments .....	1,055,933
Interest, Dividends and Other .....	238,412
Investment Expense .....	<u>(39,621)</u>
Net Investment Income .....	<u>1,254,724</u>
Securities Lending Transactions:	
Securities Lending Income .....	15,213
Securities Lending Expense .....	<u>(12,638)</u>
Net Securities Lending Transactions .....	<u>2,575</u>
Total Additions .....	<u>1,897,709</u>
<b>Deductions</b>	
Benefits and Refunds of Deductions .....	1,210,541
Administrative and General .....	<u>13,065</u>
Total Deductions .....	<u>1,223,606</u>
Transfers In .....	24,202
Transfers Out .....	<u>(24,202)</u>
Net Transfers .....	<u>-</u>
Net Increase in Net Assets .....	<u>674,103</u>
Net Assets Held in Trust for	
Pension Benefits:	
Beginning of Year .....	<u>12,277,996</u>
End of Year .....	<u>\$ 12,952,099</u>

1) **Summary of Significant Accounting Policies**

The City of Chicago (City), incorporated in 1837, is a "home rule" unit under State of Illinois (State) law. The City has a mayor-council form of government. The Mayor is the Chief Executive Officer of the City and is elected by general election. The City Council is the legislative body and consists of 50 members, each representing one of the City's 50 wards. The members of the City Council are elected through popular vote by ward for four-year terms.

- a) **Reporting Entity** - The City includes the Chicago Public Library and the City-related funds of the Public Building Commission. The financial statements for the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), applicable to governmental units, as required by the Municipal Code of Chicago (Code).

The City's financial statements blend the following legally separate component units because they are fiscally dependent on the City and perform services primarily for City employees:

The Municipal Employees' Annuity and Benefit Fund of Chicago is governed by a five-member board: three members are elected by plan participants and two are members ex-officio.

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is governed by an eight-member board: two members are elected by plan participants, two are members ex-officio, two members are appointed by the City Personnel Department, one member is elected by retired plan participants, and one member is elected by the local labor union.

The Policemen's Annuity and Benefit Fund of Chicago is governed by an eight-member board: four members are elected by plan participants and four are appointed by the Mayor.

The Firemen's Annuity and Benefit Fund of Chicago is governed by an eight-member board: four members are elected by plan participants and four are members ex-officio.

Financial statements for each of the pension plans may be obtained at the respective fund's office.

**Related Organizations** - City officials are responsible for appointing a voting majority of the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making appointments and no fiscal dependency exists between the City and these organizations. The Chicago Park District, Chicago Public Schools, Community College District No. 508, Chicago Housing Authority and the Chicago Transit Authority are deemed to be related organizations.

- 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 government. 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 user fees and charges for services.

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 identified with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds 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.

- c) **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

CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004 - CONTINUED

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proprietary fund and fiduciary fund financial 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 collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period with the exception of property tax revenue, which is deferred unless taxes are received within 60 days subsequent to year-end. Licenses and permits, charges for services and miscellaneous revenues are not considered to be susceptible to accrual and are recorded as revenues when received in cash. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for interest and principal on long-term debt, the long-term portion of compensated absences, claims and judgments and pension obligations.

The City reports the following major governmental funds:

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

**Federal, State and Local Grants Fund** accounts for the expenditures for programs, which include general government, health, public safety, transportation, aviation, cultural and recreational, and capital outlays. The majority of revenues are provided by several agencies of the Federal government, departments of the Illinois State government and City resources.

**Bond, Note Redemption and Interest Fund** accounts for the expenditures for principal and interest as provided by property tax, utility tax, sales tax, transportation tax and investment income.

**Community Development and Improvement Projects Funds** account for proceeds of debt used to acquire property and finance construction and supporting services for various redevelopment projects.

The City reports the following major proprietary funds as business-type activities:

**Water Fund** accounts for the operations of the Chicago Water System (Water). The Water system purifies and provides Lake Michigan water for the City and 125 suburbs. The Water Fund operates two water treatment facilities consisting of 12 pumping stations and a combined pumping capacity of 3,661 million gallons per day.

**Sewer Fund** accounts for the operations of the Wastewater Transmission System (Sewer). The Sewer system transports wastewater to the Metropolitan Water Reclamation District of Greater Chicago for processing and disposal. This service is provided for the residents and businesses of the City and certain suburban customers.

**Midway International Airport Fund** records operations of Midway International Airport (Midway) that provides regional travelers with access to airlines that generally specialize in low-cost, point-to-point, origin and destination passenger service. Construction has been completed on the first several stages increasing the concourse size from 268,000 square feet and 30 jet aircraft parking positions to 914,000 square feet with 41 aircraft gates and two commuter aircraft parking areas.

**Chicago-O'Hare International Airport Fund** records operations of Chicago-O'Hare International Airport (O'Hare), the primary commercial airport for the City. The airlines servicing the airport operate out of four terminal buildings. Three domestic terminal buildings, having a total of 155 gates, serve domestic flights and certain international departures. The International Terminal, having a total of 21 gates and five remote aircraft parking positions, serves the remaining international departures and all international arrivals requiring customs clearance.

Additionally, the City reports the following fiduciary fund types:

**Pension Trust Funds** report expenditures for employee pensions as provided by employee and employer contributions and investment earnings.

**Agency Funds** account for transactions for assets held by the City as agent for certain activities or for various entities. Payroll deductions and special deposits are the primary transactions accounted for in these funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

Exceptions to this general rule are payment-in-lieu of taxes and other charges between the City's water, sewer, airports and skyway funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

In the fund financial statements, 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 water, sewer and skyway funds are charges to customers for sales and services. The airport funds principal operating revenues are derived from landing fees and terminal use charges as well as rents and concessions. Operating expenses for enterprise 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 preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Accordingly, actual results could differ from those estimates.

d) **Assets, liabilities, and net assets or equity**

- i) **Cash, Cash Equivalents and Investments** generally are held with the City Treasurer as required by the Code. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances. Due to contractual agreements or legal restrictions, the cash and investments of certain funds are segregated and earn and receive interest directly. The City uses separate escrow accounts in which certain tax revenues are deposited and held for payment of debt.

CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004 - CONTINUED

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The Code permits deposits only to City Council-approved depositories, which must be regularly organized state or national banks and federal and state savings and loan associations, located within the City, whose deposits are federally insured.

Investments authorized by the Code include interest-bearing general obligations of the City, State and U.S. Government; U.S. Treasury bills and other noninterest-bearing general obligations of the U.S. Government purchased in the open market below face value; domestic money market funds regulated and in good standing with the Securities and Exchange Commission and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval. The City's four retirement plans are established by State law and administered by independent pension boards. Each independent pension board has authority to invest the assets of its respective plan subject to State law.

The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

Repurchase agreements can be purchased only from banks and certain other institutions authorized to do business in the State. The City Treasurer requires that securities that are pledged to secure these agreements have a market value equal to the cost of the repurchase agreements plus accrued interest.

Investments generally may not have a maturity date in excess of two years from the date of purchase. Certain other investments are held in accordance with the specific provisions of applicable bond ordinances.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

Deficit cash balances result in interfund borrowings from the aggregate of funds other than escrowed funds. Interest income and expense are generally not recognized on these interfund borrowings.

State statutes and the City's Pension Plans' policies permit lending Pension Plan securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Securities lent at year-end for cash collateral are presented as not categorized in the schedule of custodial credit risk; securities lent for securities collateral are classified according to the category for the collateral.

- ii) **Receivables and Payables** activity between funds are representative of services rendered, outstanding at the end of the fiscal year, and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance is based on historical trends. The estimated value of services provided but unbilled at year-end has been included in receivables.

- iii) **Inventory** includes government-wide inventories, which are stated at cost determined principally, using the average cost method. For proprietary funds, the costs of inventories are recorded as expenditures when used (consumption method). Governmental fund inventories are accounted for using the purchases method and are offset by a reservation of fund balance to indicate that they do not represent expendable available financial resources.
- iv) **Assets Held for Resale** include land and buildings of \$42.1 million, recorded at lower of cost or market in the Special Revenue Funds. These assets are purchased through the use of federal grants and City resources and are intended to be resold.

- v) **Restricted Assets** include certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment. These assets are classified as restricted in the basic financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

The Water and Sewer funds maintain Rate Stabilization Accounts where any net revenues remaining after providing sufficient funds for all required deposits in the bond accounts may be transferred upon the direction of the City to be used for any lawful purpose of the specific fund.

The O'Hare and Midway funds maintain Passenger Facility Charge accounts as restricted as they are subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital and debt related activities.

- vi) **Capital Assets**, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, 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 City as assets, or a network of assets, with an initial cost of more than \$5,000 (not rounded) and an estimated useful life in excess of two years. 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.

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 capitalization value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$634.6 million. Of this amount, \$74.8 million was included as part of the capital assets under construction projects in proprietary funds.

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

Utility plant.....	25 - 100 years
Utility structures and improvements.....	50 - 100 years
Buildings and improvements.....	5 - 40 years
Airport runways, aprons, tunnels, taxiways, and paved roads.....	5 - 40 years
Bridge infrastructure.....	10 - 50 years
Lighting infrastructure.....	25 years
Street infrastructure.....	10 - 25 years
Transit infrastructure.....	10 - 40 years
Equipment (vehicle, office, and computer) .....	4 - 33 years

The City has a collection of artwork and historical treasures presented for public exhibition and education that are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other acquisitions. A portion of this collection is not capitalized or depreciated as part of capital assets.

- vii) **Employee Benefits** are granted for vacation and sick leave, workers' compensation and health care. Unused vacation leave is accrued and may be carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Employees are eligible to defer a portion of their salaries until future years under the City's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Third-party administrators who maintain the investment portfolio administer the Plan. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries and are not considered assets of the City.

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State. Expenditures for workers' compensation are recorded when paid.

viii) **Judgments and claims** are included in the government-wide financial statements and proprietary fund types in the fund financial statements. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. In the fund financial statements, expenditures for judgments and claims are recorded on the basis of settlements reached or judgments entered within the current fiscal year. Amounts that related to deferred compensatory time and reserves for questioned costs are treated the same way.

ix) **Long-term obligations** are included 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 related debt, except in the case of refunding debt transactions where the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

The City enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these arrangements, no amounts are recorded in the financial statements. All interest rate swaps and swaptions are approved by City Council.

In the fund financial statements, governmental funds 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 and discounts given on debt issued are reported with debt proceeds as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

- x) **Fund equity** in the government-wide statements is classified as net assets and displayed in three components:
- (1) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or any other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
  - (2) Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Restricted net assets for governmental activities represent restrictions associated with the nonmajor special revenue funds. Restricted net assets for business activities are provided in Exhibit #7, Statement of Net Assets, Proprietary Funds.
  - (3) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
- xi) **Unreserved, Undesignated** in the Governmental Fund statements, under Nonmajor Other Governmental Funds, is comprised of two components, \$322.7 million of Special Revenue Funds and \$125.8 million of Capital Projects Funds.

2) Reconciliation of Government-wide and Fund Financial Statements

a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets.

i) The governmental funds balance sheet includes 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 "Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds." The details of this \$1,460.4 million are as follows (dollars in thousands):

Deferred revenue - property tax.....	\$	913,470
Other assets - pension excess.....		569,638
Accounts payable - infrastructure retainage.....		<u>(22,677)</u>
Net adjustment to increase fund balance - total governmental funds - to arrive at net assets - governmental activities.....	\$	<u>1,460,431</u>

ii) Another element of that reconciliation explains that "Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$8,813.2 million are as follows (dollars in thousands):

Long-term liabilities:		
Total bonds, notes and certificates payable.....	\$	6,758,869
Pension obligation.....		1,505,149
Lease obligation.....		32,263
Claims and judgments.....		<u>507,183</u>
Total Long-term liabilities.....		8,803,464
Bonds, notes and other obligations payable current.....		(75,908)
Other assets - issuance costs.....		(28,322)
Accrued interest.....		1,556
Accrued and other liabilities - pension accrual.....		30,000
Accrued and other liabilities - compensated absences.....		<u>82,414</u>
Net adjustment to reduce fund balance - total governmental funds - to arrive at net assets - governmental activities.....	\$	<u>8,813,204</u>

CITY OF CHICAGO, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
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b) Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

i) The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets - 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 statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$174.0 million are as follows (dollars in thousands):

Capitalized asset expenditures.....	\$	484,823
Depreciation expense.....		(310,473)
Loss - disposal of equipment.....		<u>(390)</u>
Net adjustment to increase net changes in fund		
balances - total governmental funds - to arrive at		
changes in net assets - governmental activities.....	\$	<u>173,960</u>

ii) Another element of that reconciliation states that "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets." The details of this \$301.9 million are as follows (dollars in thousands):

Proceeds of debt, net of original discounts.....	\$	720,357
Payment of refunded bond escrow agent.....		(143,143)
Principal retirement.....		(303,755)
Payment of cost of issuance.....		(7,988)
Interest expense.....		<u>36,465</u>
Net adjustment to reduce net changes in fund		
balances - total governmental funds - to arrive at		
changes in net assets - governmental activities.....	\$	<u>301,936</u>

iii) A third element of that reconciliation states that "Certain 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 \$289.6 million are as follows (dollars in thousands):

Claims and judgments.....	\$	(103,635)
Pension benefit liability.....		(238,118)
Inventory.....		(1,601)
Donation of capital assets.....		<u>53,755</u>
Net adjustment to increase net changes in fund		
balances - total governmental funds - to arrive at		
changes in net assets - governmental activities.....	\$	<u>(289,599)</u>

3) Stewardship, Compliance and Accountability

- a) **Annual Appropriation Budgets** are established for the General and certain Special Revenue Funds which are nonmajor, on a non-GAAP, budgetary basis:
- i) Prior to November 15, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year.
  - ii) The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.
  - iii) Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance.
  - iv) Subsequent to the enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget, which result in a change in total or individual appropriations. The legal level of budgetary control is designated in the budget by object grouped by purpose except for the Motor Fuel Tax Fund, which is subsequently re-appropriated by project. A separate Motor Fuel Tax Fund Report demonstrates compliance with annual and project-length budgets required by the State. The separately issued Supplement to the Comprehensive Annual Financial Report provides budgetary information for all other budgeted funds. Copies of this report are available upon request.
  - v) All annual appropriations unused and unencumbered lapse at year-end. Encumbered appropriations are carried forward to the following year. Project-length financial plans are adopted for Capital Projects Funds. Appropriations for Debt Service Funds are established by bond ordinance.
- b) **Reconciliation of GAAP Basis to Budgetary Basis** - The City's budgetary basis of accounting used for budget vs. actual reporting differs from GAAP. For budgetary purposes, encumbrances are recorded as expenditures but are reflected as reservations of fund balances for GAAP purposes. For budgetary purposes, proceeds of long-term debt and operating transfers are classified as revenues. For budgetary purposes prior years' resources used to cover current year budgetary expenditures are recorded as revenues. For GAAP purposes, proceeds of long-term debt and operating transfers are treated as other financing sources. Provision for doubtful account expenditures are not budgeted. A reconciliation of the different basis of revenue and expenditure recognition for the year ended December 31, 2004 is as follows (dollars in thousands):

	<b>General Fund</b>
Revenues, GAAP Basis.....	\$ 2,402,000
Add:	
Operating Transfers In.....	92,666
Proceeds of Debt, Net.....	87,465
Prior Years' Surplus Utilized.....	-
	<hr/>
Revenues, Budgetary Basis.....	<u>\$ 2,582,131</u>
Expenditures, GAAP Basis.....	\$ 2,567,658
Add:	
Encumbered in 2004.....	10,258
Deduct:	
Payments on Prior Years' Encumbrances.....	(7,512)
Provision for Doubtful Accounts.....	(2,259)
	<hr/>
Expenditures, Budgetary Basis.....	<u>\$ 2,568,145</u>

CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004 - CONTINUED

- c) **Individual Funds over Budget** include the Special Events, Tourism and Festivals (\$1.3 million), and Health and Welfare Fund (\$2.1 million).
  - d) **Individual Fund Deficits** include the Vehicle Tax Fund, the Special Events, Tourism and Festivals Fund, and the Health and Welfare Fund, which are all Special Revenue Funds and the Chicago Skyway Fund, an Enterprise Fund, have fund deficits of \$5.0 million, \$0.9 million, \$7.3 million, and \$134.6 million, respectively, which management anticipates will be funded through operations.
- 4) **Restricted and Unrestricted Cash, Cash Equivalents and Investments**
- a) **Cash and Certificates of Deposit** with the City's various depositories were \$206.6 million at December 31, 2004 and the related bank balance was \$163.1 million. Of the bank balance, \$116.4 million, or 73.2 percent, was either insured or collateralized with securities held by City agents in the City's name. The remainder was uninsured and uncollateralized.
  - b) **Investments** are categorized indicating the level of credit risk. Category 1 includes investments that are insured or registered in the City's name or securities that are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or its agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or counterparty, or by its trust department or agent, but not in the City's name. Pooled funds include primarily money market mutual fund accounts. The following table provides a summary for all funds at December 31, 2004 (dollars in millions):

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 NOTES TO BASIC FINANCIAL STATEMENTS  
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	Category			Fair Value
	1	2	3	
<b>City Funds</b>				
U.S. Government Obligations.....	\$ 2,654.1	\$ 46.4	\$ -	\$ 2,700.5
Commercial Paper.....	7.6	-	-	7.6
Total.....	<u>\$ 2,661.7</u>	<u>\$ 46.4</u>	<u>\$ -</u>	2,708.1
Investments Not Categorized:				
Mutual and Pooled Funds.....				<u>1,679.6</u>
Total City Funds.....				<u>\$ 4,387.7</u>
<b>Pension Trust Funds</b>				
Bonds.....	\$ 1,860.1	\$ -	\$ 0.7	\$ 1,860.8
Stocks.....	5,969.0	-	-	5,969.0
Commercial Paper.....	167.9	-	-	167.9
Total.....	<u>\$ 7,997.0</u>	<u>\$ -</u>	<u>\$ 0.7</u>	7,997.7
Investments Not Categorized:				
Pooled Funds.....				2,665.7
Real Estate.....				301.3
Investments Held by Master Custodian under Securities Loans.....				1,497.6
Securities Received from Securities Lending.....				1,531.8
Venture Capital.....				252.4
Short-term.....				<u>147.0</u>
Total Pension Trust Funds.....				<u>\$14,393.5</u>

**CITY OF CHICAGO, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2004 - CONTINUED**

The following schedule summarizes cash and investments reported in the basic financial statements (dollars in millions):

Per Note 4:	
Cash and Certificates of Deposit.....	\$ 206.6
Investments - City.....	4,387.7
Investments - Pension Funds.....	<u>14,393.5</u>
	<u>\$ 18,987.8</u>
Per Financial Statements:	
Cash and Cash Equivalents.....	\$ 1,127.4
Investments.....	13,625.0
Cash and Investments with Escrow Agent.....	400.2
Restricted Assets - Cash and Cash Equivalents.....	1,066.6
Restricted Assets - Investments.....	1,236.8
Invested Securities Lending Collateral.....	<u>1,531.8</u>
	<u>\$ 18,987.8</u>

**5) Property Tax**

The City's property tax becomes a lien on real property on January 1 of the year it is levied. The Cook County Assessor (Assessor) is responsible for the assessment of all taxable real property within Cook County (County), except for certain railroad property assessed directly by the State. The County Board has established a triennial cycle of reassessment in which one-third of the County will be reassessed each year on a repeating schedule established by the Assessor.

Property in the County is separated into nine classifications for assessment purposes. After the Assessor establishes the fair market value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (Assessed Valuation) for that parcel. These percentages range from 16.0 percent for certain residential, commercial, and industrial property to 38.0 percent for other commercial and industrial property.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the State. Each year, the Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment among counties. This factor (Equalization Factor) is then applied to the Assessed Valuation to compute the valuation of property to which a tax rate will be applied (Equalized Assessed Valuation). The County Clerk adds the Equalized Assessed Valuation of all real property in the County to the valuation of property assessed directly by the State (to which the Equalization Factor is not applied) to arrive at the base amount (Assessment Base) used in calculating the annual tax rates.

The County Clerk computes the annual tax rate by dividing the levy by the Assessment Base and then computes the rate for each parcel of real property by aggregating the tax rates of all governmental units having jurisdiction over that particular parcel. The County Treasurer then issues the tax bills. Property taxes are deposited with the County Treasurer, who remits to the City its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year on March 1 and August 1 or 30 days from mailing of tax bills if later than July 1. The first installment is estimated and is one-half of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization and also reflects any changes from the prior year.

The City Council has adopted an ordinance beginning in 1994, limiting the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy plus the lesser of (a) five percent or (b) the percentage increase in the annualized Consumer Price Index, all as defined in the ordinance. The ordinance provides a safe harbor for that portion of any property tax debt service levy equal to the aggregate interest and principal payments on the City's general obligation bonds and notes during the 12-month period ended January 1, 1994, subject to annual increase in the manner described above for the aggregate levy, all

CITY OF CHICAGO, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2004 - CONTINUED

as provided by the ordinance. Increases in the debt service portion of each levy may, however, reduce amounts available within such levy to finance operations.

6) **Interfund Balances and Transfers**

a) The following balances at December 31, 2004 represent due from/to balances among all funds (dollars in thousands):

Fund Type/Fund	Due From	Due To
Governmental activities:		
General.....	\$ 282,291	\$ 397,249
Federal, State and Local Grants.....	102,251	84,755
Bond, Note Redemption and Interest.....	17,073	1,562
Community Development and Improvement Projects.....	13,041	47,961
Nonmajor governmental funds.....	160,917	133,010
<b>Total Governmental activities.....</b>	<b>575,573</b>	<b>664,537</b>
Business-type activities:		
Water.....	10,317	28,259
Sewer.....	16,286	2,051
Chicago Midway International Airport.....	1,202	3,323
Chicago-O'Hare International Airport.....	17,747	8,012
Other Business-type.....	305	101,044
<b>Total Business-type activities.....</b>	<b>45,857</b>	<b>142,689</b>
Fiduciary activities:		
Pension Trust.....	25,447	-
Agency.....	187,764	27,415
<b>Total Fiduciary activities.....</b>	<b>213,211</b>	<b>27,415</b>
<b>Total.....</b>	<b>\$ 834,641</b>	<b>\$ 834,641</b>

The balances resulted 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.

CITY OF CHICAGO, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2004 - CONTINUED

b) The following balances at December 31, 2004 represent interfund transfers among all funds (dollars in thousands):

Fund Type/Fund	Transfer In	Transfer Out
Governmental activities:		
General.....	\$ 92,666	\$ -
Federal, State and Local Grants.....	-	6,511
Bond, Note Redemption and Interest.....	-	1,778
Community Development and Improvement Projects.....	2,194	37,070
Nonmajor governmental funds.....	105,920	59,421
<b>Total Governmental activities.....</b>	<b>200,780</b>	<b>104,780</b>
Business-type activities:		
Other Business-type.....	-	96,000
<b>Total Business-type activities.....</b>	<b>-</b>	<b>96,000</b>
Fiduciary activities:		
Pension Trust.....	24,202	24,202
<b>Total Fiduciary activities.....</b>	<b>24,202</b>	<b>24,202</b>
<b>Total.....</b>	<b>\$ 224,982</b>	<b>\$ 224,982</b>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

CITY OF CHICAGO, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2004 - CONTINUED

7) Capital Assets

a) Capital Assets activity for the year ended December 31, 2004 was as follows (dollars in thousands):

	Balance January 1, 2004	Additions	Disposals and Transfers	Balance December 31, 2004
Governmental activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,208,252	\$ 16,537	\$ -	\$ 1,224,789
Works of Art and Historical Collections.....	8,631	957	-	9,588
Construction in Progress.....	181,239	381,675	(365,525)	197,389
Total capital assets, not being depreciated.....	<u>1,398,122</u>	<u>399,169</u>	<u>(365,525)</u>	<u>1,431,766</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	1,300,418	168,998	-	1,469,416
Machinery and Equipment.....	769,777	52,380	(10,928)	811,229
Infrastructure.....	4,966,755	281,760	-	5,248,515
Total capital assets, being depreciated.....	<u>7,036,950</u>	<u>503,138</u>	<u>(10,928)</u>	<u>7,529,160</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	354,625	37,647	-	392,272
Machinery and Equipment.....	492,506	75,424	(10,538)	557,392
Infrastructure.....	1,554,247	197,402	-	1,751,649
Total accumulated depreciation.....	<u>2,401,378</u>	<u>310,473</u>	<u>(10,538)</u>	<u>2,701,313</u>
Total capital assets, being depreciated, net.....	<u>4,635,572</u>	<u>192,665</u>	<u>(390)</u>	<u>4,827,847</u>
Total governmental activities.....	<u>\$ 6,033,694</u>	<u>\$ 591,834</u>	<u>\$ (365,915)</u>	<u>\$ 6,259,613</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 243,267	\$ 37,228	\$ -	\$ 280,495
Construction in Progress.....	854,970	539,448	(854,423)	539,995
Total capital assets, not being depreciated.....	<u>1,098,237</u>	<u>576,676</u>	<u>(854,423)</u>	<u>820,490</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	7,802,284	868,372	30,696	8,701,352
Machinery and Equipment.....	442,361	14,798	6,131	463,290
Total capital assets, being depreciated.....	<u>8,244,645</u>	<u>883,170</u>	<u>36,827</u>	<u>9,164,642</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	2,192,489	160,739	17,020	2,370,248
Machinery and Equipment.....	194,337	15,200	(2,134)	207,403
Total accumulated depreciation.....	<u>2,386,826</u>	<u>175,939</u>	<u>14,886</u>	<u>2,577,651</u>
Total capital assets, being depreciated, net.....	<u>5,857,819</u>	<u>707,231</u>	<u>21,941</u>	<u>6,586,991</u>
Total business-type activities.....	<u>\$ 6,956,056</u>	<u>\$ 1,283,907</u>	<u>\$ (832,482)</u>	<u>\$ 7,407,481</u>
Total Capital Assets.....	<u>\$ 12,989,750</u>	<u>\$ 1,875,741</u>	<u>\$(1,198,397)</u>	<u>\$ 13,667,094</u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2004 - CONTINUED**

b) **Depreciation expense** was charged to functions/programs of the City as follows (dollars in thousands):

Governmental activities:	
General government.....	\$ 56,755
Public safety.....	25,822
Streets and sanitation.....	9,103
Transportation.....	197,666
Health.....	1,295
Cultural and recreational.....	19,832
	<hr/>
Total depreciation expense - governmental activities.....	\$ 310,473
	<hr/>
Business-type activities:	
Water.....	\$ 32,065
Sewer.....	18,074
Chicago Midway International Airport.....	17,694
Chicago-O'Hare International Airport.....	117,811
Chicago Skyway.....	7,987
	<hr/>
Total depreciation expense - business-type activities.....	\$ 193,631
	<hr/>

8) **Leases**

a) **Operating Leases**

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$12.2 million for the year ended December 31, 2004. The future minimum lease payments for these leases are as follows (dollars in thousands):

2005.....	\$ 17,611
2006.....	15,793
2007.....	12,396
2008.....	10,374
2009.....	9,096
2010 - 2014.....	39,775
	<hr/>
Total Future Rental Expense.....	\$ 105,045
	<hr/>

b) **Capital Leases**

During 2003 the City entered into lease and lease back agreements with third parties pertaining to 911 Center Qualified Technological Equipment (QTE), with a book value of \$143.3 million at December 31, 2003. Under the QTE lease agreement, which provides certain cash and tax benefits to the third party, the City entered into a long-term lease for applicable assets back to the City under a sublease. Under the sublease, the City is required to make future minimum lease payments. The future minimum payments for this lease are as follows (dollars in thousands):

2005.....	\$	305
2006.....		410
2007.....		411
2008.....		1,689
2009.....		534
2010 - 2014.....		6,353
2015 - 2019.....		-
2020 - 2024.....		<u>75,006</u>
Total Minimum Future Lease Payments.....		84,708
Less Interest.....		<u>52,445</u>
Present Value of Minimum Future Lease Payments.....	\$	<u><u>32,263</u></u>

c) **Lease Receivables**

Most of the O'Hare land, buildings and terminal space is leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancellable operating leases as of December 31, 2004 (dollars in thousands):

2005.....	\$	62,119
2006.....		40,222
2007.....		32,829
2008.....		31,824
2009.....		30,762
2010 - 2014.....		92,261
2015 - 2019.....		75,850
2020 - 2024.....		8,144
2025 - 2029.....		9,433
2030 - 2033.....		<u>7,651</u>
Total Minimum Future Rental Income.....	\$	<u><u>391,095</u></u>

Contingent rentals that may be received under certain leases based on the tenants' revenues or fuel flow are not included in minimum future rental income. Rental income for O'Hare, consisting of all rental and concession revenues except ramp rentals and automobile parking, amounted to \$289.8 million, including contingent rentals of \$48.4 million.

