
CITY OF CHICAGO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003



Richard M. Daley, Mayor
Tariq G. Malhance, City Comptroller

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CITY OF CHICAGO OFFICE OF THE MAYOR

Richard M. Daley
Mayor

June 18, 2004

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 2003.

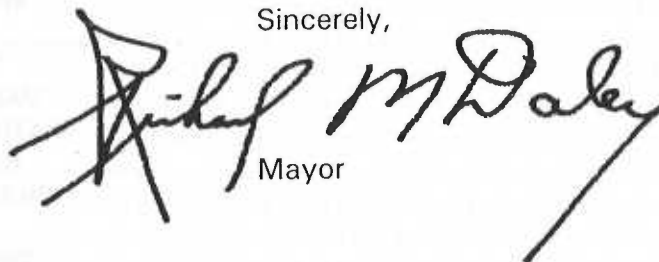
For 15 years, the City of Chicago has balanced its budgets while limiting property tax increases to an average of slightly more than one percent per year. We have done this while investing in neighborhood improvements such as parks, libraries and other infrastructure projects that enhance our City's quality of life now and for generations to come.

One of our top priorities continues to be affordable housing for people of every age and income. Although much remains to be done, we have made real progress over the past 15 years. More than 100,000 units of affordable housing have been built or preserved and our five-year affordable housing plan, announced in the fall of 2003, will create an additional 48,000 affordable units for ownership or rent by 2008.

The Police Department continues its aggressive efforts to fight crime in the City. The overall crime rate has been dropping for over a decade, and the number of murders is the lowest in three decades. The police have employed innovative strategies to prevent crime, especially in the neighborhoods most troubled by guns, gangs and drugs. We will continue to develop new ways to best prevent and fight crime.

Thank you for your interest in the City of Chicago Financial Report. Working together, we can make our City an even better place to live, work and raise families.

Sincerely,



Mayor



CITY OF CHICAGO
THE CITY COUNCIL
As of December 31, 2003
RICHARD M. DALEY, Mayor

1st Ward	MANUEL FLORES
2nd Ward	MADELINE L. HAITHCOCK
3rd Ward	DOROTHY J. TILLMAN
4th Ward	TONI PRECKWINKLE
5th Ward	LESLIE A. HAIRSTON
6th Ward	FREDDRENNA 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

OF THE CITY OF CHICAGO

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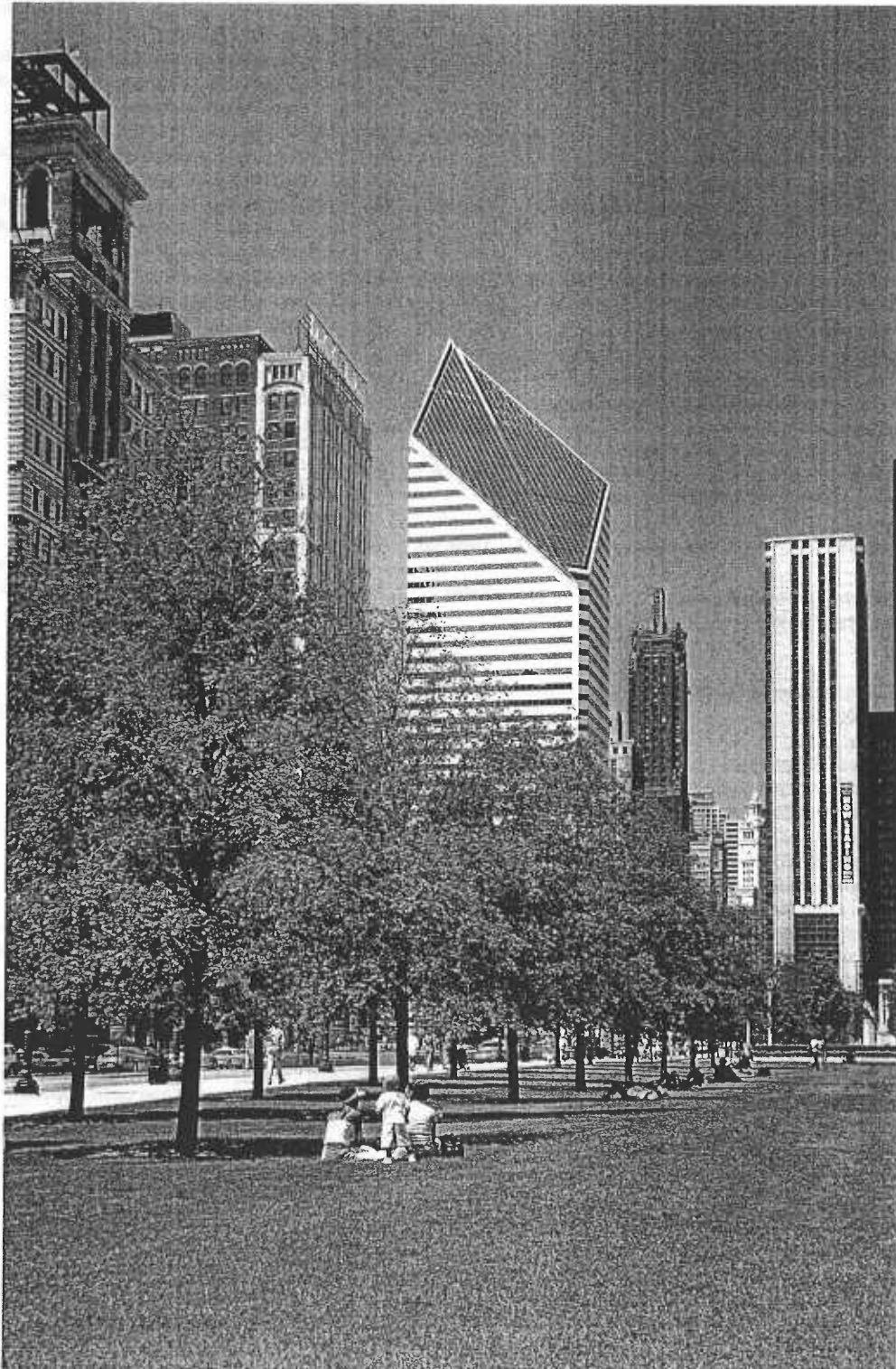
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PART I

INTRODUCTORY SECTION





June 25, 2004

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, 2003. State Law requires that all governmental units publish within six months of the close of each fiscal year an audit report presented in conformity with generally accepted accounting principles (GAAP) 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 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.



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. Like other major cities the City experienced some economic gains in 2003. Economic activity began to rebound in 2003, as evidenced by an increase in airline activity and an increase in hotel occupancy rates over 2002. Sales tax collections have remained strong and the real estate market has continued to surge due to low overall interest rates.

From banking to law, from industry to restaurants, Chicago is the envy of other cities when it comes to business diversity. Because of this diversity, Chicago is well positioned to benefit from the continued recovery in the U.S. Economy.

The City remains a top destination to do business. For the third year in a row, the City received top ranking in a national publication as the number one industrial market in the nation. "Chicago is the only region that offers businesses what they need to fully and successfully operate: abundant business resources, a terrific talent pool and an unmatched quality of life." The economic development publication ranked the City number one over competing cities due to the 336 projects related to new and expanded facilities and the subsequent jobs created and the more than \$5 billion in capital investment.

A Chicago housing development, Archer Courts, is featured in a National Exhibit on Affordable Housing at the National Building Museum in Washington, DC. The 147-unit, mid-rise development has been through a \$6.5 million renovation. Through the City's "Homestart" program, there are now 43 newly constructed town homes in addition to the Archer Courts renovation. It's a mixed income community, which features a mix of individuals, families, senior citizens, and youth. There is a community center, with state of the art computer hardware provided by Hewlet Packard, which offers job skill training, basic and advanced computer skills training, internet access and more. Also, there is a wellness center for the residents of the development and surrounding area.

Tourism and trade shows help keep the City's economy strong and progressive with events like the Restaurant, Hotel and Motel convention and many other related food industry trade shows. It is estimated that this industry alone provides for about 300,000 jobs in the Chicago area. The City has 850 food-manufacturing companies and 19,000 restaurants. In food manufacturing, the City employs one-third more people than the next ranked city.

Home sales have flourished on a national level and in the City. Mainly first time homebuyers fuel the growth. The number of existing single-family homes sold in the Chicago area grew by more than 10 percent in the third quarter of 2003 compared with the same period in 2002.

Long-term Financial Planning. The City is continuing its efforts to improve neighborhoods through the last phase of the Neighborhoods Alive 21 Program. This program represents a major investment by the City in its municipal facilities. In 2000, the City began a four year commitment to invest approximately \$800 million to rebuild, upgrade and in some cases build new core municipal facilities such as police stations, fire stations, public libraries and senior citizen centers. These new or improved municipal facilities serve as neighborhood anchors that have resulted in increased economic development.

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 and O'Hare and Midway Airports operations and construction of projects, which are insured privately.

Pension Plans and Other Post-employment Benefits. One of the most significant operations carried out by the City is pension operations. 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.

The City makes payments to the pension trust funds in accordance with state law. The City's contribution is financed through a portion of the property tax levy and the personal property replacement tax. In 1998, the state law was amended to among other things 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' 80 percent, the Laborers' and Retirement Board Employees' 103 percent, the Policemen's Annuity and Benefit Fund 61 percent and the Firemen's Annuity and Benefit Fund 47 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 if they eventually become an annuitant. Health benefits include basic benefits for the annuitant and supplemental benefits for medicare eligible annuitants. In 2003, there were approximately 22,348 annuitants plus their dependents.

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, 2002. 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 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 entire staff of the Department of Finance. I wish to express my appreciation to them particularly to those who contributed directly 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, 2002

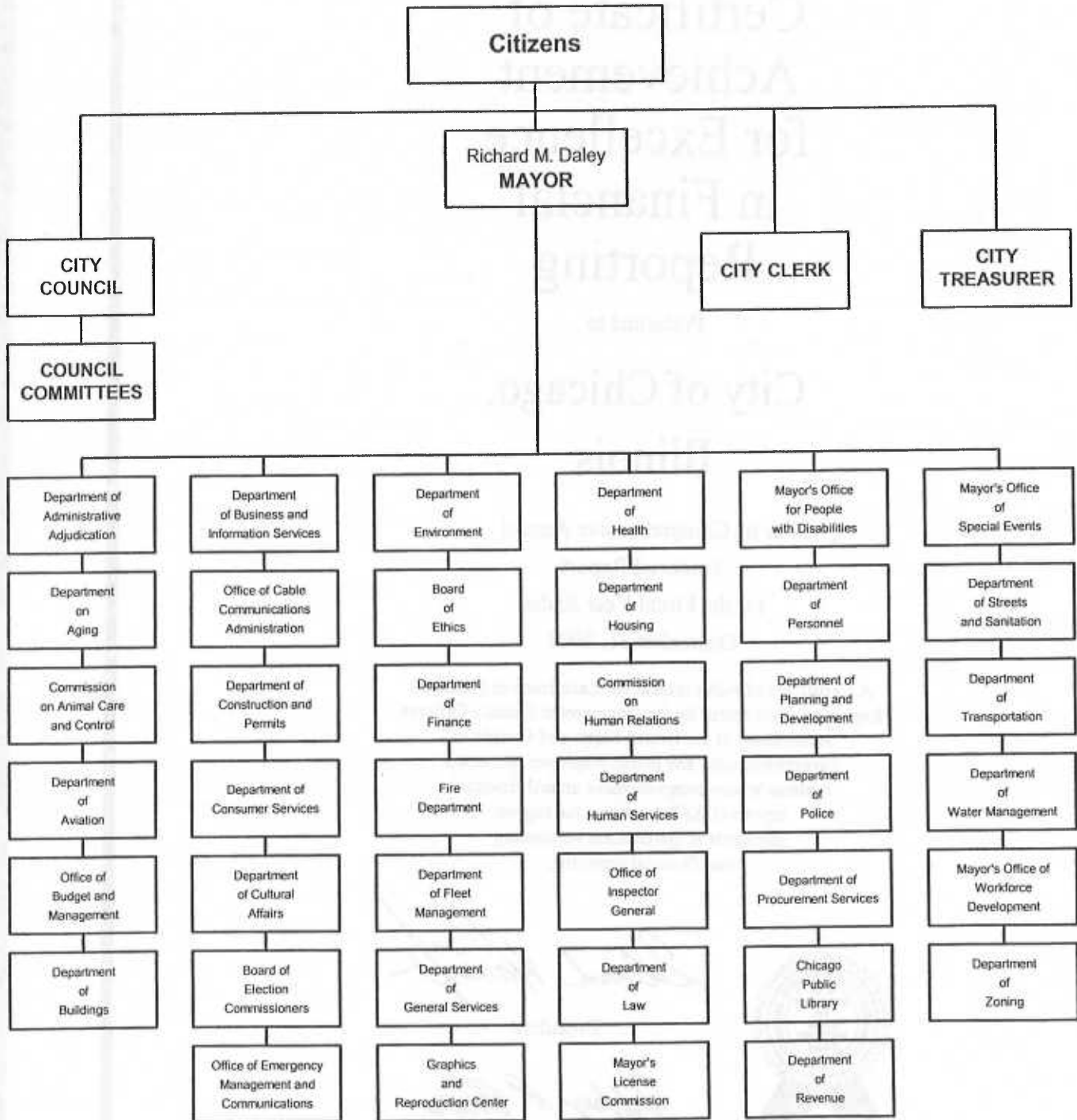
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

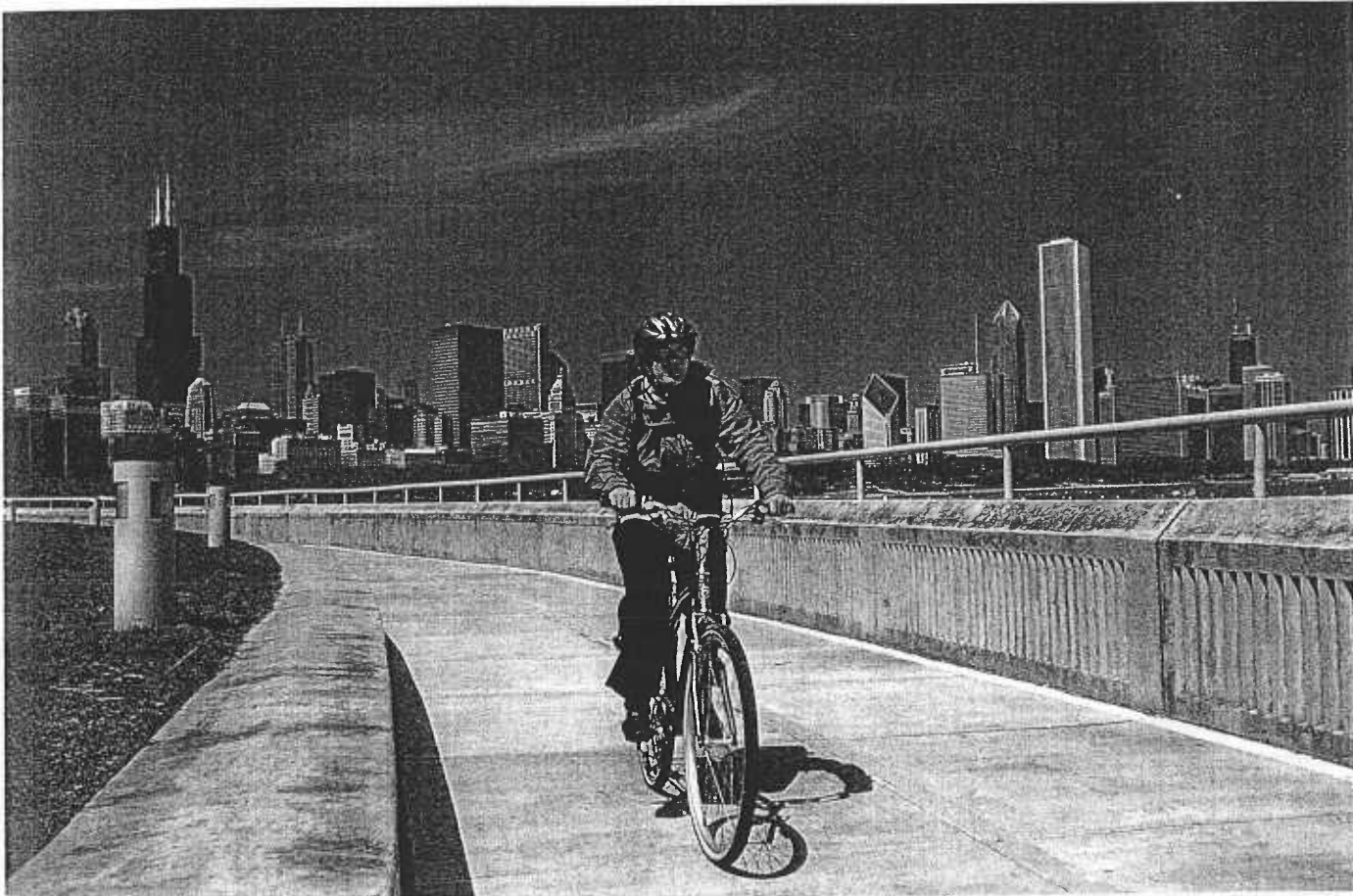
Executive Director

**CITY OF CHICAGO
ORGANIZATION CHART
AS OF 12/31/2003**



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, 2003, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2003, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

Deloitte & Touche LLP

June 21, 2004

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, 2003. 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 2003 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 \$3,547.3 million (*net assets*). Of this amount, \$1,219.1 is an unrestricted deficit, while \$2,652.4 million is invested in capital assets, net of related debt and \$2,114.0 million is restricted for specific purposes.
- The City's total assets increased by \$1,220.4 million. The increase relates to \$657.4 million increase in capital assets as a result of the City's capital improvement program and \$363.7 million increase 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 \$86.5 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 2003 were \$6,189.9 million, an increase of \$489.8 million (8.6 percent) from 2002.
- The General Fund, also in the fund financial statements, ended 2003 with a total Fund Balance of \$60.4 million. Total Fund Balance decreased from 2002 primarily because Expenditures and Other Financing Uses exceeded Revenues and Other Financing Sources by \$76.6 million. Fund Balance at December 31, 2003 of \$18.6 million was reserved for commitments. Unreserved Fund Balance was \$19.5 million at December 31, 2003, compared to a balance of \$13.0 million at the end of 2002.
- The City's general obligation bonds and notes outstanding increased by \$704.3 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 you need to 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

CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003

of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general 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 & Local Grants Fund, the Bond, Note Redemption & Interest Fund, and the Community Development & 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.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003**

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 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 \$3,547.3 million at December 31, 2003.

By far the largest portion of the City's net assets, \$2,652.4 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	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 4,357.7	\$ 4,058.0	\$ 3,308.7	\$ 3,045.5	\$ 7,666.4	\$ 7,103.5
Capital assets	6,033.7	5,831.2	6,956.1	6,501.1	12,989.8	12,332.3
Total assets	10,391.4	9,889.2	10,264.8	9,546.6	20,656.2	19,435.8
Long-term liabilities						
outstanding	8,240.8	7,345.2	7,274.2	6,562.4	15,515.0	13,907.6
Other liabilities	1,044.2	955.0	549.7	546.7	1,593.9	1,501.7
Total Liabilities	9,285.0	8,300.2	7,823.9	7,109.1	17,108.9	15,409.3
Net assets:						
Invested in capital assets, net of related debt	1,091.9	1,418.7	1,560.5	1,744.7	2,652.4	3,163.4
Restricted	1,216.6	997.7	897.4	716.7	2,114.0	1,714.4
Unrestricted	(1,202.1)	(827.4)	(17.0)	(23.9)	(1,219.1)	(851.3)
Total net assets	\$ 1,106.4	\$ 1,589.0	\$ 2,440.9	\$ 2,437.5	\$ 3,547.3	\$ 4,026.5

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003**

An additional portion of the City's net assets (\$2,114.0 million) represent resources that are subject to external restrictions on how they may be used.