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**YEAR ENDED DECEMBER 31, 2004 - CONTINUED**

Most of the Midway land and terminal space is leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancellable operating leases as of December 31, 2004 (dollars in thousands):

2005.....	\$	12,516
2006.....		12,228
2007.....		11,412
2008.....		11,290
2009.....		10,759
2010 - 2014.....		<u>29,797</u>
 Total Minimum Future Rental Income.....	 \$	 <u>88,002</u>

Contingent rentals that may be received under certain leases based on tenants' revenues are not included in minimum future rental income. Rental income for Midway, consisting of all rental and concession revenues except ramp rentals and automobile parking, amounted to \$47.3 million, including contingent rentals of \$21.5 million.

**9) Short-term Debt**

**Matured bonds** represent principal due on coupon bonds in which the coupons have not been presented for payment. For the year ended December 31, 2004, there was no activity, the balance remained at \$0.7 million.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2004 - CONTINUED**

**10) Long-term Obligations**

a) **Long-term Debt** activity for the year ended December 31, 2004 was as follows (dollars in thousands):

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2004</u>	<u>Amounts Due within One Year</u>
<b>Governmental activities:</b>					
<b>Bonds, notes and certificates payable:</b>					
General obligation debt.....	\$ 5,386,049	\$ 650,410	\$ 401,090	\$ 5,635,369	\$ 149,865
Installment purchase agreement.....	13,800	-	1,400	12,400	1,500
Tax increment.....	474,141	51,020	51,337	473,824	61,310
Revenue.....	553,875	-	10,495	543,380	9,850
	<u>6,427,865</u>	<u>701,430</u>	<u>464,322</u>	<u>6,664,973</u>	<u>222,525</u>
Less unamortized debt refunding transactions.....	22,153	4,493	1,142	25,504	-
Add unamortized premium.....	15,822	18,927	977	33,772	-
Add accretion of capital appreciation bonds.....	100,744	30,799	3,330	128,213	3,759
Less converted portion of conversion bonds.....	50,163	-	7,578	42,585	-
Total bonds, notes and certificates payable.....	<u>6,472,115</u>	<u>746,663</u>	<u>459,909</u>	<u>6,758,869</u>	<u>226,284</u>
<b>Other liabilities</b>					
Pension obligations.....	1,333,785	171,364	-	1,505,149	-
Lease obligations.....	31,332	931	-	32,263	305
Claims and judgments.....	403,548	108,935	5,300	507,183	150,589
Total other liabilities.....	<u>1,768,665</u>	<u>281,230</u>	<u>5,300</u>	<u>2,044,595</u>	<u>150,894</u>
Total governmental activities.....	<u>\$ 8,240,780</u>	<u>\$ 1,027,893</u>	<u>\$ 465,209</u>	<u>\$ 8,803,464</u>	<u>\$ 377,178</u>
<b>Business-type activities:</b>					
<b>Revenue bonds and notes payable:</b>					
Water.....	\$ 993,245	\$ 525,522	\$ 481,668	\$ 1,037,099	\$ 14,666
Sewer.....	669,388	394,155	305,750	757,793	10,330
Chicago-O'Hare International Airport.....	4,135,611	385,077	410,645	4,110,043	60,355
Chicago Midway International Airport.....	1,170,963	229,715	113,798	1,286,880	7,425
Chicago Skyway.....	437,910	-	14,310	423,600	-
	<u>7,407,117</u>	<u>1,534,469</u>	<u>1,326,171</u>	<u>7,615,415</u>	<u>92,776</u>
Less unamortized debt refunding transactions.....	127,034	89,277	16,557	199,754	-
Less unamortized discount.....	53,895	(2,917)	31,529	19,449	-
Add long-term purchase obligations.....	4,389	-	4,389	-	-
Add accretion of capital appreciation bonds.....	43,621	8,551	2,414	49,758	4,359
Total business-type activities.....	<u>\$ 7,274,198</u>	<u>\$ 1,456,660</u>	<u>\$ 1,284,888</u>	<u>\$ 7,445,970</u>	<u>\$ 97,135</u>
Total long-term obligations.....	<u>\$ 15,514,978</u>	<u>\$ 2,484,553</u>	<u>\$ 1,750,097</u>	<u>\$ 16,249,434</u>	<u>\$ 474,313</u>

The Pension obligation liability will be liquidated through a Special Revenue Fund (Pension Fund) as provided by tax levy and State Personal Property Replacement Tax revenues.

b) Issuance of New Debt

i) General Obligation Notes

The General Obligation Tender Notes, Series 2004 (\$96.3 million) were sold in January 2004 at an initial short-term intermediate rate of 1.05 percent through January 13, 2005. The notes mature no later than January 27, 2006. The Series 2004 notes were issued to meet cash flow requirements of the City's General, Library and City Relief Funds; the notes are payable from tax collections in the following year or from any other resources legally available to the City. Principal payments for the notes do not require the current appropriation and expenditure of Governmental Fund financial resources.

At the discretion of the City, the notes may bear interest at a weekly, short-term intermediate or fixed rate. Interest on notes in the short-term intermediate mode is payable on the first business day immediately following the short-term intermediate rate period. Interest on the notes in the weekly mode is payable on the first business day of each month. Interest on notes in the fixed mode is payable on each January 31 and July 31.

The City has appointed a remarketing agent for the notes in the weekly and short-term intermediate modes. The remarketing agent will use its best efforts to resell the notes at favorable rates following either an optional or mandatory tender. In the event the remarketing agent is unable to resell the notes, the City has obtained an unconditional, irrevocable letter of credit which may be drawn upon for the purchase of the notes until the remarketing agent is able to resell the Series 2004 notes.

The letter of credit securing the Series 2004 notes totals \$97.9 million and terminates on the earliest of January 31, 2006 or upon redemption of the notes. Advances under the letter of credit (none at December 31, 2004) are due on the earliest of January 27, 2007 or one year after the redemption of the notes. Advances bear interest from the date of advance through the 90th day at the greater of the prime rate or the sum of the federal funds rate plus one-half percent per annum (Base Rate). Thereafter until due and payable, advances bear interest at the Base Rate plus two percent. Upon the occurrence of an event of default, the interest rate per annum shall equal the Base Rate plus three percent and interest shall be payable upon demand. The maximum rate of interest cannot exceed 15.0 percent. The letter of credit was issued by a third-party financial institution that is expected to be financially capable of honoring its agreements.

ii) General Obligation Bonds

Taxable General Obligation Bonds (Emergency Telephone Systems), Series 2004 (\$64.7 million) were sold in June 2004. The bonds have interest rates ranging from 3.0 percent to 6.09 percent and maturity dates from January 1, 2006 to January 1, 2034. Net proceeds of the Series 2004 Bonds will be used to reimburse the City's Corporate Fund for prior capital expenditures relating to the City's emergency telephone system (\$63.9 million).

General Obligation Bonds, Project and Refunding Series 2004A (\$408.1 million) were sold at a premium in August 2004. The bonds have interest rates ranging from 5.0 percent to 5.5 percent and maturity dates from January 1, 2012 to January 1, 2034. General Obligation Bonds Taxable, Series 2004B (\$81.3 million) were sold in August 2004. The bonds have interest rates ranging from 1.92 percent to 4.51 percent and maturity dates ranging from January 1, 2005 to January 1, 2012. Net proceeds of the Series 2004 Bonds will be used to finance infrastructure improvements; transportation improvements; grants to assist not-for-profit organizations or educational or cultural institutions; or to assist other municipal corporations or units of local government, school districts, the State of Illinois or the United States of America; cash flow needs of the City; acquisition of personal property; acquisition, demolition, remediation or improvement of real property for industrial, commercial or residential purposes; constructing, equipping, altering and repairing various municipal facilities including fire stations, libraries, senior and health centers and other municipal facilities; enhancing economic development within the City by making direct grants or loans to, or deposits to funds or accounts to secure obligations of, not-for-profit or for-profit organizations doing business or seeking to do business in the City; the funding of judgments or certain settlements or other payments required to be made by the City as a condition to the resolution of litigation or threatened litigation and such escrow accounts or other reserves as shall be deemed necessary for any said purposes; contributions to the

Policemen's Annuity and Benefit Fund, the Firemen's Annuity and Benefit Fund, the Municipal Employees', Annuity and Benefit Fund, and the Laborers' and Retirement Board Employees' Annuity and Benefit Fund through the fiscal year ending December 31, 2008; and provision of facilities, services, and equipment to protect and enhance public safety (\$342.8 million); and to advance refund certain maturities of general obligation bonds and repay commercial paper outstanding (\$143.1 million); and to fund capitalized interest (\$16.6 million). The advance refunding of the bonds increased the City's total debt service payments by \$37.9 million and resulted in an economic loss (difference between the present values of the debt service on the old and new debt) of \$1.0 million.

iii) **Tax Increment Allocation Bonds and Notes**

Tax Increment Allocation Revenue Bonds (Pilsen Redevelopment Project), Series 2004A and B (\$49.5 million) were sold in July 2004. The bonds have interest rates ranging from 4.35 percent to 6.75 percent and maturity dates from June 1, 2005 to June 1, 2022. Net proceeds of \$48.1 million will be used to finance certain project costs in the Pilsen Redevelopment Project area (\$41.9 million), fund capitalized interest (\$1.2 million) and fund the debt service reserve account (\$5.0 million).

As part of the City's Tax Increment Financing Neighborhood Improvement Program, the City entered into two Tax Increment Allocation Notes. Tax Increment Allocation Revenue Notes (Chicago/Central Park Redevelopment Project Area) Taxable Series 2004 and (Englewood Neighborhood Redevelopment Project Area) Taxable Series 2004 were sold in December 2004. The notes have interest rates of 8.5 percent and maturity dates from January 1, 2006 through January 1, 2012. Each note is for a maximum of \$1.5 million. The City received \$.75 million from each note in 2004.

iv) **Enterprise Fund Revenue Bonds and Notes**

Second Lien Water Revenue Refunding Bonds, Series 2004 (\$500.0 million) were sold in August 2004 at an initial weekly rate of 1.09 percent and maturity dates ranging from November 1, 2007 to November 1, 2031. Net proceeds of \$495.5 million will be used to advance refund certain maturities of senior lien water revenue bonds. The advance refunding reduced the Water Fund's total debt service payments by \$32.5 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$31.1 million.

At the discretion of the City, the Series 2004 bonds may bear interest at a weekly, flexible, auction rate, term rate or fixed rate. Interest on bonds in the weekly mode is payable on the first business day of each May and November. Interest on bonds in the flexible, auction rate or term rate mode is payable on each rate change date. Interest on bonds in the fixed mode is payable on May 1 and November 1.

The City has appointed a remarketing agent for the Series 2004 bonds in other than the fixed rate mode. The remarketing agent will use its best efforts to resell the bonds at favorable rates following either an optional or mandatory tender. In the event the remarketing agent is unable to resell the bonds, the City has obtained a reimbursement and standby bond purchase agreement which may be drawn upon for the purchase of the bonds until the remarketing agent is able to resell the Series 2004 bonds.

The standby bond purchase agreement securing the Series 2004 bonds totals \$530.6 million and terminates on August 5, 2009. Bonds purchased by the provider shall bear interest from the purchase date through the 90th day at the greater of the prime rate or the sum of the federal funds rate plus one-half percent per annum (Base Rate). Thereafter until the 180th day, the bonds will bear interest at the Base Rate plus one percent. Thereafter until due and payable, the bonds will bear interest at the Base Rate plus two percent. Upon the occurrence of an event of default, the interest rate per annum shall equal the Base Rate plus three percent per annum. The maximum rate of interest cannot exceed twenty percent per annum. The standby bond purchase agreement was issued by a third-party financial institution that is expected to be financially capable of honoring its agreements.

In connection with the issuance of the Series 2004 bonds, the City entered into two interest rate swap agreements to obtain a fixed interest rate.

CITY OF CHICAGO, ILLINOIS  
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YEAR ENDED DECEMBER 31, 2004 - CONTINUED

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Water System Commercial Paper Notes 2004 Program, Series A (Tax-Exempt) and Series B (Taxable) (\$200.0 million maximum aggregate authorized) were issued in October 2004 in the amount of \$25.4 million with an interest rate of 1.83 percent. At December 31, 2004, \$25.4 million are outstanding with a maturity date of April 6, 2005. Note proceeds can be used for the financing or refinancing of certain authorized projects of the Water Fund and any deposits, principal and interest, or costs of issuance relating to the Notes. The letter of credit securing the Water System Commercial Paper Notes 2004 Program totals \$218.0 million and expires in October 2009. The payment of principal and interest on the notes and reimbursement for draws on the letter of credit is based on revenues of the Water Fund.

Second Lien Wastewater Transmission Variable Rate Revenue Bonds, Series 2004A (\$332.2 million) were sold in July 2004 at an initial weekly rate of 1.1 percent and maturity dates ranging from January 1, 2017 to January 1, 2039. Second Lien Wastewater Transmission Revenue Refunding Bonds, Series 2004B (\$61.9 million) were sold at a premium in July 2004. The Series 2004B bonds have interest rates ranging from 3.0 percent to 5.25 percent and maturity dates from January 1, 2007 to January 1, 2016. Net proceeds of the Series 2004A and B bonds of \$394.5 million will be used to finance certain capital improvements and extensions to the wastewater transmission system (\$87.5 million), fund capitalized interest (\$1.5 million) and to advance refund certain maturities of wastewater transmission revenue bonds (\$305.5 million). The advance refunding reduced the Sewer Fund's total debt service payments by \$32.7 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$21.5 million.

At the discretion of the City, the Series 2004A bonds may bear interest at a weekly, flexible, auction rate, term rate or fixed rate. Interest on bonds in the weekly mode is payable on the first business day of each month. Interest on bonds in the flexible or auction rate mode is payable on each rate change date. Interest on bonds in the term rate mode or fixed mode is payable on July 1 and January 1.

The City has appointed a remarketing agent for the Series 2004A bonds in other than the fixed rate mode. The remarketing agent will use its best efforts to resell the bonds at favorable rates following either an optional or mandatory tender. In the event the remarketing agent is unable to resell the bonds, the City has obtained a reimbursement and standby bond purchase agreement which may be drawn upon for the purchase of the bonds until the remarketing agent is able to resell the Series 2004A bonds.

The standby bond purchase agreement securing the Series 2004A bonds totals \$335.9 million and terminates on July 29, 2009. Bonds purchased by the provider shall bear interest from the purchase date through the 60th day at the prime rate less one-half percent per annum. Thereafter until due and payable, the bonds will bear interest at the prime rate. Upon the occurrence of an event of default, the interest rate per annum shall equal the prime rate plus two percent per annum. The maximum rate of interest cannot exceed twenty percent per annum. The standby bond purchase agreement was issued by a third-party financial institution that is expected to be financially capable of honoring its agreements.

In connection with the issuance of the Series 2004A bonds, the City entered into three interest rate swap agreements to obtain a fixed interest rate.

Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2004A-H (\$385.0 million) were sold at a premium in December 2004. The bonds have interest rates ranging from 3.49 percent to 5.35 percent and maturity dates ranging from January 1, 2007 to January 1, 2035. Net proceeds of \$386.3 million and \$14.8 million of other funds will be used to advance refund the Second Lien Revenue Bonds, Series 1996B, and certain maturities of the Second Lien Revenue Bonds, Series 1993C, Series 1994A, Series 1996A and Series 1999 (\$393.9 million) and to fund debt service reserve requirements (\$7.2 million). The advance refunding increased the City's total debt service payments by \$141.3 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$10.2 million.

Chicago Midway Airport Second Lien Revenue Refunding Bonds, Series 2004A-D (\$229.7 million) were sold at a premium in December 2004. The Series 2004A-B bonds have interest rates ranging from 3.2 percent to 5.5 percent and maturity dates from January 1, 2010 to January 1, 2024. The Series 2004C-D bonds were sold in December

with an initial auction rate of 1.55 percent and 1.45 percent and maturity dates ranging from January 1, 2012 to January 1, 2035. Net proceeds of the Series 2004A-D of \$229.9 million and other funds of \$32.8 million will be used to finance costs of the Midway Terminal Development Program and certain costs of the Capital Improvement Program (\$128.9 million); fund debt service reserve requirements and capitalized interest (\$20.0 million); redeem outstanding commercial paper (\$25.9 million); and to advance refund certain maturities of the Series 1994A and Series 1996A bonds (\$87.9 million). The advance refunding decreased the City's total debt service payments by \$13.6 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$4.5 million.

At the discretion of the City, the Series 2004C-D bonds may bear interest at a weekly, flexible, adjustable long, auction rate or fixed rate. The City issued the bonds in the auction rate mode for a seven-day auction period. Accrued and unpaid interest on the bonds shall be due in a daily Auction Period on the first business day of the month immediately succeeding the Auction Period, if the Auction period is more than seven days but less than 92 days the unpaid interest is payable immediately following such Auction Period and if the Auction Period is longer than 92 days interest is payable on the thirteenth Thursday after the first day of the Auction Period.

In connection with the issuance of the Series 2004C-D bonds, the City entered into three interest rate swap agreements to obtain a fixed interest rate.

c) **Derivatives**

i) **Pay-Fixed, Receive-Variable Interest Rate Swaps**

- (1) *Objective of the swaps.* In order to protect against the potential of rising interest rates, the City has entered into nine separate pay-fixed, receive-variable interest rate swaps at a cost less than what the City would have paid to issue fixed-rate debt.
- (2) *Terms, fair values, and credit risk.* The terms, including the fair values and credit ratings of the outstanding swaps as of December 31, 2004, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category (dollars in thousands).

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Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty Credit Rating
Chicago Midway International Airport Revenue Bonds (Series 2004C&D).....	\$ 152,150	12/14/2004	4.174%	USD-BMA Municipal Swap Index	\$ (1,053)	1/1/2035	Aa3/A+ Aa2/AA-*
Wastewater Transmission Variable Rate Revenue Bonds (Series 2004A).....	332,230	7/29/2004	3.886	BMA	(19,087)	1/1/2039	Aa1/AA- Aa2/AA- A1/A**
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	500,000	8/5/2004	3.8669	BMA	(20,749)	11/1/2031	Aa2/AA- Aa2/AA+*
GO VRDB (Series 2003B).....	202,500	8/7/2003	4.052	Actual Rate of Bonds	(9,187)	1/1/2034	A1/A+ A1/A+***
GO VRDB (Neighborhoods Alive 21 Program, Series 2002B).....	206,700	10/3/2002	3.575	70% of USD-LIBOR-BBA	(2,193)	1/1/2037	Aa2/AA- Aa1/AA-***
Sales Tax Revenue Refunding Bonds (VRDB Series 2002).....	116,440	6/27/2002	4.230	Actual Rate of Bonds	(6,770)	1/1/2034	Aa2/AA-
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	44,900	9/1/1999	5.084	67% LIBOR	(7,721)	1/1/2019	Aa1/AA-
Tax Increment Allocation Bonds (Near North TIF, Series 1999B).....	9,700	9/1/1999	6.890	Actual Rate of Bonds	(875)	1/1/2010	Aa3/AA-
Tax Increment Allocation Bonds (Stockyards TIF, Series 1996A&B).....	25,800	2/10/1997	5.375	BMA	(2,858)	12/1/2014	Aa3/A+
Total.....	<u>\$ 1,590,420</u>				<u>\$ (70,493)</u>		

\* Two counterparties hold 40 and 60 percent respectively.

\*\* Three counterparties hold 15, 15 and 70 percent respectively.

\*\*\* Two counterparties hold 25 and 75 percent respectively.

- (3) *Fair Value.* As of December 31, 2004, the swaps had a negative fair value of \$70.5 million. As per industry convention, the fair values of the City's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates declined subsequent to the date of execution, the City's swaps had negative values.
- (4) *Credit Risk.* The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.
- (5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and BMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. BMA/LIBOR ratios (or spreads) may create basis risk because for percentage of LIBOR swaps if the City's bonds trade at a higher percentage of LIBOR than the index received on the swap. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaps except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaps, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date and it would add additional underlying cost to the transaction.
- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of this swap transaction.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.

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(8) *Swap payments and associated debt.* Bonds maturing and interest payable January 1, 2005 have been excluded because funds for their payment have been provided for. As of December 31, 2004, debt service requirements of the City's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (dollars in thousands):

Year Ending December 31,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2005.....	\$ 3,455	\$ 31,733	\$ 31,715	\$ 66,903
2006.....	3,775	31,525	31,726	67,026
2007.....	7,265	31,443	31,593	70,301
2008.....	7,605	31,286	31,374	70,265
2009.....	9,125	31,177	31,213	71,515
2010 - 2014.....	112,110	151,410	150,311	413,831
2015 - 2019.....	287,255	133,336	130,773	551,364
2020 - 2024.....	452,360	97,954	95,438	645,752
2025 - 2029.....	360,875	54,128	52,918	467,921
2030 - 2034.....	269,385	22,209	21,395	312,989
2035 - 2039.....	75,970	3,178	2,874	82,022
	<u>\$ 1,589,180</u>	<u>\$ 619,379</u>	<u>\$ 611,330</u>	<u>\$ 2,819,889</u>

ii) **Swaptions**

(1) *Objective of the swaptions.* The City entered into several swaption contracts that provided the City upfront payments totaling \$42.1 million. The term swaption refers to the City selling an option to a counterparty to execute a swap at a certain date in the future if certain conditions exist. If the conditions do not exist, the counterparty will not execute the option. In the event the options are executed and the City enters into a fixed to floating rate swap, the City would be exposed to the risks as described under Swaps.

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(2) *Terms.* The terms, including fair values of the swaptions as of December 31, 2004, are as follows (dollars in thousands):

Associated Bond Issue	Notional Amounts	Trade Date	Variable Rate Paid	Fixed Rate Received	Fair Values	Swap Termination Date	Up-Front Payment
GO Bonds (Neighborhoods Alive 21 Program, Series 2001; GO, Series 2001A; GO Series 2002A; and GO, Series 2003A).....	\$ 318,670	12/18/2003	BMA+ 30bps	5.000%	\$ (9,297)	1/1/2024	\$ 13,384
Chicago Midway Airport..... Revenue Bonds (Series 1998A(AMT); Series 1998B (Non-AMT); and Refunding Series 1998C (Non-AMT)).....	397,145	10/27/1999	BMA+ 25bps	5.100	(16,073)	1/1/2030	23,500
Sales Tax Revenue Bonds (Series 1999).....	23,285	6/21/2002	BMA+ 30bps	4.984	(505)	1/1/2029	728
Sales Tax Revenue Bonds (Series 1998).....	69,275	6/21/2002	BMA+ 30bps	5.250	(2,466)	1/1/2028	2,562
Sales Tax Revenue Bonds (Series 1997).....	<u>60,645</u>	6/21/2002	BMA+ 30bps	5.375	<u>(1,931)</u>	1/1/2027	<u>1,964</u>
Total.....	<u>\$ 869,020</u>				<u>\$ (30,272)</u>		<u>\$ 42,138</u>

(3) *Fair value.* As of December 31, 2004, the swaptions had a negative fair value of \$30.3 million. As per industry convention, the fair values of the City's outstanding swaptions were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates declined subsequent to the date of execution, the City's swaptions had negative values. The negative value is also driven by the upfront payment received by the City upon execution of the swaption agreement.

(4) *Credit Risk.* The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaptions is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaptions also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.

- (5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and BMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. BMA/LIBOR ratios (or spreads) may create basis risk because for percentage of LIBOR swaptions if the City's bonds trade at a higher percentage of LIBOR than the index received on the swap. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaptions except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaptions, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date, and it would add additional underlying cost to the transaction.
- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of this swap transaction.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.

d) **Debt Covenants**

- i) **Water Fund** - The ordinances authorizing the issuance of outstanding Water Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. The ordinances require that net revenues available for bonds, as adjusted, equal 120 percent of the current annual debt service on the outstanding senior lien bonds and that City management maintains all covenant reserve account balances at specified amounts. The above requirements were met at December 31, 2004. The Water Rate Stabilization account had a balance in restricted assets of \$52.3 million at December 31, 2004.

The ordinances authorizing the issuance of outstanding Second Lien Water Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues are equal to the sum of the aggregate annual debt service requirements for the fiscal year of the outstanding senior lien bonds and 110 percent of the aggregate annual debt service requirements of the outstanding second lien bonds. This requirement was met at December 31, 2004.

- ii) **Sewer Fund** - The ordinances authorizing the issuance of outstanding Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. The ordinances require that net revenues available for bonds equal 115 percent of the current annual debt service requirements on the outstanding senior lien bonds. This requirement was met at December 31, 2004. The Sewer Rate Stabilization account had a balance in restricted assets of \$10.6 million at December 31, 2004.

The ordinances authorizing the issuance of outstanding Second Lien Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which moneys will be deposited, as appropriate. The ordinances require that net revenues equal 100 percent of the sum of the current maximum annual debt service requirements of the outstanding senior lien bonds and the maximum annual debt service requirements of the second lien bonds. This requirement was met at December 31, 2004.

- iii) **Midway International Airport Fund** - The master indenture securing the issuance of Chicago Midway Airport Revenue Bonds requires that the City set rates and charges for the use and operation of Midway so that revenues, together with any other available monies and the cash balance held in the Revenue Fund on the first day of such year not required to be deposited in any fund or account, will be at least sufficient (a) to provide for the operation and maintenance expenses for the year and (b) to provide for the greater of (i) the amounts needed to be deposited

into the First and Junior Lien Debt Service Fund, the Operations & Maintenance Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Repair and Replacement Fund, and the Special Project Fund and (ii) an amount not less than 125 percent of the Aggregate First Lien Debt Service for such fiscal year reduced by an amount equal to the sum of any amount held in any capitalized interest account for disbursement during such fiscal year to pay interest on First Lien Bonds. These requirements were met at December 31, 2004.

- iv) **Chicago-O'Hare International Airport Fund** - In 1983, the City Council adopted the General Airport Revenue Bond ordinance authorizing the issuance and sale of Chicago-O'Hare International Airport General Airport Revenue Bonds in unlimited series for the purpose of financing the cost of improvements and expansion of O'Hare and to redeem its existing outstanding bond obligations. The ordinance further permits the issuance of second lien notes, bonds and other obligations which are payable from, and secured by, a pledge of amounts deposited in the junior lien obligation debt service account created under the ordinance. The ordinance requires that net revenues in each year equal not less than the sum of (i) the amount required to be deposited for such year in the debt service reserve fund, the maintenance reserve fund, the special capital projects fund and the junior lien debt service fund, and (ii) 110 percent of the aggregate first lien and second lien debt service for the bond year commencing during such fiscal year reduced by an amount equal to the sum of any amount held in any capitalized interest account for disbursement during such fiscal year to pay interest on bonds. This requirement was met at December 31, 2004. The ordinance provides for the creation of separate accounts that are to be credited with revenues in a specified priority. At the end of each year, any excess funds over amounts required in accounts other than Special Capital Projects, Emergency Reserve and Airport Development accounts are reallocated with the following year's revenues.

The Master Indenture of Trust securing Chicago-O'Hare International Airport Third Lien Obligations requires that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding First Lien Bonds, Second Lien Obligations, Third Lien Obligations or other Airport Obligations are issued and secured, and (b) 110 percent the Aggregate First, Second and Third Lien Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on First Lien Bonds, Second Lien obligations or Third Lien obligations. This requirement was met at December 31, 2004.