Governmental-type Activities. Net assets of the City's governmental activities decreased \$482.6 million (30.4 percent) to \$1,106.4 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 \$1,202.1 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 (\$403.5 million), and Policemen's and Firemen's net pension obligation (\$1,333.8 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 8.2 percent. Total taxes include an increase in property taxes of \$13.8 million (2.0 percent) relating to the timing of collections and the City's Neighborhoods Alive 21 Program. Other taxes increased by \$170.1 million (11.0 percent) primarily attributable to special area taxes increasing \$127.3 million (84.8 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 2003 were \$4,967.9 million. This reflects an increase of \$297.3 million (6.4 percent) over 2002. General government increased \$151.3 million (9.5 percent) over 2002 as a result of increased health care insurance and worker compensation as well as depreciation expense. Public safety (police and fire protection) was the second largest component of current expenses, accounting for 33.1 percent of total expenses. Public safety expenses increased \$23.5 million (1.4 percent) over 2002 because of an increase in related personnel costs. Transportation expenses increased \$64.0 million (26.6 percent) over 2002, due to the completion of grant funded transportation-related projects such as South Lake Shore Drive.

The cost of all governmental activities was \$4,967.9 million.

- The amount that taxpayers paid for these activities through City taxes was only \$2,423.6 million.
 - ◆ Some of the cost was paid by those who directly benefited from the programs (\$523.0 million), or
 - ◆ By other governments and organizations that subsidized certain programs with grants and contributions (\$917.6 million).
- The City paid for the "public benefit" portion with \$621.1 million in taxes, and with other revenues such as state aid, interest and miscellaneous income.

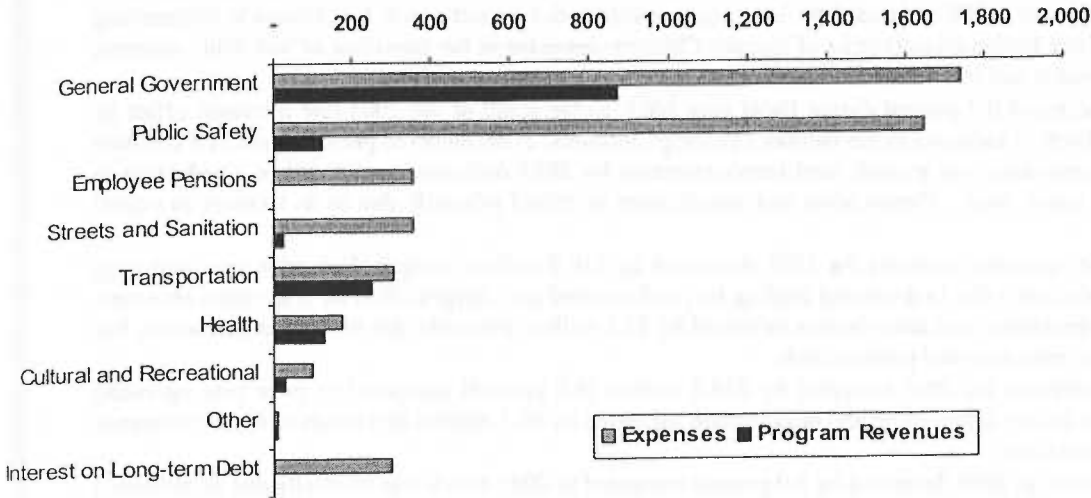
Although total net assets of business-types activities were \$2,440.9 million, these resources cannot be used to make up for the net asset deficit in governmental activities. The City generally can only use these net assets to finance the continuing operations of the water, sewer, tollway and airports operations.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003**

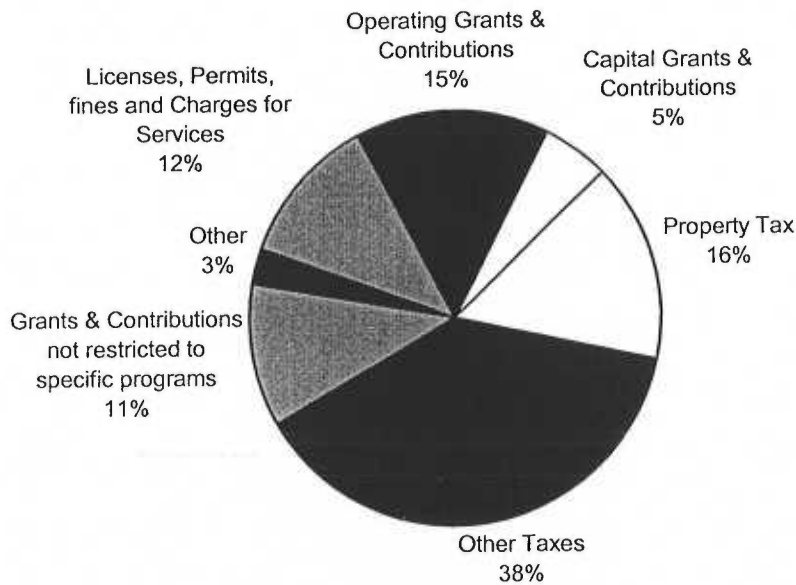
**City of Chicago, Illinois
Changes in Net Assets
Years Ended December 31,
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program Revenues:						
Licenses, Permits, Fines and Charges for Services	\$ 523.0	\$ 492.4	\$ 1,060.5	\$ 1,040.9	\$ 1,583.5	\$ 1,533.3
Operating Grants and Contributions	680.9	710.9	-	-	680.9	710.9
Capital Grants and Contributions	236.7	352.2	179.6	194.9	416.3	547.1
General Revenues:						
Property Taxes	706.7	692.9	-	-	706.7	692.9
Other Taxes	1,716.9	1,546.8	-	-	1,716.9	1,546.8
Grants and Contributions not Restricted to Specific Programs	498.2	506.5	-	-	498.2	506.5
Other	122.9	126.5	29.3	48.3	152.2	174.8
Total Revenues	<u>4,485.3</u>	<u>4,428.2</u>	<u>1,269.4</u>	<u>1,284.1</u>	<u>5,754.7</u>	<u>5,712.3</u>
Expenses:						
General Government	1,738.6	1,587.3	-	-	1,738.6	1,587.3
Public Safety	1,646.8	1,623.3	-	-	1,646.8	1,623.3
Employee Pensions	354.8	328.5	-	-	354.8	328.5
Streets and Sanitation	335.7	319.0	-	-	335.7	319.0
Transportation	304.6	240.6	-	-	304.6	240.6
Health	174.8	178.8	-	-	174.8	178.8
Cultural and Recreational	100.7	102.5	-	-	100.7	102.5
Other	10.7	10.3	-	-	10.7	10.3
Interest on Long-term Debt	301.2	280.3	-	-	301.2	280.3
Water	-	-	318.9	305.2	318.9	305.2
Sewer	-	-	144.4	146.3	144.4	146.3
Midway International Airport	-	-	128.6	117.1	128.6	117.1
Chicago-O'Hare International Airport	-	-	636.6	611.5	636.6	611.5
Chicago Skyway	-	-	37.5	34.8	37.5	34.8
Total Expenses	<u>4,967.9</u>	<u>4,670.6</u>	<u>1,266.0</u>	<u>1,214.9</u>	<u>6,233.9</u>	<u>5,885.5</u>
Change in Net Assets Before Transfers	(482.6)	(242.4)	3.4	69.2	(479.2)	(173.2)
Transfers	-	27.7	-	(27.7)	-	-
Change in Net Assets	<u>(482.6)</u>	<u>(214.7)</u>	<u>3.4</u>	<u>41.5</u>	<u>(479.2)</u>	<u>(173.2)</u>
Net Assets, Beginning of Year	<u>1,589.0</u>	<u>1,803.7</u>	<u>2,437.5</u>	<u>2,396.0</u>	<u>4,026.5</u>	<u>4,199.7</u>
Net Assets, End 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>

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



Revenues by Source - Governmental Activities



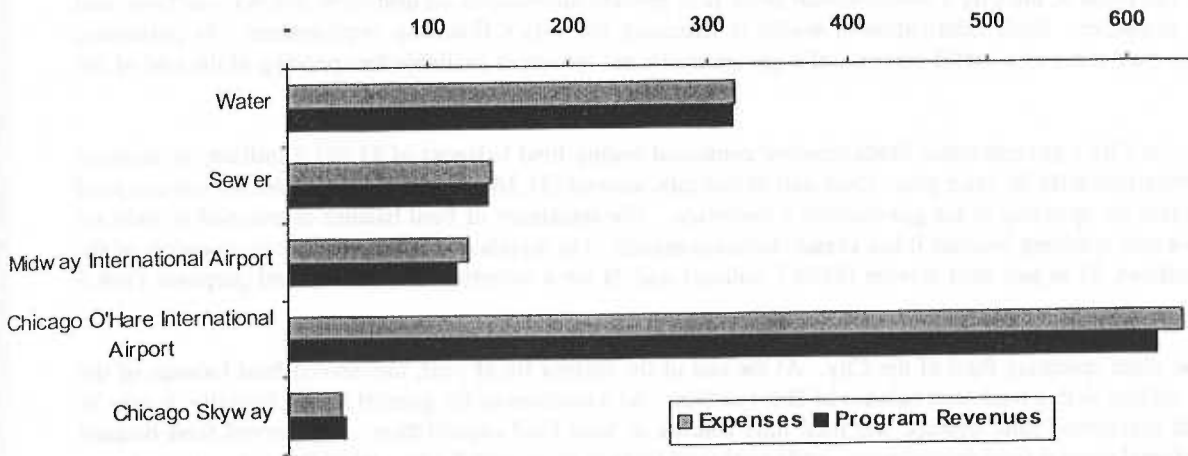
CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003

Business-type Activities. Operating revenues of the City's business-type activities increased by \$19.6 million in 2003 due primarily to increases in rental income. All Funds met debt service coverage ratios set forth in the applicable bond indentures.

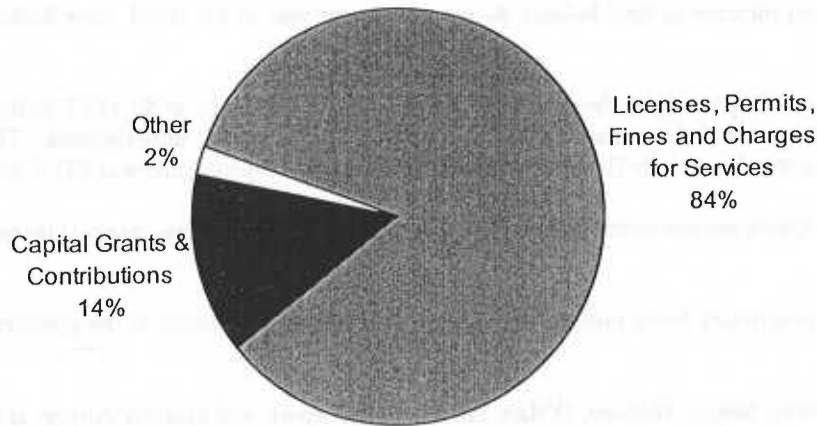
- The Water fund revenues for 2003 increased by 0.6 percent from 2002 due to an increase in water rates offset by a reduction in water usage. Operating expenses in 2003 increased by 3.8 percent primarily due an increase in fees related to transmitting solids to the Metropolitan Water Reclamation District of Greater Chicago, increases in the provision of bad debts expense, and an increase in health insurance and related costs.
- The Sewer Fund revenues increased 0.7 percent during fiscal year 2003, as the result of the 2003 rate increases offset by greater decreases in revenue from 1) increases in the number of exempt accounts, 2) decreases in penalties and 3) a decrease in water usage. Repairs, maintenance and general fund reimbursements for 2003 decreased as a result of a reduction in personnel and a reduction in repair work. Depreciation and amortization increased primarily due to an increase in capital assets.
- Midway International Airport operating revenues for 2003 decreased by \$10.9 million compared to prior year operating revenues. This decrease is principally due to decreased landing fees and terminal use charges offset by concession revenues. Operating expenses before depreciation and amortization increased by \$7.1 million primarily due to maintenance costs, fire department retroactive salaries, insurance and pension costs.
- O'Hare Airport's operating revenues for 2003 increased by \$30.9 million (6.9 percent) compared to prior year operating revenues. Operating expenses before depreciation and amortization increased by \$6.2 million as a result of higher insurance costs and indirect administration costs.
- The Skyway's operating revenues in 2003 decreased by 8.0 percent compared to 2002 which was primarily due to decreased usage of the Skyway due to construction activities. Total operating expenses increased in 2003 due to costs relating to: 1) increase in health insurance costs, 2) an increase in property insurance costs, and 3) depreciation and amortization as a result of capital activities. Total net deficit of \$45.0 million decreased \$5.7 million from the prior year as a result of positive operations.



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, 2003

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, 2003, the City's governmental funds reported combined ending fund balances of \$1,891.2 million, an increase of \$150.8 million in comparison with the prior year. Over half of this total amount (\$1,368.7 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 (\$103.0 million), 2) to pay debt service (\$350.7 million) and 3) for a variety of other restricted purposes (\$68.8 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 \$19.5 million with a total fund balance of \$60.4 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 0.7 percent of total general fund expenditures, while total fund balance represents 2.3 percent of that same amount.

The fund balance of the City's general fund decreased by \$77.1 million during the current fiscal year. Expenditures and Other Financing Uses exceeded Revenues and Other Financing Sources by \$76.6 million.

The Federal, State and Local Grants Fund has a total fund balance of \$23.6 million, \$46.4 million of which is reserved, for the resale property while there is an unreserved, undesignated deficit of \$22.8 million.

The Bond, Note Redemption and Interest Fund has a total fund balance of \$184.8 million, all of which is reserved, for the payment of debt service. The net increase in fund balance during the current year in the Bond, Note Redemption and Interest Fund was \$60.5 million.

The Community Development and Improvement Projects Fund has a total fund balance of \$1,119.7 million, of which \$64.0 million is reserved for encumbrances and the remaining \$1,055.6 million is unreserved, undesignated. The increase in fund balance during the current year in the Community Development and Improvement Projects Fund was \$37.7 million.

Changes in fund balance. The City's governmental fund revenues (excluding other financing sources) increased by 1.2 percent to \$4,700.3 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, Tollway, O'Hare International Airport, and Midway Airport at the end of the year amounted to a deficit of \$17.0 million. The total decrease in unrestricted net assets related to the \$1,560.5 million of net assets invested in capital assets, net of related debt and \$897.3 million primarily due to restricted assets for debt service and construction and rehabilitation. 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 2003 General Fund Budget is \$2,549.8 million. This budget reflects an increase of \$22.2 million (0.9 percent) over the 2002 Budget. The City's 2003 General Fund Budget contains no additions or material changes to existing taxes and fees. The City's 2003 General Fund Budget was approved by the City Council on December 4, 2002.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003**

The General Fund revenues and expenditures in 2003 ended the current fiscal year with an available unreserved fund balance of \$19.5 million, which is a \$6.5 million increase over 2002.

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 three 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, 2003 amounts to \$12,989.8 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:

- Construction continued on Millennium Park, while the parking garage was opened for use.
- South Lake Shore Drive mainline reconstruction project is in process.
- Two new libraries were completed, Budlong Woods Library along North Lincoln Avenue and West Englewood Library on West 63rd Street.
- A new fire house was completed for Engine Company 63 located on East 67th Street.
- Both the 10th and 22nd Police Districts were a significant part of the construction in progress in 2003.
- The 2003 Water Main Replacement program completed 38.6 miles of water mains at a replacement cost of \$40.3 million. Installation of a new chlorine fluoride chemical feed system at the Jardine Water Filtration Plant was completed in 2003. This system now enables plant operators to control chemical feed via the SCADA System. The equipment is more reliable, which allows for consistent, accurate feed mixes and flexible feed locations.
- The 2003 Sewer Main Replacement program completed 15 miles of sewer mains at a replacement cost of \$23.0 million.
- Midway Airport expended \$107.7 million on capital activities. This included land acquisitions and construction projects, for the new terminal concourse, roadway and tenant improvements.
- O'Hare expended \$205.4 million on capital activities. This included land acquisition, terminal improvements, security enhancements, roadway/taxiway, parking and roadway rehabilitation and airfield drainage improvements.
- The Skyway expended \$138.7 million for construction projects, principally the 75th to 79th Street viaduct rehabilitation project, and the 100th Street, Commercial Avenue, and Calumet River bridge floor structural steel rehabilitation.

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

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 1,208.3	\$ 1,195.5	\$ 243.3	\$ 217.2	\$ 1,451.6	\$ 1,412.7
Works of Art and Historical Collections	8.6	8.4	-	-	8.6	8.4
Construction in Progress	181.2	181.1	854.9	836.4	1,036.1	1,017.5
Buildings and Other Improvements	945.8	872.2	5,609.8	5,237.8	6,555.6	6,110.0
Machinery and Equipment	277.2	311.0	248.1	209.7	525.3	520.7
Infrastructure	3,412.6	3,263.0	-	-	3,412.6	3,263.0
Total	\$ 6,033.7	\$ 5,831.2	\$ 6,956.1	\$ 6,501.1	\$ 12,989.8	\$ 12,332.3

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

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003**

Debt. At the end of the current fiscal year the City had \$5,017.3 million in General Obligation Bonds and Notes and \$368.8 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$165.8 million in Motor Fuel Tax Revenue Bonds; \$474.1 million in Tax Increment Financing Bonds; \$13.8 million in Installment Purchase Agreements; \$388.1 million of Sales Tax Revenue Bonds; and \$7,407.1 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	
	2003	2002	2003	2002	2003	2002
General Obligation Bonds	\$ 5,386.1	\$ 4,681.7	\$ -	\$ -	\$ 5,386.1	\$ 4,681.7
Installment Purchase Agreement	13.8	15.2	-	-	13.8	15.2
Tax Increment	474.1	521.5	-	-	474.1	521.5
Revenue Bonds	553.9	459.9	7,407.1	6,706.4	7,961.0	7,166.3
Total	\$ 6,427.9	\$ 5,678.3	\$ 7,407.1	\$ 6,706.4	\$ 13,835.0	\$ 12,384.7

During 2003, the City issued the following:

General Obligation Bonds and Notes:

- General Obligation Bonds, Project and Refunding Series 2003A (\$158.0 million)
- General Obligation Variable Rate Demand Bonds, Project and Refunding Series 2003B (\$202.5 million)
- General Obligation Bonds, Project Series 2003C (\$176.9 million)
- General Obligation Bonds, Taxable Series 2003D (\$21.4 million)
- General Obligation Bonds (Neighborhoods Alive 21 Program) Series 2003 (\$103.1 million)
- General Obligation Tender Notes Series 2003 (\$135.4 million)
- General Obligation Bonds (Central Loop Redevelopment Project)(Capital Appreciation Bonds) Series 2003A (\$74.8 million) and Taxable Series 2003B (\$62.2 million)
- General Obligation Commercial Paper Notes Series B(Taxable) (\$130.5 million)

Motor Fuel Tax Revenue Bonds:

- Motor Fuel Tax Revenue Bonds, Series 2003 (\$115.6 million)

Tax Increment Allocation Bonds and Notes:

- Various Tax Increment Allocation Notes, Taxable Series 2003, totaling (\$5.8 million)

Enterprise Fund Revenue Bonds and Notes:

- Chicago-O'Hare International Airport General Airport Third Lien Revenue Bonds, Refunding Series 2003A-1 (Non-AMT) (\$29.3 million), Refunding Series 2003A-2 (AMT)(\$219.6 million), Series 2003B-1 (Non-AMT)(\$13.7 million), Series 2003B-2 (AMT)(\$368.4 million), Refunding Series 2003C-1(Non-AMT)(\$5.2 million), and Refunding Series 2003C-2 (AMT)(\$350.0 million)
- Chicago-O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2003D (AMT)(\$67.0 million), Refunding Series 2003E (Non-AMT)(\$66.6 million), Refunding Series 2003F (Non-AMT)(\$15.7 million)
- Chicago-O'Hare International Airport Commercial Paper Notes (\$1.3 million)
- Midway International Airport Commercial Paper Notes (\$25.3 million)

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003**

At December 31, 2003 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	n/a	A+	n/a
Skyway	n/a	n/a	A-

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

Economic Factors and Next Year's Budgets and Rates

The City's slow economic recovery and prior unfavorable national economy, which resulted in corporate downsizing, in combination with new construction in the central business district, caused the downtown office vacancy rate to increase to 13.4 percent from 12.8 percent. Despite the rise in the office space vacancy rate, commercial real estate developers continued to view the City as an attractive place to build.

Although residential home appreciation cooled in Chicago in 2003, sales and prices continued to set records. Sales in Chicago surpassed 77,000, at the same time the median price rose 8.4 percent to \$224,000 for single family dwellings and 6.3 percent to \$181,000 for condos. Chicago's broad variety of housing styles and price ranges combined with low interest rates helped create great opportunities for homebuyers. A key indicator of the City's strength in the residential real estate market was demonstrated by the fact that home ownership grew at a faster rate in the City than in the suburban areas.

Chicago remains a center of tourism and conventions with hotel occupancy increasing to a rate of 70.0 percent in 2003, up from the rate of 66.2 percent in 2002 and edging back to the pre September 11th rates of 74.7 percent. Hotel projects completed in 2003 included the Courtyard by Marriott with 305 rooms. Despite decreases in travel due to national and international events, Chicago has a full calendar of conventions for fiscal 2004.

The City's unemployment rate of 8.2 percent in 2003 remained relatively unchanged from 8.3 percent in 2002, and the inflation rate remained under 2.0 percent.

On November 19, 2003, the City Council approved the City's 2004 General Fund Budget in the amount of \$2,605.4 million which includes a \$21.2 million surplus from prior years. This budget reflects an increase over the 2003 General Fund budget of \$55.6 million (2.2 percent). The City implemented an early retirement program for its employees in 2003. Participation in this program was greater than expected with an elimination of approximately 500 General Fund positions. The net savings to the General Fund in 2004 is expected to reach \$18 million consisting of reductions in payroll and related expenses. The City's 2004 budget contains no additions or material changes to existing taxes and fees.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003**

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all 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, 2003
(Amounts are in Thousands of Dollars)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 927,738	\$ 161,712	\$ 1,089,450
Investments	909,545	13,973	923,518
Cash and investments with Escrow Agent	374,100	-	374,100
Receivables (Net of Allowances):			
Property Tax	925,586	-	925,586
Accounts	486,650	137,325	623,975
Internal Balances	24,263	(24,263)	-
Inventories	22,324	16,660	38,984
Restricted Assets:			
Cash and Cash Equivalents	-	1,244,949	1,244,949
Investments	-	1,352,475	1,352,475
Other Assets	687,477	405,943	1,093,420
Capital Assets:			
Land, Improvements, Art, and Construction in Progress	1,398,122	1,098,237	2,496,359
Other Capital Assets, Net of Depreciation	4,635,572	5,857,819	10,493,391
Total Capital Assets	6,033,694	6,956,056	12,989,750
Total Assets	<u>\$ 10,391,377</u>	<u>\$ 10,264,830</u>	<u>\$ 20,656,207</u>
LIABILITIES			
Voucher Warrants Payable	\$ 423,156	\$ 210,706	\$ 633,862
Short-term debt	747	-	747
Accrued Interest	103,470	161,874	265,344
Accrued and Other Liabilities	357,910	124,922	482,832
Deferred Revenue	158,939	52,233	211,172
Long-term Liabilities:			
Due Within One Year	218,120	84,201	302,321
Due In More Than One Year	8,022,660	7,189,997	15,212,657
Total Liabilities	<u>9,285,002</u>	<u>7,823,933</u>	<u>17,108,935</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,091,893	1,560,539	2,652,432
Restricted for:			
Capital Projects	39,971	363,916	403,887
Debt Service	927,406	14,650	942,056
Federal, State & Local Grants	23,590	-	23,590
Other Purposes	225,628	518,747	744,375
Unrestricted (Deficit)	(1,202,113)	(16,955)	(1,219,068)
Total Net Assets	<u>\$ 1,106,375</u>	<u>\$ 2,440,897</u>	<u>\$ 3,547,272</u>

See notes to basic financial statements.

Exhibit 2
 CITY OF CHICAGO, ILLINOIS
 STATEMENT OF ACTIVITIES
 Year Ended December 31, 2003
 (Amounts are in Thousands of Dollars)

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government	\$ 1,738,548	\$ 350,643
Public Safety	1,646,760	99,907
Employee Pensions	354,819	-
Streets and Sanitation	335,727	24,420
Transportation	304,580	21,697
Health	174,780	6,083
Cultural and Recreational	100,725	20,217
Other	10,771	-
Interest on Long-term Debt	301,181	-
Total Governmental Activities	4,967,891	522,967
Business-type Activities:		
Water	318,925	317,455
Sewer	144,420	142,373
Midway Airport	128,550	78,973
Chicago O'Hare International Airport	636,653	481,957
Chicago Skyway	37,544	39,770
Total Business-type Activities	1,266,092	1,060,528
Total Primary Government	\$ 6,233,983	\$ 1,583,495

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
\$ 516,559	\$ 6,591	\$ (864,755)	\$ -	\$ (864,755)
22,969	-	(1,523,884)	-	(1,523,884)
-	-	(354,819)	-	(354,819)
-	-	(311,307)	-	(311,307)
-	230,085	(52,798)	-	(52,798)
121,580	-	(47,117)	-	(47,117)
11,818	-	(68,690)	-	(68,690)
8,013	-	(2,758)	-	(2,758)
-	-	(301,181)	-	(301,181)
<u>680,939</u>	<u>236,676</u>	<u>(3,527,309)</u>	<u>-</u>	<u>(3,527,309)</u>

-	-	-	(1,470)	(1,470)
-	-	-	(2,047)	(2,047)
-	40,611	-	(8,966)	(8,966)
-	137,327	-	(17,369)	(17,369)
-	1,688	-	3,914	3,914
-	<u>179,626</u>	<u>-</u>	<u>(25,938)</u>	<u>(25,938)</u>
<u>\$ 680,939</u>	<u>\$ 416,302</u>	<u>(3,527,309)</u>	<u>(25,938)</u>	<u>(3,553,247)</u>

General Revenues

Taxes:

Property Tax	706,666	-	706,666
Utility Tax	512,567	-	512,567
Sales Tax	187,152	-	187,152
Transportation Tax	330,926	-	330,926
Transaction Tax	242,212	-	242,212
Special Area Tax	277,401	-	277,401
Other Taxes	166,671	-	166,671
Grants and Contributions not Restricted to Specific Programs	498,205	-	498,205
Unrestricted Investment Earnings	24,414	28,093	52,507
Miscellaneous	98,474	1,248	99,722
<u>Total General Revenues</u>	<u>3,044,688</u>	<u>29,341</u>	<u>3,074,029</u>
<u>Change in Net Assets</u>	<u>(482,621)</u>	<u>3,403</u>	<u>(479,218)</u>
Net Assets-Beginning	1,588,996	2,437,494	4,026,490
Net Assets-Ending	<u>\$ 1,106,375</u>	<u>\$ 2,440,897</u>	<u>\$ 3,547,272</u>

Exhibit 3
CITY OF CHICAGO, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2003
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants
ASSETS		
Cash and Cash Equivalents	\$ 1,318	\$ 136,944
Investments	2,857	11,072
Cash and Investments with Escrow Agent	-	667
Receivables (Net of Allowances):		
Property Tax	-	-
Accounts	159,031	37,610
Due from Other Funds	214,455	38,822
Due from Other Governments	137,274	104,803
Inventories	22,324	-
Other Assets	-	46,375
Total Assets	\$ 537,259	\$ 376,293
LIABILITIES AND FUND BALANCE		
Liabilities		
Voucher Warrants Payable	\$ 121,891	\$ 139,220
Bonds, Notes and Other Obligations Payable-Current	-	-
Accrued Interest	-	-
Due to Other Funds	292,493	55,734
Accrued and Other Liabilities	47,195	1,993
Claims Payable	13,007	-
Deferred Revenue	2,318	155,756
Total Liabilities	476,904	352,703
Fund Balance		
Reserved for Encumbrances	18,573	-
Reserved for Resale Property	-	46,375
Reserved for Inventory	22,324	-
Reserved for Debt Service	-	-
Unreserved, Undesignated	19,458	(22,785)
Total Fund Balance	60,355	23,590
Total Liabilities and Fund Balance	\$ 537,259	\$ 376,293

See notes to basic financial statements.

Bond, Note Redemption and Interest	Community Development and Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$ 60,213	\$ 344,211	\$ 385,052	\$ 927,738
2,651	814,320	78,645	909,545
237,885	-	135,548	374,100
411,376	-	514,210	925,586
1,912	4,022	2,224	204,799
27,671	48,912	44,859	374,719
1,128	-	38,646	281,851
-	-	-	22,324
-	-	-	46,375
<u>\$ 742,836</u>	<u>\$ 1,211,465</u>	<u>\$ 1,199,184</u>	<u>\$ 4,067,037</u>

\$ -	\$ 48,252	\$ 89,320	\$ 398,683
97,482	-	2,175	99,657
98,329	-	3,753	102,082
4,133	43,275	125,642	521,277
-	125	27,048	76,361
-	-	-	13,007
358,045	163	448,500	964,782
<u>557,989</u>	<u>91,815</u>	<u>696,438</u>	<u>2,175,849</u>
-	64,024	20,433	103,030
-	-	-	46,375
-	-	-	22,324
184,847	-	165,884	350,731
-	1,055,626	316,429	1,368,728
<u>184,847</u>	<u>1,119,650</u>	<u>502,746</u>	<u>1,891,188</u>
<u>\$ 742,836</u>	<u>\$ 1,211,465</u>	<u>\$ 1,199,184</u>	<u>\$ 4,067,037</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.	6,033,694
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,402,138
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(8,220,645)
Net assets of governmental activities	<u>\$ 1,106,375</u>

Exhibit 4
 CITY OF CHICAGO, ILLINOIS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended December 31, 2003
 (Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants
Revenues:		
Property Tax	\$ -	\$ -
Utility Tax	467,735	-
Sales Tax	385,891	-
Transportation Tax	136,665	-
State Income Tax	214,413	-
Transaction Tax	242,212	-
Special Area Tax	-	-
Other Taxes	153,997	-
Federal/State Grants	4,420	961,465
Internal Service	295,459	-
Licenses and Permits	96,678	-
Fines	177,932	-
Investment Income	2,531	-
Charges for Services	88,116	-
Miscellaneous	56,671	-
Total Revenues	2,322,720	961,465
Expenditures:		
Current:		
General Government	754,807	539,198
Health	45,239	118,199
Public Safety	1,566,645	23,382
Streets and Sanitation	237,576	-
Transportation	41,569	247,610
Cultural and Recreational	-	11,901
Employee Pensions	-	-
Other	5,157	5,152
Capital Outlay	-	6,591
Debt Service:		
Principal Retirement	4,715	-
Interest and Other Fiscal Charges	5,394	-
Total Expenditures	2,661,102	952,033
Revenues Over (Under) Expenditures	(338,382)	9,432

Continued on following pages.

Bond, Note Redemption and Interest	Community Development and Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$ 427,515	\$ -	\$ 301,943	\$ 729,458
16,329	-	28,503	512,567
26,054	-	2,480	414,425
32,491	-	161,770	330,926
-	-	52,099	266,512
-	-	-	242,212
-	-	222,263	222,263
7	-	12,667	166,671
-	-	-	965,885
-	-	29,286	324,745
-	-	-	96,678
-	-	14,814	192,746
1,565	14,411	5,907	24,414
-	-	32,260	120,376
-	22,449	11,255	90,375
<u>503,961</u>	<u>36,860</u>	<u>875,247</u>	<u>4,700,253</u>
-	-	180,979	1,474,984
-	-	10,974	174,412
-	-	4,306	1,594,333
-	-	118,936	356,512
-	-	132,486	421,665
-	-	69,736	81,637
-	-	354,819	354,819
-	-	375	10,684
-	477,332	80,596	564,519
338,412	-	53,621	396,748
231,068	-	31,272	267,734
<u>569,480</u>	<u>477,332</u>	<u>1,038,100</u>	<u>5,698,047</u>
<u>(65,519)</u>	<u>(440,472)</u>	<u>(162,853)</u>	<u>(997,794)</u>

Exhibit 4 - Concluded
 CITY OF CHICAGO, ILLINOIS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended December 31, 2003
 (Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants
Other Financing Sources (Uses):		
Proceeds of Debt, Net of Original Discount	\$ 194,292	\$ -
Payment to Refunded Bond Escrow Agent	-	-
Transfers In	67,487	1,500
Transfers Out	-	(10,932)
Total Other Financing Sources (Uses)	<u>261,779</u>	<u>(9,432)</u>
Net change in fund balances	(76,603)	-
Fund Balance, Beginning of Year	137,461	23,590
Change in Inventory	(503)	-
Fund Balance, End of Year	<u>\$ 60,355</u>	<u>\$ 23,590</u>

See notes to basic financial statements.

<u>Bond, Note Redemption and Interest</u>	<u>Community Development and Improvement Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 309,499	\$ 532,063	\$ 286,973	\$ 1,322,827
(173,725)	-	-	(173,725)
6,683	10,668	80,460	166,798
(16,457)	(64,551)	(74,858)	(166,798)
<u>126,000</u>	<u>478,180</u>	<u>292,575</u>	<u>1,149,102</u>
60,481	37,708	129,722	151,308
124,366	1,081,942	373,024	1,740,383
-	-	-	(503)
<u>\$ 184,847</u>	<u>\$ 1,119,650</u>	<u>\$ 502,746</u>	<u>\$ 1,891,188</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, 2003
(Amounts are in Thousands of Dollars)

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

Net change in fund balances - total governmental funds	\$	151,308
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.		200,841
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		32,345
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		(773,327)
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.		(93,788)
Change in the net assets of governmental activities	\$	<u>(482,621)</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, 2003
 (Amounts are in Thousands of Dollars)

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Utility Tax	\$ 451,910	\$ 467,735	\$ 15,825
Sales Tax	170,378	158,618	(11,760)
Transportation Tax	134,000	136,665	2,665
Transaction Tax	210,300	242,212	31,912
Recreation Tax	87,226	85,865	(1,361)
Business Tax	61,054	65,002	3,948
State Income Tax	223,000	214,413	(8,587)
State Sales Tax	232,500	227,273	(5,227)
State Auto Rental and Hotel Tax	3,100	3,130	30
Federal/State Grants	5,000	4,420	(580)
Internal Service	290,329	295,459	5,130
Licenses and Permits	98,602	96,678	(1,924)
Fines	169,062	177,932	8,870
Investment Income	7,000	2,531	(4,469)
Charges for Services	71,801	65,184	(6,617)
Municipal Utilities	24,009	23,101	(908)
Leases, Rentals and Sales	34,950	33,352	(1,598)
Miscellaneous	29,400	23,150	(6,250)
Proceeds of Debt, Net of Original Discount	149,300	194,292	44,992
Budgeted Prior Years' Surplus and Reappropriations	27,439	6,918	(20,521)
Transfers In/Other	69,480	67,487	(1,993)
Total Revenues	2,549,840	2,591,417	41,577
Expenditures:			
Current:			
General Government	703,821	717,444	(13,623)
Health	47,512	45,569	1,943
Public Safety	1,508,370	1,539,563	(31,193)
Streets and Sanitation	236,813	237,144	(331)
Transportation	42,376	41,595	781
Debt Service:			
Principal Retirement	4,715	4,715	-
Interest and Other Fiscal Charges	6,233	5,386	847
Total Expenditures	2,549,840	2,591,416	(41,576)
Revenues Over Expenditures	\$ -	\$ 1	\$ 1

See notes to basic financial statements.

Exhibit 7
CITY OF CHICAGO, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2003
(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
ASSETS						
CURRENT ASSETS:						
Cash and Cash Equivalents	\$ 12,485	\$ 12,245	\$ 33,319	\$ 96,714	\$ 6,949	\$ 161,712
Investments	564	464	-	12,895	50	13,973
Accounts Receivable (Net of Allowance for Estimated Uncollectibles)	60,701	25,900	5,143	35,852	560	128,156
Due from Other Funds	10,266	9,974	44	-	124	20,408
Due from Other Governments	-	-	5,071	3,754	-	8,825
Inventories	14,535	2,125	-	-	-	16,660
Total Current Assets	98,551	50,708	43,577	149,215	7,683	349,734
RESTRICTED ASSETS:						
Cash and Cash Equivalents	73,105	79,589	306,552	732,301	53,402	1,244,949
Investments	198,208	34,000	182,329	883,986	53,952	1,352,475
Total Restricted Assets	271,313	113,589	488,881	1,616,287	107,354	2,597,424
OTHER ASSETS	9,285	7,872	53,835	323,064	11,887	405,943
PROPERTY, PLANT AND EQUIPMENT:						
Land	5,083	560	100,257	124,758	12,609	243,267
Structures, Equipment and Improvements	2,133,285	1,218,611	579,964	4,045,414	267,371	8,244,645
Accumulated Depreciation	(533,764)	(250,028)	(95,905)	(1,398,640)	(108,489)	(2,386,826)
Construction Work In Progress	61,498	1,810	413,358	254,696	123,608	854,970
Total Property, Plant and Equipment	1,666,102	970,953	997,674	3,026,228	295,099	6,956,056
Total Assets	\$ 2,045,251	\$ 1,143,122	\$ 1,583,967	\$ 5,114,794	\$ 422,023	\$10,309,157

See notes to basic financial statements.