The master indenture securing the Passenger Facility Charge (PFC) Revenue Bonds requires PFC revenues, as defined, to be deposited into the PFC Revenue Fund. The PFC Revenue Fund is required to transfer amounts no later than the twentieth day of each month to various funds, as defined, as appropriate to meet debt service and debt service reserve requirements.

- v) **Chicago Skyway Fund** - The ordinances authorizing the issuance of Skyway Toll Bridge Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. Net revenues after debt service will be used to fund the Capital Improvement Program. The related indenture requires the City to set tolls so that net revenues are not less than the greater of 120 percent of the annual debt service requirement or 100 percent of various fund deposit requirements. This requirement was not met at December 31, 2004.

The ordinance authorizing the issuance of Special Transportation Revenue Bonds provides for the creation of separate accounts into which net revenues are deposited, after all accounts are properly credited relating to the Skyway Toll Bridge Revenue Bonds, for debt service on the Special Transportation Revenue Bonds. This requirement was not met at December 31, 2004.

All Skyway bonds were defeased in January 2005; therefore no covenant requirements exist as of that date.

- e) **No-Commitment Debt and Public Interest Loans** include various special assessment, private activity bonds and loans. These types of financings are used to provide private entities with low-cost capital financing for construction and

CITY OF CHICAGO, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2004 - CONTINUED

rehabilitation of facilities deemed to be in the public interest. Bonds payable on no-commitment debt are not included in the accompanying financial statements because the City has no obligation to provide for their repayment, which is the responsibility of the borrowing entities. In addition, federal programs/grants, including Community Development Block Grants, Urban Development Action Grants and Community Service Block Grants, provide original funding for public interest loans. Loans receivable are not included as assets because payments received on loans are used to fund new loans or other program activities in the current year and are not available for general City operating purposes. Loans provided to third parties are recorded as current and prior year programs/grants expenditures. Funding for future loans will be from a combination of the repayment of existing loans and additional funds committed from future programs/grants expenditures.

- f) **Defeased Bonds** have been removed from the Statement of Net Assets because related assets have been placed in irrevocable trusts that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at December 31, 2004, not including principal payments due January 1, 2005, are as follows (dollars in thousands):

	Amount Defeased	Outstanding
Emergency Telephone System - Series 1993.....	\$ 213,730	\$ 182,835
General Obligation Project Bonds - Series 1995.....	163,587	139,437
General Obligation Project Bonds - Series 1995B.....	91,490	60,040
General Obligation Library Bonds - Series 1997.....	14,960	13,030
General Obligation Project and Refunding Bonds - Series 1998.....	3,350	2,985
General Obligation Project and Refunding Bonds - Series 1999A.....	11,505	9,285
General Obligation Bonds - Series 2000A.....	146,540	139,630
General Obligation Project and Refunding Bonds - Series 2002A.....	5,750	2,515
Neighborhoods Alive 21 Program - Series 2000A.....	62,495	62,495
Neighborhoods Alive 21 Program - Series 2002A.....	7,450	5,665
Sales Tax Revenue Bonds - Series 1999.....	104,125	102,015
Near South Redevelopment Project Tax Increment - Series 1994A.....	23,000	20,625
Central Loop Redevelopment Project Tax Increment - Series 1997A.....	96,000	74,600
Water Revenue Bonds - Series 1989.....	75,730	1,833
Water Revenue Bonds - Series 1995.....	22,430	22,430
Water Revenue Bonds - Series 1997.....	181,965	181,965
Water Revenue Senior Lien Bonds - Series 2000.....	100,445	100,445
Water Revenue Senior Lien Bonds - Series 2001.....	235,905	232,160
Wastewater Transmission Revenue Bonds - Series 1995.....	68,525	67,760
Wastewater Transmission Revenue Bonds - Series 1997.....	57,365	56,110
Wastewater Transmission Revenue Bonds - Series 2000.....	96,555	93,120
Wastewater Transmission Revenue Bonds - Series 2001.....	76,865	75,450
Chicago-O'Hare International Airport Bonds - Series 1993A-C.....	111,755	111,755
Chicago-O'Hare International Airport Bonds - Series 1994A.....	237,950	237,950
Chicago-O'Hare International Airport Bonds - Series 1996A-B.....	62,745	57,890
Chicago-O'Hare International Airport Bonds - Series 1999.....	28,815	10,250
Chicago Midway Airport Bonds - Series 1994A.....	17,635	17,635
Chicago Midway Airport Bonds - Series 1996A.....	64,025	64,025
Total.....	<u>\$ 2,382,692</u>	<u>\$ 2,145,935</u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2004 - CONTINUED**

g) **Annual requirements** listed below for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2005 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2004 are as follows (dollars in thousands):

Year Ending	General Obligation		Installment Purchase		Tax Increment	
	Principal	Interest	Principal	Interest	Principal	Interest
December 31,						
2005.....	\$ 116,699	\$ 247,222	\$ 1,500	\$ 934	\$ 63,068	\$ 26,132
2006.....	224,526	244,294	1,700	814	55,140	28,398
2007.....	134,797	242,181	1,700	682	56,851	27,810
2008.....	224,510	248,940	2,000	543	80,856	26,963
2009.....	169,517	226,264	2,000	387	25,314	12,148
2010 - 2014.....	861,514	1,107,577	3,500	275	123,934	45,675
2015 - 2019.....	916,552	916,051	-	-	51,775	13,093
2020 - 2024.....	892,500	725,184	-	-	13,750	1,661
2025 - 2029.....	757,753	543,745	-	-	-	-
2030 - 2034.....	662,114	365,774	-	-	-	-
2035 - 2039.....	435,113	208,857	-	-	-	-
2040 - 2044.....	103,525	7,320	-	-	-	-
	<u>\$ 5,499,120</u>	<u>\$ 5,083,409</u>	<u>\$ 12,400</u>	<u>\$ 3,635</u>	<u>\$ 470,688</u>	<u>\$ 181,880</u>

Year Ending	Revenue		Business-type Activities	
	Principal	Interest	Principal	Interest
December 31,				
2005.....	\$ 11,800	\$ 26,814	\$ 118,236	\$ 369,946
2006.....	12,405	26,218	156,696	364,295
2007.....	13,030	25,587	257,311	355,144
2008.....	13,695	24,920	231,131	343,002
2009.....	14,470	24,148	199,851	331,622
2010 - 2014.....	81,920	108,396	1,228,079	1,506,691
2015 - 2009.....	93,285	85,844	1,256,667	1,205,083
2020 - 2024.....	119,790	59,613	1,249,454	902,018
2025 - 2029.....	110,660	28,343	1,704,257	576,290
2030 - 2034.....	62,475	6,586	1,058,955	136,633
2035 - 2039.....	-	-	49,870	4,643
	<u>\$ 533,530</u>	<u>\$ 416,469</u>	<u>\$ 7,510,507</u>	<u>\$ 6,095,367</u>

Debt service requirements above exclude commercial paper issues as the timing of payments is not certain. For the requirements calculated above, interest on variable rate debt was calculated at the rate in effect or the effective rate of a related swap agreement, if applicable, as of December 31, 2004.

11) Pension Plans

Eligible City employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees'; the Laborers' and Retirement Board Employees'; the Policemen's; and the Firemen's Annuity and Benefit Funds of Chicago. Plans are administered by individual retirement boards represented by elected and appointed officials. Certain employees of the Chicago Board of Education participate in the Municipal Employees' or the Laborers' and Retirement Board Employees' Annuity and Benefit Funds for which the City levies taxes to make the required employer contributions. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information.

The financial statements of the Plans are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when payable.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Fixed income securities are valued principally using quoted market prices provided by independent pricing services. For collective investments, the net asset value is determined and certified by the investment managers as of the reporting date. Real estate investments are valued by appraisals or carried at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair value.

The Plans have a securities lending program. At year-end, the Plans have no credit risk exposure to borrowers because the amounts the Plans owe the borrowers exceed the amounts the borrowers owe the Plans. The contract with the Plans' master custodian requires it to indemnify the Plans if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the fund for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand by either the Plans or the borrower, although the average term of the loans has not exceeded 118 days. The Funds' custodian lends securities for collateral in the form of cash, irrevocable letters of credit and/or U.S. government obligations equal to at least 102 percent of the fair value of securities or international securities for collateral of 105 percent. Cash collateral is invested in the lending agents' short-term investment pool, which at year-end has a weighted average maturity that did not exceed 42 days. The Plans cannot pledge to sell collateral securities received unless the borrower defaults. Loans outstanding as of December 31, 2004 are as follows: market value of securities loaned \$1,618.5 million, market value of cash collateral from borrowers \$1,521.4 million and market value of non-cash collateral from borrowers \$135.1 million.

The funds provide retirement, disability, and death benefits as established by State law. Benefits generally vest after 20 years of credited service. Employees who retire at or after age 55 (50 for policemen and firemen) with 20 years of credited service qualify to receive a money purchase annuity and those with more than 20 years of credited service qualify to receive a minimum formula annuity. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.0 percent to 2.4 percent per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2004 - CONTINUED**

State law requires City contributions at statutorily, not actuarially determined rates. State law also requires covered employees to contribute a percentage of their salaries. The City's annual pension cost for the current year and related information for each plan is as follows (dollars in thousands):

	<u>Municipal Employees'</u>	<u>Laborers'</u>	<u>Policemen's</u>	<u>Firemen's</u>	<u>Total</u>
Contribution rates:					
City.....	8.0%	8.0%	12.8%	10.5%	
Plan members.....	8.5	8.5	9.0	9.1	
Annual required contribution.....	\$ 198,199	\$ 8,513	\$ 203,758	\$ 134,762	\$ 545,232
Interest on net pension obligation.....	(27,431)	(22,230)	55,760	50,943	57,042
Adjustment to annual required contribution.....	26,624	21,577	(33,138)	(49,445)	(34,382)
Annual pension cost.....	197,392	7,860	226,380	136,260	567,892
Contributions made.....	153,919	203	135,744	55,532	345,398
Increase (decrease) in net pension obligation.....	43,473	7,657	90,636	80,728	222,494
Net pension obligation (excess), beginning of year.....	(342,888)	(277,880)	697,003	636,782	713,017
Net pension obligation (excess), end of year.....	<u>\$ (299,415)</u>	<u>\$ (270,223)</u>	<u>\$ 787,639</u>	<u>\$ 717,510</u>	<u>\$ 935,511</u>

	<u>Municipal Employees'</u>	<u>Laborers'</u>	<u>Policemen's</u>	<u>Firemen's</u>
Actuarial valuation date.....	12/31/2004	12/31/2004	12/31/2004	12/31/2004
Actuarial cost method.....	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method.....	Level dollar, open	Level dollar, open	Level dollar, open	Level dollar, open
Remaining amortization period.....	40 years	40 years	40 years	40 years
Asset valuation method.....	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market
Actuarial assumptions:				
Investment rate of return (a).....	8.0%	8.0%	8.0%	8.0%
Projected salary increases (a)				
Inflation.....	3.0	3.0	4.0	4.0
Seniority/Merit.....	2.0	(c)	(d)	(d)
Post retirement benefit increases.....	(b)	(b)	(e)	(f)

- (a) Compounded Annually
- (b) 3.0 percent per year beginning at the earlier of:
  - 1) the latter of the first anniversary of retirement and age 60
  - 2) the latter of the third anniversary of retirement and age 53
- (c) Service-based increases equivalent to a level annual rate increase of 1.9 percent over a full career.
- (d) Service-based increases equivalent to a level annual rate increase of 2.7 percent over a full career.
- (e) Uses 3.0 percent per year for annuitants age 55 or over, born before 1950 with at least 20 years of service and 1.5 percent per year for 20 years for annuitants age 60 or over, born in 1950 or later.
- (f) Uses 3.0 percent per year for annuitants age 55 or over, born before 1955 with at least 20 years of service and 1.5 percent per year for 20 years for annuitants age 60 or over, born in 1955 or later.

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004 - CONTINUED**

The following tables of information assist users in assessing each fund's progress in accumulating sufficient assets to pay benefits when due. The three-year historical information for each annuity and benefit fund is as follows (dollars in thousands):

Year	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension (Excess) Obligation
<b>Municipal Employees':</b>			
2002.....	\$ 91,960	142.42%	\$ (358,776)
2003.....	157,771	89.93	(342,888)
2004.....	197,392	77.98	(299,415)
<b>Laborers':</b>			
2002.....	(15,477)	N/A	(270,871)
2003.....	(6,642)	N/A	(277,880)
2004.....	7,860	2.58	(270,223)
<b>Policemen's:</b>			
2002.....	150,588	94.29	635,635
2003.....	202,175	69.65	697,003
2004.....	226,380	59.96	787,639
<b>Firemen's:</b>			
2002.....	106,371	55.89	584,562
2003.....	112,454	53.56	636,782
2004.....	136,260	40.75	717,510

**SCHEDULE OF FUNDING PROGRESS**  
(dollars in thousands)

Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded (Surplus) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)
<b>Municipal Employees':</b>							
2002.....	12/31/02	\$ 6,403,982	\$ 7,577,100	\$ 1,173,118	85%	\$ 1,377,909	85%
2003.....	12/31/03	6,384,099	7,988,637	1,604,538	80	1,395,513	115
2004.....	12/31/04	6,343,076	8,808,501	2,465,425	72	1,303,128	189
<b>Laborers':</b>							
2002.....	12/31/02	1,715,073	1,540,605	(174,468)	111	207,404	(84)
2003.....	12/31/03	1,679,796	1,628,563	(51,233)	103	205,692	(25)
2004.....	12/31/04	1,649,959	1,674,615	24,656	99	171,477	14
<b>Policemen's:</b>							
2002.....	12/31/02	4,124,580	6,384,846	2,260,266	65	866,532	261
2003.....	12/31/03	4,039,696	6,581,433	2,541,737	61	887,556	268
2004.....	12/31/04	3,933,031	7,034,271	3,101,240	56	874,302	355
<b>Firemen's:</b>							
2002.....	12/31/02	1,209,768	2,088,706	878,938	58	277,053	317
2003.....	12/31/03	1,194,008	2,517,268	1,323,260	47	335,171	395
2004.....	12/31/04	1,182,579	2,793,524	1,610,945	42	334,424	482

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Under State law, certain health benefits are available to employees who retire from the City based upon their participation in the City's pension plans. Substantially all employees who qualify as Municipal or Laborers' pension plan participants older than age 55 with at least 20 years of service and Police and Fire pension plan participants older than age 50 with at least 10 years of service may become eligible for postemployment benefits if they eventually become an annuitant. Health benefits include basic benefits for annuitants and supplemental benefits for Medicare eligible annuitants.

All annuitants who retire in 2004 received a 55 percent subsidy from the City for the gross cost of retiree health care under a court approved settlement agreement. The pension funds contributed \$55 for each Medicare eligible annuitant and \$85 for each Non-Medicare eligible annuitant to their gross cost. The annuitants contributed a total of \$55.4 million in 2004 to the gross cost of their retiree health care pursuant to premium amounts set forth in the above-referenced settlement agreement.

The cost of health benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are funded on a pay-as-you-go basis. In 2004, the net expense to the City for providing these benefits to approximately 23,902 annuitants plus their dependents was approximately \$70.9 million.

**12) Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; certain benefits for and injuries to employees and natural disasters. The City provides worker's compensation benefits and employee health benefits under self-insurance programs except for insurance policies maintained for certain Enterprise Fund activities. The City uses various risk management techniques to finance these risks by retaining, transferring and controlling risks depending on the risk exposure.

Risks for O'Hare, Midway, Skyway and certain other major properties, along with various special events, losses from certain criminal acts committed by employees and public official bonds are transferred to commercial insurers. Claims have not exceeded the purchased insurance coverage in the past three years, accordingly, no liability is reported for these claims. All other risks are retained by the City and are self-insured. The City pays claim settlements and judgments from the self-insured programs. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The General Fund is used to record all non-Enterprise Fund claims. The estimated portion of non-Enterprise Fund claims not yet settled has been recorded in the Governmental Activities in the Statement of Net Assets as claims payable along with amounts related to deferred compensatory time and estimated liabilities for questioned costs. As of December 31, 2004, the total amount of non-Enterprise Fund claims was \$338.9 million. This liability is the City's best estimate based on available information. Changes in the reported liability for all funds are as follows (dollars in thousands):

	<u>2004</u>	<u>2003</u>
Balance, January 1.....	\$ 334,400	\$ 374,938
Claims incurred on current and prior year events.....	462,753	470,085
Claims paid on current and prior year events.....	<u>(419,782)</u>	<u>(510,623)</u>
Balance, December 31.....	<u>\$ 377,371</u>	<u>\$ 334,400</u>

**13) Commitments and Contingencies**

The City is a defendant in various pending and threatened individual and class action litigation relating principally to claims arising from contracts, personal injury, property damage, police conduct, discrimination, civil rights actions and other matters.

CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004 - CONCLUDED

City management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial position of the City.

The City participates in a number of federal-and state-assisted grant programs. These grants are subject to audits by or on behalf of the grantors to assure compliance with grant provisions. Based upon past experience and management's judgment, the City has made provisions in the General Fund for questioned costs and other amounts estimated to be disallowed. City management expects such provision to be adequate to cover actual amounts disallowed, if any.

Virtually all of the collective bargaining agreements between the City and its unions, with the exception of the Chicago Fire Fighters Union, Local No. 2 ("CFFU") (covering approximately 5,000 employees), expired June 30, 2003. In 2005, through arbitration the City and the Fraternal Order of Police, Lodge No. 7 (covering approximately 12,000 employees) have approved a new labor agreement. The government-wide financial statements include a \$67.1 million liability to cover the cost of wage increases through December 31, 2004. Negotiations for the other successor collective bargaining agreements have commenced, but it is not known at this time when those negotiations will result in ratified successor agreements or what the terms will be.

As of December 31, 2004, the Enterprise Funds have entered into contracts for approximately \$437.6 million for construction projects.

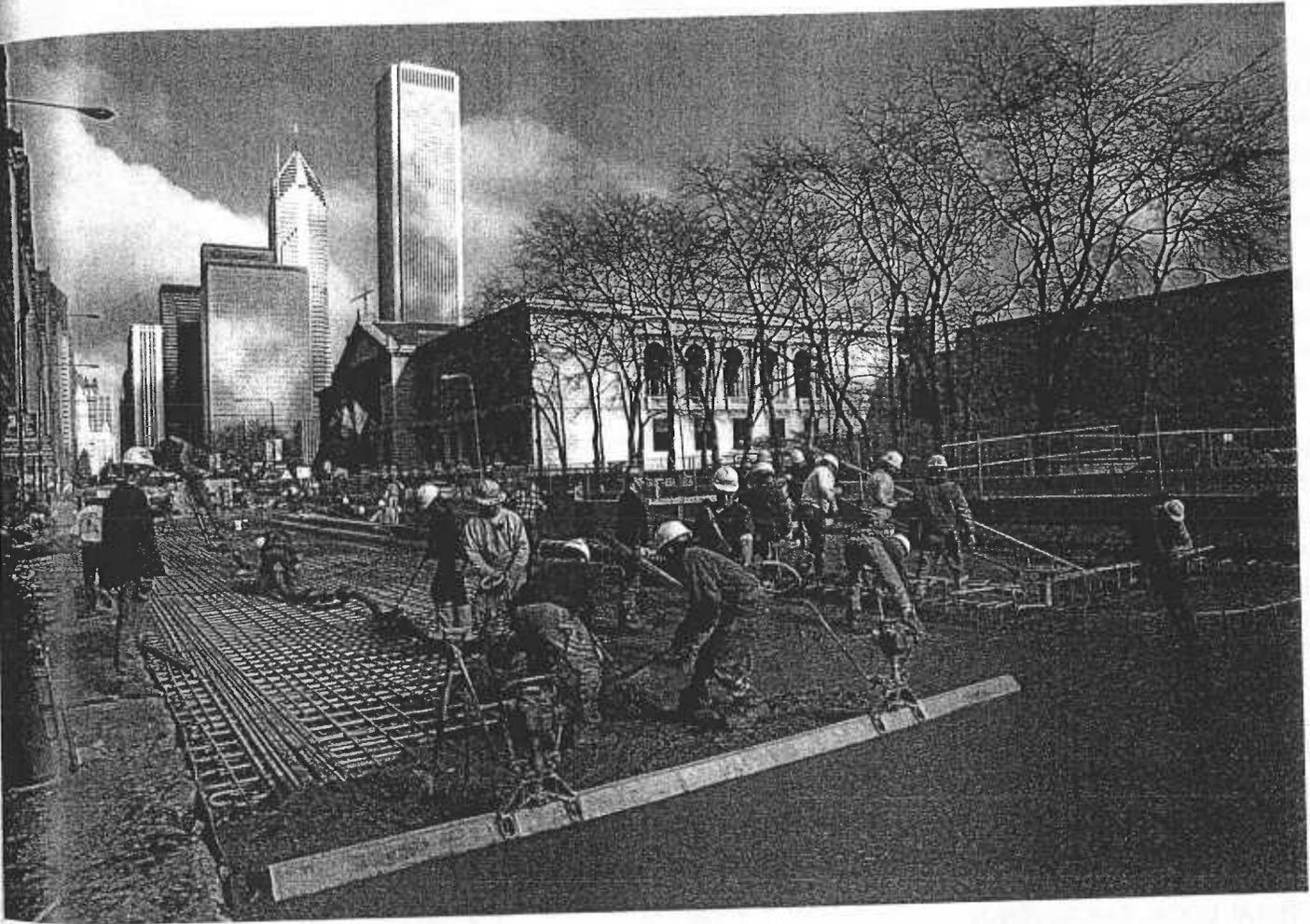
In case the Water Fund does not meet its debt service obligation for its portion of the General Obligation Equipment Notes, Series 1998, any monies, revenues, receipts, income, assets or funds of the City legally available for such purpose, including but not limited to the proceeds of the direct annual tax levied by the City upon all taxable property of the City may be used to fulfill the obligation.

#### 14) Subsequent Events

- a) In January 2005, the City completed a long-term concession and lease of the Skyway. The concession agreement granted a private company the ability to operate the Skyway and to collect toll revenue from the Skyway during the 99-year term of the agreement. The City received an upfront payment of \$1.83 billion. A portion of the payment (\$446.3 million) was used to advance refund all of the outstanding Skyway bonds.
- b) In February 2005, the City sold General Obligation Tender Notes, Series 2005 (\$66.2 million). The notes were issued at a short-term intermediate rate of 2.3 percent through December 8, 2005 and will mature no later than February 2, 2007. Proceeds will be used to meet the cash flow requirements of the City's Library and City Relief Funds. After the expiration of the initial period, the notes will bear interest at a weekly, short-term intermediate or fixed rate at the discretion of the City.
- c) In March 2005, the City sold at a premium General Obligation Refunding Bonds, Series 2005A (\$441.1 million). The bonds were issued with interest rates ranging from 2.5 percent to 5.0 percent and maturity dates ranging from January 1, 2007 to January 1, 2028. Net proceeds of \$473.2 million will be used to refund certain outstanding general obligation bonds of the City.
- d) In March 2005, the City defeased \$66.7 million of outstanding Project and Refunding Bonds, Series 2001A and \$23.5 million of outstanding Neighborhoods Alive 21 Program Bonds, Series 2001A. The defeasance was done with monies from the Skyway concession agreement.
- e) In April and May 2005, the City issued \$90 million of O'Hare Commercial Paper to fund ongoing capital activities.
- f) In May 2005, the City defeased \$36.7 million of outstanding Neighborhoods Alive 21 Program Bonds, Series 2001A. The defeasance was done with monies from the Skyway concession agreement.
- g) In June 2005, the City sold Sales Tax Revenue Refunding Bonds, Series 2005 (\$142.8 million). The bonds have interest rates ranging from 3.25 percent to 5.0 percent and maturities from January 1, 2007 to January 1, 2027. The proceeds will be used to refund all or a portion of the Series 1997, Series 1998 and Series 1999 bonds.