Business Type Activities - Enterprise Funds

	Major Funds					Other Fund	Total
	Water	Sewer	Midway Airport	Chicago-O'Hare International Airport	Chicago Skyway		
LIABILITIES							
CURRENT LIABILITIES:							
Voucher Warrants Payable	\$ 28,311	\$ 16,258	\$ 11,028	\$ 38,496	\$ 983	\$ 95,076	
Due to Other Funds	32,028	3,617	4,621	1,805	2,256	44,327	
Accrued and Other Liabilities	56,075	18,005	-	14,553	699	89,332	
Deferred Revenue	10,039	6,943	10,409	24,842	-	52,233	
Total Current Liabilities	126,453	44,823	26,058	79,696	3,938	280,968	
Current Liabilities Payable From Restricted Assets	46,328	31,672	78,720	201,659	38,916	397,295	
NONCURRENT LIABILITIES:							
Revenue Bonds Payable	984,056	635,052	1,142,020	4,000,287	424,193	7,185,608	
Long-term Purchase Obligations	4,389	-	-	-	-	4,389	
Total Noncurrent Liabilities	988,445	635,052	1,142,020	4,000,287	424,193	7,189,997	
Total Liabilities	1,161,226	711,547	1,246,798	4,281,642	467,047	7,868,260	
NET ASSETS:							
Invested in Capital Assets, Net of Related Debt	659,269	405,947	102,235	332,512	60,576	1,560,539	
Restricted Net Assets:							
Debt Service	-	-	-	14,650	-	14,650	
Capital Projects	196,599	7,965	76,312	51,476	31,564	363,916	
Passenger Facility Charges	-	-	58,088	157,395	-	215,483	
Contractual Use Agreement	-	-	47,002	83,960	-	130,962	
Other	-	-	44,918	127,384	-	172,302	
Unrestricted Net Assets	28,157	17,663	8,614	65,775	(137,164)	(16,955)	
Total Net Assets	\$ 884,025	\$ 431,575	\$ 337,169	\$ 833,152	\$ (45,024)	\$ 2,440,897	

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, 2003
(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
Operating Revenues:						
Charges for Services	\$ 307,218	\$ 140,754	\$ 26,613	\$ 291,577	\$ 39,716	\$ 805,878
Rent	-	-	52,360	190,380	-	242,740
Other	10,237	1,619	-	-	54	11,910
Total Operating Revenues	317,455	142,373	78,973	481,957	39,770	1,060,528
Operating Expenses:						
Personal Services	117,596	4,551	36,582	148,861	5,308	312,898
Contractual Services	48,736	6,461	9,214	35,759	1,895	102,065
Repairs and Maintenance	4,016	58,968	26,770	65,870	2,815	158,439
Commodities and Materials	12,294	-	-	-	112	12,406
Depreciation and Amortization	29,289	17,658	18,813	130,754	7,050	203,564
General Fund Reimbursements	45,237	25,779	-	-	1,280	72,296
Other	20,043	-	10,626	81,060	7	111,736
Total Operating Expenses	277,211	113,417	102,005	462,304	18,467	973,404
Operating Income (Loss)	40,244	28,956	(23,032)	19,653	21,303	87,124
Nonoperating Revenues (Expenses):						
Investment Income	1,823	276	3,458	20,723	1,813	28,093
Interest Expense	(41,714)	(31,003)	(26,545)	(174,349)	(19,077)	(292,688)
Passenger Facility Charges	-	-	23,540	128,389	-	151,929
Other	502	(31)	777	-	-	1,248
Total Nonoperating Revenues						
(Expenses)	(39,389)	(30,758)	1,230	(25,237)	(17,264)	(111,418)
Capital Grants	-	-	17,071	8,938	1,688	27,697
Net Income (Loss)	855	(1,802)	(4,731)	3,354	5,727	3,403
Net Assets (Deficit) -						
Beginning of Year	883,170	433,377	341,900	829,798	(50,751)	2,437,494
Net Assets (Deficit) - End of Year ...	\$ 884,025	\$ 431,575	\$ 337,169	\$ 833,152	\$ (45,024)	\$ 2,440,897

See notes to basic financial statements.

Exhibit 9
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2003
(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
Cash Flows from Operating Activities:						
Received from Customers	\$ 311,047	\$ 138,174	\$ 85,267	\$ 493,959	\$ 39,800	\$ 1,068,247
Payments to Vendors	(36,106)	(26,220)	(48,333)	(157,713)	(4,787)	(273,159)
Payments to Employees	(123,594)	(40,501)	(33,181)	(158,207)	(4,332)	(359,815)
Transactions with Other City Funds	(72,138)	(18,106)	(9,514)	(38,108)	(2,770)	(140,636)
Cash Flows from Operating Activities	79,209	53,347	(5,761)	139,931	27,911	294,637
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Bonds	3,518	-	25,528	1,317,365	-	1,346,411
Acquisition and Construction of Capital Assets	(126,599)	(51,200)	(105,803)	(202,479)	(132,755)	(618,836)
Grant Receipts	-	-	12,000	9,378	1,687	23,065
Bond Issuance Costs	(73)	-	-	(39,229)	-	(39,302)
Payment to Refund Bonds	-	-	-	(555,096)	-	(555,096)
Principal Paid on Bonds	(28,900)	(14,285)	(5,750)	(33,675)	-	(82,610)
Interest Paid	(46,015)	(33,649)	(55,613)	(171,929)	(18,382)	(325,588)
Passenger Facility Charges	-	-	23,348	127,219	-	150,567
Noise Mitigation Program	-	-	(7,345)	(21,478)	-	(28,823)
Intergovernmental Loan	-	-	-	-	(8,300)	(8,300)
Cash Flows from Capital and Related Financing Activities	(198,069)	(99,134)	(113,635)	430,076	(157,750)	(138,512)
Cash Flows from Investing Activities:						
Sale (Purchases) of Investments, Net	48,657	58,292	80,539	(363,492)	64,481	(111,523)
Proceeds from Sale of Property	-	-	-	-	-	-
Investment Interest	6,850	1,839	7,877	23,344	2,197	42,107
Cash Flows from Investing Activities	55,507	60,131	88,416	(340,148)	66,678	(69,416)
Net Increase (Decrease) in Cash and Cash Equivalents	(63,353)	14,344	(30,980)	229,859	(63,161)	86,709
Cash and Cash Equivalents, Beginning of Year	148,943	77,490	370,851	599,156	123,512	1,319,952
Cash and Cash Equivalents, End of Year	\$ 85,590	\$ 91,834	\$ 339,871	\$ 829,015	\$ 60,351	\$ 1,406,661

See notes to basic financial statements.

Exhibit 9 - Concluded
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2003
(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)	\$ 40,244	\$ 28,956	\$ (23,032)	\$ 19,653	\$ 21,303	\$ 87,124
Adjustments to Reconcile:						
Depreciation and Amortization	29,289	17,658	18,813	130,754	7,050	203,564
Provision for						
Uncollectible Accounts	3,921	-	934	2,046	6	6,907
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables	(7,029)	(4,640)	1,904	(525)	24	(10,266)
Decrease in Due From						
Other Funds	30,561	21,175	45	-	322	52,103
Decrease in Voucher						
Warrants Payable and Due to						
Other Funds	(22,593)	(11,280)	(7,398)	(26,394)	(996)	(68,661)
Increase in Deferred						
Revenue and Other Liabilities	3,701	1,257	2,973	14,397	65	22,393
Decrease in						
Inventories and Other Assets	1,115	221	-	-	137	1,473
Cash Flows from						
Operating Activities	<u>\$ 79,209</u>	<u>\$ 53,347</u>	<u>\$ (5,761)</u>	<u>\$ 139,931</u>	<u>\$ 27,911</u>	<u>\$ 294,637</u>

Supplemental Disclosure of Noncash

Items:

Capital asset additions in 2003						
included in accounts payable and						
accrued and other liabilities	<u>\$ 16,924</u>	<u>\$ 10,112</u>	<u>\$ 24,653</u>	<u>\$ 51,107</u>	<u>\$ 28,550</u>	<u>\$ 131,346</u>

See notes to basic financial statements.

Exhibit 10
 CITY OF CHICAGO, ILLINOIS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 December 31, 2003
 (Amounts are in Thousands of Dollars)

	Pension Trust	Agency	Total
ASSETS			
Cash and Cash Equivalents	\$ 252,855	\$ 18,144	\$ 270,999
Investments	11,949,114	10,509	11,959,623
Cash and Investments with Escrow Agent	-	21,824	21,824
Property Tax Receivable	-	12,318	12,318
Accounts Receivable (Net of Allowances)	439,020	25,443	464,463
Due from Other Funds	59,298	135,869	195,167
Invested Securities			
Lending Collateral	816,490	-	816,490
Total Assets	\$ 13,516,777	\$ 224,107	\$ 13,740,884
LIABILITIES			
Voucher Warrants Payable	\$ 422,291	\$ 33,107	\$ 455,398
Due to Other Funds	-	24,690	24,690
Accrued and Other Liabilities	-	166,310	166,310
Securities Lending			
Collateral	816,490	-	816,490
Total Liabilities	1,238,781	224,107	1,462,888
NET ASSETS			
Reserved for Employee Benefit Plans	12,277,996	-	12,277,996
Total Net Assets	\$ 12,277,996	\$ -	\$ 12,277,996

See notes to basic financial statements.

Exhibit 11
CITY OF CHICAGO, ILLINOIS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
STATEMENT OF CHANGES IN PLAN NET ASSETS
Year Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	<u>Total</u>
Additions	
Contributions	
Employees	\$ 271,925
City	<u>343,291</u>
Total Contributions	<u>615,216</u>
Investment Income	
Net Appreciation	
in Fair Value of Investments	1,855,703
Interest, Dividends and Other	248,390
Investment Expense	<u>(36,503)</u>
Net Investment Income	<u>2,067,590</u>
Securities Lending	
Transactions	
Securities Lending Income	14,576
Securities Lending Expense	<u>(11,322)</u>
Net Securities Lending	
Transactions	<u>3,254</u>
Total Additions	<u>2,686,060</u>
Deductions	
Benefits and Refunds of	
Deductions	1,044,401
Administrative and General	<u>11,801</u>
Total Deductions	<u>1,056,202</u>
Net Increase in Net Assets	<u>1,629,858</u>
Net Assets Held in Trust for	
Pension Benefits:	
Beginning of Year	<u>10,648,138</u>
End of Year	<u>\$12,277,996</u>

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** for 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 and 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 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 (System). The 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 (Sewer) System. 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.

Chicago - O'Hare International Airport Fund records operations of Chicago-O'Hare International Airport, 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.

Midway Airport Fund records operations of Midway Airport 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.

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 various entities.

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 non-operating 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.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 - CONTINUED

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**

- (1) **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.

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 non-interest-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 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 in excess of one year 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.

- (2) **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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 - CONTINUED

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.

- (3) **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.
- (4) **Assets Held for Resale** include land and buildings of \$46.4 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.
- (5) **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 Chicago-O'Hare International Airport and Midway Airport funds maintain Passenger Facility Charge accounts as restricted as they are subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital accounts.

- (6) **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 \$560.4 million. Of this amount, \$79.0 million was included as part of the capital assets under construction projects in proprietary funds.

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003 - CONTINUED**

Property, plant and equipment of the City is 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 art work and historical treasures presented for public exhibition and education that is 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.

- (7) **Employee Benefits** are granted for vacation and sick leave, worker's 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. The Plan is administered by third-party administrators who maintain the investment portfolio. 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.

- (8) **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 related to deferred compensatory time and reserves for questioned costs are treated the same way.

- (9) **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.

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 issuances 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.

- (10) **Fund equity** in the Government-wide statements, is classified as net assets and displayed in three components:

(a) - 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.

(b) - 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.

(c) - Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Unreserved, Undesignated in the Governmental Fund statements, under Non-Major Other Governmental Funds, is comprised of two components, \$222.9 million of Special Revenue Funds and \$93.5 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.**

- (1) The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds." The details of this \$1,402.1 million are as follows (dollars in thousands):

CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003 - CONTINUED

Deferred revenue - property tax	\$	805,843
Other assets - pension excess		620,768
Accounts payable - infrastructure retainage		<u>(24,473)</u>
Net adjustment to increase fund balance - total governmental funds - to arrive at net assets - governmental activities	\$	<u>1,402,138</u>

- (2) 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 \$8,220.6 million are as follows (dollars in thousands):

Total bonds, notes and certificates payable	\$	6,472,116
Pension obligation		1,333,785
Lease obligation		31,332
Claims and judgments		<u>403,547</u>
Total Long-term Liabilities		8,240,780
Bonds, notes and other obligations payable - current		(97,825)
Other assets - issuance costs		(20,870)
Accrued Interest		839
Accrued and other liabilities - pension accrual		10,000
Accrued and other liabilities - compensated absences		<u>87,721</u>
Net adjustment to reduce fund balance - total governmental funds - to arrive at net assets - governmental activities	\$	<u>8,220,645</u>

(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.

- (1) The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets - 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 \$200.8 million are as follows (dollars in thousands):

Capitalized asset expenditures	\$	500,763
Depreciation expense		(299,264)
Loss - disposal of equipment		<u>(658)</u>
Net adjustment to increase net changes in fund balances- total governmental funds - to arrive at changes in net assets - governmental activities	\$	<u>200,841</u>

- (2) 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 \$773.3 million are as follows (dollars in thousands):

CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003 - CONTINUED

Proceeds of debt, net of original discounts	\$	1,322,827
Payment of refunded bond escrow agent		(173,725)
Principal retirement		(396,748)
Payment of cost of issuance		(13,010)
Interest expense		<u>33,983</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities	\$	<u><u>773,327</u></u>

- (3) 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 \$93.8 million are as follows (dollars in thousands):

Claims and judgments	\$	35,446
Pension benefit liability		(136,831)
Inventory		(503)
Donation of capital assets		<u>8,100</u>

Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities	\$	<u><u>93,788</u></u>
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(3) **Stewardship, Compliance and Accountability**

- (a) **Annual Appropriation Budgets** are established for the General and certain Special Revenue Funds which are non-major, on a non-GAAP, budgetary basis:

- (1) 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.
- (2) 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.
- (3) Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance.
- (4) 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.
- (5) 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.

CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003 - CONTINUED

(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 2003, is as follows (dollars in thousands):

	General Fund
Revenues, GAAP Basis	\$ 2,322,720
Add:	
Operating Transfers In	67,487
Proceeds of Debt, Net	194,292
Prior Years' Surplus Utilized	<u>6,918</u>
Revenues, Budgetary Basis	<u>\$ 2,591,417</u>
Expenditures, GAAP Basis	\$ 2,661,102
Add:	
Encumbered in 2003	11,235
Deduct:	
Payments on Prior Years' Encumbrances	(75,764)
Provision for Doubtful Accounts	<u>(5,157)</u>
Expenditures, Budgetary Basis	<u>\$ 2,591,416</u>

(c) **Individual Funds over Budget** include the Vehicle Tax Fund (\$0.3 million), Pension Fund (\$18.4 million) and Health and Welfare Fund (\$3.5 million).

(d) **Individual Fund Deficits** include the Vehicle Tax Fund, Special Events, Tourism and Festivals Fund, and Health and Welfare Fund, Special Revenue Funds and the Chicago Skyway Fund, an Enterprise Fund, have fund deficits of \$32.6 million, \$3.8 million, \$5.0 million and \$45.0 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 \$209.5 million at December 31, 2003, and the related bank balance was \$201.3 million. Of the bank balance, \$182.7 million, or 90.2 percent, was either insured or collateralized with securities held by City agents in the City's name. The remainder was uninsured and uncollateralized.

CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003 - CONTINUED

(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, 2003 (dollars in millions):

	Category			Fair Value
	1	2	3	
City Funds				
U.S. Government Obligations	\$ 2,903.3	\$ 66.6	\$ -	\$ 2,969.9
Commercial Paper	18.9	-	-	18.9
Total	<u>\$ 2,922.2</u>	<u>\$ 66.6</u>	<u>\$ -</u>	2,988.8
Investments Not Categorized:				
Mutual and Pooled Funds				<u>1,847.7</u>
Total City Funds				<u>\$ 4,836.5</u>
Pension Trust Funds				
Bonds	\$ 2,118.5	\$ -	\$ -	\$ 2,118.5
Stocks	5,216.3	-	-	5,216.3
Commercial Paper	18.4	-	-	18.4
Total	<u>\$ 7,353.2</u>	<u>\$ -</u>	<u>\$ -</u>	7,353.2
Investments Not Categorized:				
Pooled Funds				3,353.9
Real Estate				285.2
Investments Held by Master				
Custodian under Securities				
Loans				794.3
Securities Received from				
Securities Lending				816.5
Venture Capital				216.7
Short-term				<u>187.6</u>
Total Pension Trust Funds				<u>\$ 13,007.4</u>

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 - 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	\$	209.5
Investments - City		4,836.5
Investments - Pension Funds		13,007.4
		<u>18,053.4</u>
	\$	<u>18,053.4</u>

Per Financial Statements:

Cash and Cash Equivalents	\$	1,360.5
Investments		12,883.1
Cash and Investments with Escrow Agent		395.9
Restricted Assets - Cash and Cash Equivalents		1,244.9
Restricted Assets - Investments		1,352.5
Invested Securities Lending Collateral		816.5
		<u>18,053.4</u>
	\$	<u>18,053.4</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 properties 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 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.

CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003 - CONTINUED

(6) Interfund Balances and Transfers

(a) The following balances at December 31, 2003, represent due from/to balances among all funds (dollars in thousands):

Fund Type/Fund	Due From	Due To
Governmental activities:		
General	\$ 214,455	\$ 292,493
Federal, State and Local Grants	38,822	55,734
Bond, Note Redemption and Interest	27,671	4,133
Community Development and Improvement Projects ...	48,912	43,275
Nonmajor governmental fund	44,859	125,642
Total Governmental	<u>374,719</u>	<u>521,277</u>
Business-type activities:		
Water	10,266	32,028
Sewer	9,974	3,617
Chicago Midway Airport	44	4,621
Chicago-O'Hare International Airport	-	1,805
Other Business-type	124	2,256
Total Business-type	<u>20,408</u>	<u>44,327</u>
Fiduciary activities:		
Pension Trust	59,298	-
Agency	135,869	24,690
Total Fiduciary	<u>195,167</u>	<u>24,690</u>
Total	<u>\$ 590,294</u>	<u>\$ 590,294</u>

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, 2003 - CONTINUED**

(b) The following balances at December 31, 2003, represent interfund transfers among all funds (dollars in thousands):

Fund Type/Fund	Transfer In	Transfer Out
Governmental activities:		
General	\$ 67,487	\$ -
Federal, State and Local Grants	1,500	10,932
Bond, Note Redemption and Interest	6,683	16,457
Community Development and Improvement Projects	10,668	64,551
Nonmajor governmental fund	<u>80,460</u>	<u>74,858</u>
 Total Governmental	 <u>\$ 166,798</u>	 <u>\$ 166,798</u>

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, 2003 - CONTINUED

(7) Capital Assets

(a) Capital Assets activity for the year ended December 31, 2003 was as follows (dollars in thousands):

	Balance January 1, 2003	Additions	Disposals and Transfers	Balance December 31, 2003
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,195,530	\$ 12,722	\$ -	\$ 1,208,252
Works of art and historical collections	8,379	252	-	8,631
Construction in Progress	181,068	428,501	(428,330)	181,239
Total capital assets, not being depreciated	<u>1,384,977</u>	<u>441,475</u>	<u>(428,330)</u>	<u>1,398,122</u>
Capital assets, being depreciated:				
Buildings and Other Improvements	1,193,333	107,085	-	1,300,418
Machinery and Equipment	736,194	46,752	(13,169)	769,777
Infrastructure	4,631,324	335,431	-	4,966,755
Total capital assets, being depreciated	<u>6,560,851</u>	<u>489,268</u>	<u>(13,169)</u>	<u>7,036,950</u>
Less accumulated depreciation for:				
Buildings and Other Improvements	321,055	33,570	-	354,625
Machinery and Equipment	425,235	79,782	(12,511)	492,506
Infrastructure	1,368,335	185,912	-	1,554,247
Total accumulated depreciation	<u>2,114,625</u>	<u>299,264</u>	<u>(12,511)</u>	<u>2,401,378</u>
Total capital assets, being depreciated, net	<u>4,446,226</u>	<u>190,004</u>	<u>(658)</u>	<u>4,635,572</u>
Total governmental activities	<u>\$ 5,831,203</u>	<u>\$ 631,479</u>	<u>\$ (428,988)</u>	<u>\$ 6,033,694</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 217,165	\$ 26,102	\$ -	\$ 243,267
Construction in Progress	836,408	464,922	(446,360)	854,970
Total capital assets, not being depreciated ..	<u>1,053,573</u>	<u>491,024</u>	<u>(446,360)</u>	<u>1,098,237</u>
Capital assets, being depreciated:				
Buildings and Other Improvements	7,251,859	514,264	36,161	7,802,284
Machinery and Equipment	402,612	10,838	28,911	442,361
Total capital assets, being depreciated	<u>7,654,471</u>	<u>525,102</u>	<u>65,072</u>	<u>8,244,645</u>
Less accumulated depreciation for:				
Buildings and Other Improvements	2,025,881	168,205	(1,597)	2,192,489
Machinery and Equipment	181,065	13,572	(300)	194,337
Total accumulated depreciation	<u>2,206,946</u>	<u>181,777</u>	<u>(1,897)</u>	<u>2,386,826</u>
Total capital assets, being depreciated, net	<u>5,447,525</u>	<u>343,325</u>	<u>66,969</u>	<u>5,857,819</u>
Total business-type activities	<u>\$ 6,501,098</u>	<u>\$ 834,349</u>	<u>\$ (379,391)</u>	<u>\$ 6,956,056</u>
Capital Assets at December 31, 2003	<u>\$ 12,332,301</u>	<u>\$ 1,465,828</u>	<u>\$ (808,379)</u>	<u>\$ 12,989,750</u>

CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003 - CONTINUED

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

Governmental activities:	
General government	\$ 58,132
Public safety	25,910
Streets and sanitation	9,424
Transportation	185,362
Health	1,265
Cultural and recreational	<u>19,171</u>
Total depreciation expense - governmental activities	\$ <u>299,264</u>
Business-type activities:	
Water	\$ 28,879
Sewer	17,301
Chicago-O'Hare International Airport	113,347
Midway Airport	15,904
Chicago Skyway	<u>6,346</u>
Total depreciation expense - business-type activities	\$ <u>181,777</u>

(8) Leases

(a) Operating Leases

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases was approximately \$17.1 million for the year ended December 31, 2003. The future minimum lease payments for these leases are as follows (dollars in thousands):

2004	\$ 10,606
2005	16,178
2006	14,403
2007	11,295
2008	9,395
2009 - 2013	39,969
2014	<u>7,456</u>
Total Future Rental Expense	\$ <u>109,302</u>

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 - CONTINUED

(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):

2004	\$	—
2005		305
2006		410
2007		411
2008		1,689
2009 - 2013		6,887
2014 - 2018		—
2019 - 2023		71,151
2024 - 2028		3,855
		<hr/>
Total Minimum Future Lease Payments		84,708
Less Interest		53,376
		<hr/>
Present Value of Minimum Future Lease Payments	\$	<u>31,332</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, 2003 (dollars in thousands):

2004	\$	67,973
2005		49,296
2006		26,554
2007		32,493
2008		31,593
2009 - 2013		103,694
2014 - 2018		90,526
2019 - 2023		9,154
2024 - 2028		9,275
2029 - 2033		9,564
		<hr/>
Total Minimum Future Rental Income	\$	<u>440,122</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 \$259.8 million, including contingent rentals of \$41.6 million.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 - 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, 2003 (dollars in thousands):

2004	\$ 13,353
2005	12,269
2006	11,982
2007	11,365
2008	11,243
2009 - 2013	40,425
2014	<u>1</u>
Total Minimum Future Rental Income	<u>\$ 100,638</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 \$40.9 million, including contingent rentals of \$18.8 million.

(9) Short-term Debt

Commercial Paper Notes

The City repaid the remaining balance of \$12.6 million of Series A Notes in January 2003 and therefore those notes are no longer recorded as a current liability in the financial statements. The Series B Notes (\$155.5 million outstanding) are recorded in long-term debt as the City has the ability and intent to redeem the notes in later years.

Matured bonds represent principal due on coupon bonds in which the coupons have not been presented for payment.

	<u>Balance January 1, 2003</u>	<u>Issued/ Draws</u>	<u>Redeemed/ Repayments</u>	<u>Balance December 31, 2003</u>
Short-term Debt:				
Commercial Paper Notes 2002, Series A ..	\$ 12,565	\$ -	\$ 12,565	\$ -
Matured Bonds	747	-	-	747
Total	<u>\$ 13,312</u>	<u>\$ -</u>	<u>\$ 12,565</u>	<u>\$ 747</u>

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 - CONTINUED

(10) Long-term Obligations

(a) Long-term Debt activity for the year ended December 31, 2003 was as follows (dollars in thousands):

	Balance January 1, 2003	Additions	Reductions	Balance December 31, 2003	Amounts Due within One Year
Governmental activities:					
Bonds, notes and certificates payable:					
General obligation debt	\$ 4,681,707	\$ 1,064,812	\$ 360,470	\$ 5,386,049	\$ 85,515
Installment purchase agreement	15,200	-	1,400	13,800	1,400
Tax increment	521,532	5,820	53,211	474,141	50,417
Revenue	459,890	115,645	21,660	553,875	10,495
	<u>5,678,329</u>	<u>1,186,277</u>	<u>436,741</u>	<u>6,427,865</u>	<u>147,827</u>
Less unamortized debt refunding transactions ..	14,575	8,410	832	22,153	-
Add unamortized premium	4,946	11,390	514	15,822	-
Add accretion of capital appreciation bonds ..	74,649	26,095	-	100,744	-
Less converted portion of conversion bonds ..	57,332	-	7,169	50,163	-
Total bonds, notes and certificates payable ...	<u>5,686,017</u>	<u>1,215,352</u>	<u>429,254</u>	<u>6,472,115</u>	<u>147,827</u>
Other liabilities:					
Pension obligations	1,220,197	113,588	-	1,333,785	-
Lease obligations	-	125,160	93,828	31,332	-
Claims and judgments	438,993	56,196	91,641	403,548	70,293
Total other liabilities	<u>1,659,190</u>	<u>294,944</u>	<u>185,469</u>	<u>1,768,665</u>	<u>70,293</u>
Total governmental activities	<u>\$ 7,345,207</u>	<u>\$ 1,510,296</u>	<u>\$ 614,723</u>	<u>\$ 8,240,780</u>	<u>\$ 218,120</u>
Business-type activities:					
Revenue bonds and notes payable:					
Water	\$ 1,009,034	\$ 3,518	\$ 19,307	\$ 993,245	\$ 24,667
Sewer	683,673	-	14,285	669,388	15,025
Chicago-O'Hare International Airport	3,424,590	1,313,012	601,991	4,135,611	37,045
Midway Airport	1,151,185	25,528	5,750	1,170,963	6,610
Chicago Skyway	437,910	-	-	437,910	-
	<u>6,706,392</u>	<u>1,342,058</u>	<u>641,333</u>	<u>7,407,117</u>	<u>83,347</u>
Less unamortized debt refunding transactions	126,855	8,463	8,284	127,034	-
Less unamortized discount	66,693	17,393	30,191	53,895	-
Add long-term purchase obligations	13,981	-	9,592	4,389	-
Add accretion of capital appreciation bonds	<u>35,549</u>	<u>8,809</u>	<u>737</u>	<u>43,621</u>	<u>854</u>
Total business-type activities	<u>\$ 6,562,374</u>	<u>\$ 1,325,011</u>	<u>\$ 613,187</u>	<u>\$ 7,274,198</u>	<u>\$ 84,201</u>
Long-term Obligations at December 31, 2003	<u>\$ 13,907,581</u>	<u>\$ 2,835,307</u>	<u>\$ 1,227,910</u>	<u>\$ 15,514,978</u>	<u>\$ 302,321</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.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 - CONTINUED**

(b) Issuance of New Debt

General Obligation Notes

The General Obligation Tender Notes, Series 2003 (\$135.4 million) were sold in January 2003 at an initial short-term intermediate rate of 1.22 percent through January 7, 2004. The notes mature no later than January 7, 2005. The Series 2003 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 2003 notes.

The letter of credit securing the Series 2003 notes totals \$137.7 million and terminates on the earliest of January 7, 2005 or upon redemption of the notes. Advances under the letter of credit (none at December 31, 2003) are due on the earliest of January 7, 2006 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.

City of Chicago Commercial Paper Notes 2002 Program, Series A (Tax-Exempt) and Series B (Taxable) (\$200.0 million maximum aggregate authorized) were issued in August 2003 in the amount of \$130.5 million with an interest rate of 1.15 percent. At December 31, 2003, \$155.5 million are outstanding having interest rates ranging from 1.45 percent to 1.75 percent with maturity dates ranging from January 15, 2004 to March 31, 2004. Note proceeds can be used for approved capital projects or cash flow needs of the City. The letter of credit securing the Commercial Paper Notes 2002 Program totals \$218.0 million and expires in May 2007. The payment of principal and interest on the notes and reimbursement for draws on the letter of credit is based on a continuing appropriation from legally available funds of the City, however, that in no event shall the City be obligated to levy any special ad valorem or other tax in addition to other City taxes to pay such principal and interest.

General Obligation Bonds

General Obligation Bonds, Project and Refunding Series 2003A (\$158.0 million) were sold at a premium in March 2003. The bonds have interest rates ranging from 4.625 percent to 5.25 percent and maturity dates from January 1, 2010 to January 1, 2042. General Obligation Variable Rate Demand Bonds Series 2003B (\$202.5 million) were sold in August 2003 at an initial rate of .76 percent and maturity dates ranging from January 1, 2011 to January 1, 2034. Net proceeds of the Series 2003 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 or school districts; acquisition of personal property; acquisition, demolition, remediation or improvement of real property for industrial, commercial or residential purposes or to enhance public safety and welfare; constructing, equipping, altering and repairing various municipal facilities including fire stations, libraries, and senior and health centers; enhancing economic development within the City by making direct grants to and providing security for the obligations of not-for-profit or for-profit organizations doing business or seeking to do business with the City; the funding of

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 - CONTINUED

litigation judgments or settlement agreements involving the City; contributions to the Policemen's Annuity and Benefit Fund, the Firemen's Annuity and Benefit Fund and the Municipal Employee's, Officers' and Officials' Annuity and Benefit Fund through the fiscal year ending December 31, 2007; and providing for facilities, services, and equipment to protect and enhance public safety (\$202.6 million); and to advance refund all of the outstanding Project Series 1993 bonds and certain maturities of the Project and Refunding Series 1999A (\$157.3 million); and to fund capitalized interest (\$19.9 million). The advance refunding of the Project Series 1993 and Project and Refunding Series 1999A bonds increased the City's total debt service payments by \$17.7 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$.1 million.

At the discretion of the City, the Series 2003B bonds may bear interest at a daily, weekly, flexible, adjustable long or fixed rate. Interest on bonds in the daily or weekly mode is payable on the first business day of each month. Interest on bonds in the flexible mode is payable on each rate change date. Interest on bonds in the adjustable long or fixed mode is payable on January and July 1st.

The City has appointed a remarketing agent for the Series 2003B 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 2003B bonds.

The standby bond purchase agreement securing the Series 2003B bonds totals \$204.4 million and terminates on August 6, 2008. Bonds purchased by the provider shall bear interest from the purchase date through the 60th day at the prime rate less .5 percent. Thereafter, interest on the bonds will be the prime rate. Upon the occurrence of an event of default, the interest rate shall equal the prime rate plus 2.0 percent. The maximum rate of interest cannot exceed 20.0 percent. The standby bond purchase agreement was issued by a third-party financial institution that is expected to be financially capable of honoring its agreements.

General Obligation Bonds (Central Loop Redevelopment Project), Series 2003 (\$137.0 million) were sold in September 2003. The bonds were sold as capital appreciation bonds and have yields ranging from 2.3 percent to 4.07 percent and maturity dates ranging from December 1, 2005 to December 1, 2008. Net proceeds of \$135.6 million will be used to finance certain project costs in the Central Loop Redevelopment Project Area. Available tax increment revenues, an ad valorem tax levy or any revenues of the City legally available for that purpose can fund debt service.

General Obligation Bonds, Project Series 2003C (\$176.9 million) and Taxable Series 2003D (\$21.4 million) were sold at a premium in November 2003. The bonds have interest rates ranging from 2.0 percent to 5.25 percent and maturity dates from January 1, 2005 to January 1, 2035. Net proceeds of the Series 2003C and D Bonds will be used to finance infrastructure improvements; transportation improvements; grants or loans to assist not-for-profit organizations or educational or cultural institutions; or to assist other municipal corporations or units of local government or school districts; acquisition of personal property; acquisition, demolition, remediation or improvement of real property for industrial, commercial or residential purposes or to enhance public safety and welfare; constructing, equipping, altering and repairing various municipal facilities including fire stations, libraries, and senior and health centers; enhancing economic development within the City by making direct grants to and providing security for the obligations of not-for-profit or for-profit organizations doing business or seeking to do business with the City; the funding of litigation judgments or settlement agreements involving the City; and providing for facilities, services, and equipment to protect and enhance public safety (\$192.5 million); and to fund capitalized interest (\$6.6 million).

General Obligation Bonds (Neighborhoods Alive 21 Program) Series 2003 (\$103.1 million) were sold at a premium in December 2003. The bonds have interest rates ranging from 2.0 percent to 5.25 percent and maturity dates from January 1, 2005 to January 1, 2043. Net proceeds of \$103.8 million will be used to finance certain public infrastructure and facility improvements for the City, capital equipment purchases, the acquisition and improvement of certain real property, and grants to not-for-profit organizations.

Motor Fuel Tax Revenue Bonds

Motor Fuel Tax Revenue Bonds, Series 2003A (\$115.6 million) were sold at a premium in April 2003. The bonds have interest rates ranging from 2.25 percent to 5.25 percent and maturity dates ranging from January 1, 2004 to January 1, 2033. Net proceeds of \$116.4

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million will be used to finance projects allowable under State law (\$100.0 million) and to advance refund all of the outstanding Motor Fuel Tax Revenue Bonds, Series 1990 and certain maturities of the Motor Fuel Tax Revenue Bonds, Series 1993 (\$16.4 million). The advance refunding of the Project Series 1990 and Series 1993 bonds increased the City's total debt service payments by \$0.6 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$ 0.2 million.

Tax Increment Allocation Bonds and Notes

As part of the City's Tax Increment Financing Neighborhood Improvement Program and Small Business Investment Fund, the City entered into four Tax Increment Allocation Notes. Tax Increment Allocation Note (Belmont/Central Redevelopment Project and Humboldt Park Commercial Redevelopment Project) Taxable Series 2003 were sold in June 2003. The Belmont/Central note is for \$.8 million and the Humboldt Park Commercial note is for \$1.1 million. Both notes have an interest rate of 6.95 percent and maturity dates from January 1, 2004 to January 1, 2013. Tax Increment Allocation Note (Madison/Austin Corridor Redevelopment Project) Taxable Series 2003 was sold for \$.9 million in July 2003 with an interest rate of 6.95 percent and maturity dates of January 1, 2004 to January 1, 2013. Tax Increment Allocation Note (Western Avenue South Redevelopment Project) Taxable Series 2003 was sold for \$3.0 million in August 2003 with an interest rate of 7.0 percent and maturity dates of December 15, 2003 to December 15, 2012. The proceeds of the notes were used to fund the Neighborhood Improvement Program or Small Business Investment Fund in the respective Project Areas. These programs provide grants to eligible property owners to make improvements to their property.

Enterprise Fund Revenue Bonds

Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2003A-C (\$986.3 million) were sold at a premium in August 2003. The bonds have interest rates ranging from 4.5 percent to 6.0 percent and maturity dates ranging from January 1, 2013 to January 1, 2034. Net proceeds of \$953.5 million will be used to finance costs of the planning, design, acquisition, construction, and equipping of certain capital projects at the airport and repayment of outstanding commercial paper notes (\$541.3 million); to fund capitalized interest (\$102.6 million); fund debt service reserve requirements (\$84.0 million); and to advance refund the Second Lien Revenue Bonds, Series 1984A and 1988A, and certain maturities of the Second Lien Revenue Bonds, Series 1993A (\$225.7 million). The advance refunding increased the City's total debt service payments by \$237.0 million and resulted in an economic loss (difference between the present values of the debt service on the old and new debt) of \$20.5 million.

The Water Department entered into a loan agreement with the Illinois Environmental Protection Agency in October 2003. The loan is for \$3.5 million with an interest rate of 2.905 percent and payments of principal and interest are to be made semi-annually through November 1, 2022. Loan proceeds were used to install turbidity analyzer equipment at the water purification plants.

Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2003D-F (\$149.3 million) were sold at a premium in December 2003. The bonds have interest rates ranging from 2.125 percent to 5.5 percent and maturity dates ranging from January 1, 2005 to January 1, 2034. Net proceeds of \$146.0 million and \$2.5 million of other sources will be used to finance costs of the planning, design, acquisition, construction, and equipping of certain capital projects at the airport (\$49.4 million); to fund capitalized interest (\$9.1 million); to fund debt service reserve requirements (\$11.2 million); and to advance refund the Second Lien Revenue Bonds, Series 1993B and certain maturities of the Second Lien Revenue Bonds, Series 1993A (\$78.9 million). The advance refunding increased the City's total debt service payments by \$72.1 million and resulted in an economic loss (difference between the present values of the debt service on the old and new debt) of \$3.7 million.

(c) Derivatives

Pay-Fixed, Receive-Variable Interest Rate Swaps

Objective of the swaps. In order to protect against the potential of rising interest rates, the City entered into six separate pay-fixed, receive-variable interest rate swaps at a cost less than what the City would have paid to issue fixed-rate debt.

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Terms, fair values and credit risk. The terms, including the fair values and credit ratings of the outstanding swaps as of December 31, 2003, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. Except as discussed under rollover risk, 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).

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counter-party Credit Rating
GO VRDB (Series 2003B)	\$ 202,500	8/7/2003	4.052%	Actual Rate of Bonds	\$(6,417)	1/1/2034	A1/A+ A1/A+*
GO VRDB (Neighborhoods Alive 21 Program, Series 2002 B)	206,700	10/3/2002	3.575	70% of USD LIBOR - BBA	1,022	1/1/2037	Aa3/A+ Aa2/A+*
Sales Tax Rev. Ref. Bonds (VRDB Series 2002)	116,595	6/27/2002	4.230	Actual Rate of Bonds	(8,252)	1/1/2034	A1/A+
Tax Increment Allocation Bonds (Near North TIF, Series 1999A)	44,900	9/1/1999	5.084	Actual Rate of Bonds	(7,862)	1/1/2019	Aa2/AA-
Tax Increment Allocation Bonds (Near North TIF, Taxable Series 1999B) ..	10,100	9/1/1999	6.890	Actual Rate of Bonds	(1,290)	1/1/2010	Aa3/A+
Tax Increment Allocation Bonds (Stockyards TIF, Series 1996A&B)	34,800	2/10/1997	5.375	BMA	(4,680)	12/1/2014	Aa3/A+
Total	\$ 615,595				\$ (27,479)		

* Two counterparties hold 75 and 25 percent respectively.

Fair Value. As per industry convention, the fair value 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 for all but one swap, the City's swaps had negative values. For the other swap, the fair value was positive, since interest rates increased subsequent to the date of execution.

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.

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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.

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.