**COMBINING AND  
INDIVIDUAL FUND STATEMENTS**

**GENERAL FUND**



Schedule A-1  
 CITY OF CHICAGO, ILLINOIS  
 GENERAL FUND  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
<b>LOCAL TAX REVENUE</b>			
<b>UTILITY TAX:</b>			
Gas .....	\$ 101,258	\$ 99,140	\$ (2,118)
Electric .....	100,157	94,012	(6,145)
Telecommunication .....	160,500	163,720	3,220
Commonwealth Edison .....	90,329	87,169	(3,160)
Infrastructure Maintenance .....	-	2,039	2,039
Fiber Optics .....	-	5	5
Cable Television .....	12,500	14,511	2,011
Total Utility Tax .....	<u>464,744</u>	<u>460,596</u>	<u>(4,148)</u>
<b>SALES TAX:</b>			
Home Rule Retailers' Occupation .....	170,300	174,581	4,281
<b>TRANSPORTATION TAX:</b>			
Parking .....	65,630	69,811	4,181
Vehicle Fuel .....	64,000	62,770	(1,230)
Ground Transportation .....	8,600	5,479	(3,121)
Total Transportation Tax .....	<u>138,230</u>	<u>138,060</u>	<u>(170)</u>
<b>TRANSACTION TAX:</b>			
Real Property .....	139,000	190,776	51,776
Personal Property Lease .....	91,000	81,361	(9,639)
Motor Vehicle Lessor .....	5,870	6,447	577
Total Transaction Tax .....	<u>235,870</u>	<u>278,584</u>	<u>42,714</u>
<b>RECREATION TAX:</b>			
Amusement .....	36,500	35,409	(1,091)
Automatic Amusement .....	2,130	1,531	(599)
Liquor .....	18,068	18,259	191
Boat Mooring .....	800	875	75
Cigarette .....	15,355	15,646	291
Off Track Betting .....	2,666	2,514	(152)
Soft Drink .....	10,000	9,828	(172)
Total Recreation Tax .....	<u>85,519</u>	<u>84,062</u>	<u>(1,457)</u>
<b>BUSINESS TAX:</b>			
Hotel .....	39,686	39,241	(445)
Employers' Expense .....	24,230	22,750	(1,480)
Foreign Fire Insurance .....	3,600	4,160	560
Total Business Tax .....	<u>67,516</u>	<u>66,151</u>	<u>(1,365)</u>
<b>TOTAL LOCAL TAX REVENUE</b> .....	<u>1,162,179</u>	<u>1,202,034</u>	<u>39,855</u>
<b>INTERGOVERNMENTAL REVENUE</b>			
<b>STATE INCOME TAX:</b>			
State Income .....	182,300	180,987	(1,313)
State Personal Property Replacement .....	37,529	77,391	39,862
Total State Income Tax .....	<u>219,829</u>	<u>258,378</u>	<u>38,549</u>

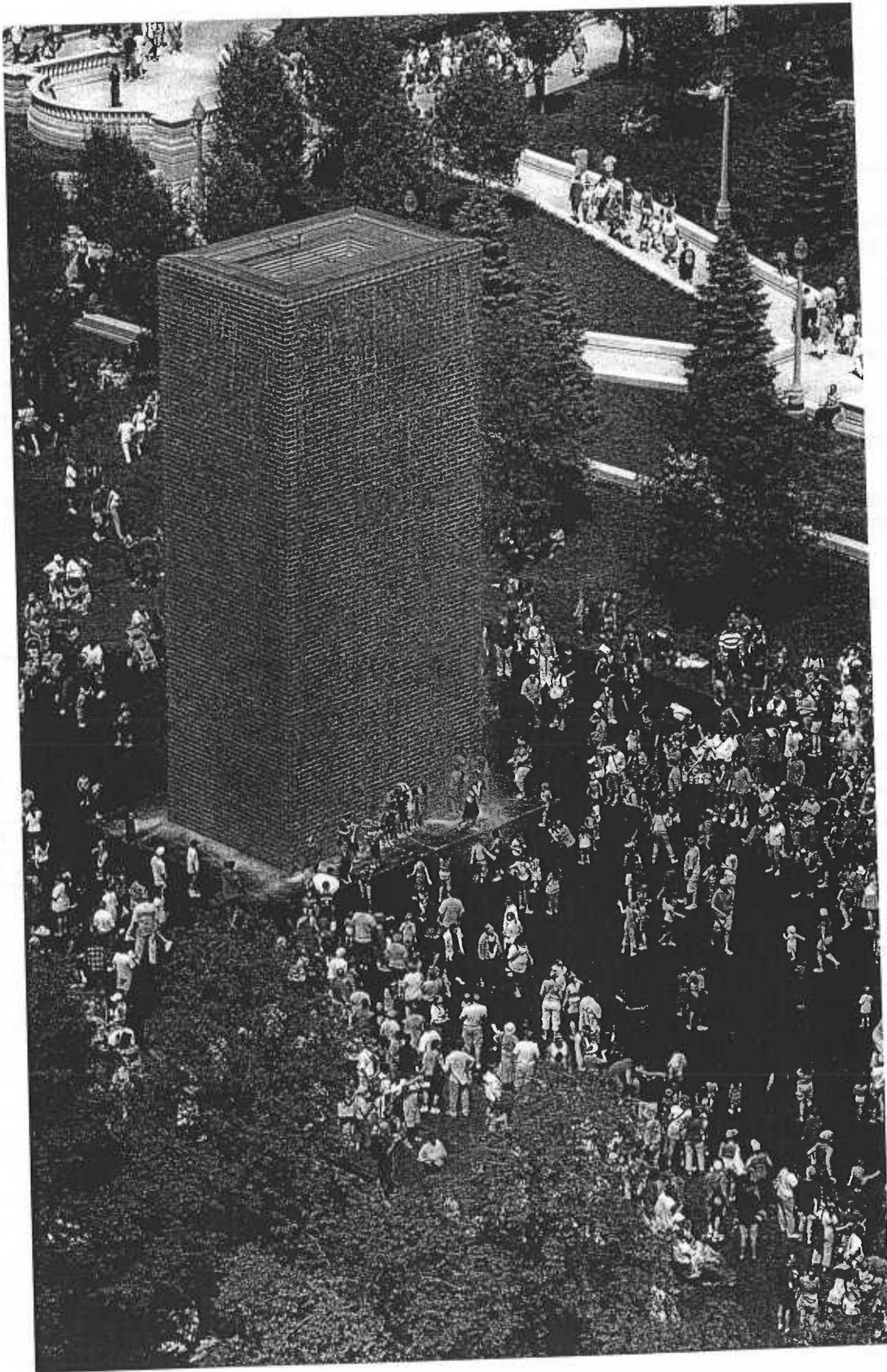
Schedule A-1 - Continued  
 CITY OF CHICAGO, ILLINOIS  
 GENERAL FUND  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
<b>INTERGOVERNMENTAL REVENUE - Continued</b>			
<b>STATE SALES TAX:</b>			
State Retailers' Occupation .....	\$ 230,460	\$ 238,328	\$ 7,868
<b>STATE AUTO RENTAL TAX:</b>			
Municipal Auto Rental .....	3,100	3,145	45
<b>FEDERAL / STATE GRANTS:</b>			
Grants .....	5,000	1,947	(3,053)
<b>TOTAL INTERGOVERNMENTAL REVENUE ....</b>	<b>458,389</b>	<b>501,798</b>	<b>43,409</b>
<b>LOCAL NON-TAX REVENUE</b>			
<b>INTERNAL SERVICE:</b>			
Water Fund .....	46,989	46,989	-
Chicago - O'Hare International Airport Fund .....	34,104	28,278	(5,826)
Vehicle Tax Fund .....	25,566	24,306	(1,260)
Chicago Skyway Fund .....	1,990	1,367	(623)
Midway Airport Fund .....	6,559	5,470	(1,089)
Federal Funds .....	27,440	26,412	(1,028)
Sewer Fund .....	24,387	24,387	-
Emergency Communication Fund .....	33,000	33,000	-
Federal Funds - Pensions .....	16,600	13,064	(3,536)
Indirect Cost Recovery .....	3,531	3,232	(299)
Electrical Services .....	6,070	5,778	(292)
Electrical Construction .....	13,078	12,477	(601)
Transportation .....	17,684	27,023	9,339
Fleet Management .....	12,168	11,937	(231)
Miscellaneous - Planning, Purchasing, etc. ....	19,215	4,115	(15,100)
Other .....	-	1,688	1,688
<b>Total Internal Service .....</b>	<b>288,381</b>	<b>269,523</b>	<b>(18,858)</b>
<b>LICENSES AND PERMITS:</b>			
Alcoholic Liquor Dealers' License .....	11,875	10,532	(1,343)
Building License .....	16,650	18,536	1,886
Building Permits .....	27,800	29,084	1,284
Fines and Penalties .....	6,038	8,029	1,991
Other .....	38,558	38,446	(112)
<b>Total Licenses and Permits .....</b>	<b>100,921</b>	<b>104,627</b>	<b>3,706</b>
<b>FINES:</b>			
Fines, Forfeitures and Penalties .....	189,262	188,477	(785)
<b>INVESTMENT INCOME:</b>			
Interest on Investments .....	4,753	2,617	(2,136)

Schedule A-1 - Concluded  
 CITY OF CHICAGO, ILLINOIS  
 GENERAL FUND  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
LOCAL NON-TAX REVENUE - Continued			
CHARGES FOR SERVICES:			
Health Services .....	\$ 6,700	\$ 6,822	\$ 122
Inspection .....	30,229	13,316	(16,913)
Information .....	924	843	(81)
Safety .....	41,000	46,035	5,035
Reimbursement of Current Expense .....	4,800	5,655	855
Other .....	5,534	7,288	1,754
Total Charges for Services .....	<u>89,187</u>	<u>79,959</u>	<u>(9,228)</u>
MUNICIPAL UTILITIES:			
Parking .....	26,800	23,153	(3,647)
Total Municipal Utilities .....	<u>26,800</u>	<u>23,153</u>	<u>(3,647)</u>
LEASES, RENTALS AND SALES:			
Sale of Land and Buildings .....	22,300	9,330	(12,970)
Vacation of Streets and Alleys .....	6,381	6,260	(121)
Sale of Impounded Autos .....	360	132	(228)
Sale of Materials .....	2,550	1,040	(1,510)
Rentals and Leases .....	5,105	2,212	(2,893)
Total Leases, Rentals and Sales .....	<u>36,696</u>	<u>18,974</u>	<u>(17,722)</u>
MISCELLANEOUS:			
Property Damage .....	6	3	(3)
Other .....	32,094	10,835	(21,259)
Total Miscellaneous .....	<u>32,100</u>	<u>10,838</u>	<u>(21,262)</u>
TOTAL LOCAL NON-TAX REVENUE ....	<u>768,100</u>	<u>698,168</u>	<u>(69,932)</u>
Proceeds of Debt, Net of Original			
Discount .....	87,465	87,465	-
Budgeted Prior Years' Surplus			
and Reappropriations .....	21,212	-	(21,212)
Operating Transfers In .....	108,035	92,666	(15,369)
Total Revenues .....	<u>\$ 2,605,380</u>	<u>\$ 2,582,131</u>	<u>\$ (23,249)</u>

# NONMAJOR GOVERNMENTAL FUNDS



Schedule B-1  
 CITY OF CHICAGO, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 272,425	\$ 53,265	\$ 56,378	\$ 382,068
Investments .....	74,574	1,018	66,160	141,752
Cash and Investments with Escrow Agent .....	-	160,930	-	160,930
Receivables (Net of Allowances):				
Property Tax .....	418,499	178,635	-	597,134
Accounts .....	1,912	173	22,387	24,472
Due from Other Funds .....	135,513	121	25,283	160,917
Due from Other Governments .....	11,998	296	29,048	41,342
Total Assets .....	<u>\$ 914,921</u>	<u>\$ 394,438</u>	<u>\$ 199,256</u>	<u>\$ 1,508,615</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Voucher Warrants Payable .....	\$ 65,062	\$ -	\$ 12,473	\$ 77,535
Bonds, Notes and Other Obligations Payable - Current .....	-	3,135	-	3,135
Accrued Interest .....	-	3,284	-	3,284
Due to Other Funds .....	128,316	185	4,509	133,010
Accrued and Other Liabilities .....	9,573	-	46,324	55,897
Deferred Revenue .....	372,014	165,588	-	537,602
Total Liabilities .....	574,965	172,192	63,306	810,463
Fund Balance:				
Reserved for Encumbrances .....	17,303	-	10,153	27,456
Reserved for Debt Service .....	-	222,246	-	222,246
Unreserved, Undesignated .....	322,653	-	125,797	448,450
Total Fund Balance .....	<u>339,956</u>	<u>222,246</u>	<u>135,950</u>	<u>698,152</u>
Total Liabilities and Fund Balance .....	<u>\$ 914,921</u>	<u>\$ 394,438</u>	<u>\$ 199,256</u>	<u>\$ 1,508,615</u>

CITY OF CHICAGO, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property Tax .....	\$ 265,026	\$ -	\$ -	\$ 265,026
Utility Tax .....	33,559	-	-	33,559
Sales Tax .....	126	2,267	-	2,393
Transportation Tax .....	165,354	-	-	165,354
State Income Tax .....	24,298	-	-	24,298
Special Area Tax .....	121,948	162,179	-	284,127
Other Taxes .....	12,196	49	-	12,245
Internal Service .....	23,816	-	-	23,816
Fines .....	14,059	-	-	14,059
Investment Income .....	3,238	1,439	1,336	6,013
Charges for Services .....	46,197	-	-	46,197
Miscellaneous .....	11,559	-	743	12,302
Total Revenues .....	<u>721,376</u>	<u>165,934</u>	<u>2,079</u>	<u>889,389</u>
<b>EXPENDITURES</b>				
Current:				
General Government .....	177,627	-	-	177,627
Health .....	12,781	-	-	12,781
Public Safety .....	4,083	-	-	4,083
Streets and Sanitation .....	110,297	-	-	110,297
Transportation .....	93,087	-	-	93,087
Cultural and Recreational .....	63,095	-	-	63,095
Employee Pensions .....	299,810	-	-	299,810
Other .....	375	-	-	375
Capital Projects .....	-	-	76,449	76,449
Debt Service:				
Principal Retirement .....	-	52,178	-	52,178
Interest and Other Fiscal Charges .....	4,557	40,103	-	44,660
Total Expenditures .....	<u>765,712</u>	<u>92,281</u>	<u>76,449</u>	<u>934,442</u>
Revenues Over (Under) Expenditures .....	<u>(44,336)</u>	<u>73,653</u>	<u>(74,370)</u>	<u>(45,053)</u>

Continued on following pages.

Schedule B-2 - Concluded  
 CITY OF CHICAGO, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Debt, Net of Original Discount .....	\$ 84,990	\$ 18,970	\$ 90,000	\$ 193,960
Transfers In .....	77,469	7,723	20,728	105,920
Transfers Out .....	(15,437)	(43,984)	-	(59,421)
Total Other Financing Sources (Uses) .....	<u>147,022</u>	<u>(17,291)</u>	<u>110,728</u>	<u>240,459</u>
Net Change in Fund Balances .....	102,686	56,362	36,358	195,406
Fund Balance - Beginning of Year .....	237,270	165,884	99,592	502,746
Fund Balance - End of Year .....	<u>\$ 339,956</u>	<u>\$ 222,246</u>	<u>\$ 135,950</u>	<u>\$ 698,152</u>

## NONMAJOR SPECIAL REVENUE FUNDS

**Vehicle Tax Fund** - Expenditures made in accordance with the policy established by the City Council in connection with street repairs and maintenance, as provided by sale of vehicle licenses.

**Motor Fuel Tax and Project Fund** - Expenditures for repair and maintenance of streets and pavements as provided by the City's distributive share of State Motor Fuel Tax and Motor Fuel Tax Revenue Bonds.

**Pension Fund** - For the City's contribution to Employees' Annuity and Benefit Funds as provided by tax levy and State Personal Property Replacement Tax revenue.

**Public Building Commission Fund** - For rentals of space and long-term lease obligations by the City as provided by tax levy.

**Miscellaneous Fund** - Expenditures for environmental management purposes related to liquid waste, pavement restoration and inspection, and operation of emergency communication system, as provided by revenues from fees collected for disposal of liquid waste, by pavement cut fees and by fee on telephone billings.

**Chicago Public Library Fund** - Expenditures for acquisition, repairs, construction and equipment of library buildings; also library maintenance and operations as provided by proceeds of debt, fines and miscellaneous revenues.

**Special Events, Tourism and Festivals Fund** - Expenditures for promoting tourism, conventions and other special events projects in Chicago as provided by the State from Municipal Hotel-Motel Tax receipts and by proceeds from Jazz, Blues and Gospel Festivals and Taste of Chicago.

**Health and Welfare Fund** - For certain neighborhood health care clinic operations and for general assistance to be expended and administered by the Illinois Department of Public Aid as provided by patient fees, City and State grants and proceeds of debt.

**Special Taxing Areas Fund** - Expenditures for special area operations and maintenance and for redevelopment project costs as provided by tax levies on special areas.

Schedule C-1  
 CITY OF CHICAGO, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension	Public Building Commission
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 363	\$ 898	\$ 149	\$ -
Investments .....	76	28,784	-	-
Receivables (Net of Allowances): .....				
Property Tax .....	-	-	294,063	-
Accounts .....	-	1,649	-	-
Due from Other Funds .....	66,738	16,000	-	-
Due from Other Governments .....	-	6,101	-	2,325
Total Assets .....	<u>\$ 67,177</u>	<u>\$ 53,432</u>	<u>\$ 294,212</u>	<u>\$ 2,325</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Voucher Warrants Payable .....	\$ 17,556	\$ 17,113	\$ 9,727	\$ -
Due to Other Funds .....	50,485	22,929	25,447	19
Accrued and Other Liabilities .....	4,179	-	-	-
Deferred Revenue .....	-	-	259,038	3
Total Liabilities .....	<u>72,220</u>	<u>40,042</u>	<u>294,212</u>	<u>22</u>
Fund Balance (Deficit):				
Reserved for Encumbrances .....	661	14,643	-	-
Unreserved, Undesignated .....	<u>(5,704)</u>	<u>(1,253)</u>	<u>-</u>	<u>2,303</u>
Total Fund Balance (Deficit) .....	<u>(5,043)</u>	<u>13,390</u>	<u>-</u>	<u>2,303</u>
Total Liabilities and Fund Balance .....	<u>\$ 67,177</u>	<u>\$ 53,432</u>	<u>\$ 294,212</u>	<u>\$ 2,325</u>

<u>Miscellaneous</u>	<u>Chicago Public Library</u>	<u>Special Events, Tourism and Festivals</u>	<u>Health and Welfare</u>	<u>Special Taxing Areas</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 504	\$ -	\$ 86	\$ -	\$ 270,425	\$ 272,425
200	8,601	2,558	-	34,355	74,574
-	-	-	-	124,436	418,499
19	109	7	-	128	1,912
7,356	11,921	378	-	33,120	135,513
-	-	3,564	-	8	11,998
<u>\$ 8,079</u>	<u>\$ 20,631</u>	<u>\$ 6,593</u>	<u>\$ -</u>	<u>\$ 462,472</u>	<u>\$ 914,921</u>
\$ 2,074	\$ 11,487	\$ 944	\$ 93	\$ 6,068	\$ 65,062
814	2,880	6,410	7,226	12,106	128,316
37	973	161	-	4,223	9,573
-	-	-	-	112,973	372,014
<u>2,925</u>	<u>15,340</u>	<u>7,515</u>	<u>7,319</u>	<u>135,370</u>	<u>574,965</u>
857	573	16	-	553	17,303
4,297	4,718	(938)	(7,319)	326,549	322,653
<u>5,154</u>	<u>5,291</u>	<u>(922)</u>	<u>(7,319)</u>	<u>327,102</u>	<u>339,956</u>
<u>\$ 8,079</u>	<u>\$ 20,631</u>	<u>\$ 6,593</u>	<u>\$ -</u>	<u>\$ 462,472</u>	<u>\$ 914,921</u>

Schedule C-2  
 CITY OF CHICAGO, ILLINOIS  
 NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)  
 Year Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension	Public Building Commission
<b>Revenues:</b>				
Property Tax .....	\$ -	\$ -	\$ 264,970	\$ -
Utility Tax .....	-	-	-	-
Sales Tax .....	-	-	-	-
Transportation Tax .....	92,719	72,439	-	-
State Income Tax .....	-	-	24,298	-
Special Area Tax .....	-	-	-	-
Other Taxes .....	-	-	-	-
Internal Service .....	22,886	2	-	-
Fines .....	13,016	-	-	-
Investment Income .....	-	815	292	-
Charges for Services .....	11,239	-	-	-
Miscellaneous .....	2,170	-	250	-
<b>Total Revenues .....</b>	<b>142,030</b>	<b>73,256</b>	<b>289,810</b>	<b>-</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government .....	53,569	2	-	-
Health .....	-	-	-	-
Public Safety .....	-	-	-	-
Streets and Sanitation .....	62,730	46,170	-	-
Transportation .....	32,170	53,854	-	-
Cultural and Recreational .....	-	-	-	-
Employee Pensions .....	-	-	299,810	-
Other .....	-	-	-	-
<b>Debt Service:</b>				
Interest and Other Fiscal Charges .....	-	1,403	-	718
<b>Total Expenditures .....</b>	<b>148,469</b>	<b>101,429</b>	<b>299,810</b>	<b>718</b>
<b>Revenues Over (Under) Expenditures .....</b>	<b>(6,439)</b>	<b>(28,173)</b>	<b>(10,000)</b>	<b>(718)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds of Debt, Net of Original Discount .....	-	-	10,000	-
Operating Transfers In .....	34,000	-	-	-
Operating Transfers Out .....	-	-	-	(278)
<b>Total Other Financing Sources (Uses) .....</b>	<b>34,000</b>	<b>-</b>	<b>10,000</b>	<b>(278)</b>
<b>Net Change in Fund Balances .....</b>	<b>27,561</b>	<b>(28,173)</b>	<b>-</b>	<b>(996)</b>
Fund Balance (Deficit) - Beginning of Year .....	(32,604)	41,563	-	3,299
<b>Fund Balance (Deficit) - End of Year .....</b>	<b>\$ (5,043)</b>	<b>\$ 13,390</b>	<b>\$ -</b>	<b>\$ 2,303</b>

Miscellaneous	Chicago Public Library	Special Events, Tourism and Festivals	Health and Welfare	Special Taxing Areas	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 56	\$ -	\$ 265,026
33,559	-	-	-	-	33,559
-	-	-	-	126	126
-	-	196	-	-	165,354
-	-	-	-	-	24,298
-	-	-	-	121,948	121,948
-	-	12,196	-	-	12,196
-	-	-	-	928	23,816
-	1,043	-	-	-	14,059
184	512	39	59	1,337	3,238
14,876	29	20,053	-	-	46,197
8,577	200	-	-	362	11,559
<u>57,196</u>	<u>1,784</u>	<u>32,484</u>	<u>115</u>	<u>124,701</u>	<u>721,376</u>
42,810	24,191	1,476	15,993	39,586	177,627
12,389	-	-	-	392	12,781
3,915	-	97	-	71	4,083
-	-	-	-	1,397	110,297
-	-	-	-	7,063	93,087
-	35,403	27,692	-	-	63,095
-	-	-	-	-	299,810
-	-	375	-	-	375
-	1,978	-	427	31	4,557
<u>59,114</u>	<u>61,572</u>	<u>29,640</u>	<u>16,420</u>	<u>48,540</u>	<u>765,712</u>
<u>(1,918)</u>	<u>(59,788)</u>	<u>2,844</u>	<u>(16,305)</u>	<u>76,161</u>	<u>(44,336)</u>
-	59,490	-	14,000	1,500	84,990
-	1,000	-	-	42,469	77,469
-	-	-	-	(15,159)	(15,437)
-	<u>60,490</u>	<u>-</u>	<u>14,000</u>	<u>28,810</u>	<u>147,022</u>
(1,918)	702	2,844	(2,305)	104,971	102,686
7,072	4,589	(3,766)	(5,014)	222,131	237,270
<u>\$ 5,154</u>	<u>\$ 5,291</u>	<u>\$ (922)</u>	<u>\$ (7,319)</u>	<u>\$ 327,102</u>	<u>\$ 339,956</u>

Schedule C-3  
 CITY OF CHICAGO, ILLINOIS  
 NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

FUND	Property Tax	Special Area and Utility Taxes	Trans- portation Tax	State Taxes
Original and Final Budgeted Revenues:				
Vehicle Tax .....	\$ -	\$ -	\$ 106,850	\$ -
Motor Fuel Tax and Project .....	-	-	71,163	-
Pension .....	284,296	-	-	53,603
Miscellaneous .....	-	33,500	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	1,000	12,500
Health and Welfare .....	-	-	-	-
Special Taxing Areas .....	-	124,432	-	-
Total Original and Final Budgeted Revenues .....	<u>284,296</u>	<u>157,932</u>	<u>179,013</u>	<u>66,103</u>
Actual Revenues:				
Vehicle Tax .....	-	-	92,719	-
Motor Fuel Tax and Project .....	-	-	72,439	-
Pension .....	286,461	-	-	24,298
Miscellaneous .....	-	33,559	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	196	12,196
Health and Welfare .....	-	-	-	-
Special Taxing Areas .....	-	126,975	-	126
Total Actual Revenues .....	<u>286,461</u>	<u>160,534</u>	<u>165,354</u>	<u>36,620</u>
Variance Positive (Negative) .....	<u>\$ 2,165</u>	<u>\$ 2,602</u>	<u>\$ (13,659)</u>	<u>\$ (29,483)</u>

<u>Internal Service</u>	<u>Fines</u>	<u>Investment Income</u>	<u>Leases, Rentals, Sales and Charges for Services</u>	<u>Miscellaneous</u>	<u>Proceeds of Debt, Net of Original Discount</u>	<u>Budgeted Prior Years' Surplus and Operating Transfers In/ Other</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 33,000	\$ 19,000	\$ -	\$ 3,500	\$ -	\$ -	\$ (7,399)	\$ 154,951
-	-	1,500	-	-	-	46,791	119,454
-	-	-	-	-	30,000	-	367,899
-	-	-	-	11,856	-	72	45,428
-	1,000	2,100	200	5,191	59,492	8,593	76,576
-	-	100	19,000	-	-	(4,288)	28,312
-	-	337	-	-	14,000	-	14,337
928	-	30	-	-	-	-	125,390
<u>33,928</u>	<u>20,000</u>	<u>4,067</u>	<u>22,700</u>	<u>17,047</u>	<u>103,492</u>	<u>43,769</u>	<u>932,347</u>
22,886	13,016	-	11,239	2,170	-	-	142,030
2	-	815	-	-	-	-	73,256
-	-	292	-	250	-	-	311,301
-	-	184	14,876	8,577	-	-	57,196
-	1,043	512	29	200	59,490	1,000	62,274
-	-	39	20,053	-	-	-	32,484
-	-	59	-	-	14,000	-	14,059
928	-	1,337	-	362	-	42,469	172,197
<u>23,816</u>	<u>14,059</u>	<u>3,238</u>	<u>46,197</u>	<u>11,559</u>	<u>73,490</u>	<u>43,469</u>	<u>864,797</u>
<u>\$ (10,112)</u>	<u>\$ (5,941)</u>	<u>\$ (829)</u>	<u>\$ 23,497</u>	<u>\$ (5,488)</u>	<u>\$ (30,002)</u>	<u>\$ (300)</u>	<u>\$ (67,550)</u>

Schedule C-4  
CITY OF CHICAGO, ILLINOIS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF EXPENDITURES AND ENCUMBRANCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
Year Ended December 31, 2004  
(Amounts are in Thousands of Dollars)

FUND	General Government	Health	Public Safety	Streets and Sanitation
Original and Final Budget:				
Vehicle Tax .....	\$ 59,767	\$ -	\$ -	\$ 61,569
Motor Fuel Tax and Project .....	2,998	-	-	60,180
Pension .....	-	-	-	-
Miscellaneous .....	33,500	5,723	6,205	-
Chicago Public Library .....	30,638	-	-	-
Special Events, Tourism and Festivals .....	2,204	-	100	-
Health and Welfare .....	13,837	-	-	-
Special Taxing Areas .....	123,390	-	-	689
Total Original and Final Budget .....	<u>266,334</u>	<u>5,723</u>	<u>6,305</u>	<u>122,438</u>
Actual Expenditures and Encumbrances:				
Vehicle Tax .....	53,656	-	-	63,094
Motor Fuel Tax and Project .....	-	-	-	50,558
Pension .....	-	-	-	-
Miscellaneous .....	33,499	9,989	1,883	-
Chicago Public Library .....	26,552	-	-	-
Special Events, Tourism and Festivals .....	1,805	-	103	-
Health and Welfare .....	15,993	-	-	-
Special Taxing Areas .....	31,464	-	-	635
Total Actual Expenditures and Encumbrances ....	<u>162,969</u>	<u>9,989</u>	<u>1,986</u>	<u>114,287</u>
Variance Positive (Negative) .....	<u>\$ 103,365</u>	<u>\$ (4,266)</u>	<u>\$ 4,319</u>	<u>\$ 8,151</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Trans- portation	Cultural and Recreational	Employee Pensions	Operating Transfers Out	Interest and Other Fiscal Charges	Total Nonmajor Special Revenue Funds
\$ 33,615	\$ -	\$ -	\$ -	\$ -	\$ 154,951
55,856	-	-	-	420	119,454
-	-	367,899	-	-	367,899
-	-	-	-	-	45,428
-	43,030	-	-	2,908	76,576
-	26,008	-	-	-	28,312
-	-	-	-	500	14,337
1,311	-	-	-	-	125,390
<u>90,782</u>	<u>69,038</u>	<u>367,899</u>	<u>-</u>	<u>3,828</u>	<u>932,347</u>
32,267	-	-	-	-	149,017
67,176	-	-	-	6	117,740
-	-	274,363	-	-	274,363
-	-	-	-	-	45,371
-	35,376	-	-	1,979	63,907
-	27,669	-	-	-	29,577
-	-	-	-	427	16,420
1,245	-	-	15,159	-	48,503
<u>100,688</u>	<u>63,045</u>	<u>274,363</u>	<u>15,159</u>	<u>2,412</u>	<u>744,898</u>
<u>\$ (9,906)</u>	<u>\$ 5,993</u>	<u>\$ 93,536</u>	<u>\$ (15,159)</u>	<u>\$ 1,416</u>	<u>\$ 187,449</u>

## NONMAJOR CAPITAL PROJECTS FUNDS

**Highway and Transportation Projects** - Proceeds of debt used to improve highways and transportation systems.

**Building Projects** - Proceeds of debt used to finance exterior and interior construction and mechanical work on buildings used by City departments and the public.

**Equipment Projects** - Proceeds of debt used to purchase capital assets and maintain equipment and machinery for various City departments.

**Chicago Public Building Commission** - Accounts for assets held by Public Building Commission as trustee or agent during the interim financing period of certain City projects.