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.

Swap payments and associated debt. As of December 31, 2003, 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	Total
	Principal	Interest	Rate Swaps, Net	
2004	\$ 3,240	\$ 7,470	\$ 17,496	\$ 28,206
2005	3,455	7,429	17,353	28,237
2006	3,775	7,385	17,200	28,360
2007	4,790	7,335	17,035	29,160
2008	5,005	7,275	16,814	29,094
2009 - 2013	42,465	35,139	79,787	157,391
2014 - 2018	127,230	30,741	67,598	225,569
2019 - 2023	141,655	22,550	48,190	212,395
2024 - 2028	106,370	14,651	30,798	151,819
2029 - 2033	131,655	7,499	15,257	154,411
2034 - 2038	38,400	1,011	1,770	41,181
	<u>\$ 608,040</u>	<u>\$ 148,485</u>	<u>\$ 329,298</u>	<u>\$ 1,085,823</u>

Swaptions

Objective of the swaptions. The City entered into several swaption contracts that provided the City upfront payments totaling \$42.1 million. As a synthetic refunding of its bonds, these payments represent the risk-adjusted, present-value savings of refundings, without issuing refunding bonds. The swaptions gave the counterparty the option to make the City enter into a pay-variable, receive fixed interest rate swaps. If the options are exercised, the City would then expect to issue fixed-rate refunding bonds.

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Terms. The terms, including fair values of the swaptions as of December 31, 2003, 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%	\$(22,295)	1/1/2024	\$13,384
Chicago Midway Airport Rev. Bonds (Series 1998A(AMT); Series 1998B(Non-AMT); and Refunding Series 1998C (Non-AMT))	397,715	10/27/1999	BMA+ 25bps	5.100%	(25,730)	1/1/2030	23,500
Sales Tax Rev. Bonds (Series 1999)	23,285	6/21/2002	BMA+ 30bps	4.984%	(989)	1/1/2029	728
Sales Tax Rev. Bonds (Series 1998)	69,275	6/21/2002	BMA+ 30bps	5.250%	(4,099)	1/1/2028	2,562
Sales Tax Rev. Bonds (Series 1997)	60,645	6/21/2002	BMA+ 30bps	5.375%	(3,281)	1/1/2027	1,964
Total	\$ 869,590				\$(56,394)		\$42,138

Fair value. As of December 31, 2003, the swaptions had a negative fair value of \$56.4 million. As per industry convention, the fair value 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.

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.

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

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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.

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.

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

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 maintain all covenant reserve account balances at specified amounts. The above requirements were met at December 31, 2003. The Water Rate Stabilization account had a balance in restricted assets of \$52.3 million at December 31, 2003.

The ordinances authorizing the issuance of outstanding Second Lien Water Revenue Bonds provide for the creation of separate accounts into which moneys 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, 2003.

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, 2003. The Sewer Rate Stabilization account had a balance in restricted assets of \$8.1 million at December 31, 2003.

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, 2003.

Chicago-O'Hare International Airport (O'Hare) 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, 2003. The ordinance provides for the creation of separate accounts which 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.

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The master indenture securing the International Terminal Special Revenue Bonds requires that special revenues, as defined, together with any cash and investment balance held in the special revenue fund on the first day of the calendar year not then required to be deposited in any other fund and certain investment earnings shall equal an amount not less than the greater of (i) various fund deposit requirements and (ii) 125 percent of the annual debt service reduced by an amount equal to the aggregate amount held in all capitalized interest accounts for disbursements during the bond year to pay interest. This requirement was met at December 31, 2003.

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.

Midway Airport (Midway) 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 O & M 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, 2003.

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 met at December 31, 2003.

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 met at December 31, 2003.

(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 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 are recorded as current and prior year program/grants expenditures. Funding for future loans will be from a combination of the repayment of existing loans and additional funds committed from future program/grant expenditures.

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(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, 2003, not including principal payments due January 1, 2004, are as follows (dollars in thousands):

	Amount Defeased	Outstanding
Emergency Telephone System - Series 1993	\$ 213,730	\$ 188,650
General Obligation Project Bonds - Series 1995	152,657	136,732
General Obligation Project Bonds - Series 1995 B	79,070	55,520
General Obligation Library Bonds - Series 1997	9,615	9,155
General Obligation Project and Refunding Bonds - Series 1999 A	11,505	10,125
General Obligation Bonds - Series 2000 A	123,805	118,900
Neighborhoods Alive 21 Program - Series 2000 A	62,495	62,495
Sales Tax Revenue Bonds - Series 1999	104,125	102,015
Central Station Project Tax Increment - Series 1991 A	4,205	2,500
Near South Redevelopment Project Tax Increment - Series 1994 A	23,000	21,325
Central Loop Redevelopment Project Tax Increment - Series 1997 A	96,000	96,000
Water Revenue Bonds - Series 1989	75,730	2,850
Water Revenue Senior Lien Bonds - Series 2000	80,000	80,000
Wastewater Transmission Revenue Bonds - Series 1994	55,820	55,820
Wastewater Transmission Revenue Bonds - Series 2000	68,420	66,835
Chicago O'Hare International Airport Bonds - Series 1993 A	58,145	58,145
Chicago O'Hare International Airport Bonds - Series 1993 B	17,520	17,520
Total	\$ 1,235,842	\$ 1,084,587

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(g) Annual requirements listed below for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2004 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2003, are as follows (dollars in thousands):

Year Ending December 31,	General Obligation		Installment Purchase		Tax Increment	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 93,119	\$ 226,417	\$ 1,400	\$ 1,046	\$ 52,277	\$ 23,506
2005	252,589	219,560	1,500	934	60,803	23,279
2006	123,821	217,254	1,700	814	52,645	25,621
2007	130,427	215,198	1,700	682	54,213	25,152
2008	217,915	221,981	2,000	542	78,096	24,432
2009 - 2013	794,414	992,854	5,500	663	118,079	35,338
2014 - 2018	826,860	849,866	-	-	53,462	16,487
2019 - 2023	784,517	682,830	-	-	2,271	85
2024 - 2028	709,056	535,196	-	-	-	-
2029 - 2033	561,445	374,207	-	-	-	-
2034 - 2038	460,280	258,831	-	-	-	-
2039 - 2041	191,100	17,028	-	-	-	-
	<u>\$ 5,145,543</u>	<u>\$ 4,811,222</u>	<u>\$ 13,800</u>	<u>\$ 4,681</u>	<u>\$ 471,846</u>	<u>\$ 173,900</u>

Year Ending December 31,	Revenue		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 9,850	\$ 27,287	\$ 113,937	\$ 370,258
2005	11,800	26,814	151,397	368,737
2006	12,405	26,218	184,690	361,623
2007	13,030	25,587	203,963	349,704
2008	13,695	24,920	218,513	339,545
2009 - 2013	80,450	112,664	1,269,554	1,526,042
2014 - 2018	88,620	90,504	1,325,877	1,203,380
2019 - 2023	114,020	65,289	1,105,300	906,545
2024 - 2028	121,045	34,309	1,535,562	587,925
2029 - 2033	78,465	10,164	1,148,790	164,211
2034 - 2038	-	-	63,995	3,600
2039 - 2042	-	-	-	-
	<u>\$ 543,380</u>	<u>\$ 443,756</u>	<u>\$ 7,321,578</u>	<u>\$ 6,181,570</u>

Debt service requirements above exclude commercial paper issues as the timing of payments is not certain and long-term purchase obligations, for which the payment requirements are satisfied in the form of credits against charges for water sales. 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, 2003.

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(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 which 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 a national or international exchange 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 which did not exceed 43 days. The Plans cannot pledge to sell collateral securities received unless the borrower defaults. Loans outstanding as of December 31, 2003 are as follows: market value of securities loaned \$912.5 million, market value of cash collateral from borrowers \$808.4 million and market value of non-cash collateral from borrowers \$129.2 million.

The funds provide retirement, as well as, 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, 2003 - 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%	12.75%	10.5%	
Plan members	8.5	8.5	9.0	9.1	
Annual required contribution	\$ 158,615	\$ -	\$ 181,545	\$ 111,079	\$ 451,239
Interest on net pension obligation ..	(28,702)	(21,670)	50,851	46,765	47,244
Adjustment to annual required contribution	27,858	15,028	(30,221)	(45,390)	(32,725)
Annual pension cost	157,771	(6,642)	202,175	112,454	465,758
Contributions made	141,883	367	140,807	60,234	343,291
Increase (decrease) in net pension obligation	15,888	(7,009)	61,368	52,220	122,467
Net pension obligation (excess), beginning of year	(358,776)	(270,871)	635,635	584,562	590,550
Net pension obligation (excess), end of year	<u>\$ (342,888)</u>	<u>\$ (277,880)</u>	<u>\$ 697,003</u>	<u>\$ 636,782</u>	<u>\$ 713,017</u>

	<u>Municipal Employees'</u>	<u>Laborers'</u>	<u>Policemen's</u>	<u>Firemen's</u>
Actuarial valuation date	12/31/03	12/31/03	12/31/03	12/31/03
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, open	Level percent, 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	2.0	(c)	(c)
Post retirement benefit increases	(b)	(b)	(d)	(e)

(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 later of the third anniversary of retirement and age 53

(c) Up to 2.7 percent based on service

(d) 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.

(e) Uses 3.0 percent per year for annuitants age 55 or over, born before 1945 with at least 20 years of service and 1.5 percent per year for 20 years for annuitants age 60 or over, born in 1945 or later.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 - 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
Municipal Employees':			
2001	\$ 82,888	158.57%	\$ (319,770)
2002	91,960	142.42	(358,776)
2003	157,771	89.93	(342,888)
Laborers':			
2001	(17,024)	N/A	(255,311)
2002	(15,477)	N/A	(270,871)
2003	(6,642)	N/A	(277,880)
Policemen's:			
2001	143,432	97.38	627,036
2002	150,588	94.29	635,635
2003	202,175	69.65	697,003
Firemen's:			
2001	105,173	57.43	537,644
2002	106,371	55.89	584,562
2003	112,454	53.56	636,782

SCHEDULE OF FUNDING PROGRESS
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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)
Municipal Employees':						
2001 12/31/01	\$ 6,466,798	\$ 6,934,176	\$ 467,379	93%	\$ 1,375,049	34%
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
Laborers':						
2001 12/31/01	1,756,080	1,402,139	(353,942)	125	211,203	(168)
2002 12/31/02	1,715,073	1,540,605	(174,469)	111	207,404	(84)
2003 12/31/03	1,679,796	1,628,563	(51,233)	103	205,692	(25)
Policemen's:						
2001 12/31/01	4,183,796	5,932,511	1,748,715	71	763,352	229
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	2,541,738	61	887,556	286
Firemen's:						
2001 12/31/01	1,245,130	2,068,718	823,588	60	277,965	296
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

CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003 - CONTINUED

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 Laborer 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.

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 2003, the net expense to the City for providing these benefits to approximately 22,348 annuitants plus their dependents, was approximately \$81.2 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 workers' 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, 2003 the total amount of non-Enterprise Fund claims was \$295.8 million. This liability is the City's best estimate based on available information. Changes in the reported liability for all funds is as follows (dollars in thousands):

	2003	2002
	<u> </u>	<u> </u>
Balance, January 1	\$ 374,938	\$ 438,144
Claims incurred on current and prior year events	470,085	364,812
Claims paid on current and prior year events	<u>(510,623)</u>	<u>(428,018)</u>
Balance, December 31	<u>\$ 334,400</u>	<u>\$ 374,938</u>

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 - CONCLUDED**

(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 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. Negotiations for 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, 2003 the Enterprise Funds have entered into contracts for approximately \$440.9 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 moneys, 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

In January 2004, the City sold General Obligation Tender Notes, Series 2004 (\$96.3 million). The notes were issued at a short-term intermediate rate of 1.05 percent through January 13, 2005 and will mature no later than January 27, 2006. Proceeds will be used to meet the cash flow requirements of the City's General, Library and City Relief Funds. After the expiration of the initial interest rate period, the notes will bear interest at a weekly, short-term intermediate or fixed rate at the discretion of the City.

The City is evaluating the sale of a long-term concession and lease of the Skyway. The concession agreement will grant a private operator the exclusive right to operate the Skyway and to collect toll revenue from the Skyway during the term of the agreement (anticipated to be at least 55 years). As of May 2004, the City has selected a list of qualified bidders. If the final and binding proposals received meet City objectives, the City may enter into a concession agreement. The City reserves the right to terminate this solicitation at any stage if the City determines this action to be in its best interest.

In March 2004, the City purchased and retired \$14.3 million of Skyway Toll Bridge Revenue Bonds, Series 2000 that were outstanding at December 31, 2003. As a result, \$125.1 million of Skyway Toll Bridge Revenue Bonds, Series 2000 are outstanding as of March 2004.

**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, 2003
 (Amounts are in Thousands of Dollars)

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
LOCAL TAX REVENUE			
UTILITY TAX:			
Gas	\$ 84,610	\$ 97,571	\$ 12,961
Electric	96,300	91,742	(4,558)
Telecommunication	170,000	169,607	(393)
Commonwealth Edison	88,300	95,493	7,193
Infrastructure Maintenance	-	16	16
Fiber Optics	-	5	5
Cable Television	12,700	13,301	601
Total Utility Tax	<u>451,910</u>	<u>467,735</u>	<u>15,825</u>
SALES TAX:			
Home Rule Retailers' Occupation	170,378	158,618	(11,760)
TRANSPORTATION TAX:			
Parking	68,800	68,243	(557)
Vehicle Fuel	61,400	60,015	(1,385)
Vehicle Replacement	-	683	683
Ground Transportation	3,800	7,724	3,924
Total Transportation Tax	<u>134,000</u>	<u>136,665</u>	<u>2,665</u>
TRANSACTION TAX:			
Real Property	109,800	145,443	35,643
Personal Property Lease	94,800	90,789	(4,011)
Motor Vehicle Lessor	5,700	5,980	280
Total Transaction Tax	<u>210,300</u>	<u>242,212</u>	<u>31,912</u>
RECREATION TAX:			
Amusement	34,100	37,635	3,535
Automatic Amusement	2,060	1,663	(397)
Liquor	18,817	18,375	(442)
Boat Mooring	1,000	853	(147)
Cigarette	17,300	15,555	(1,745)
Off Track Betting	3,000	2,179	(821)
Soft Drink	10,949	9,605	(1,344)
Total Recreation Tax	<u>87,226</u>	<u>85,865</u>	<u>(1,361)</u>
BUSINESS TAX:			
Hotel	34,800	37,453	2,653
Employers' Expense	23,554	23,918	364
Foreign Fire Insurance	2,700	3,631	931
Total Business Tax	<u>61,054</u>	<u>65,002</u>	<u>3,948</u>
TOTAL LOCAL TAX REVENUE	<u>1,114,868</u>	<u>1,156,097</u>	<u>41,229</u>
INTERGOVERNMENTAL REVENUE			
STATE INCOME TAX:			
State Income	180,300	172,318	(7,982)
State Personal Property Replacement	42,700	42,095	(605)
Total State Income Tax	<u>223,000</u>	<u>214,413</u>	<u>(8,587)</u>

Schedule A-1 - Continued
CITY OF CHICAGO, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
STATE SALES TAX:			
State Retailers' Occupation	\$ 232,500	\$ 227,273	\$ (5,227)
STATE AUTO RENTAL TAX:			
Municipal Auto Rental	3,100	3,130	30
FEDERAL/STATE GRANTS:			
Grants	5,000	4,420	(580)
TOTAL INTERGOVERNMENTAL REVENUE	463,600	449,236	(14,364)
LOCAL NON-TAX REVENUE			
INTERNAL SERVICE:			
Water Fund	46,970	46,970	-
Chicago - O'Hare International Airport Fund	33,449	33,205	(244)
Vehicle Tax Fund	24,982	23,952	(1,030)
Chicago Skyway Fund	2,000	1,247	(753)
Midway Airport Fund	6,306	7,628	1,322
Federal Funds	23,725	25,339	1,614
Sewer Fund	24,147	24,147	-
Emergency Communication Fund	33,000	33,000	-
Federal Funds - Pensions	20,175	16,650	(3,525)
Indirect Cost Recovery	3,200	3,260	60
Intergovernmental Vouchers (IV)	-	-	-
Electrical Services	10,000	8,672	(1,328)
Electrical Construction	13,024	16,616	3,592
Transportation	19,891	15,526	(4,365)
Fleet Management	11,418	13,022	1,604
Miscellaneous - Planning, Purchasing, etc.	17,120	25,638	8,518
Other	922	587	(335)
Total Internal Service	290,329	295,459	5,130
LICENSES AND PERMITS:			
Alcoholic Liquor Dealers' License	9,700	10,823	1,123
Miscellaneous Licenses	17,100	16,188	(912)
Building Permits and License Fees	29,664	29,589	(75)
Public Passenger Autos	11,937	6,946	(4,991)
Fines and Penalties	11,038	5,703	(5,335)
Subsidewalks and Alleys	47	1,015	968
Other	19,116	26,414	7,298
Total Licenses and Permits	98,602	96,678	(1,924)
FINES:			
Fines, Forfeitures and Penalties	169,062	177,932	8,870
INVESTMENT INCOME:			
Interest on Investments	7,000	2,531	(4,469)

Schedule A-1 - Concluded
 CITY OF CHICAGO, ILLINOIS
 GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Year Ended December 31, 2003
 Amounts are in Thousands of Dollars)

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
CHARGES FOR SERVICES:			
Copies of Birth and Death Certificates	\$ 3,800	\$ 764	\$ (3,036)
Reimbursement for Health Center Services	-	-	-
Inspection - Ventilation	577	2,102	1,525
Inspection - Elevators	577	957	380
Building Inspection	8,079	1,087	(6,992)
Places of Public Assembly	577	716	139
Inspection - Refrigeration	577	885	308
Inspection - Electric Signs	577	2,502	1,925
Inspection - Interior Wiring	1,154	1,394	240
Inspection - Fuel Burning	3,174	1,460	(1,714)
Inspection - Driveway	577	-	(577)
Reimbursement for Construction and Repairs	-	-	-
Reimbursement for Board of Education	12,500	7,000	(5,500)
Telephone Commissions	69	12	(57)
Refuse Disposal	3,298	-	(3,298)
Reimbursement of Sign Maintenance	3,298	3,694	396
Traffic Accident Photos	860	771	(89)
Reimbursement of Current Expense	5,500	7,189	1,689
Services of Fire Department	19,000	19,637	637
Other	7,607	15,014	7,407
Total Charges for Services	<u>71,801</u>	<u>65,184</u>	<u>(6,617)</u>
MUNICIPAL UTILITIES:			
Meigs Field	259	124	(135)
Parking	23,750	22,977	(773)
Total Municipal Utilities	<u>24,009</u>	<u>23,101</u>	<u>(908)</u>
LEASES, RENTALS AND SALES:			
Sale of Land and Buildings	25,000	27,594	2,594
Vacation of Streets and Alleys	6,500	2,697	(3,803)
Sale of Impounded Autos	450	178	(272)
Sale of Materials	500	433	(67)
Rentals and Leases	2,500	2,450	(50)
Total Leases, Rentals and Sales	<u>34,950</u>	<u>33,352</u>	<u>(1,598)</u>
MISCELLANEOUS:			
Property Damage	6	-	(6)
Other	29,394	23,150	(6,244)
Total Miscellaneous	<u>29,400</u>	<u>23,150</u>	<u>(6,250)</u>
TOTAL LOCAL NON-TAX REVENUE	<u>725,153</u>	<u>717,387</u>	<u>(7,766)</u>
Proceeds of Debt, Net of Original			
Discount	149,300	194,292	44,992
Budgeted Prior Years' Surplus			
and Reappropriations	27,439	6,918	(20,521)
Transfers In	69,480	67,487	(1,993)
Total Revenues	<u>\$ 2,549,840</u>	<u>\$ 2,591,417</u>	<u>\$ 41,577</u>

NONMAJOR GOVERNMENTAL FUNDS



Schedule B-1
 CITY OF CHICAGO, ILLINOIS
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 December 31, 2003
 (Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 261,440	\$ 23,818	\$ 99,794	\$ 385,052
Investments	75,425	339	2,881	78,645
Cash and Investments with Escrow Agent	-	135,548	-	135,548
Receivables (Net of Allowances):				
Property Tax	381,660	132,550	-	514,210
Accounts	1,859	46	319	2,224
Due from Other Funds	37,213	38	7,608	44,859
Due from Other Governments	12,134	288	26,224	38,646
Total Assets	\$ 769,731	\$ 292,627	\$ 136,826	\$ 1,199,184
LIABILITIES AND FUND BALANCE				
Liabilities:				
Voucher Warrants Payable	\$ 76,351	\$ -	\$ 12,969	\$ 89,320
Bonds, Notes and Other Obligations Payable-Current	-	2,175	-	2,175
Accrued Interest	-	3,753	-	3,753
Due to Other Funds	123,717	10	1,915	125,642
Accrued and Other Liabilities	5,399	-	21,649	27,048
Deferred Revenue	326,994	120,805	701	448,500
Total Liabilities	532,461	126,743	37,234	696,438
Fund Balance:				
Reserved for Encumbrances	14,310	-	6,123	20,433
Reserved for Debt Service	-	165,884	-	165,884
Unreserved, Undesignated	222,960	-	93,469	316,429
Total Fund Balance	237,270	165,884	99,592	502,746
Total Liabilities and Fund Balance	\$ 769,731	\$ 292,627	\$ 136,826	\$ 1,199,184

Schedule B-2
CITY OF CHICAGO, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES				
Property Tax	\$ 301,943	\$ -	\$ -	\$ 301,943
Utility Tax	28,503	-	-	28,503
Sales Tax	256	2,224	-	2,480
Transportation Tax	161,770	-	-	161,770
State Income Tax	52,099	-	-	52,099
Special Area Tax	98,266	123,997	-	222,263
Other Taxes	12,599	68	-	12,667
Federal/State Grants	-	-	-	-
Internal Service	29,286	-	-	29,286
Fines	14,814	-	-	14,814
Investment Income	3,290	831	1,786	5,907
Charges for Services	32,260	-	-	32,260
Miscellaneous	11,255	-	-	11,255
Total Revenues	746,341	127,120	1,786	875,247
EXPENDITURES				
Current :				
General Government	180,979	-	-	180,979
Health	10,974	-	-	10,974
Public Safety	4,306	-	-	4,306
Streets and Sanitation	118,936	-	-	118,936
Transportation	132,486	-	-	132,486
Cultural and Recreational	69,736	-	-	69,736
Employee Pensions	354,819	-	-	354,819
Other	375	-	-	375
Capital Projects	-	-	80,596	80,596
Debt Service :				
Principal Retirement	-	53,621	-	53,621
Interest and Other Fiscal Charges	4,170	27,102	-	31,272
Total Expenditures	876,781	80,723	80,596	1,038,100
Revenues Over (Under) Expenditures	(130,440)	46,397	(78,810)	(162,853)

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
 Year Ended December 31, 2003
 (Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
OTHER FINANCING SOURCES (USES)				
Proceeds of Debt, Net of Original Discount	173,457	582	112,934	286,973
Payment to Refunded Bond Escrow Agent	-	-	-	-
Transfers In	64,402	15,988	70	80,460
Transfers Out	(21,058)	(47,117)	(6,683)	(74,858)
Total Other Financing Sources (Uses)	216,801	(30,547)	106,321	292,575
Net Change in Fund Balances	86,361	15,850	27,511	129,722
Fund Balance (Deficit) - Beginning of Year	150,909	150,034	72,081	373,024
Fund Balance (Deficit) End of Year	\$ 237,270	\$ 165,884	\$ 99,592	\$ 502,746



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
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2003
 (Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension	Public Building Commission
ASSETS				
Cash and Cash Equivalents	\$ 317	\$ 21,119	\$ 435	\$ 16
Investments	1,397	58,456	-	-
Receivables (Net of Allowances):				
Property Tax	-	-	281,063	-
Accounts	-	1,698	-	-
Due from Other Funds	30,206	2	-	-
Due from Other Governments	-	5,538	-	3,284
Other Assets	-	-	-	-
Total Assets	<u>\$ 31,920</u>	<u>\$ 86,813</u>	<u>\$ 281,498</u>	<u>\$ 3,300</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Voucher Warrants Payable	\$ 16,528	\$ 30,853	\$ 4,230	\$ -
Due to Other Funds	43,991	14,397	41,865	-
Accrued and Other Liabilities	4,005	-	-	-
Deferred Revenue	-	-	235,403	1
Total Liabilities	<u>64,524</u>	<u>45,250</u>	<u>281,498</u>	<u>1</u>
Fund Balance (Deficit):				
Reserved for Encumbrances	1,141	8,222	-	-
Unreserved, Undesignated	(33,745)	33,341	-	3,299
Total Fund Balance (Deficit)	<u>(32,604)</u>	<u>41,563</u>	<u>-</u>	<u>3,299</u>
Total Liabilities and Fund Balance	<u>\$ 31,920</u>	<u>\$ 86,813</u>	<u>\$ 281,498</u>	<u>\$ 3,300</u>

Miscellaneous	Chicago Public Library	Special Events, Tourism and Festivals	Health and Welfare	Special Taxing Areas	Total Nonmajor Special Revenue Funds
\$ 25,560	\$ 7,492	\$ 939	\$ 29	\$ 205,533	\$ 261,440
109	-	20	-	15,443	75,425
-	-	-	-	100,597	381,660
8	88	-	2	63	1,859
1,743	3,174	1	266	1,821	37,213
-	-	3,290	-	22	12,134
-	-	-	-	-	-
<u>\$ 27,420</u>	<u>\$ 10,754</u>	<u>\$ 4,250</u>	<u>\$ 297</u>	<u>\$ 323,479</u>	<u>\$ 769,731</u>

\$ 8,938	\$ 5,222	\$ 411	\$ 5,153	\$ 5,016	\$ 76,351
11,373	115	7,476	158	4,342	123,717
37	828	129	-	400	5,399
-	-	-	-	91,590	326,994
<u>20,348</u>	<u>6,165</u>	<u>8,016</u>	<u>5,311</u>	<u>101,348</u>	<u>532,461</u>

1,493	726	150	5	2,573	14,310
5,579	3,863	(3,916)	(5,019)	219,558	222,960
<u>7,072</u>	<u>4,589</u>	<u>(3,766)</u>	<u>(5,014)</u>	<u>222,131</u>	<u>237,270</u>
<u>\$ 27,420</u>	<u>\$ 10,754</u>	<u>\$ 4,250</u>	<u>\$ 297</u>	<u>\$ 323,479</u>	<u>\$ 769,731</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, 2003
 (Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension	Public Building Commission
Revenues:				
Property Tax	\$ -	\$ -	\$ 301,943	\$ -
Utility Tax	-	-	-	-
Sales Tax	-	-	-	-
Transportation Tax	90,302	70,565	-	-
State Income Tax	-	-	52,099	-
Special Area Tax	-	-	-	-
Other Taxes	-	-	-	-
Federal/State Grants	-	-	-	-
Internal Service	28,314	2	-	-
Fines	13,687	-	-	-
Investment Income	-	991	330	19
Charges for Services	7,242	-	-	-
Miscellaneous	1,359	-	447	-
Total Revenues	140,904	71,558	354,819	19
Expenditures:				
Current:				
General Government	58,441	13	-	-
Health	10	-	-	-
Public Safety	-	-	-	-
Streets and Sanitation	70,642	46,947	-	-
Transportation	39,486	89,523	-	-
Cultural and Recreational	-	-	-	-
Employee Pensions	-	-	354,819	-
Other	-	-	-	-
Capital Projects	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Other Fiscal Charges	-	2,323	-	-
Total Expenditures	168,579	138,806	354,819	-
Revenues Over (Under) Expenditures	(27,675)	(67,248)	-	19
Other Financing Sources (Uses):				
Proceeds of Debt, Net of Original Discount	-	102,301	-	-
Transfers In	-	11,957	-	-
Transfers Out	-	-	-	(70)
Total Other Financing Sources (Uses)	-	114,258	-	(70)
Net Change in Fund Balances	(27,675)	47,010	-	(51)
Fund Balance (Deficit) - Beginning of Year	(4,929)	(5,447)	-	3,350
Fund Balance (Deficit) - End of Year	\$ (32,604)	\$ 41,563	\$ -	\$ 3,299

Miscellaneous	Chicago Public Library	Special Events, Tourism and Festivals	Health and Welfare	Special Taxing Areas	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,943
28,503	-	-	-	-	28,503
-	-	-	-	256	256
-	-	903	-	-	161,770
-	-	-	-	-	52,099
-	-	-	-	98,266	98,266
-	-	12,599	-	-	12,599
-	-	-	-	-	-
-	-	-	-	970	29,286
-	1,127	-	-	-	14,814
321	481	8	105	1,035	3,290
6,240	276	18,502	-	-	32,260
9,109	200	5	-	135	11,255
<u>44,173</u>	<u>2,084</u>	<u>32,017</u>	<u>105</u>	<u>100,662</u>	<u>746,341</u>
40,511	27,741	1,436	19,206	33,631	180,979
10,678	-	-	-	286	10,974
4,207	-	99	-	-	4,306
530	-	-	-	817	118,936
-	-	-	-	3,477	132,486
-	42,923	26,813	-	-	69,736
-	-	-	-	-	354,819
-	-	375	-	-	375
-	-	-	-	-	-
-	-	-	-	-	-
-	1,325	-	510	12	4,170
<u>55,926</u>	<u>71,989</u>	<u>28,723</u>	<u>19,716</u>	<u>38,223</u>	<u>876,781</u>
<u>(11,753)</u>	<u>(69,905)</u>	<u>3,294</u>	<u>(19,611)</u>	<u>62,439</u>	<u>(130,440)</u>
-	59,493	-	11,663	-	173,457
-	3,500	-	-	48,945	64,402
-	-	-	-	(20,988)	(21,058)
-	62,993	-	11,663	27,957	216,801
(11,753)	(6,912)	3,294	(7,948)	90,396	86,361
18,825	11,501	(7,060)	2,934	131,735	150,909
<u>\$ 7,072</u>	<u>\$ 4,589</u>	<u>\$ (3,766)</u>	<u>\$ (5,014)</u>	<u>\$ 222,131</u>	<u>\$ 237,270</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, 2003
(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	\$ -	\$ -	\$ 97,523	\$ -
Motor Fuel Tax and Project	-	-	75,666	-
Pension	277,246	-	-	49,135
Public Building Commission	-	-	-	-
Miscellaneous	-	33,500	-	-
Chicago Public Library	-	-	-	-
Special Events, Tourism and Festivals	-	-	1,115	12,009
Health and Welfare	-	-	-	-
Special Taxing Areas	-	100,593	-	-
Total Original and Final Budgeted Revenues	<u>277,246</u>	<u>134,093</u>	<u>174,304</u>	<u>61,144</u>
Actual Revenues:				
Vehicle Tax	-	-	90,302	-
Motor Fuel Tax and Project	-	-	70,565	-
Pension	276,377	-	-	52,099
Public Building Commission	-	-	-	-
Miscellaneous	-	28,503	-	-
Chicago Public Library	-	-	-	-
Special Events, Tourism and Festivals	-	-	903	12,599
Health and Welfare	-	-	-	-
Special Taxing Areas	-	103,643	-	256
Total Actual Revenues	<u>276,377</u>	<u>132,146</u>	<u>161,770</u>	<u>64,954</u>
Variance Positive (Negative)	<u>\$ (869)</u>	<u>\$ (1,947)</u>	<u>\$ (12,534)</u>	<u>\$ 3,810</u>

Internal Service	Fines	Investment Income	Leases, Rentals, Sales and Charges for Services	Miscellaneous	Proceeds of Debt, Net of Original Discount	Budgeted Prior Years' Surplus and Operating Transfers In/ Other	Total Nonmajor Special Revenue Funds
\$ 43,300	\$ 19,904	\$ -	\$ 3,500	\$ -	\$ -	\$ 4,235	\$ 168,462
-	-	2,000	-	-	100,112	8,569	186,347
-	-	-	-	-	10,000	-	336,381
-	-	-	-	-	-	-	-
-	-	-	-	13,770	-	8,041	55,311
-	1,000	2,100	200	4,624	59,492	12,476	79,892
-	-	181	20,223	-	-	(3,836)	29,692
-	-	250	-	-	11,663	5,087	17,000
970	-	30	-	-	-	-	101,593
<u>44,270</u>	<u>20,904</u>	<u>4,561</u>	<u>23,923</u>	<u>18,394</u>	<u>181,267</u>	<u>34,572</u>	<u>974,678</u>
28,314	13,687	-	7,242	1,359	-	-	140,904
2	-	991	-	-	102,301	11,957	185,816
-	-	330	-	447	-	-	329,253
-	-	19	-	-	-	-	19
-	-	321	6,240	9,109	-	-	44,173
-	1,127	481	276	200	59,493	3,500	65,077
-	-	8	18,502	5	-	-	32,017
-	-	105	-	-	11,663	-	11,768
970	-	1,035	-	135	-	48,945	154,984
<u>29,286</u>	<u>14,814</u>	<u>3,290</u>	<u>32,260</u>	<u>11,255</u>	<u>173,457</u>	<u>64,402</u>	<u>964,011</u>
<u>\$ (14,984)</u>	<u>\$ (6,090)</u>	<u>\$ (1,271)</u>	<u>\$ 8,337</u>	<u>\$ (7,139)</u>	<u>\$ (7,810)</u>	<u>\$ 29,830</u>	<u>\$ (10,667)</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, 2003

(Amounts are in Thousands of Dollars)

FUND	General Government	Health	Public Safety	Streets and Sanitation
Original and Final Budget:				
Vehicle Tax	\$ 58,631	\$ -	\$ -	\$ 66,738
Motor Fuel Tax and Project	94	-	-	60,645
Pension	-	-	-	-
Miscellaneous	33,500	13,713	8,098	-
Chicago Public Library	29,153	-	-	-
Special Events, Tourism and Festivals	1,919	-	100	-
Health and Welfare	16,200	-	-	-
Special Taxing Areas	99,551	-	-	731
Total Original and Final Budget	239,048	13,713	8,198	128,114
Actual Expenditures and Encumbrances:				
Vehicle Tax	58,431	-	-	70,611
Motor Fuel Tax and Project	14	-	-	51,050
Pension	-	-	-	-
Miscellaneous	33,112	11,349	1,881	-
Chicago Public Library	27,424	-	-	-
Special Events, Tourism and Festivals	1,880	-	99	-
Health and Welfare	19,716	-	-	-
Special Taxing Areas	22,210	-	-	684
Total Actual Expenditures and Encumbrances	162,787	11,349	1,980	122,345
Variance Positive (Negative)	\$ 76,261	\$ 2,364	\$ 6,218	\$ 5,769

NORMAN FOR CAPITAL PROJECTS FUNDS

Trans- portation	Cultural and Recreational	Employee Pensions	Operating Transfers Out	Interest and Other Fiscal Charges	Total Nonmajor Special Revenue Funds
\$ 43,093	\$ -	\$ -	\$ -	\$ -	\$ 168,462
125,265	-	-	-	343	186,347
-	-	336,381	-	-	336,381
-	-	-	-	-	55,311
-	47,776	-	-	2,963	79,892
-	27,673	-	-	-	29,692
-	-	-	-	800	17,000
1,311	-	-	-	-	101,593
<u>169,669</u>	<u>75,449</u>	<u>336,381</u>	<u>-</u>	<u>4,106</u>	<u>974,678</u>
39,677	-	-	-	-	168,719
93,641	-	-	-	321	145,026
-	-	354,819	-	-	354,819
-	-	-	-	-	46,342
-	42,697	-	-	1,325	71,446
-	27,021	-	-	-	29,000
-	-	-	-	800	20,516
1,309	-	-	20,988	-	45,191
<u>134,627</u>	<u>69,718</u>	<u>354,819</u>	<u>20,988</u>	<u>2,446</u>	<u>881,059</u>
<u>\$ 35,042</u>	<u>\$ 5,731</u>	<u>\$ (18,438)</u>	<u>\$ (20,988)</u>	<u>\$ 1,660</u>	<u>\$ 93,619</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 PROJECTS FUNDS
 COMBINING BALANCE SHEET
 December 31, 2003
 (Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,508	\$ 75	\$ 96,211	\$ -	\$ 99,794
Investments	22	2,795	64	-	2,881
Accounts Receivable (Net of Allowances)	1	8	310	-	319
Due from Other Funds	-	-	7,608	-	7,608
Due from Other Governments	-	-	-	26,224	26,224
Total Assets	\$ 3,531	\$ 2,878	\$ 104,193	\$ 26,224	\$ 136,826
LIABILITIES AND FUND BALANCE					
Liabilities:					
Voucher Warrants Payable	\$ 22	\$ 57	\$ 12,890	\$ -	\$ 12,969
Due to Other Funds	-	1,900	15	-	1,915
Accrued and Other Liabilities	-	-	241	21,408	21,649
Deferred Revenue	-	-	-	701	701
Total Liabilities	22	1,957	13,146	22,109	37,234
Fund Balance:					
Reserved for Encumbrances	1	148	5,974	-	6,123
Unreserved, Undesignated	3,508	773	85,073	4,115	93,469
Total Fund Balance	3,509	921	91,047	4,115	99,592
Total Liabilities and Fund Balance	\$ 3,531	\$ 2,878	\$ 104,193	\$ 26,224	\$ 136,826