Schedule D-1  
 CITY OF CHICAGO, ILLINOIS  
 NONMAJOR CAPITAL PROJECT FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 3,482	\$ 74	\$ 52,822	\$ -	\$ 56,378
Investments .....	33	2,798	63,329	-	66,160
Accounts Receivable (Net of Allowances) .....	2	11	723	21,651	22,387
Due from Other Funds .....	-	-	25,283	-	25,283
Due from Other Governments .....	-	-	-	29,048	29,048
Total Assets .....	<u>\$ 3,517</u>	<u>\$ 2,883</u>	<u>\$ 142,157</u>	<u>\$ 50,699</u>	<u>\$ 199,256</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Voucher Warrants Payable .....	\$ 6	\$ 4	\$ 12,463	\$ -	\$ 12,473
Due to Other Funds .....	-	2,400	2,109	-	4,509
Accrued and Other Liabilities .....	-	-	241	46,083	46,324
Total Liabilities .....	<u>6</u>	<u>2,404</u>	<u>14,813</u>	<u>46,083</u>	<u>63,306</u>
Fund Balance:					
Reserved for Encumbrances .....	1	149	10,003	-	10,153
Unreserved, Undesignated .....	3,510	330	117,341	4,616	125,797
Total Fund Balance .....	<u>3,511</u>	<u>479</u>	<u>127,344</u>	<u>4,616</u>	<u>135,950</u>
Total Liabilities and Fund Balance .....	<u>\$ 3,517</u>	<u>\$ 2,883</u>	<u>\$ 142,157</u>	<u>\$ 50,699</u>	<u>\$ 199,256</u>

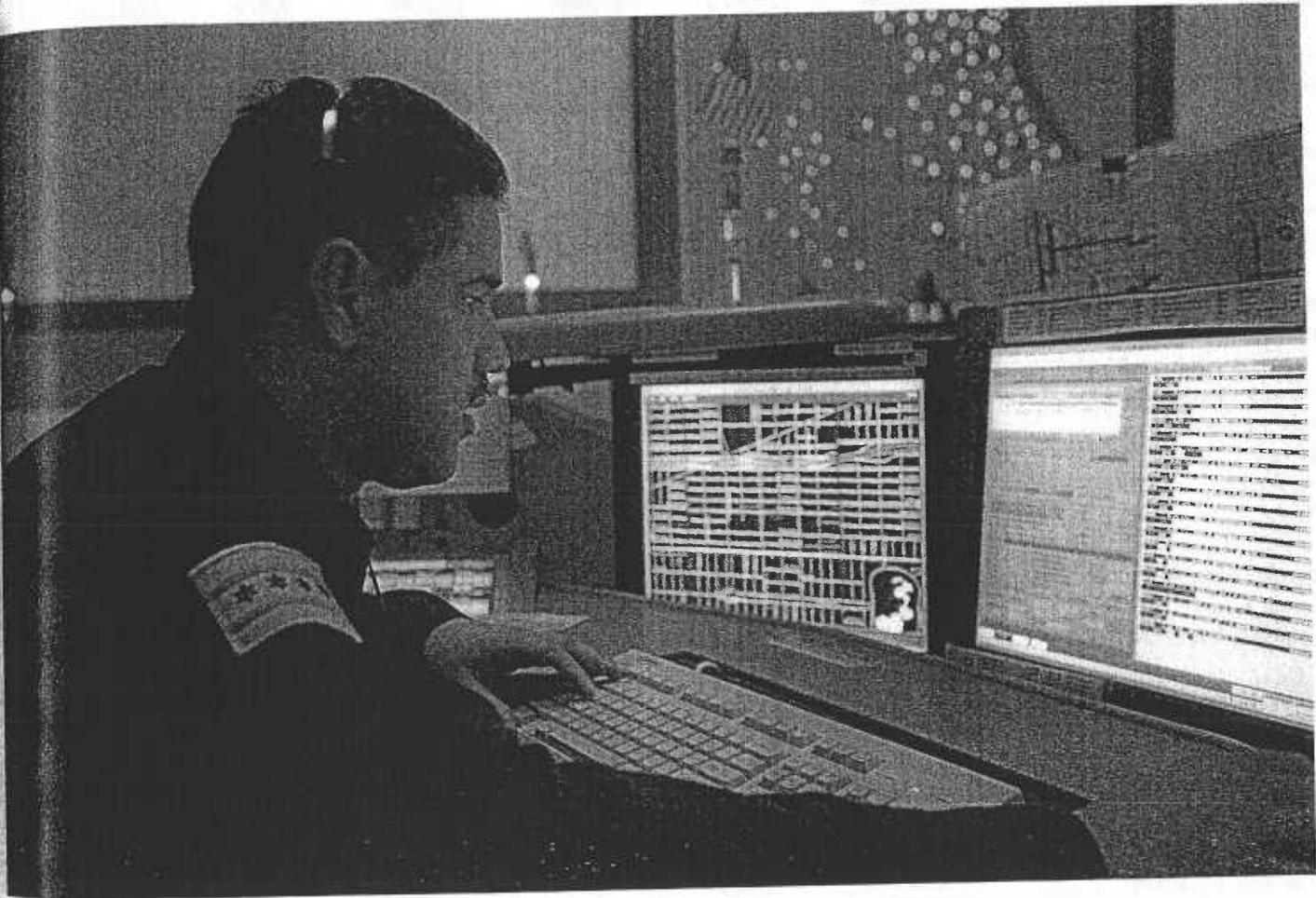
Schedule D-2  
 CITY OF CHICAGO, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR CAPITAL PROJECT FUNDS  
 December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
<b>REVENUES</b>					
Investment Income .....	\$ 20	\$ 9	\$ 1,084	\$ 223	\$ 1,336
Miscellaneous .....	-	-	743	-	743
Total Revenues .....	<u>20</u>	<u>9</u>	<u>1,827</u>	<u>223</u>	<u>2,079</u>
<b>EXPENDITURES</b>					
Capital Projects .....	<u>18</u>	<u>473</u>	<u>75,958</u>	<u>-</u>	<u>76,449</u>
Total Expenditures .....	<u>18</u>	<u>473</u>	<u>75,958</u>	<u>-</u>	<u>76,449</u>
Revenues Over (Under) Expenditures .....	<u>2</u>	<u>(464)</u>	<u>(74,131)</u>	<u>223</u>	<u>(74,370)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of Debt, Net of Original					
Discount .....	-	-	90,000	-	90,000
Transfers In .....	-	22	20,428	278	20,728
Total Other Financing Sources (Uses) .....	<u>-</u>	<u>22</u>	<u>110,428</u>	<u>278</u>	<u>110,728</u>
Net Change in Fund Balance .....	2	(442)	36,297	501	36,358
Fund Balance - Beginning of Year .....	3,509	921	91,047	4,115	99,592
Fund Balance - End of Year .....	<u>\$ 3,511</u>	<u>\$ 479</u>	<u>\$ 127,344</u>	<u>\$ 4,616</u>	<u>\$ 135,950</u>

# FIDUCIARY FUNDS

**AGENCY FUNDS** - Account for transactions for assets held by the City as agent for various entities.

**PENSION TRUST FUNDS** - Expenditures for employee pensions as provided by employee and employer contributions and investment earnings.



Schedule E-1  
CITY OF CHICAGO, ILLINOIS  
FIDUCIARY FUNDS - AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Year Ended December 31, 2004  
(Amounts are in Thousands of Dollars)

	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
<b>ASSETS:</b>						
Cash,						
January 1, 2004.....	\$ 255	\$ 3,779	\$ 5,170	\$ 4,977	\$ 3,963	\$ 18,144
Additions.....	15,603	17,797	450,719	57,273	4,712	546,104
Deductions.....	15,858	21,575	455,889	62,249	8,675	564,246
Cash, December 31, 2004.....	—	1	—	1	—	2
Investments,						
January 1, 2004.....	204	213	9,921	166	5	10,509
Additions.....	586	483	22,340	5,407	3,985	32,801
Deductions.....	469	357	14,375	5,166	2,681	23,048
Investments, December 31, 2004.....	321	339	17,886	407	1,309	20,262
Cash and Investments with Escrow Agent,						
January 1, 2004.....	—	—	21,573	251	—	21,824
Additions.....	—	—	14,221	1	—	14,222
Deductions.....	—	—	13,843	—	—	13,843
Cash and Investments with Escrow Agent, December 31, 2004.....	—	—	21,951	252	—	22,203
Accounts Receivables,						
January 1, 2004.....	17,447	3,846	12,430	1,005	3,033	37,761
Additions.....	12,800	—	4,105	460	1,534	18,899
Deductions.....	30,247	—	15,964	1,163	2,066	49,440
Accounts Receivables, December 31, 2004.....	—	3,846	571	302	2,501	7,220
Due from Other Funds,						
January 1, 2004.....	2,001	12,000	61,868	60,000	—	135,869
Additions.....	15,532	51,326	82,328	29,485	5,375	184,046
Deductions.....	2,266	47,182	64,681	15,346	2,676	132,151
Due from Other Funds, December 31, 2004.....	15,267	16,144	79,515	74,139	2,699	187,764

Schedule E-1 - Concluded  
 CITY OF CHICAGO, ILLINOIS  
 FIDUCIARY FUNDS - AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Year Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

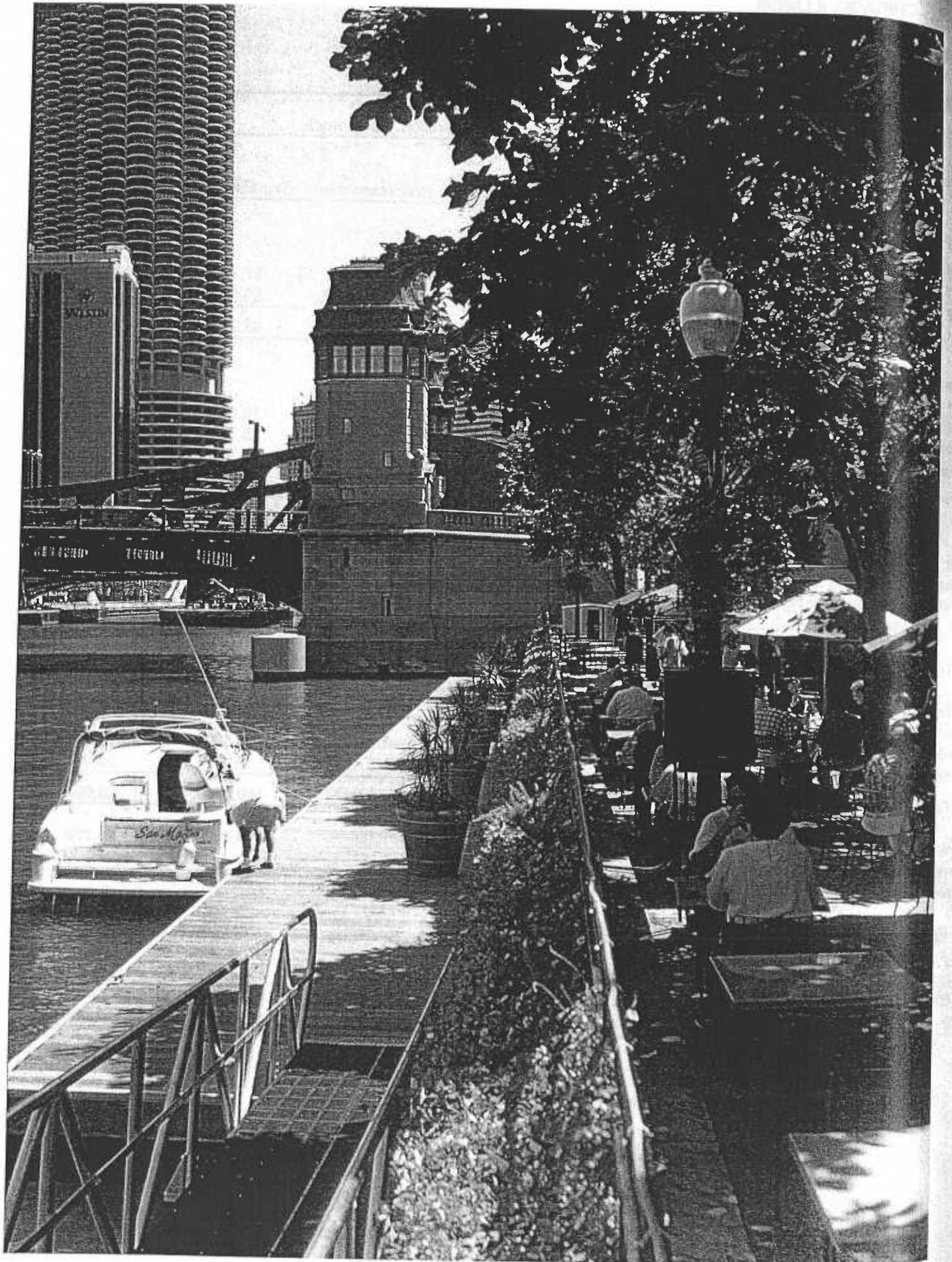
	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
<b>ASSETS - Concluded:</b>						
<b>Total Assets,</b>						
January 1, 2004.....	\$ 19,907	\$ 19,838	\$ 110,962	\$ 66,399	\$ 7,001	\$ 224,107
Additions.....	44,521	69,606	573,713	92,626	15,606	796,072
Deductions.....	48,840	69,114	564,752	83,924	16,098	782,728
<b>Total Assets,</b>						
December 31, 2004.....	<u>\$ 15,588</u>	<u>\$ 20,330</u>	<u>\$ 119,923</u>	<u>\$ 75,101</u>	<u>\$ 6,509</u>	<u>\$ 237,451</u>
<b>LIABILITIES:</b>						
<b>Voucher Warrants Payable,</b>						
January 1, 2004.....	\$ -	\$ 2,333	\$ 26,655	\$ 4,111	\$ 8	\$ 33,107
Additions.....	76,648	2,299	310,708	24,910	3,155	417,720
Deductions.....	76,647	4,598	306,654	25,810	3,159	416,868
<b>Voucher Warrants Payable,</b>						
December 31, 2004.....	<u>1</u>	<u>34</u>	<u>30,709</u>	<u>3,211</u>	<u>4</u>	<u>33,959</u>
<b>Due to Other Funds,</b>						
January 1, 2004.....	19,632	-	4,235	823	-	24,690
Additions.....	51,267	-	19,613	1,840	23	72,743
Deductions.....	55,361	-	12,523	2,134	-	70,018
<b>Due to Other Funds,</b>						
December 31, 2004.....	<u>15,538</u>	<u>-</u>	<u>11,325</u>	<u>529</u>	<u>23</u>	<u>27,415</u>
<b>Accrued Liabilities,</b>						
January 1, 2004.....	275	17,505	80,072	61,465	6,993	166,310
Additions.....	314	67,928	33,077	9,910	3,343	114,572
Deductions.....	540	65,137	35,260	14	3,854	104,805
<b>Accrued Liabilities,</b>						
December 31, 2004.....	<u>49</u>	<u>20,296</u>	<u>77,889</u>	<u>71,361</u>	<u>6,482</u>	<u>176,077</u>
<b>Total Liabilities,</b>						
January 1, 2004.....	19,907	19,838	110,962	66,399	7,001	224,107
Additions.....	128,229	70,227	363,398	36,660	6,521	605,035
Deductions.....	132,548	69,735	354,437	27,958	7,013	591,691
<b>Total Liabilities,</b>						
December 31, 2004.....	<u>\$ 15,588</u>	<u>\$ 20,330</u>	<u>\$ 119,923</u>	<u>\$ 75,101</u>	<u>\$ 6,509</u>	<u>\$ 237,451</u>

Schedule E-2  
CITY OF CHICAGO, ILLINOIS  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
COMBINING STATEMENT OF PLAN NET ASSETS  
Year Ended December 31, 2004  
(Amounts are in Thousands of Dollars)

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 6,372	\$ 151,336	\$ 68,285	\$ 41,378	\$ 267,371
Receivables:					
Employer and Other .....	242,294	1,697	192,993	56,055	493,039
Interest and Dividends .....	13,508	5,169	4,100	9,141	31,918
Total Receivables .....	255,802	6,866	197,093	65,196	524,957
Due from Other Funds .....	10,767	-	10,189	4,491	25,447
Investments, at Fair Value:					
Bonds and U.S. Government Obligations .....	1,599,538	503,749	278,952	204,680	2,586,919
Stocks .....	4,007,207	954,485	2,422,365	859,843	8,243,900
Mortgages and Real Estate .....	251,754	49,462	48	808	302,072
Other .....	434,628	40,002	959,987	37,533	1,472,150
Total Investments .....	6,293,127	1,547,698	3,661,352	1,102,864	12,605,041
Invested Securities Lending Collateral .....	806,723	252,669	301,849	170,562	1,531,803
Total Assets .....	7,372,791	1,958,569	4,238,768	1,384,491	14,954,619
<b>LIABILITIES</b>					
Voucher Warrants Payable .....	323,326	68,530	71,110	7,751	470,717
Securities Lending Collateral .....	806,723	252,669	301,849	170,562	1,531,803
Total Liabilities .....	1,130,049	321,199	372,959	178,313	2,002,520
Net Assets Held in Trust for Pension Benefits .....	\$ 6,242,742	\$ 1,637,370	\$ 3,865,809	\$ 1,206,178	\$ 12,952,099

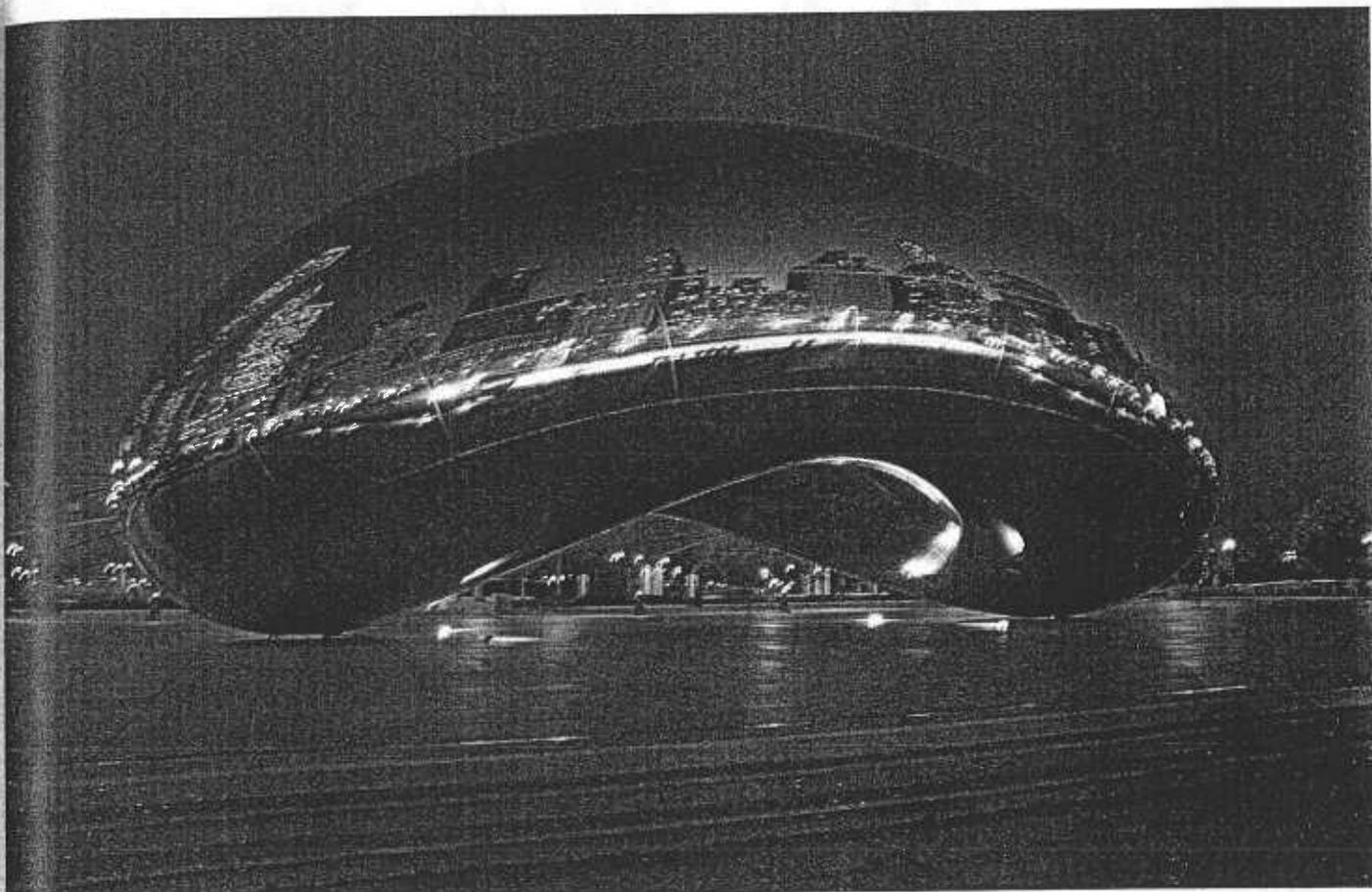
Schedule E-3  
 CITY OF CHICAGO, ILLINOIS  
 COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
 FIDUCIARY FUNDS - PENSION TRUST FUNDS  
 Year Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ADDITIONS</b>					
Contributions					
Employees .....	\$ 155,885	\$ 22,591	\$ 78,801	\$ 37,734	\$ 295,011
City .....	153,919	203	135,744	55,533	345,399
Total Contributions .....	<u>309,804</u>	<u>22,794</u>	<u>214,545</u>	<u>93,267</u>	<u>640,410</u>
Investment Income					
Net Appreciation in Fair Value of Investments .....	475,238	138,132	323,697	118,866	1,055,933
Interest, Dividends and Other .....	121,866	38,935	51,882	25,729	238,412
Investment Expense .....	(19,634)	(6,494)	(8,140)	(5,353)	(39,621)
Net Investment Income .....	<u>577,470</u>	<u>170,573</u>	<u>367,439</u>	<u>139,242</u>	<u>1,254,724</u>
Securities Lending Transactions					
Securities Lending Income .....	8,298	2,892	1,973	2,050	15,213
Securities Lending Expense .....	(7,038)	(2,421)	(1,504)	(1,675)	(12,638)
Net Securities Lending Transactions .....	<u>1,260</u>	<u>471</u>	<u>469</u>	<u>375</u>	<u>2,575</u>
Total Additions .....	<u>888,534</u>	<u>193,838</u>	<u>582,453</u>	<u>232,884</u>	<u>1,897,709</u>
<b>DEDUCTIONS</b>					
Benefits and Refunds of					
Deductions .....	538,910	105,958	407,301	158,372	1,210,541
Administrative and General .....	5,470	2,872	2,626	2,097	13,065
Total Deductions .....	<u>544,380</u>	<u>108,830</u>	<u>409,927</u>	<u>160,469</u>	<u>1,223,606</u>
Transfers In .....	-	-	-	24,202	24,202
Transfers Out .....	(24,202)	-	-	-	(24,202)
Net Transfers In (Out) .....	<u>(24,202)</u>	<u>-</u>	<u>-</u>	<u>24,202</u>	<u>-</u>
Net Increase in Net Assets .....	<u>319,952</u>	<u>85,008</u>	<u>172,526</u>	<u>96,617</u>	<u>674,103</u>
Net Assets Held in Trust for Pension Benefits:					
Beginning of Year .....	5,922,790	1,552,362	3,693,283	1,109,561	12,277,996
End of Year .....	<u>\$ 6,242,742</u>	<u>\$ 1,637,370</u>	<u>\$ 3,865,809</u>	<u>\$ 1,206,178</u>	<u>\$ 12,952,099</u>



PART III

STATISTICAL SECTION  
(UNAUDITED)



**Table 1**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**Last Ten Years Ended December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

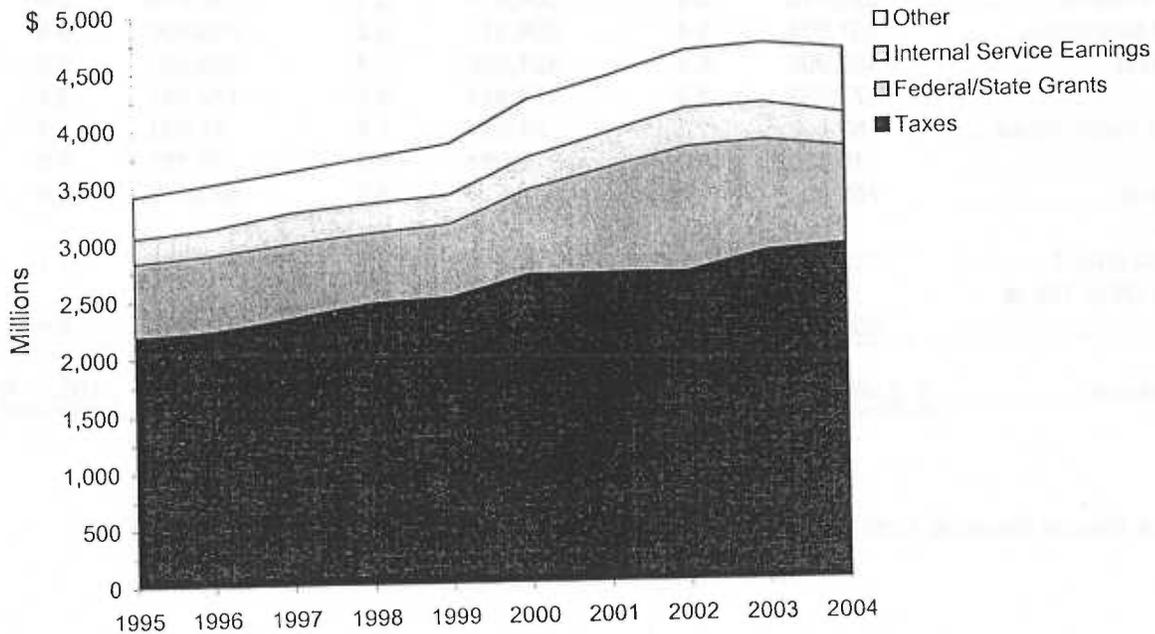
	1995	Percent of Total	1996	Percent of Total	1997	Percent of Total
<b>Revenues:</b>						
Property Tax .....	\$ 652,529	19.1 %	\$ 625,582	17.8 %	\$ 650,014	17.9 %
Utility Tax .....	385,202	11.3	409,644	11.6	421,580	11.6
Sales Tax .....	339,453	9.9	354,908	10.1	364,788	10.0
Transportation Tax .....	254,964	7.4	264,665	7.5	265,443	7.3
State Income Tax .....	239,049	7.0	253,173	7.2	279,309	7.7
Transaction Tax .....	130,133	3.8	129,970	3.7	157,147	4.3
Special Area Tax .....	43,599	1.3	46,693	1.3	52,710	1.5
Other Taxes .....	149,919	4.4	153,792	4.3	159,333	4.4
Total Taxes .....	2,194,848	64.2	2,238,427	63.5	2,350,324	64.7
Federal/State Grants .....	644,747	18.8	665,178	18.9	650,797	17.9
Internal Service .....	217,163	6.3	231,102	6.5	269,170	7.4
Licenses and Permits .....	49,339	1.4	52,410	1.5	54,570	1.5
Fines .....	105,867	3.1	111,334	3.2	108,592	3.0
Investment Income .....	73,709	2.2	72,670	2.1	70,257	1.9
Charges for Services .....	106,323	3.1	122,440	3.5	103,295	2.9
Miscellaneous .....	29,528	0.9	28,949	0.8	24,472	0.7
<b>Total Revenues .....</b>	<b>\$ 3,421,524</b>	<b>100.0 %</b>	<b>\$ 3,522,510</b>	<b>100.0 %</b>	<b>\$ 3,631,477</b>	<b>100.0 %</b>
	2002	Percent of Total	2003	Percent of Total	2004	Percent of Total
<b>Revenues:</b>						
Property Tax .....	\$ 662,919	14.3 %	\$ 729,458	15.5 %	\$ 651,950	14.0 %
Utility Tax .....	488,419	10.5	512,567	10.9	504,800	10.9
Sales Tax .....	419,491	9.0	414,425	8.8	441,579	9.5
Transportation Tax .....	322,811	7.0	330,926	7.0	322,018	6.9
State Income Tax .....	273,535	5.9	266,512	5.7	282,676	6.1
Transaction Tax .....	232,168	5.0	242,212	5.2	278,584	6.0
Special Area Tax .....	145,365	3.1	222,263	4.7	284,127	6.1
Other Taxes .....	162,951	3.5	166,671	3.5	165,607	3.6
Total Taxes .....	2,707,659	58.3	2,885,034	61.3	2,931,341	63.1
Federal/State Grants .....	1,088,585	23.4	965,885	20.6	852,050	18.3
Internal Service .....	339,761	7.4	324,745	6.9	293,339	6.3
Licenses and Permits .....	83,148	1.8	96,678	2.1	104,627	2.3
Fines .....	181,711	3.9	192,746	4.1	202,536	4.4
Investment Income .....	52,377	1.1	24,414	0.5	27,377	0.6
Charges for Services .....	116,581	2.5	120,376	2.6	150,879	3.2
Miscellaneous .....	74,128	1.6	90,375	1.9	81,645	1.8
<b>Total Revenues .....</b>	<b>\$ 4,643,950</b>	<b>100.0 %</b>	<b>\$ 4,700,253</b>	<b>100.0 %</b>	<b>\$ 4,643,794</b>	<b>100.0 %</b>

**NOTE:**

(1) Includes General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds.

1998	Percent of Total	1999	Percent of Total	2000	Percent of Total	2001	Percent of Total
\$ 677,426	18.1 %	\$ 642,692	16.7 %	\$ 664,007	15.7 %	\$ 641,351	14.5 %
440,178	11.7	456,011	11.8	482,610	11.4	503,971	11.4
384,056	10.2	408,842	10.6	436,320	10.3	430,637	9.7
272,246	7.3	277,554	7.2	319,214	7.5	309,502	7.0
300,088	8.0	303,431	7.9	336,011	7.9	314,581	7.1
174,039	4.6	187,871	4.9	200,804	4.8	216,550	4.9
63,034	1.7	80,417	2.1	97,510	2.3	128,108	2.9
163,674	4.4	160,706	4.2	169,340	4.0	163,492	3.7
2,474,741	66.0	2,517,524	65.4	2,705,816	63.9	2,708,192	61.2
608,433	16.2	632,835	16.4	738,055	17.4	914,844	20.7
263,231	7.0	261,056	6.8	282,458	6.7	307,627	7.0
58,418	1.6	64,464	1.7	70,269	1.6	82,044	1.8
114,824	3.1	110,039	2.8	134,259	3.2	150,525	3.4
86,376	2.3	89,762	2.3	121,760	2.9	96,252	2.2
101,655	2.7	93,723	2.4	109,703	2.6	103,977	2.3
40,053	1.1	86,788	2.2	70,409	1.7	62,816	1.4
<u>\$ 3,747,731</u>	<u>100.0 %</u>	<u>\$ 3,856,191</u>	<u>100.0 %</u>	<u>\$ 4,232,729</u>	<u>100.0 %</u>	<u>\$ 4,426,277</u>	<u>100.0 %</u>

### REVENUE SOURCES



**Table 2**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**Last Ten Years Ended December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

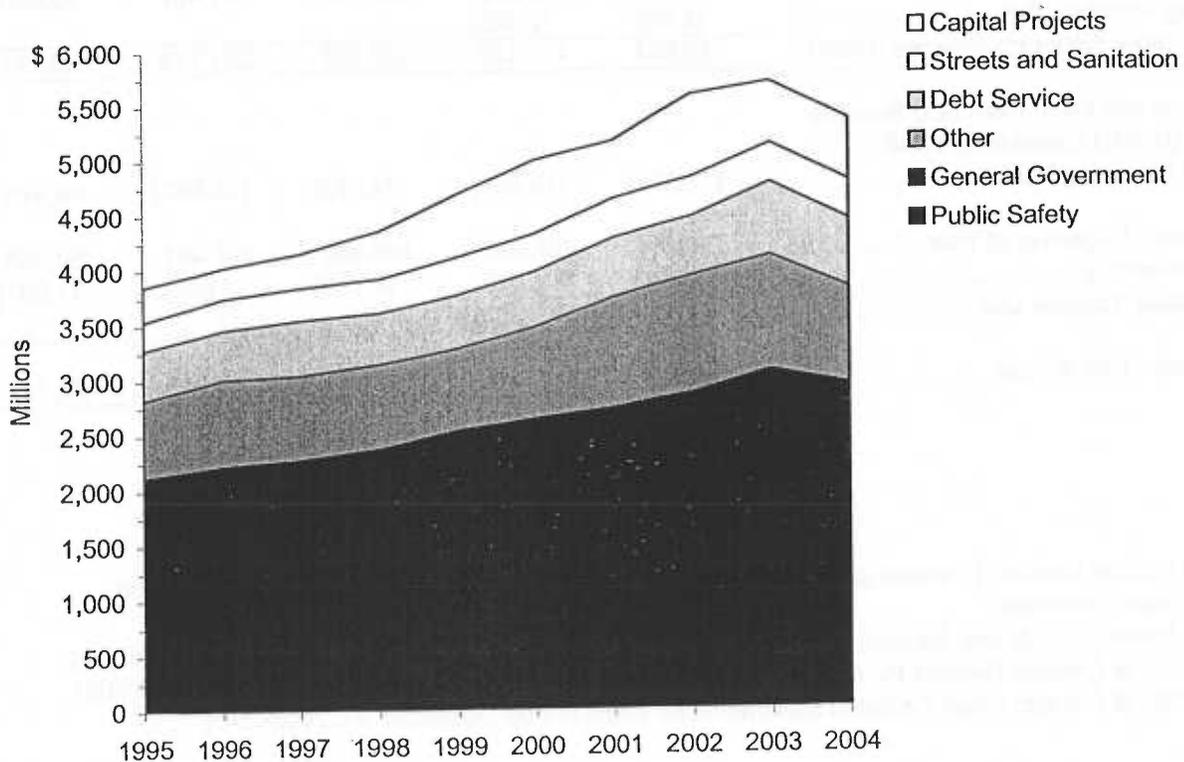
	1995	Percent of Total	1996	Percent of Total	1997	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 1,104,690	28.7 %	\$ 1,137,456	28.2 %	\$ 1,225,165	29.5 %
General Government .....	1,011,091	26.2	1,081,804	26.9	1,050,368	25.3
Employee Pensions .....	302,139	7.8	323,365	8.0	319,692	7.7
Streets and Sanitation .....	263,215	6.8	287,493	7.1	297,015	7.2
Transportation .....	205,639	5.3	230,868	5.7	238,320	5.7
Health .....	111,361	2.9	106,786	2.7	113,431	2.7
Cultural and Recreational ....	70,575	1.8	70,975	1.8	79,878	1.9
Other .....	17,509	0.5	58,114	1.4	17,250	0.4
Capital Projects .....	314,490	8.2	280,528	7.0	313,661	7.6
Debt Service:						
Principal Retirement .....	325,608	8.5	301,965	7.5	350,257	8.4
Interest and Other Fiscal Charges .....	125,753	3.3	147,606	3.7	150,688	3.6
<b>Total Expenditures .....</b>	<b>\$ 3,852,070</b>	<b>100.0 %</b>	<b>\$ 4,026,960</b>	<b>100.0 %</b>	<b>\$ 4,155,725</b>	<b>100.0 %</b>
	2002	Percent of Total	2003	Percent of Total	2004	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 1,464,970	26.2 %	\$ 1,594,333	28.0 %	\$ 1,579,014	29.5 %
General Government .....	1,399,128	25.0	1,474,984	25.9	1,358,469	25.4
Employee Pensions .....	328,518	5.9	354,819	6.2	299,810	5.6
Streets and Sanitation .....	357,924	6.4	356,512	6.2	353,020	6.6
Transportation .....	467,902	8.4	421,665	7.4	308,535	5.8
Health .....	177,993	3.2	174,412	3.1	179,531	3.4
Cultural and Recreational ....	83,509	1.5	81,637	1.4	77,661	1.4
Other .....	10,388	0.2	10,684	0.2	10,191	0.2
Capital Projects .....	758,356	13.6	564,519	9.9	563,975	10.5
Debt Service:						
Principal Retirement .....	285,688	5.1	396,748	7.0	303,755	5.7
Interest and Other Fiscal Charges .....	251,162	4.5	267,734	4.7	315,916	5.9
<b>Total Expenditures .....</b>	<b>\$ 5,585,538</b>	<b>100.0 %</b>	<b>\$ 5,698,047</b>	<b>100.0 %</b>	<b>\$ 5,349,877</b>	<b>100.0 %</b>

**NOTE:**

(1) Includes General, Special Revenue, Debt service and Capital Projects Funds.

1998	Percent of Total	1999	Percent of Total	2000	Percent of Total	2001	Percent of Total
\$ 1,283,192	29.5 %	\$ 1,362,215	29.1 %	\$ 1,385,262	27.7 %	\$ 1,426,100	27.6 %
1,088,252	25.0	1,172,273	25.0	1,251,368	25.1	1,305,306	25.3
347,826	8.0	329,034	7.0	328,353	6.6	339,379	6.6
308,697	7.1	345,177	7.4	340,418	6.8	359,420	7.0
221,009	5.1	208,034	4.4	252,283	5.0	401,289	7.8
119,271	2.7	116,678	2.5	145,979	2.9	163,405	3.1
77,956	1.8	81,618	1.7	87,774	1.8	88,659	1.7
5,542	0.1	11,082	0.2	20,645	0.4	11,883	0.2
435,585	10.0	577,135	12.3	675,067	13.5	527,171	10.2
305,542	7.0	303,597	6.5	287,468	5.8	292,980	5.7
161,806	3.7	183,041	3.9	219,955	4.4	248,768	4.8
<u>\$ 4,354,678</u>	<u>100.0 %</u>	<u>\$ 4,689,884</u>	<u>100.0 %</u>	<u>\$ 4,994,572</u>	<u>100.0 %</u>	<u>\$ 5,164,360</u>	<u>100.0 %</u>

### EXPENDITURES BY FUNCTION



**Table 3**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

	2000 (3)	2001 (3)	2002 (4)	2003 (4)	2004 (4)
<b>Revenues:</b>					
Utility Tax .....	\$ 442,953	\$ 459,857	\$ 441,586	\$ 467,735	\$ 460,596
Sales Tax .....	408,948	402,567	397,135	385,891	412,909
State Income Tax .....	288,966	270,059	227,817	214,413	258,378
Other Taxes .....	504,592	505,799	520,812	532,874	570,002
Federal/State Grants .....	5,017	4,760	3,888	4,420	1,947
Other Revenues (1) .....	564,842	585,501	664,209	717,387	698,168
<b>Total Revenues .....</b>	<b>2,215,318</b>	<b>2,228,543</b>	<b>2,255,447</b>	<b>2,322,720</b>	<b>2,402,000</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	1,332,172	1,345,113	1,420,298	1,566,645	1,540,686
General Government .....	669,873	714,822	665,647	754,807	692,090
Other (2) .....	362,350	368,383	345,356	329,541	323,410
Debt Service .....	15,915	12,108	11,495	10,109	11,472
<b>Total Expenditures .....</b>	<b>2,380,310</b>	<b>2,440,426</b>	<b>2,442,796</b>	<b>2,661,102</b>	<b>2,567,658</b>
<b>Revenues Under Expenditures .....</b>	<b>(164,992)</b>	<b>(211,883)</b>	<b>(187,349)</b>	<b>(338,382)</b>	<b>(165,658)</b>
<b>Other Financing Sources (Uses):</b>					
<b>Proceeds of Debt, Net of Original</b>					
Discount .....	98,331	60,610	75,529	194,292	87,465
Operating Transfers In .....	56,750	133,922	107,547	67,487	92,666
Operating Transfers Out .....	(2,400)	(2,400)	-	-	-
<b>Total Other Financing Sources (Uses) ..</b>	<b>152,681</b>	<b>192,132</b>	<b>183,076</b>	<b>261,779</b>	<b>180,131</b>
<b>Revenues and Other Financing Sources</b> <b>Over (Under) Expenditures and</b> <b>Other Financing Uses .....</b>	<b>(12,311)</b>	<b>(19,751)</b>	<b>(4,273)</b>	<b>(76,603)</b>	<b>14,473</b>
Fund Balance - Beginning of Year .....	179,184	166,397	146,449	137,461	60,355
Change in Inventory .....	(476)	1,070	(4,715)	(503)	(1,601)
Residual Equity Transfer Out .....	-	(1,267)	-	-	-
<b>Fund Balance - End of Year .....</b>	<b>\$ 166,397</b>	<b>\$ 146,449</b>	<b>\$ 137,461</b>	<b>\$ 60,355</b>	<b>\$ 73,227</b>

**NOTES:**

- (1) Includes Internal Service, Licenses and Permits, Fines, Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Includes Health, Streets and Sanitation, Transportation, Cultural and Recreational and Other Expenditures.
- (3) Source: City of Chicago General Purpose Financial Statements for years ended December 31, 2000-2001.
- (4) Source: City of Chicago Basic Financial Statements for years ended December 31, 2002-2004.

Table 3A  
CITY OF CHICAGO, ILLINOIS  
SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Five Years Ended December 31, 2004  
(Amounts are in Thousands of Dollars)

	2000 (3)	2001 (3)	2002 (4)	2003 (4)	2004 (4)
<b>Revenues:</b>					
Property Tax .....	\$ 281,351	\$ 263,135	\$ 280,773	\$ 301,943	\$ 265,026
Utility Tax .....	24,756	29,106	31,916	28,503	33,559
Sales Tax .....	-	274	323	256	126
State Income Tax .....	47,045	44,522	45,718	52,099	24,298
Other Taxes .....	202,491	216,471	241,644	272,635	299,498
Federal/State Grants .....	733,038	910,084	1,084,697	961,465	850,103
Other Revenues (1) .....	118,708	129,654	113,898	90,905	98,869
<b>Total Revenues .....</b>	<b>1,407,389</b>	<b>1,593,246</b>	<b>1,798,969</b>	<b>1,707,806</b>	<b>1,571,479</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	53,090	80,987	44,672	27,688	38,328
General Government .....	581,495	590,484	733,481	720,177	666,379
Employee Pensions .....	328,353	339,379	328,518	354,819	299,810
Other (2) .....	484,749	656,273	752,360	715,369	605,528
Capital Projects .....	10,857	6,766	6,503	6,591	4,137
Debt Service .....	6,222	8,293	3,536	4,170	4,557
<b>Total Expenditures .....</b>	<b>1,464,766</b>	<b>1,682,182</b>	<b>1,869,070</b>	<b>1,828,814</b>	<b>1,618,739</b>
<b>Revenues Under Expenditures .....</b>	<b>(57,377)</b>	<b>(88,936)</b>	<b>(70,101)</b>	<b>(121,008)</b>	<b>(47,260)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds of Debt, Net of Original Discount .....	81,669	115,795	80,992	173,457	84,990
Operating Transfers In .....	39,446	42,246	24,599	65,902	77,469
Operating Transfers Out .....	(24,717)	(25,754)	(50,608)	(31,990)	(21,948)
<b>Total Other Financing Sources (Uses) ..</b>	<b>96,398</b>	<b>132,287</b>	<b>54,983</b>	<b>207,369</b>	<b>140,511</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....</b>	<b>39,021</b>	<b>43,351</b>	<b>(15,118)</b>	<b>86,361</b>	<b>93,251</b>
Fund Balance - Beginning of Year .....	105,978	144,999	189,617	174,499	260,860
Residual Equity Transfer In .....	-	1,267	-	-	-
<b>Fund Balance - End of Year .....</b>	<b>\$ 144,999</b>	<b>\$ 189,617</b>	<b>\$ 174,499</b>	<b>\$ 260,860</b>	<b>\$ 354,111</b>

**NOTES:**

- (1) Includes Internal Service, Fines, Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Includes Health, Streets and Sanitation, Transportation, Cultural and Recreational and Other Expenditures.
- (3) Source: City of Chicago General Purpose Financial Statements for years ended December 31, 2000-2001.
- (4) Source: Major (Federal, State and Local Grants) and Nonmajor Special Revenue Funds for years ended December 31, 2002-2004.

Table 3B  
CITY OF CHICAGO, ILLINOIS  
DEBT SERVICE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Five Years Ended December 31, 2004  
(Amounts are in Thousands of Dollars)

	2000 (2)	2001 (2)	2002 (3)	2003 (3)	2004 (3)
Revenues:					
Property Tax .....	\$ 382,656	\$ 378,216	\$ 382,146	\$ 427,515	\$ 386,924
Utility Tax .....	14,901	15,008	14,917	16,329	10,645
Sales Tax .....	27,372	27,796	22,033	28,278	28,544
Other Taxes .....	79,785	95,382	100,839	156,563	180,836
Other Revenues (1) .....	20,509	13,141	5,246	2,396	7,222
Total Revenues .....	<u>525,223</u>	<u>529,543</u>	<u>525,181</u>	<u>631,081</u>	<u>614,171</u>
Expenditures:					
Debt Service .....	485,286	521,347	521,819	650,203	603,642
Total Expenditures .....	<u>485,286</u>	<u>521,347</u>	<u>521,819</u>	<u>650,203</u>	<u>603,642</u>
Revenues Over (Under) Expenditures .....	<u>39,937</u>	<u>8,196</u>	<u>3,362</u>	<u>(19,122)</u>	<u>10,529</u>
Other Financing Sources (Uses):					
Proceeds of Debt, Net of Original					
Discount .....	317,943	154,647	154,988	310,081	178,694
Payment to Refunded Bond Escrow Agent .....	(267,086)	(127,821)	(132,289)	(173,725)	(143,143)
Operating Transfers In .....	5,798	8,987	4,951	22,671	7,723
Operating Transfers Out .....	(49,244)	(42,826)	(27,993)	(63,574)	(45,762)
Total Other Financing Sources (Uses) .....	<u>7,411</u>	<u>(7,013)</u>	<u>(343)</u>	<u>95,453</u>	<u>(2,488)</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses .....	47,348	1,183	3,019	76,331	8,041
Fund Balance - Beginning of Year .....	<u>222,850</u>	<u>270,198</u>	<u>271,381</u>	<u>274,400</u>	<u>350,731</u>
Fund Balance - End of Year .....	<u>\$ 270,198</u>	<u>\$ 271,381</u>	<u>\$ 274,400</u>	<u>\$ 350,731</u>	<u>\$ 358,772</u>

NOTES:

- (1) Includes Investment Income and Miscellaneous Revenues.
- (2) Source: City of Chicago General Purpose Financial Statements for years ended December 31, 2000-2001.
- (3) Source: Major (Bond, Note Redemption and Interest) and Nonmajor (Special Taxing Areas) Debt Service Funds for years ended December 31, 2002-2004.

Table 3C  
 CITY OF CHICAGO, ILLINOIS  
 CAPITAL PROJECT FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 Five Years Ended December 31, 2004  
 (Amounts are in Thousands of Dollars)

	2000 (2)	2001 (2)	2002 (3)	2003 (3)	2004 (3)
<b>Revenues:</b>					
Other Revenues (1) .....	\$ 84,796	\$ 74,945	\$ 64,353	\$ 38,646	\$ 56,144
Total Revenues .....	<u>84,796</u>	<u>74,945</u>	<u>64,353</u>	<u>38,646</u>	<u>56,144</u>
<b>Expenditures:</b>					
Capital Projects .....	664,210	520,405	751,853	557,928	559,838
Total Expenditures .....	<u>664,210</u>	<u>520,405</u>	<u>751,853</u>	<u>557,928</u>	<u>559,838</u>
Revenues Under Expenditures .....	<u>(579,414)</u>	<u>(445,460)</u>	<u>(687,500)</u>	<u>(519,282)</u>	<u>(503,694)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds of Debt, Net of Original Discount .....	695,306	634,693	605,817	644,997	369,208
Operating Transfers In .....	6,622	28,191	1,785	10,738	22,922
Operating Transfers Out .....	(29,289)	(34,636)	(32,619)	(71,234)	(37,070)
Total Other Financing Sources (Uses) ..	<u>672,639</u>	<u>628,248</u>	<u>574,983</u>	<u>584,501</u>	<u>355,060</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	93,225	182,788	(112,517)	65,219	(148,634)
Fund Balance - Beginning of Year .....	<u>990,527</u>	<u>1,083,752</u>	<u>1,266,540</u>	<u>1,154,023</u>	<u>1,219,242</u>
Fund Balance - End of Year .....	<u>\$ 1,083,752</u>	<u>\$ 1,266,540</u>	<u>\$ 1,154,023</u>	<u>\$ 1,219,242</u>	<u>\$ 1,070,608</u>

**NOTES:**

- (1) Includes Investment Income, Charges for Services and Miscellaneous Revenues.  
 (2) Source: City of Chicago General Purpose Financial Statements for years ended December 31, 2000-2001.  
 (3) Source: Major (Community Development and Improvement Projects) and Nonmajor Capital Projects Funds for years ended December 31, 2002-2004.

**Table 4**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY TAX LEVIES BY FUND (1)**  
**Five Years Ended December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

	2000	2001	Percent Change
Note Redemption and Interest (2) .....	\$ 231,010	\$ 192,878	(16.51)%
Bond Redemption and Interest .....	166,160	202,969	22.15
Policemen's Annuity and Benefit (3) .....	121,937	121,735	(0.17)
Municipal Employees' Annuity and Benefit (3) .....	105,387	116,638	10.68
Firemen's Annuity and Benefit (3) .....	47,610	53,161	11.66
<b>Total .....</b>	<b><u>\$ 672,104</u></b>	<b><u>\$ 687,381</u></b>	<b>2.27</b>

**NOTES:**

- (1) See Table 4A - PROPERTY TAXES FOR ALL CITY FUNDS, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES 1995 - 2004. Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.
- (2) Includes Corporate, Chicago Public Library Maintenance and Operations, Chicago Public Library Building and Sites and City Relief Funds.
- (3) For information regarding the City's unfunded (assets in excess of) pension benefit obligations under its Pensions Plans, see the individual Pension Plans Financial Statements.
- (4) Estimated; actual was not available from Cook County Clerk's Office at time of publication.
- (5) Source: Cook County Clerk's Office.

2002	Percent Change	2003	Percent Change	2004	Percent Change
\$ 171,886	(10.88)%	\$ 179,638	4.51 %	\$ 137,277	(23.58) %
241,549	19.01	248,222	2.76	282,400	13.77
123,069	1.10	122,548	(0.42)	119,826	(2.22)
117,803	1.00	116,087	(1.46)	126,624	9.08
52,874	(0.54)	53,200	(0.62)	52,808	(0.74)
<u>\$ 707,181</u>	2.88	<u>\$ 719,695</u>	1.77	<u>\$ 718,935(4)</u>	(0.11)

**Table 4A**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY LEVIES, COLLECTIONS AND**  
**ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES**  
**Last Ten Years Ended December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

<u>Tax Year (1)</u>	<u>Total Tax Levy (2)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Estimated Allowance for Uncollectible Taxes</u>	<u>Net Outstanding Taxes Receivable</u>
1995 .....	\$ 647,559	\$ 621,877	96.0%	\$ 25,682	\$ -
1996 .....	671,427	648,554	96.6	22,873	-
1997 .....	675,198	657,458	97.4	17,740	-
1998 .....	678,260	664,183	97.9	14,077	-
1999 .....	657,731	649,227	98.7	8,504	-
2000 .....	672,104	661,323	98.4	10,781	-
2001 .....	687,381	683,258	99.4	4,049	74
2002 .....	707,181(3)	695,823	98.4	11,131	227
2003 .....	719,695(3)	674,325	93.7	21,575	23,795
2004 .....	718,935(3), (4)	-	-	35,947	682,988
Total Net Outstanding Taxes Receivable .....					<u>\$ 707,084</u>

**NOTES:**

- (1) Taxes for each year become due and payable in the following year. For example, taxes for the 2004 tax levy become due and payable in 2005.
- (2) Does not include levy for Special Service Areas and Tax Increment Projects.
- (3) Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.
- (4) Estimate; actual was not available from Cook County Clerk's Office at time of publication.

**Table 4B**  
**CITY OF CHICAGO, ILLINOIS**  
**TOP TEN ESTIMATED EQUALIZED ASSESSED VALUATION**  
**December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

Property	2003 (2) Equalized Assessed Valuation	Percentage of Total Equalized Assessed Valuation
Sears Tower .....	\$ 467,362	.88%
AON Building .....	307,715	.58
Chicago Mercantile Exchange .....	307,093	.58
Prudential Plaza .....	266,448	.50
AT&T Corporate Center 1 .....	241,765	.45
Bank One Plaza .....	233,214	.44
Citicorp Plaza .....	185,229	.35
Three First National Plaza .....	171,375	.32
Leo Burnett Building .....	169,465	.32
Northwestern Atrium .....	164,935	.31
Totals .....	<u>\$ 2,514,601</u>	<u>4.73%</u>

**NOTES:**

- (1) Source: Cook County Treasurer's Office, Cook County Assessor's Office.
- (2) 2004 information not available at time of publication.

Table 5

## CITY OF CHICAGO, ILLINOIS

## ASSESSED AND ESTIMATED FAIR MARKET VALUE OF ALL TAXABLE PROPERTY

Last Ten Years

(Amounts are in Thousands of Dollars)

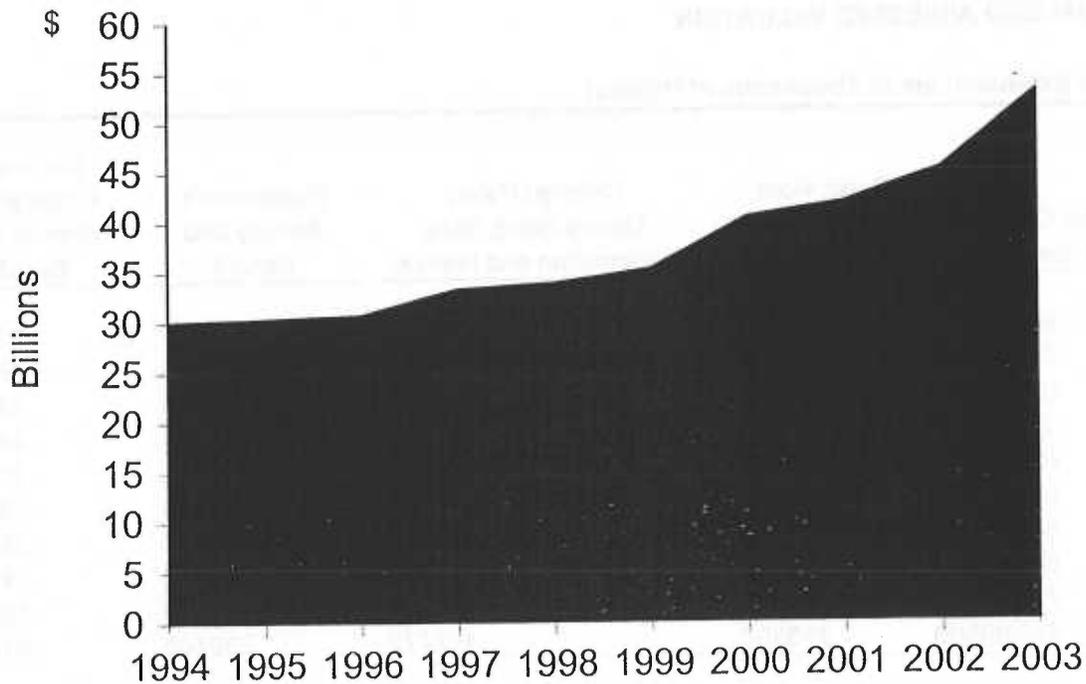
Tax Year	Assessed Values (1)					Total
	Class 2 (2)	Class 3 (3)	Class 5 (4)	Other (5)		
1994	\$ 5,701,638	\$ 2,016,367	\$ 7,357,679	\$ 244,451	\$	15,320,135
1995	5,769,559	1,979,007	7,374,840	241,356		15,364,762
1996	5,843,068	1,930,178	7,338,644	255,507		15,367,397
1997	6,554,716	2,077,043	7,809,485	357,517		16,798,761
1998	6,646,198	2,047,577	7,848,335	267,007		16,809,117
1999	6,777,400	2,021,411	7,910,838	282,255		16,991,904
2000	8,758,682	1,966,921	8,807,444	342,943		19,875,990
2001	8,973,796	1,923,256	8,757,366	354,036		20,008,454
2002	9,221,622	1,865,646	8,878,142	349,372		20,314,782
2003 (9)	12,677,199	2,233,572	10,303,732	487,680		25,702,183

## NOTES:

- (1) Source: Cook County Assessor's Office. Excludes portion of City in DuPage County.
- (2) Residential, 6 units and under.
- (3) Residential, 7 units and over and mixed use.
- (4) Industrial/Commercial.
- (5) Vacant, not-for-profit and industrial/commercial incentive classes. Includes railroad and farm property.
- (6) Source: Illinois Department of Revenue.
- (7) Source: Cook County Clerk's Office. Excludes portion of City in DuPage County and net of exemptions. Calculations also include assessment of pollution control facilities.
- (8) Source: The Civic Federation. Excludes railroad property and portion of City in DuPage County.
- (9) 2004 information not available at time of publication.

State Equalization Factor (6)	Total Equalized Assessed Value (7)	Total Estimated Fair Market Value (8)	Ratio of Total Equalized Assessed to Total Estimated Fair Market Value
2.1135	\$ 30,090,355	\$ 94,181,736	31.95%
2.1243	30,381,480	97,291,356	31.23
2.1517	30,765,001	100,460,113	30.62
2.1489	33,349,557	106,282,207	31.38
2.1799	33,940,146	112,606,894	30.14
2.2505	35,354,802	124,544,158	28.39
2.2235	40,480,077	165,520,130	24.46
2.3098	41,981,912	164,572,708	25.51
2.4689	45,330,892	189,362,475	23.94
2.4598	53,168,632	263,482,258	20.18

### EQUALIZED ASSESSED VALUE



**Table 6**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**Per \$100 OF EQUALIZED ASSESSED VALUATION**  
**Last Ten Years**

Tax Year	City	Chicago School Finance Authority	Board of Education	Community College District No. 508
1994	\$ 2.158	\$ .265	\$ 4.167	\$ .372
1995	2.131	.296	4.251	.376
1996	2.182	.291	4.327	.377
1997	2.024	.270	4.084	.356
1998	1.998	.268	4.172	.354
1999	1.860	.255	4.104	.347
2000	1.660	.223	3.714	.311
2001	1.637	.223	3.744	.307
2002	1.591	.177	3.562	.280
2003 (1)	1.380	.151	3.142	.246

**NOTE:**

(1) 2004 information not available from Cook County Clerk's Office at time of publication.

**Table 6A**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY TAX RATES - CITY OF CHICAGO**  
**Per \$100 OF EQUALIZED ASSESSED VALUATION**  
**Last Ten Years**  
**(Amounts for Tax Extension are in Thousands of Dollars)**

Tax Year	Total City Tax Extension	Bond, Note Redemption and Interest	Chicago Public Library Bond, Note Redemption and Interest	Policemen's Annuity and Benefit	Municipal Employees' Annuity and Benefit
1994	\$ 649,415	\$ 1.303353	\$ -	\$ .277520	\$ .398995
1995	647,559	1.183527	-	.308988	.459701
1996	671,427	1.069852	.195030	.298663	.438745
1997	675,198	.932976	.191594	.289836	.412152
1998	678,260	.936323	.185625	.300551	.403014
1999	657,731	.890001	.186811	.314836	.298024
2000	672,104	.819650	.161302	.301167	.260291
2001	687,381	.783791	.158920	.289912	.277774
2002	707,181(2)	.804928	.138133	.271463	.259848
2003 (1)	719,695(2)	.713397	.117772	.230466	.218316

**NOTES:**

- (1) 2004 information not available at time of publication.
- (2) Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.

Chicago Park District	Metropolitan Water Reclamation District	Forest Preserve District of Cook County	Cook County	Total
\$ .741	\$ .495	\$ .073	\$ .993	\$ 9.264
.730	.495	.072	.994	9.345
.721	.492	.074	.989	9.453
.665	.451	.074	.919	8.843
.653	.444	.072	.911	8.872
.627	.419	.070	.854	8.536
.572	.415	.069	.824	7.788
.567	.401	.067	.746	7.692
.545	.371	.061	.690	7.277
.464	.361	.059	.630	6.433

Firemen's Annuity and Benefit	Laborers' and Retirement Board Employees' Annuity and Benefit	Public Building Commission	Total
\$ .122721	\$ .048778	\$ .006633	\$ 2.158000
.120289	.052995	.005500	2.131000
.119982	.056000	.003728	2.182000
.146797	.050645	-	2.024000
.122435	.050052	-	1.998000
.134637	.035691	-	1.860000
.117590	-	-	1.660000
.126603	-	-	1.637000
.116628	-	-	1.591000
.100049	-	-	1.380000

**Table 7**  
**CITY OF CHICAGO, ILLINOIS**  
**RATIO OF NET BONDED DEBT TO EQUALIZED ASSESSED VALUE**  
**AND NET BONDED DEBT PER CAPITA**  
**Last Ten Years**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Tax Year	Population (1)	Equalized Assessed Value (2)	Gross Bonded Debt (3)	Less Reserve for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Assessed Value	Net Bonded Debt Per Capita (5)
1995	2,783,726	\$ 30,381,480	\$ 1,924,575	\$ 187,156	\$ 1,737,419	5.72%	\$ 624.13
1996	2,783,726	30,765,001	2,117,577	149,964	1,967,613	6.40	706.83
1997	2,783,726	33,349,557	2,200,279	110,228	2,090,051	6.27	750.81
1998	2,783,726	33,940,146	2,497,745	135,220	2,362,525	6.96	848.69
1999	2,783,726	35,354,802	3,010,116	125,509	2,884,607	8.16	1,036.24
2000	2,896,016	40,480,077	3,514,827	146,584	3,368,243	8.32	1,163.06
2001	2,896,016	41,981,912	4,105,736	125,816	3,979,920	9.48	1,374.27
2002	2,896,016	45,330,892	4,622,933	112,700	4,510,233	9.95	1,557.39
2003	2,896,016	53,168,632	5,301,013	183,347	5,117,666	9.63	1,767.14
2004	2,896,016	N/A (4)	5,572,447	135,795	5,436,652	N/A(4)	1,877.29

**NOTES:**

- (1) Source: U.S. Census Bureau.
- (2) Source: Cook County Clerk's Office.
- (3) Gross Bonded Debt includes bonds, notes and capitalized lease obligations that are noncurrent.
- (4) N/A means not available at time of publication.
- (5) Amounts are in dollars.

**Table 8**  
**CITY OF CHICAGO, ILLINOIS**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT**  
**TO TOTAL GOVERNMENTAL EXPENDITURES**  
**Last Ten Years**  
**(Amounts are in Thousands of Dollars)**

Year Ended December 31,	Principal	Interest	General Obligation Debt Service Expenditures	Governmental Expenditures	Ratio of Debt Service Expenditures to Governmental Expenditures
1995	\$ 321,923	\$ 113,671	\$ 435,594	\$ 3,852,070	11.3%
1996	298,435	135,321	433,756	4,026,960	10.8
1997	323,242	137,237	460,479	4,155,725	11.1
1998	300,712	137,624	438,336	4,354,678	10.1
1999	273,802	137,783	411,585	4,689,884	8.8
2000	254,998	167,881	422,879	4,994,572	8.5
2001	256,695	192,186	448,881	5,164,360	8.7
2002	242,694	203,553	446,247	5,585,538	8.0
2003	331,432	213,063	544,495	5,698,047	9.6
2004	240,327	247,197	487,524	5,349,877	9.1

**Table 9**  
**CITY OF CHICAGO, ILLINOIS**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**December 31, 2004**  
**(Amounts are in Thousands of Dollars)**

	City of Chicago Direct Debt	Net Direct Long-term Debt (1)	Percentage of Overlapping Bonded Debt (2)	Net Debt Applicable
City of Chicago General Obligation Bonds and Notes (Includes Commercial Paper) .....	\$ 5,209,855			
Add (Deduct):				
General Obligation Tender Notes Series 2004 (3) .....	(96,290)	\$ 5,113,565	100.00%	\$ 5,113,565
Board of Education .....		4,130,942	100.00	4,130,942
Chicago School Finance Authority .....		328,920	100.00	328,920
Chicago Park District .....		921,840	100.00	921,840
Community College District No. 508 .....		78,610	100.00	78,610
Cook County .....		3,093,165	43.14	1,334,390
Cook County Forest Preserve District .....		135,980	43.14	58,662
Metropolitan Water Reclamation District of Greater Chicago .....		1,307,824	44.08	576,489
Net Direct and Overlapping Long-term Debt .....		<u>\$ 15,110,846</u>		<u>\$ 12,543,418</u>

**NOTES:**

- (1) Source: Amount of Net Direct Debt was obtained from each of the respective taxing bodies.
- (2) Source: The Civic Federation.
- (3) Tender Notes issued and outstanding in 2004 that have a nominal maturity no later than January 31, 2006 are excluded from Net Direct Long-term Debt. All other outstanding Tender Notes are included in Net Direct Long-term Debt.

**Table 10**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT STATISTICS**  
**Last Ten Years**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

	1995	1996	1997	1998
Direct Debt .....	\$ 1,693,560	\$ 1,863,870	\$ 1,913,120	\$ 2,088,913
Overlapping Debt .....	3,272,605	3,803,966	4,712,218	4,893,943
<b>Total Debt .....</b>	<b>\$ 4,966,165</b>	<b>\$ 5,667,836</b>	<b>\$ 6,625,338</b>	<b>\$ 6,982,856</b>
<b>Equalized</b>				
Assessed Valuation (1) .....	\$ 30,381,480	\$ 30,765,001	\$ 33,349,557	\$ 33,940,146
Direct Debt Burden (2) .....	5.63%	6.13%	6.22%	6.26%
Total Debt Burden (2) .....	16.50%	18.66%	21.54%	20.94%
<b>Estimated Fair Market</b>				
Value (FMV) (5) .....	\$ 97,291,356	\$ 100,460,113	\$ 106,282,207	\$ 112,606,894
% of Direct Debt to FMV .....	1.74%	1.86%	1.80%	1.86%
% of Total Direct Debt to FMV .....	5.10%	5.64%	6.23%	6.20%
Population (3) .....	2,783,726	2,783,726	2,783,726	2,783,726
Direct Debt Per Capita (4) .....	\$ 608.38	\$ 669.56	\$ 687.25	\$ 750.40
Total Debt Per Capita (4) .....	1,784.00	2,036.06	2,380.03	2,508.45

**NOTES:**

- (1) Source: Cook County Clerk's Office. Excludes portion of City in DuPage County and exemptions.
- (2) Due to the one-year lag in the Equalized Assessed Valuation, debt burden measures are computed utilizing the prior year's Assessed Valuation. The Assessed Valuation for 1994 is \$30,090,355 thousand.
- (3) Source: U.S. Census Bureau.
- (4) Amounts are in dollars.
- (5) Source: The Civic Federation.
- (6) N/A means not available at time of publication.

1999	2000	2001	2002	2003	2004
\$ 2,571,412	\$ 3,094,839	\$ 3,722,403	\$ 4,257,256	\$ 4,798,541	\$ 5,113,565
5,481,771	5,680,450	6,419,427	6,644,501	7,150,282	7,429,853
<u>\$ 8,053,183</u>	<u>\$ 8,775,289</u>	<u>\$ 10,141,830</u>	<u>\$ 10,901,757</u>	<u>\$ 11,948,823</u>	<u>\$ 12,543,418</u>
\$ 35,354,802	\$ 40,480,077	\$ 41,981,912	\$ 45,330,892	\$ 53,168,632	N/A (6)
7.58%	8.75%	9.20%	10.14%	9.62%	N/A (6)
23.73%	24.82%	25.05%	25.98%	23.59%	N/A (6)
\$ 124,544,158	\$ 165,520,130	\$ 164,572,708	\$ 189,362,475	\$ 263,482,258	N/A (6)
2.06%	1.87%	2.26%	2.67%	1.82%	N/A (6)
6.47%	5.30%	6.16%	6.37%	4.54%	
2,783,726	2,896,016	2,896,016	2,896,016	2,896,016	2,896,016
\$ 923.73	\$ 1,068.65	\$ 1,285.35	\$ 1,470.04	\$ 1,656.95	\$ 1,765.72
2,892.95	3,030.12	3,501.99	3,764.40	4,125.95	4,331.27

**Table 11**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**PROPRIETARY FUNDS**  
**Last Ten Years**  
**(Amounts are in Thousands of Dollars)**

Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total
1995	\$ 970,732	\$ 590,633	\$ 380,099	\$ 38,360	\$ 176,746	\$ 215,106
1996	1,003,184	617,939	385,245	45,810	184,612	230,422
1997	1,043,435	631,265	412,170	47,775	196,220	243,995
1998	1,110,741	629,178	481,563	58,000	207,834	265,834
1999	1,142,051	691,159	450,892	64,135	202,943	267,078
2000	1,184,672	718,995	465,677	70,125	226,130	296,255
2001	1,216,685	747,528	469,157	76,696	252,804	329,500
2002	1,232,203	751,884	480,319	87,653	269,777	357,430
2003	1,241,829	769,871	471,958	82,610	292,688	375,298
2004	1,235,290	721,879	513,411	102,559	318,733	421,292

**NOTES:**

- (1) Total revenues include nonoperating revenues except for grants.  
(2) Total operating expenses excluding depreciation and amortization.

**Table 12**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL LONG-TERM DEBT (1)**  
**December 31, 2004**

Year Ended December 31,	General Obligation Debt		Installment Purchase Agreements		Sales Tax and Motor Fuel Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 .....	\$ 116,698,983	\$ 247,222,002	\$ 1,500,000	\$ 933,875	\$ 11,800,000	\$ 26,813,816
2006 .....	224,525,653	244,293,524	1,700,000	813,750	12,405,000	26,218,512
2007 .....	134,797,188	242,181,126	1,700,000	682,000	13,030,000	25,586,540
2008 .....	224,510,082	248,940,383	2,000,000	542,500	13,695,000	24,919,757
2009 .....	169,517,421	226,263,618	2,000,000	387,500	14,470,000	24,148,650
2010 .....	168,966,188	217,527,585	2,300,000	228,625	15,240,000	23,378,734
2011 .....	167,920,322	233,054,719	1,200,000	46,500	16,045,000	22,579,112
2012 .....	166,738,246	228,604,138	-	-	16,900,000	21,728,460
2013 .....	178,231,568	217,780,313	-	-	17,795,000	20,828,756
2014 .....	179,657,425	210,610,530	-	-	15,940,000	19,881,339
2015 .....	191,231,371	199,868,471	-	-	16,785,000	19,034,562
2016 .....	195,537,761	191,480,915	-	-	17,675,000	18,145,494
2017 .....	180,126,947	182,735,958	-	-	18,625,000	17,205,152
2018 .....	174,071,972	174,803,891	-	-	19,595,000	16,237,986
2019 .....	175,583,700	167,161,367	-	-	20,605,000	15,220,405
2020 .....	179,932,018	159,377,757	-	-	21,660,000	14,185,618
2021 .....	188,514,640	151,282,979	-	-	22,750,000	13,110,073
2022 .....	189,878,300	146,075,389	-	-	23,895,000	11,980,071
2023 .....	166,953,719	137,857,882	-	-	25,110,000	10,792,863
2024 .....	167,221,512	130,589,820	-	-	26,375,000	9,544,923
2025 .....	158,635,471	123,548,338	-	-	27,705,000	8,233,763
2026 .....	161,576,663	116,897,737	-	-	29,100,000	6,856,146
2027 .....	169,789,720	110,083,052	-	-	22,595,000	5,391,890
2028 .....	144,937,206	102,816,361	-	-	15,270,000	4,282,000
2029 .....	122,813,565	90,398,911	-	-	15,990,000	3,578,714
2030 .....	128,442,120	84,998,827	-	-	16,760,000	2,842,122
2031 .....	134,209,596	79,440,249	-	-	17,560,000	2,069,919
2032 .....	140,358,762	73,500,125	-	-	18,395,000	1,260,718
2033 .....	146,361,194	67,243,216	-	-	9,760,000	412,848
2034 .....	112,742,377	60,591,949	-	-	-	-
2035 .....	87,692,607	55,560,142	-	-	-	-
2036 .....	91,691,559	51,824,041	-	-	-	-
2037 .....	82,037,925	47,925,587	-	-	-	-
2038 .....	86,116,380	43,839,658	-	-	-	-
2039 .....	87,575,000	9,707,825	-	-	-	-
2040 .....	66,415,000	5,176,250	-	-	-	-
2041 .....	31,340,000	1,855,500	-	-	-	-
2042 .....	5,770,000	288,500	-	-	-	-
	<u>\$ 5,499,120,161</u>	<u>\$ 5,083,408,635</u>	<u>\$ 12,400,000</u>	<u>\$ 3,634,750</u>	<u>\$ 533,530,000</u>	<u>\$ 416,468,943</u>

**NOTE:**

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2005, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2004. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Tax Increment and Special Service Area Bonds		Totals		Year Ended December 31,
Principal	Interest	Principal	Interest	
\$ 63,067,701	\$ 26,132,569	\$ 193,066,684	\$ 301,102,262	..... 2005
55,140,127	28,397,649	293,770,780	299,723,435	..... 2006
56,850,578	27,809,588	206,377,766	296,259,254	..... 2007
80,856,359	26,962,607	321,061,441	301,365,247	..... 2008
25,314,261	12,148,253	211,301,682	262,948,021	..... 2009
25,973,056	10,650,937	212,479,244	251,785,881	..... 2010
27,574,246	9,160,567	212,739,568	264,840,898	..... 2011
22,449,564	7,596,200	206,087,810	257,928,798	..... 2012
31,135,000	6,330,780	227,161,568	244,939,849	..... 2013
16,801,762	11,937,047	212,399,187	242,428,916	..... 2014
8,965,000	3,950,522	216,981,371	222,853,555	..... 2015
11,160,000	3,400,094	224,372,761	213,026,503	..... 2016
11,685,000	2,666,019	210,436,947	202,607,129	..... 2017
14,940,000	1,970,857	208,606,972	193,012,734	..... 2018
5,025,000	1,105,663	201,213,700	183,487,435	..... 2019
3,165,000	821,307	204,757,018	174,384,682	..... 2020
3,440,000	598,388	214,704,640	164,991,440	..... 2021
7,145,000	241,144	220,918,300	158,296,604	..... 2022
-	-	192,063,719	148,650,745	..... 2023
-	-	193,596,512	140,134,743	..... 2024
-	-	186,340,471	131,782,101	..... 2025
-	-	190,676,663	123,753,883	..... 2026
-	-	192,384,720	115,474,942	..... 2027
-	-	160,207,206	107,098,361	..... 2028
-	-	138,803,565	93,977,625	..... 2029
-	-	145,202,120	87,840,949	..... 2030
-	-	151,769,596	81,510,168	..... 2031
-	-	158,753,762	74,760,843	..... 2032
-	-	156,121,194	67,656,064	..... 2033
-	-	112,742,377	60,591,949	..... 2034
-	-	87,692,607	55,560,142	..... 2035
-	-	91,691,559	51,824,041	..... 2036
-	-	82,037,925	47,925,587	..... 2037
-	-	86,116,380	43,839,658	..... 2038
-	-	87,575,000	9,707,825	..... 2039
-	-	66,415,000	5,176,250	..... 2040
-	-	31,340,000	1,855,500	..... 2041
-	-	5,770,000	288,500	..... 2042
<u>\$ 470,687,654</u>	<u>\$ 181,880,191</u>	<u>\$ 6,515,737,815</u>	<u>\$ 5,685,392,519</u>	

**Table 13**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION DEBT (1)**  
**December 31, 2004**

Year Ended December 31,	General Obligation Bonds		General Obligation Tender Notes	
	Principal	Interest	Principal	Interest
2005 .....	\$ 65,917,880	\$ 233,315,265	\$ 32,615,224	\$ 3,677,387
2006 .....	94,624,805	230,533,106	107,620,016	1,285,534
2007 .....	96,705,611	226,448,049	12,865,392	643,236
2008 .....	139,586,391	221,951,502	-	-
2009 .....	167,372,421	214,912,632	-	-
2010 .....	166,196,188	206,285,536	-	-
2011 .....	164,500,322	221,953,506	-	-
2012 .....	162,583,246	217,677,212	-	-
2013 .....	173,266,568	207,069,230	-	-
2014 .....	173,807,425	200,157,464	-	-
2015 .....	184,421,371	189,719,256	-	-
2016 .....	187,687,761	181,684,727	-	-
2017 .....	171,141,947	173,346,457	-	-
2018 .....	163,871,972	165,880,475	-	-
2019 .....	166,388,700	158,798,875	-	-
2020 .....	169,387,018	151,524,241	-	-
2021 .....	176,499,640	144,013,218	-	-
2022 .....	176,238,300	139,495,443	-	-
2023 .....	151,548,719	132,061,033	-	-
2024 .....	149,981,512	125,597,744	-	-
2025 .....	139,410,471	119,456,832	-	-
2026 .....	140,201,663	113,812,293	-	-
2027 .....	146,129,720	108,115,983	-	-
2028 .....	132,392,206	102,095,023	-	-
2029 .....	122,813,565	90,398,911	-	-
2030 .....	128,442,120	84,998,827	-	-
2031 .....	134,209,596	79,440,249	-	-
2032 .....	140,358,762	73,500,125	-	-
2033 .....	146,361,194	67,243,216	-	-
2034 .....	112,742,377	60,591,949	-	-
2035 .....	87,692,607	55,560,142	-	-
2036 .....	91,691,559	51,824,041	-	-
2037 .....	82,037,925	47,925,587	-	-
2038 .....	86,116,380	43,839,658	-	-
2039 .....	87,575,000	9,707,825	-	-
2040 .....	66,415,000	5,176,250	-	-
2041 .....	31,340,000	1,855,500	-	-
2042 .....	5,770,000	288,500	-	-
	<u>\$ 4,983,427,942</u>	<u>\$ 4,858,255,882</u>	<u>\$ 153,100,632</u>	<u>\$ 5,606,157</u>

**NOTE:**

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2005, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2004. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Other General Obligation Debt		Totals			Year Ended
Principal	Interest	Principal	Interest	Total	December 31,
\$ 18,165,879	\$ 10,229,350	\$ 116,698,983	\$ 247,222,002	\$ 363,920,985	..... 2005
22,280,832	12,474,884	224,525,653	244,293,524	468,819,177	..... 2006
25,226,185	15,089,841	134,797,188	242,181,126	376,978,314	..... 2007
84,923,691	26,988,881	224,510,082	248,940,383	473,450,465	..... 2008
2,145,000	11,350,986	169,517,421	226,263,618	395,781,039	..... 2009
2,770,000	11,242,049	168,966,188	217,527,585	386,493,773	..... 2010
3,420,000	11,101,213	167,920,322	233,054,719	400,975,041	..... 2011
4,155,000	10,926,926	166,738,246	228,604,138	395,342,384	..... 2012
4,965,000	10,711,083	178,231,568	217,780,313	396,011,881	..... 2013
5,850,000	10,453,066	179,657,425	210,610,530	390,267,955	..... 2014
6,810,000	10,149,215	191,231,371	199,868,471	391,099,842	..... 2015
7,850,000	9,796,188	195,537,761	191,480,915	387,018,676	..... 2016
8,985,000	9,389,501	180,126,947	182,735,958	362,862,905	..... 2017
10,200,000	8,923,416	174,071,972	174,803,891	348,875,863	..... 2018
9,195,000	8,362,492	175,583,700	167,161,367	342,745,067	..... 2019
10,545,000	7,853,516	179,932,018	159,377,757	339,309,775	..... 2020
12,015,000	7,269,761	188,514,640	151,282,979	339,797,619	..... 2021
13,640,000	6,579,946	189,878,300	146,075,389	335,953,689	..... 2022
15,405,000	5,796,849	166,953,719	137,857,882	304,811,601	..... 2023
17,240,000	4,992,076	167,221,512	130,589,820	297,811,332	..... 2024
19,225,000	4,091,506	158,635,471	123,548,338	282,183,809	..... 2025
21,375,000	3,085,444	161,576,663	116,897,737	278,474,400	..... 2026
23,660,000	1,967,069	169,789,720	110,083,052	279,872,772	..... 2027
12,545,000	721,338	144,937,206	102,816,361	247,753,567	..... 2028
-	-	122,813,565	90,398,911	213,212,476	..... 2029
-	-	128,442,120	84,998,827	213,440,947	..... 2030
-	-	134,209,596	79,440,249	213,649,845	..... 2031
-	-	140,358,762	73,500,125	213,858,887	..... 2032
-	-	146,361,194	67,243,216	213,604,410	..... 2033
-	-	112,742,377	60,591,949	173,334,326	..... 2034
-	-	87,692,607	55,560,142	143,252,749	..... 2035
-	-	91,691,559	51,824,041	143,515,600	..... 2036
-	-	82,037,925	47,925,587	129,963,512	..... 2037
-	-	86,116,380	43,839,658	129,956,038	..... 2038
-	-	87,575,000	9,707,825	97,282,825	..... 2039
-	-	66,415,000	5,176,250	71,591,250	..... 2040
-	-	31,340,000	1,855,500	33,195,500	..... 2041
-	-	5,770,000	288,500	6,058,500	..... 2042
<u>\$ 362,591,587</u>	<u>\$ 219,546,596</u>	<u>\$ 5,499,120,161</u>	<u>\$ 5,083,408,635</u>	<u>\$ 10,582,528,796</u>	

**Table 14**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR PROPRIETARY FUNDS (1)**  
**December 31, 2004**

Year Ended December 31,	Water Revenue Bonds		Wastewater Transmission Revenue Bonds		Chicago Skyway Toll Bridge Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 .....	\$ 14,666,193	\$ 43,258,961	\$ 15,500,000	\$ 32,763,163	\$ 8,360,000	\$ 22,943,925
2006 .....	14,656,330	43,420,175	17,975,000	31,941,069	8,825,000	22,476,075
2007 .....	27,415,663	41,457,468	18,965,000	31,033,129	9,330,000	21,970,075
2008 .....	26,500,924	40,609,784	20,000,000	29,978,812	9,805,000	21,494,994
2009 .....	27,331,393	39,776,200	21,065,000	28,949,470	10,315,000	20,986,706
2010 .....	28,298,630	38,803,497	22,155,000	27,918,076	10,855,000	20,442,475
2011 .....	29,391,589	37,729,520	23,330,000	26,736,983	11,445,000	19,855,450
2012 .....	30,560,074	36,577,386	24,550,000	25,533,833	12,065,000	19,236,513
2013 .....	27,539,268	39,611,131	25,820,000	24,280,621	12,720,000	18,584,044
2014 .....	28,024,465	39,159,592	27,210,000	22,932,189	13,405,000	17,896,150
2015 .....	28,548,527	38,650,930	28,665,000	21,511,076	14,125,000	17,171,206
2016 .....	29,266,945	37,959,402	30,140,000	20,006,738	14,890,000	16,407,325
2017 .....	30,049,538	37,205,452	31,570,000	18,656,566	15,710,000	15,588,375
2018 .....	30,872,304	36,427,825	33,080,000	17,241,049	16,575,000	14,724,325
2019 .....	37,477,726	29,850,175	27,226,631	22,905,663	17,490,000	13,812,700
2020 .....	38,920,411	28,458,509	25,937,538	24,172,791	18,425,000	12,873,875
2021 .....	45,835,909	21,630,244	26,674,394	23,493,568	19,415,000	11,884,775
2022 .....	47,792,666	19,767,866	27,510,543	22,748,783	20,455,000	10,842,425
2023 .....	49,615,000	17,784,695	28,342,418	21,994,214	5,635,000	9,730,775
2024 .....	51,855,000	15,643,123	39,495,430	11,271,109	21,065,000	9,434,937
2025 .....	54,140,000	13,468,839	22,092,250	28,172,915	22,210,000	8,291,188
2026 .....	56,535,000	11,196,594	22,623,805	27,702,931	23,410,000	7,085,238
2027 .....	59,040,000	8,821,474	23,180,414	27,178,747	24,680,000	5,814,100
2028 .....	57,230,000	6,338,565	22,265,000	6,791,675	26,025,000	4,473,975
2029 .....	59,825,000	4,580,986	23,435,000	5,729,373	27,435,000	3,060,788
2030 .....	62,550,000	2,686,436	12,655,000	4,610,934	28,930,000	1,571,000
2031 .....	17,725,000	685,408	13,180,000	4,119,160	-	-
2032 .....	-	-	13,735,000	3,606,986	-	-
2033 .....	-	-	14,305,000	3,073,243	-	-
2034 .....	-	-	14,910,000	2,517,351	-	-
2035 .....	-	-	15,530,000	1,937,948	-	-
2036 .....	-	-	10,985,000	1,334,452	-	-
2037 .....	-	-	11,440,000	907,575	-	-
2038 .....	-	-	11,915,000	463,017	-	-
	<u>\$ 1,011,663,555</u>	<u>\$ 731,560,237</u>	<u>\$ 747,463,423</u>	<u>\$ 604,215,209</u>	<u>\$ 423,600,000</u>	<u>\$ 368,653,414</u>

**NOTE:**

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2005, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2004. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Chicago-O'Hare International  
Airport and  
Midway Airport Bonds

Year  
Ended  
December 31,

Principal		Interest		Totals			Year Ended December 31,
Principal	Interest	Principal	Interest	Total			
\$ 79,710,000	\$ 270,980,134	\$ 118,236,193	\$ 369,946,183	\$ 488,182,376	.....	2005	
115,240,000	266,457,654	156,696,330	364,294,973	520,991,303	.....	2006	
201,600,000	260,683,470	257,310,663	355,144,142	612,454,805	.....	2007	
174,825,000	250,919,033	231,130,924	343,002,623	574,133,547	.....	2008	
141,140,000	241,909,215	199,851,393	331,621,591	531,472,984	.....	2009	
148,795,000	234,739,255	210,103,630	321,903,303	532,006,933	.....	2010	
160,530,000	227,333,058	224,696,589	311,655,011	536,351,600	.....	2011	
185,065,000	219,254,817	252,240,074	300,602,549	552,842,623	.....	2012	
194,235,000	209,909,969	260,314,268	292,385,765	552,700,033	.....	2013	
212,085,000	200,156,150	280,724,465	280,144,081	560,868,546	.....	2014	
194,010,000	189,459,460	265,348,527	266,792,672	532,141,199	.....	2015	
205,320,000	179,483,837	279,616,945	253,857,302	533,474,247	.....	2016	
215,700,000	168,885,054	293,029,538	240,335,447	533,364,985	.....	2017	
123,450,000	157,951,192	203,977,304	226,344,391	430,321,695	.....	2018	
132,500,000	151,184,606	214,694,357	217,753,144	432,447,501	.....	2019	
157,390,000	144,064,406	240,672,949	209,569,581	450,242,530	.....	2020	
143,075,000	136,059,643	235,000,303	193,068,230	428,068,533	.....	2021	
151,860,000	128,354,653	247,618,209	181,713,727	429,331,936	.....	2022	
160,780,000	120,221,533	244,372,418	169,731,217	414,103,635	.....	2023	
169,375,000	111,585,848	281,790,430	147,935,017	429,725,447	.....	2024	
178,905,000	102,615,447	277,347,250	152,548,389	429,895,639	.....	2025	
188,990,000	93,095,463	291,558,805	139,080,226	430,639,031	.....	2026	
199,235,000	82,836,244	306,135,414	124,650,565	430,785,979	.....	2027	
381,085,000	72,005,103	486,605,000	89,609,318	576,214,318	.....	2028	
231,915,000	57,030,448	342,610,000	70,401,595	413,011,595	.....	2029	
243,950,000	44,997,876	348,085,000	53,866,246	401,951,246	.....	2030	
235,255,000	32,387,769	266,160,000	37,192,337	303,352,337	.....	2031	
157,480,000	20,263,775	171,215,000	23,870,761	195,085,761	.....	2032	
165,510,000	12,253,794	179,815,000	15,327,037	195,142,037	.....	2033	
78,770,000	3,859,232	93,680,000	6,376,583	100,056,583	.....	2034	
-	-	15,530,000	1,937,948	17,467,948	.....	2035	
-	-	10,985,000	1,334,452	12,319,452	.....	2036	
-	-	11,440,000	907,575	12,347,575	.....	2037	
-	-	11,915,000	463,017	12,378,017	.....	2038	
<u>\$ 5,327,780,000</u>	<u>\$ 4,390,938,138</u>	<u>\$ 7,510,506,978</u>	<u>\$ 6,095,366,998</u>	<u>\$ 13,605,873,976</u>			

**Table 14A**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2004**

Long-term Debt is comprised of the following issues at December 31, 2004 (dollars in thousands):

	Original Principal	Outstanding at December 31, 2004
General Long-term Debt:		
General Obligation Debt:		
General Obligation Bonds:		
Refunding Series of 1991 - 5.75% to 7.0%	\$ 54,743	\$ 12,908
Refunding Series of 1992 - 5.0% to 6.4%	48,070	32,660
Tender Bonds Series B of 1992 - Variable Rate (1.95% at December 31, 2004)	35,000	14,380
Refunding Series of 1993 A - 3.8% to 5.5%	92,260	49,880
Refunding Series of 1993 B - 4.25% to 5.125%	153,280	140,070
Project Series 1995 A-1 - 4.5% to 5.5%	60,000	40,905
Project and Refunding Series 1995 A-2 - 5.0% to 6.25%	220,390	171,595
Project and Refunding Series 1995 B - 4.9% to 6.0%	304,915	186,320
Tender Bonds 1996 B - Variable Rate (1.95% at December 31, 2004)	1,500	1,500
Tender Bonds 1997 - Variable Rate (1.95% at December 31, 2004)	5,500	3,665
Library Bonds of 1997 - 5.0% to 6.0%	73,615	51,655
Project and Refunding Series 1998 - 3.85% to 5.5%	426,600	417,455
Project and Refunding Series 1999 A - 4.0% to 5.375%	300,000	281,735
Variable Rate Demand Bonds Project Series 1999 B - Variable Rate (2.44% at December 31, 2004)	25,300	24,800
Emergency Telephone System Refunding Series 1999 - 4.5% to 5.5%	213,110	186,975
City Colleges of Chicago Capital Improvement Project Series 1999 - 6.0%	308,964	308,964
Project Series 2000 A - 4.85% to 6.75%	254,293	94,353
Neighborhoods Alive 21 Program Series 2000 A and B - 5.75% to 7.82%	199,685	126,285
Project and Refunding Series 2000 C - 5.25% to 5.75%	182,700	182,700
Refunding Series of 2000 D - 4.5% to 5.75%	107,305	106,585
Project and Refunding Series 2001 A and B - 4.0% to 5.65%	580,338	551,273
Neighborhoods Alive 21 Program Series 2001 A and B - 4.0% to 5.5%	238,975	221,895
Project and Refunding Series 2002 A - 4.0% to 5.65%	169,765	143,140
Variable Rate Demand Bonds Project Series 2002 B - Variable Rate (2.0% at December 31, 2004)	185,360	185,360
Neighborhoods Alive 21 Program Series 2002 A - 4.0% to 5.25%	51,500	35,755
Neighborhoods Alive 21 Program Series 2002 B - 3.575%	206,700	206,700
Neighborhoods Alive 21 Program Series 2003 - 2.0% to 5.25%	103,140	102,470
Project and Refunding Series 2003 A - 4.625% to 5.25%	157,990	157,990
Project and Refunding Series 2003 B - 4.052%	202,500	202,500
Project Series 2003 C and D - 2.0% to 5.25%	198,265	197,405
Emergency Telephone System Series 2004 - 3.0% to 6.9%	64,665	64,665
Project and Refunding Series 2004 - 1.92% to 5.5%	489,455	478,885
Total General Obligation Bonds	5,715,883	4,983,428
General Obligation Notes:		
Equipment Notes 1996 - 3.7% to 5.6%	48,000	15,900
Equipment Notes 1997 - Variable Rate (1.15% at December 31, 2004)	35,000	7,000
Equipment Notes 1998 - 5.0%	73,195	33,911
Commercial Paper Notes - Variable Rate (2.05% to 2.3% at December 31, 2004)	155,470	73,326
Tender Notes of 2004	96,290	96,290
Total General Obligation Notes	407,955	226,427
Total General Obligation Bonds and Notes	6,123,838	5,209,855

**Table 14A - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2004**

	Original Principal	Outstanding at December 31, 2004
<b>General Obligation Certificates and Other Obligations:</b>		
Certificates (Limited Tax) Series 1997 - 3.9% to 6.0% .....	\$ 19,605	\$ 6,425
Building Acquisition Certificates (Limited Tax) Series 1997 - 4.4% to 5.4% .....	28,800	23,005
Construction Loan - 6.5% .....	3,114	295
Lakefront Millennium Project Parking Facilities Bonds (Limited Tax) Series 1998 - 4.55% to 5.75% .....	150,000	150,000
Lakefront Millennium Project Parking Facilities Bonds (Limited Tax) Series 1999 - 4.35% to 5.0% .....	48,380	45,865
Central Loop Redevelopment Project - Series 2003 - 2.3% to 4.07% .....	137,002	137,002
<b>Total General Obligation Certificates and Other Obligations .....</b>	<b>386,901</b>	<b>362,592</b>
<b>Total General Obligation Debt .....</b>	<b>6,510,739</b>	<b>5,572,447</b>
<b>Installment Purchase Agreement - 7.75% .....</b>	<b>24,700</b>	<b>12,400</b>
<b>Tax Increment Allocation Bonds and Notes:</b>		
Ryan-Garfield Ridge Tax Increment - Series of 1987 - 10.125% .....	2,315	725
Chinatown Square Tax Increment - Series 1990 A - 8.25% .....	5,591	2,541
Division-North Branch Tax Increment - Series of 1991 - 8.75% .....	2,615	1,330
Read-Dunning Redevelopment Project Tax Increment Allocation Bonds - Series 1996 B - 7.25% .....	7,035	5,565
Stockyards Industrial Tax Increment - Series 1996 A - 5.375% .....	14,800	10,300
Stockyards Southeast Tax Increment - Series 1996 B - 5.375% .....	20,000	15,500
Sanitary Drainage Tax Increment - Series 1997 A - 7.375% to 7.75% .....	5,530	4,530
Bryn Mawr-Broadway Tax Increment - Series 1997 - 8.4% .....	1,800	1,145
95 <sup>th</sup> and Western Avenue Tax Increment - Series 1998 - 8.5% .....	2,600	1,880
Lincoln-Belmont-Ashland Tax Increment - Series 1998 - 4.0% to 11.0% .....	12,375	10,260
Irving/Cicero Tax Increment - Series 1998 - 7.0% .....	4,470	3,845
Near South Tax Increment - Series 1999 A and B - 4.0% to 5.65% .....	50,000	34,950
Near North Tax Increment - Series 1999 A and B - 5.084% to 6.89% .....	55,000	53,700
Portage Park Tax Increment - Series 1999 - 8.5% .....	1,415	985
Neighborhood Improvement Fund Tax Increment Notes - 7.0% to 9.5% .....	18,120	14,444
Goose Island Redevelopment Tax Increment - Series 2000 - 7.45% .....	16,800	16,670
Near West Redevelopment Tax Increment - Series 2000 - 4.625% to 6.0% .....	11,560	7,645
Pulaski Corridor Redevelopment Tax Increment - Series 2000 - 6.175% .....	1,685	1,425
Jefferson Park Redevelopment Tax Increment - Series 2000 - 8.5% .....	790	595
Central Loop Redevelopment Tax Increment - Series 2000 A and B - 6.55% to 6.8% .....	142,347	97,972
Central Loop Redevelopment Subordinate Tax Increment - Series 2000 A - 6.25% to 6.5% .....	98,900	75,175
Near South Tax Increment - Series 2001 A and B - 4.75% to 6.25% .....	46,242	42,107
Clark/Montrose Redevelopment Project Tax Increment - Series 2000 - 9.5% .....	1,266	1,141
Stony Island Avenue Commercial and Burnside Industrial Corridors Redevelopment Project Tax Increment - Series 2001 - 9.25% .....	1,000	725
111 <sup>th</sup> Street/Kedzie Avenue Business District Redevelopment Project Tax Increment - Series 2001 - 9.35% .....	500	338
Chatham Ridge Redevelopment Project, Series 2002 - 3.3% to 6.05% .....	17,935	15,675
Pilsen Redevelopment Project - 4.35% to 6.75% - Series 2004 .....	49,520	49,520
<b>Total Tax Increment Allocation Bonds and Notes .....</b>	<b>592,211</b>	<b>470,688</b>

Table 14A - Continued  
 CITY OF CHICAGO, ILLINOIS  
 LONG-TERM DEBT  
 December 31, 2004

	Original Principal	Outstanding at December 31, 2004
Motor Fuel Tax Revenue Bonds - Refunding Series 1993 - 4.05% to 6.125% .....	\$ 70,175	\$ 45,335
Motor Fuel Tax Revenue Bonds - Series 2003 - 2.25% to 5.25% .....	115,645	114,390
Sales Tax Revenue Bonds - Series 1997 - 5.0% to 6.0% .....	117,225	101,230
Sales Tax Revenue Bonds - Series 1998 - 4.5% to 5.5% .....	125,000	110,930
Sales Tax Revenue Bonds - Series 1999 - 4.0% to 5.75% .....	160,000	45,545
Sales Tax Revenue Bonds - Series 2002 - 4.23% .....	116,595	116,100
	<hr/>	<hr/>
Total Motor Fuel Tax and Sales Tax Revenue Bonds .....	704,640	533,530
	<hr/>	<hr/>
Total General Long-term Debt .....	\$ 7,832,290	\$ 6,589,065
	<hr/>	<hr/>
Proprietary Fund Revenue Bonds:		
Water Revenue Bonds:		
Refunding Series 1993 - 4.125% to 6.5% .....	\$ 49,880	\$ 45,165
Series 1995 - 3.6% to 5.75% .....	157,805	105,635
Series 1997 - 3.9% to 5.25% .....	277,911	69,769
Water Fund Allocation of General Obligation Tender		
Notes - Series 1998 - 5.0% .....	9,755	3,225
Series 2000 - 2 <sup>nd</sup> Lien - Variable Rate (2.0% at December 31, 2004) .....	100,000	100,000
Series 2000 - 4.375% to 5.875% .....	156,819	53,059
Series 2001 - 3.0% to 5.75% .....	353,905	116,905
Series 2004 - 2 <sup>nd</sup> Lien - 3.867% .....	500,000	500,000
Illinois Environmental Protection Agency Loan - 2.905% .....	3,518	3,240
Commercial Paper Notes - Variable Rate (1.83% at December 31, 2004) .....	25,638	25,435
Chicago-O'Hare International Airport Revenue Bonds:		
Series of 1984 - 2 <sup>nd</sup> Lien - Variable Rate (1.94% at December 31, 2004) .....	100,000	28,300
Series of 1988 - 2 <sup>nd</sup> Lien - Variable Rate (2.01% at December 31, 2004) .....	150,000	18,200
Refunding Series of 1993 A - 4.8% to 5.0% .....	324,270	259,825
Refunding Series of 1993 C - 2 <sup>nd</sup> Lien - 4.9% to 5.75% .....	320,430	284,340
Refunding Series of 1994 A - 2 <sup>nd</sup> Lien - 6.0% to 6.75% .....	274,940	20,365
Series of 1994 B - 2 <sup>nd</sup> Lien - Variable Rate (2.05% at December 31, 2004) .....	68,700	45,700
Series of 1994 C - 2 <sup>nd</sup> Lien - Variable Rate (2.0% at December 31, 2004) .....	83,800	56,300
Series of 1996 A and B - 2 <sup>nd</sup> Lien - 4.7% to 7.1% .....	216,075	105,920
Refunding Series of 1999 - 2 <sup>nd</sup> Lien - 5.5% .....	409,850	367,445
Refunding Series of 2002 A - 3 <sup>rd</sup> Lien - 5.25% to 5.75% .....	490,515	490,515
Refunding Series of 2003 A - C - 3 <sup>rd</sup> Lien - 4.5% to 6.0% .....	986,310	986,310
Series of 2003 D - F - 3 <sup>rd</sup> Lien - 2.125% to 5.5% .....	149,330	146,890
Series of 2004 A - H - 3 <sup>rd</sup> Lien - 3.49% to 5.35% .....	385,045	385,045
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds:		
Series of 1996 A and B - 5.0% to 6.0% .....	250,000	180,655
Series of 2001 A through E - 2 <sup>nd</sup> Lien - 3.4% to 5.75% .....	700,000	672,515
Commercial Paper Notes - Variable Rate (2.5% at December 31, 2004) .....	1,363	1,363
Chicago Midway Airport Revenue Bonds:		
Series 1996 A and B - 4.8% to 6.5% .....	254,040	166,215
Series 1998 A, B and C - 4.3% to 5.5% .....	397,715	394,670

Table 14A - Concluded  
 CITY OF CHICAGO, ILLINOIS  
 LONG-TERM DEBT  
 December 31, 2004

	Original Principal	Outstanding at December 31, 2004
Proprietary Fund Revenue Bonds - Continued:		
Series 1998 - 2 <sup>nd</sup> Lien A and B - Variable Rate (2.23% at December 31, 2004) .....	\$ 171,000	\$ 171,000
Series 2001 A and B - 5.0% to 5.5% .....	295,855	295,855
Series 2002 A - 2 <sup>nd</sup> Lien - Variable Rate (2.46% at December 31, 2004) .....	22,000	22,000
Refunding Series 2004 A and B - 2 <sup>nd</sup> Lien - 3.2% to 5.5% .....	77,565	77,565
Series 2004 C and D - 2 <sup>nd</sup> Lien - 4.174% .....	152,150	152,150
Skyway Toll Bridge Revenue Bonds:		
Series 1996 - 5.125% to 6.0% .....	179,765	179,765
Series 2000 - 5.5% to 5.75% .....	139,430	125,120
Special Transportation Revenue Bonds - Series 2001 - 4.5% to 5.5% .....	118,715	118,715
Wastewater Transmission Revenue Bonds:		
Refunding Series 1993 - 4.85% to 6.375% .....	232,880	91,945
Series 1994 - 4.85% to 6.375% .....	62,260	935
Series 1995 - 3.9% to 5.125% .....	107,970	33,120
Refunding Series 1998 A - 4.55% to 5.0% .....	62,423	62,423
Series 1998 B - 2 <sup>nd</sup> Lien - 4.0% to 5.25% .....	47,575	43,355
Series 2000 - 2 <sup>nd</sup> Lien - 5.0% to 6.0% .....	115,000	13,510
Series 2001 - 2 <sup>nd</sup> Lien - 3.5% to 5.5% .....	187,685	108,020
Series 2004 A - 2 <sup>nd</sup> Lien - 3.886% .....	332,230	332,230
Refunding Series 2004 B - 2 <sup>nd</sup> Lien - 3.0% to 5.25% .....	61,925	61,925
<b>Total Proprietary Fund Revenue Bonds .....</b>	<b>\$ 9,564,042</b>	<b>\$ 7,522,639</b>

NOTE:

- (1) The balance outstanding at December 31, 2004 listed above for each year excluded amounts payable January 1, 2005. In addition, the balance outstanding of water revenue bonds at December 31, 2004 excludes payments due on November 1, 2005.

**Table 15**  
**CITY OF CHICAGO, ILLINOIS**  
**POPULATION AND INCOME STATISTICS**  
**Last Ten Years**

<u>Year</u>	<u>Population(1)</u>	<u>Median Age (2)</u>	<u>Number of Households (2)</u>	<u>Per Capita Income (3)</u>
1995 .....	2,783,726	32.5	992,800	\$ 27,170
1996 .....	2,783,726	33.8	984,900	28,473
1997 .....	2,783,726	34.1	975,900	29,831
1998 .....	2,783,726	34.2	1,002,300	31,677
1999 .....	2,783,726	34.7	1,026,900	32,704
2000 .....	2,896,016	31.5	1,061,928	34,918
2001 .....	2,896,016	34.8	1,074,200	35,157
2002 .....	2,896,016	31.9	1,059,960	35,085
2003 .....	2,896,016	32.6	1,067,823	35,464
2004 .....	2,896,016	32.6	1,051,018	42,383

**NOTES:**

- (1) Source: U.S. Census Bureau.
- (2) Source: World Business Chicago Website, Claritas data estimates; Cook County's website in 2003.
- (3) Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**Table 16**  
**CITY OF CHICAGO, ILLINOIS**  
**LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**Last Ten Years, Annual Averages**  
**(Amounts are in Thousands)**

<u>Year</u>	<u>Civilian Labor Force</u>		<u>Employment</u>		<u>Unemployment Rate</u>
	<u>Number</u>	<u>Percent of Population</u>	<u>Number</u>	<u>Percent of Population</u>	
1995 .....	1,321	47.4%	1,230	44.2%	6.9%
1996 .....	1,322	47.5	1,228	44.2	7.1
1997 .....	1,345	48.4	1,260	45.3	6.4
1998 .....	1,337	48.1	1,258	45.2	5.9
1999 .....	1,356	48.8	1,275	45.8	5.9
2000 .....	1,373	47.4	1,292	44.7	5.9
2001 .....	1,366	47.2	1,268	43.8	7.2
2002 .....	1,328	45.9	1,215	42.0	8.5
2003 .....	1,321	45.7	1,214	42.0	8.2
2004 .....	1,329	45.9	1,233	42.6	7.2

**NOTES:**

- (1) Source: State of Illinois - Department of Employment Security.
- (2) Federal regulations required a change in methodology in 1995 and all subsequent years.

**Table 17**  
**CITY OF CHICAGO, ILLINOIS**  
**PRINCIPAL EMPLOYERS (NONGOVERNMENT)**  
**December 31, 2004**

Employer	Type of Business	Number of Employees
J.P. Morgan Chase .....	Financial Services	9,437
United Airlines .....	Transportation	6,448
SBC Ameritech Illinois .....	Telecommunications	4,803
Northern Trust Company .....	Financial Services	4,659
American Airlines .....	Transportation	3,985
Accenture .....	Professional Services	3,869
Bank of America .....	Financial Services	3,139
Target Corporation .....	Retail	2,940
ABN Amro .....	Professional Services	2,923
Ford Motor Company .....	Industrial Works	2,662

**NOTE:**

Source: City of Chicago, Department of Revenue, Employer's Expense Tax Return, June 30, 2004.

**Table 18**  
**CITY OF CHICAGO, ILLINOIS**  
**MAJOR BANK AND SAVINGS AND LOAN DEPOSITS**  
**Last Ten Years**  
**(Amounts are in Thousands of Dollars)**

	1995	1996	1997	1998
Bank Deposits (1)				
Bank One (5), (10) .....	\$ 28,178,995	\$ 29,555,927	\$ 35,608,444	\$ 37,605,570
LaSalle Bank National Association (6) .....	7,247,877	7,924,627	10,063,625	12,493,049
Northern Trust Corporation .....	7,982,110	11,104,953	13,563,534	13,955,813
Harris Trust Bankcorp, Incorporated .....	6,743,900	9,379,251	10,982,033	10,912,851
Bank of America Illinois (8) .....	9,208,000	7,037,000	N/A (11)	N/A (11)
Total Bank Deposits .....	<u>\$ 59,360,882</u>	<u>\$ 65,001,758</u>	<u>\$ 70,217,636</u>	<u>\$ 74,967,283</u>
Savings and Loan Deposits (1)				
LaSalle Talman Bank FSB (2), (9) .....	\$ 5,144,092	\$ 7,522,374	\$ 9,624,586	\$ 9,402,816
St. Paul Bancorp, Incorporated (7) .....	3,180,970	3,257,144	3,284,000	3,225,825
Standard Federal Bank For Savings (4) .....	1,495,168	1,681,529	-	-
LaSalle Cragin Bank FSB (2) .....	2,104,010	-	-	-
Bell Federal Savings and Loan Association (3) .....	1,546,585	-	-	-
Total Savings and Loan Deposits .....	<u>\$ 13,470,825</u>	<u>\$ 12,461,047</u>	<u>\$ 12,908,586</u>	<u>\$ 12,628,641</u>

**NOTES:**

- (1) Deposits as of December 31, 2004. Source: Thomson Financial Publishing State Guide, July - December 2004 edition.
- (2) LaSalle Talman FSB and LaSalle Cragin Bank FSB merged to form LaSalle Bank FSB, November 1995.
- (3) Standard Federal Bank due to merger, June 1996.
- (4) Moved to Burr Ridge, Illinois in 1997.
- (5) First Chicago NBD Corporation prior to 1998.
- (6) LaSalle National Bank for 1998 and prior.
- (7) Charter One Bank due to merger with Charter One Bank FSB of Cleveland, Ohio, October 1999.
- (8) Bank of America National Trust and Savings Association of San Francisco, California due to merger, July 1997.
- (9) LaSalle Bank National Association due to merger, March 2000.
- (10) J.P. Morgan Chase and Co. due to acquisition by J.P. Morgan Chase and Co. of New York, New York, July 2004.
- (11) N/A means not applicable.

	1999	2000	2001	2002	2003	2004
\$	55,228,333	\$ 101,026,400	\$ 107,377,268	\$ 114,701,000	\$ 172,015,000	\$ 150,805,000
	17,407,214	46,216,800	29,188,461	30,649,446	53,070,931	54,202,064
	18,280,263	27,722,600	25,019,276	18,069,800	25,299,355	26,269,995
	11,288,630	20,902,200	19,214,881	11,153,571	20,866,090	13,078,766
	N/A (11)	N/A (11)	N/A (11)	N/A (11)	N/A (11)	N/A (11)
\$	<u>102,204,440</u>	<u>\$ 195,868,000</u>	<u>\$ 180,799,886</u>	<u>\$ 174,573,817</u>	<u>\$ 271,251,376</u>	<u>\$ 244,355,825</u>
\$	9,409,454	\$ 30,180,112	\$ N/A (11)	\$ N/A (11)	\$ -	\$ -
	N/A (11)	N/A (11)	N/A (11)	N/A (11)	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>9,409,454</u>	<u>\$ 30,180,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Table 19**  
**CITY OF CHICAGO, ILLINOIS**  
**NEW CONSTRUCTION PERMITS ISSUED**  
**Last Ten Years**  
**(Amounts are in Thousands of Dollars)**

Year	Residential		Residential and Non-Residential Estimated Cost
	Units	Estimated Cost	
1995 .....	1,312	\$ 263,160	\$ 624,926
1996 .....	3,585	351,483	880,854
1997 .....	5,367	284,650	749,268
1998 .....	6,246	668,666	1,378,364
1999 .....	8,644	611,862	1,483,672
2000 .....	6,550	862,148	1,663,062
2001 .....	7,418	902,250	1,826,076
2002 .....	8,403	1,094,958	1,925,440
2003 .....	9,476	1,332,758	3,027,185
2004 .....	15,750	1,600,000	4,200,000

**NOTE:**

Source: City of Chicago Department of Construction and Permits.

**Table 20**  
**CITY OF CHICAGO, ILLINOIS**  
**RETAIL SALES**  
**Last Ten Years**  
**(Amounts are in Thousands of Dollars)**

Year	Sales
1995 .....	\$ 15,008,000
1996 .....	16,821,000
1997 .....	16,607,000
1998 .....	16,626,035
1999 .....	17,667,446
2000 .....	24,985,798
2001 .....	23,919,129
2002 .....	17,523,522
2003 .....	23,803,903
2004 .....	24,389,494

**NOTE:**

Source: Sales and Marketing Management magazine, 2004 Survey of Buying Power.

**Table 21**  
**CITY OF CHICAGO, ILLINOIS**  
**MISCELLANEOUS STATISTICS**  
**December 31, 2004**

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Date of Incorporation: March 4, 1837

Form of Government: Mayor/Council

Area: 228.475 (Square Miles)

Miles of Streets: 3,780

Number of Street Lights: 175,000 (2)

Education:

Number of Public Schools (Elementary and Secondary): 613

Enrollment (Total): 426,812

Water Department:

Daily Average Pumpage: 1,000,000,000 (Gallons)

Water Mains: 4,227 (Miles)

Sewers:

Sewer Mains: 4,400 (Approximate Miles)

Catch Basins: 210,000

Manholes: 150,000

Authorized New Dwelling Units: 15,750

Recreation and Culture:

Number of Parks: 552

Acres of Parks: 7,300

Number of Beaches: 33

Number of Libraries: 78

Materials in Library System: 14,374,608 (2)

**NOTES:**

(1) Source: City of Chicago Municipal Reference Collections, Chicago Public Library.

(2) 2004 information not available at time of publication.



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