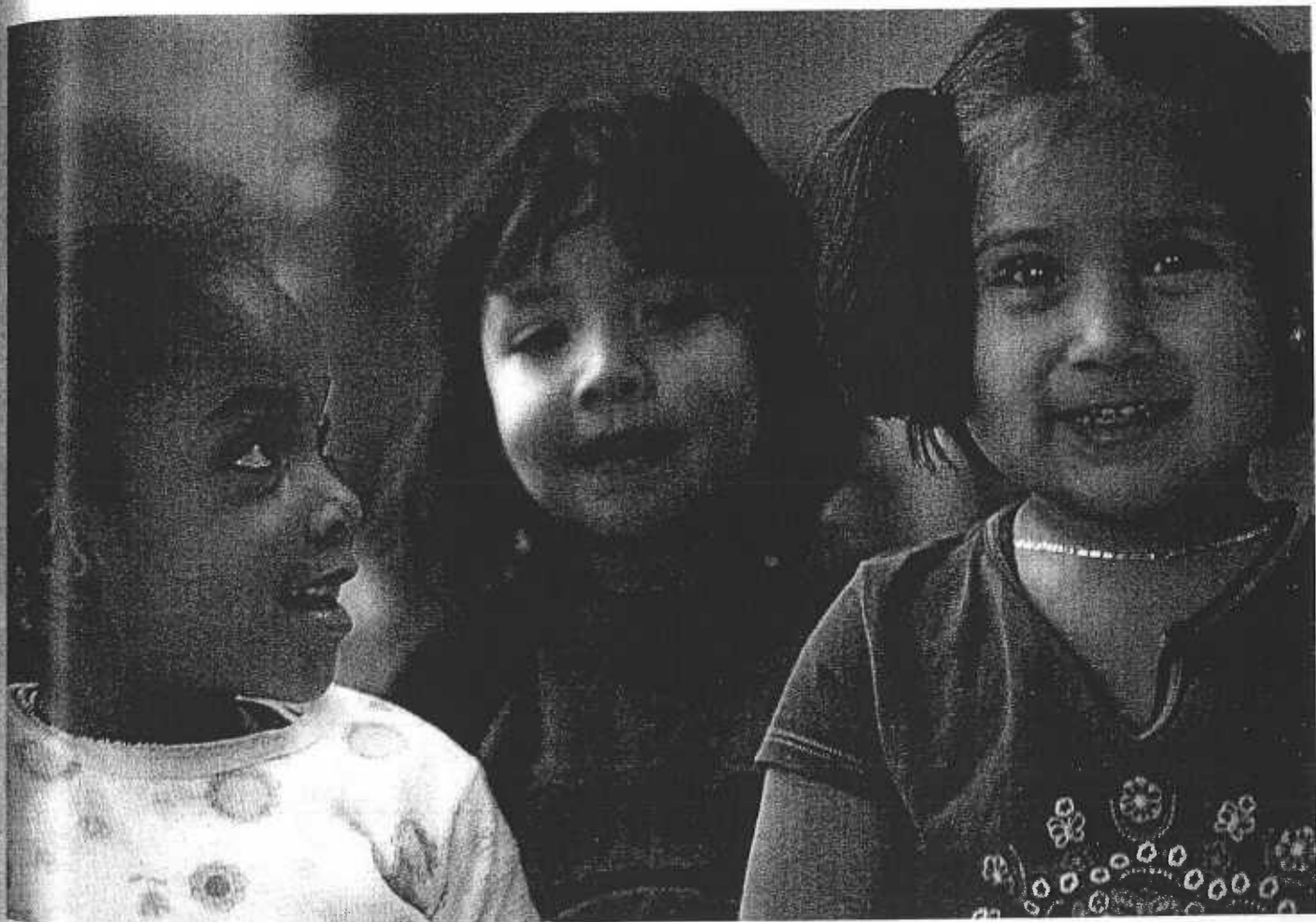
Schedule D-2
 CITY OF CHICAGO, ILLINOIS
 NONMAJOR CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 December 31, 2003
 (Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
REVENUES					
Investment Income	\$ 16	\$ 9	\$ 1,335	\$ 426	\$ 1,786
Miscellaneous	-	-	-	-	-
Total Revenues	16	9	1,335	426	1,786
EXPENDITURES					
Capital Projects	-	1,065	79,531	-	80,596
Total Expenditures	-	1,065	79,531	-	80,596
OTHER FINANCING SOURCES (USES)					
Proceeds of Debt, Net of Original Discount	-	-	112,934	-	112,934
Transfers In	-	-	-	70	70
Transfers Out	-	-	(6,683)	-	(6,683)
Total Other Financing Sources (Uses)	-	-	106,251	70	106,321
Net Change in Fund Balance	16	(1,056)	28,055	496	27,511
Fund Balance - Beginning of Year	3,493	1,977	62,992	3,619	72,081
Fund Balance - End of Year	<u>\$ 3,509</u>	<u>\$ 921</u>	<u>\$ 91,047</u>	<u>\$ 4,115</u>	<u>\$ 99,592</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, 2003
 (Amounts are in Thousands of Dollars)

	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
ASSETS:						
Cash,						
January 1, 2003	\$ 194	\$ 18,010	\$ 11,685	\$ 12,678	\$ 4,019	\$ 46,586
Additions	543,783	8,333	373,704	80,521	5,109	1,011,450
Deductions	543,722	22,564	380,219	88,222	5,165	1,039,892
Cash,						
December 31, 2003	255	3,779	5,170	4,977	3,963	18,144
Investments,						
January 1, 2003	617	632	20,508	1,910	10	23,677
Additions	204	213	9,921	166	5	10,509
Deductions	617	632	20,508	1,910	10	23,677
Investments,						
December 31, 2003	204	213	9,921	166	5	10,509
Cash and Investments with						
Escrow Agent,						
January 1, 2003	-	-	18,697	691	-	19,388
Additions	-	-	17,364	-	-	17,364
Deductions	-	-	14,488	440	-	14,928
Cash and Investments with						
Escrow Agent,						
December 31, 2003	-	-	21,573	251	-	21,824
Accounts Receivable,						
January 1, 2003	-	3,846	13,901	1,260	3,508	22,515
Additions	30,247	-	14,696	132	1,930	47,005
Deductions	12,800	-	16,167	387	2,405	31,759
Accounts Receivable,						
December 31, 2003	17,447	3,846	12,430	1,005	3,033	37,761
Due from Other Funds,						
January 1, 2003	577,987	21,448	11,780	45,826	-	657,041
Additions	2,001	61,038	64,809	60,049	-	187,897
Deductions	577,987	70,486	14,721	45,875	-	709,069
Due from Other Funds,						
December 31, 2003	2,001	12,000	61,868	60,000	-	135,869

Schedule E-1 - Concluded
CITY OF CHICAGO, ILLINOIS
FIDUCIARY FUNDS - AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended December 31, 2003
(Amounts are in Thousands of Dollars)

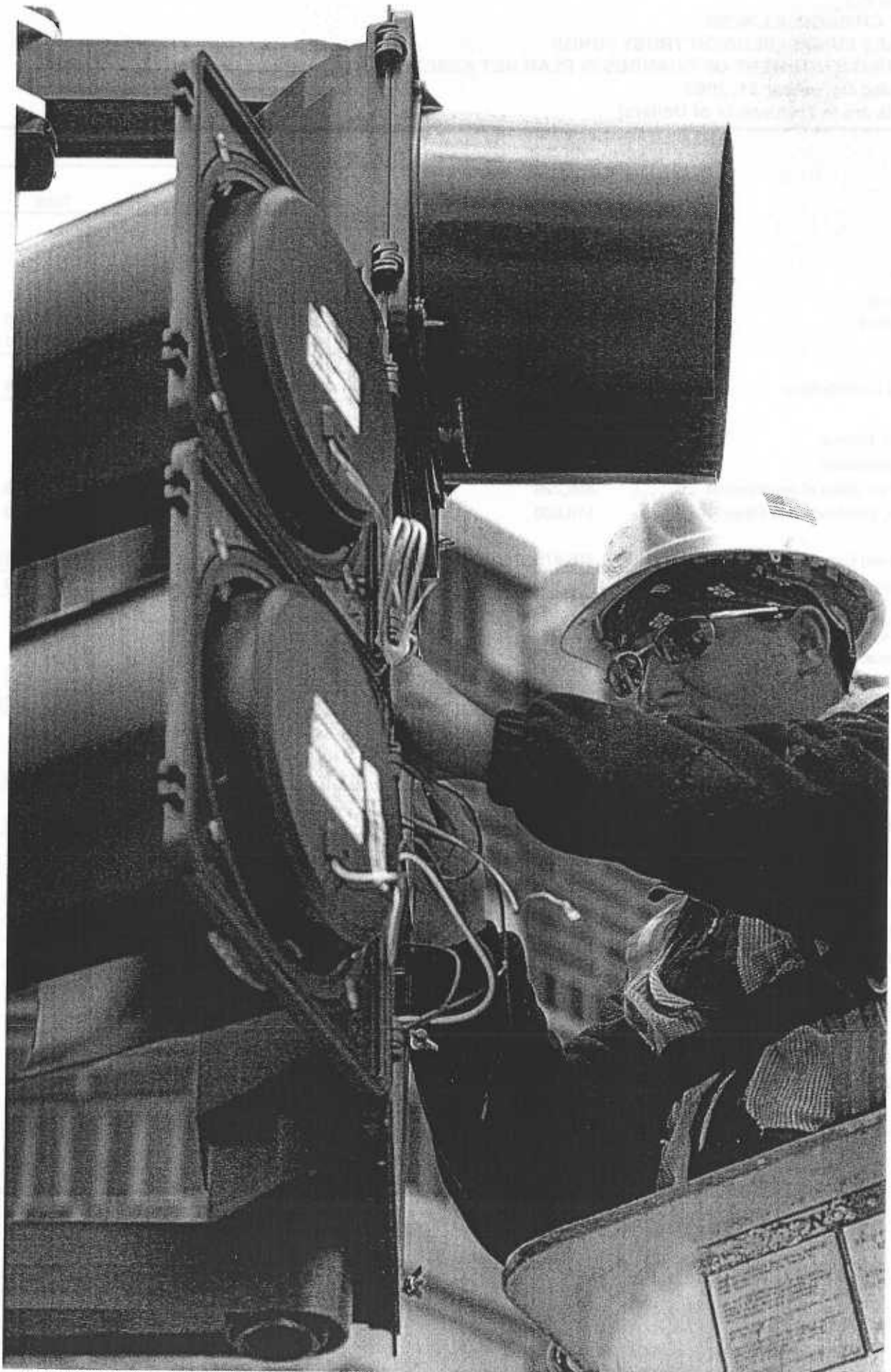
	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
ASSETS - Concluded:						
Total Assets,						
January 1, 2003	\$ 578,798	\$ 43,936	\$ 76,571	\$ 62,365	\$ 7,537	\$ 769,207
Additions	576,235	69,584	480,494	140,868	7,044	1,274,225
Deductions	<u>1,135,126</u>	<u>93,682</u>	<u>446,103</u>	<u>136,834</u>	<u>7,580</u>	<u>1,819,325</u>
Total Assets,						
December 31, 2003	<u>\$ 19,907</u>	<u>\$ 19,838</u>	<u>\$ 110,962</u>	<u>\$ 66,399</u>	<u>\$ 7,001</u>	<u>\$ 224,107</u>
LIABILITIES:						
Voucher Warrants Payable,						
January 1, 2003	\$ (5,678)	\$ 34	\$ 3,962	\$ 1,846	\$ 5	\$ 169
Additions	690,498	2,333	291,117	19,720	2,905	1,006,573
Deductions	<u>684,820</u>	<u>34</u>	<u>268,424</u>	<u>17,455</u>	<u>2,902</u>	<u>973,635</u>
Voucher Warrants Payable,						
December 31, 2003	<u>-</u>	<u>2,333</u>	<u>26,655</u>	<u>4,111</u>	<u>8</u>	<u>33,107</u>
Due to Other Funds,						
January 1, 2003	584,400	6,500	7,102	703	-	598,705
Additions	69,361	-	4,445	2,109	-	75,915
Deductions	<u>634,129</u>	<u>6,500</u>	<u>7,312</u>	<u>1,989</u>	<u>-</u>	<u>649,930</u>
Due to Other Funds,						
December 31, 2003	<u>19,632</u>	<u>-</u>	<u>4,235</u>	<u>823</u>	<u>-</u>	<u>24,690</u>
Accrued Liabilities,						
January 1, 2003	76	37,402	65,507	59,816	7,532	170,333
Additions	199	20,304	57,911	2,380	3,444	84,238
Deductions	<u>-</u>	<u>40,201</u>	<u>43,346</u>	<u>731</u>	<u>3,983</u>	<u>88,261</u>
Accrued Liabilities,						
December 31, 2003	<u>275</u>	<u>17,505</u>	<u>80,072</u>	<u>61,465</u>	<u>6,993</u>	<u>166,310</u>
Total Liabilities,						
January 1, 2003	578,798	43,936	76,571	62,365	7,537	769,207
Additions	760,058	22,637	353,473	24,209	6,349	1,166,726
Deductions	<u>1,318,949</u>	<u>46,735</u>	<u>319,082</u>	<u>20,175</u>	<u>6,885</u>	<u>1,711,826</u>
Total Liabilities,						
December 31, 2003	<u>\$ 19,907</u>	<u>\$ 19,838</u>	<u>\$ 110,962</u>	<u>\$ 66,399</u>	<u>\$ 7,001</u>	<u>\$ 224,107</u>

Schedule E-2
 CITY OF CHICAGO, ILLINOIS
 FIDUCIARY FUNDS - PENSION TRUST FUNDS
 COMBINING STATEMENT OF PLAN NET ASSETS
 Year Ended December 31, 2003
 (Amounts are in Thousands of Dollars)

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
ASSETS					
Cash and Cash Equivalents	\$ 6,345	\$ 192,333	\$ 30,504	\$ 23,673	\$ 252,855
Receivables					
Employer and Other	221,764	690	135,215	49,734	407,403
Interest and Dividends	15,111	3,878	1,530	11,098	31,617
Total Receivables	236,875	4,568	136,745	60,832	439,020
Due from Other Funds	23,027	1,391	24,727	10,153	59,298
Investments, at Fair Value					
Bonds and U.S. Government Obligations	1,724,704	552,112	35,717	178,886	2,491,419
Stocks	3,665,515	782,263	2,312,100	778,988	7,538,866
Mortgages and Real Estate	235,849	49,325	22	1,435	286,631
Other	364,048	34,268	1,171,791	62,091	1,632,198
Total Investments	5,990,116	1,417,968	3,519,630	1,021,400	11,949,114
Invested Securities					
Lending Collateral	421,022	145,415	98,884	151,169	816,490
Total Assets	6,677,385	1,761,675	3,810,490	1,267,227	13,516,777
LIABILITIES					
Voucher Warrants Payable	333,573	63,898	18,323	6,497	422,291
Securities Lending Collateral	421,022	145,415	98,884	151,169	816,490
Total Liabilities	754,595	209,313	117,207	157,666	1,238,781
Net Assets Held in Trust for					
Pension Benefits	\$ 5,922,790	\$ 1,552,362	\$ 3,693,283	\$ 1,109,561	\$ 12,277,996

Schedule E-3
CITY OF CHICAGO, ILLINOIS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
Year Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
Additions					
Contributions					
Employees	\$ 129,644	\$ 19,799	\$ 79,817	\$ 42,665	\$ 271,925
City	141,883	367	140,807	60,234	343,291
Total Contributions	<u>271,527</u>	<u>20,166</u>	<u>220,624</u>	<u>102,899</u>	<u>615,216</u>
Investment Income					
Net Appreciation					
in Fair Value of Investments	866,229	198,357	561,287	229,830	1,855,703
Interest, Dividends and Other	110,800	38,478	74,728	24,384	248,390
Investment Expense	(16,875)	(5,876)	(9,224)	(4,528)	(36,503)
Net Investment Income	<u>960,154</u>	<u>230,959</u>	<u>626,791</u>	<u>249,686</u>	<u>2,067,590</u>
Securities Lending					
Transactions					
Securities Lending Income	7,868	2,662	2,121	1,925	14,576
Securities Lending Expense	(6,133)	(2,037)	(1,621)	(1,531)	(11,322)
Net Securities Lending					
Transactions	<u>1,735</u>	<u>625</u>	<u>500</u>	<u>394</u>	<u>3,254</u>
Total Additions	<u>1,233,416</u>	<u>251,750</u>	<u>847,915</u>	<u>352,979</u>	<u>2,686,060</u>
Deductions					
Benefits and Refunds of					
Deductions	434,158	85,567	375,503	149,173	1,044,401
Administrative and General	4,678	1,910	3,166	2,047	11,801
Total Deductions	<u>438,836</u>	<u>87,477</u>	<u>378,669</u>	<u>151,220</u>	<u>1,056,202</u>
Net Increase in Net Assets	<u>794,580</u>	<u>164,273</u>	<u>469,246</u>	<u>201,759</u>	<u>1,629,858</u>
Net Assets Held in Trust for					
Pension Benefits:					
Beginning of Year	<u>5,128,210</u>	<u>1,388,089</u>	<u>3,224,037</u>	<u>907,802</u>	<u>10,648,138</u>
End of Year	<u>\$ 5,922,790</u>	<u>\$ 1,552,362</u>	<u>\$ 3,693,283</u>	<u>\$ 1,109,561</u>	<u>\$ 12,277,996</u>



PART III

**STATISTICAL SECTION
(UNAUDITED)**



Table 1
CITY OF CHICAGO, ILLINOIS
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
Last Ten Years Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	1994	Percent of Total	1995	Percent of Total	1996	Percent of Total
Revenues:						
Property Tax	\$ 637,131	19.7 %	\$ 652,529	19.1 %	\$ 625,582	17.8 %
Utility Tax	368,291	11.4	385,202	11.3	409,644	11.6
Sales Tax	334,740	10.4	339,453	9.9	354,908	10.1
Transportation Tax	246,538	7.6	254,964	7.4	264,665	7.5
State Income Tax	213,637	6.6	239,049	7.0	253,173	7.2
Transaction Tax	112,935	3.5	130,133	3.8	129,970	3.7
Special Area Tax	52,742	1.7	43,599	1.3	46,693	1.3
Other Taxes	147,951	4.6	149,919	4.4	153,792	4.3
Total Taxes	2,113,965	65.5	2,194,848	64.2	2,238,427	63.5
Federal/State Grants	589,038	18.2	644,747	18.8	665,178	18.9
Internal Service	205,316	6.4	217,163	6.3	231,102	6.5
Licenses and Permits	45,355	1.4	49,339	1.4	52,410	1.5
Fines	88,107	2.7	105,867	3.1	111,334	3.2
Investment Income	54,233	1.7	73,709	2.2	72,670	2.1
Charges for Services	92,732	2.9	106,323	3.1	122,440	3.5
Miscellaneous	40,331	1.2	29,528	0.9	28,949	0.8
Total Revenues	<u>\$ 3,229,077</u>	<u>100.0 %</u>	<u>\$ 3,421,524</u>	<u>100.0 %</u>	<u>\$ 3,522,510</u>	<u>100.0 %</u>

	2001	Percent of Total	2002	Percent of Total	2003	Percent of Total
Revenues:						
Property Tax	\$ 641,351	14.5 %	\$ 662,919	14.3 %	\$ 729,458	15.5 %
Utility Tax	503,971	11.4	488,419	10.5	512,567	10.9
Sales Tax	430,637	9.7	419,491	9.0	414,425	8.8
Transportation Tax	309,502	7.0	322,811	7.0	330,926	7.0
State Income Tax	314,581	7.1	273,535	5.9	266,512	5.7
Transaction Tax	216,550	4.9	232,168	5.0	242,212	5.2
Special Area Tax	128,108	2.9	145,365	3.1	222,263	4.7
Other Taxes	163,492	3.7	162,951	3.5	166,671	3.5
Total Taxes	2,708,192	61.2	2,707,659	58.3	2,885,034	61.3
Federal/State Grants	914,844	20.7	1,088,585	23.4	965,885	20.6
Internal Service	307,627	7.0	339,761	7.4	324,745	6.9
Licenses and Permits	82,044	1.8	83,148	1.8	96,678	2.1
Fines	150,525	3.4	181,711	3.9	192,746	4.1
Investment Income	96,252	2.2	52,377	1.1	24,414	0.5
Charges for Services	103,977	2.3	116,581	2.5	120,376	2.6
Miscellaneous	62,816	1.4	74,128	1.6	90,375	1.9
Total Revenues	<u>\$ 4,426,277</u>	<u>100.0 %</u>	<u>\$ 4,643,950</u>	<u>100.0 %</u>	<u>\$ 4,700,253</u>	<u>100.0 %</u>

NOTE:

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

1997	Percent of Total	1998	Percent of Total	1999	Percent of Total	2000	Percent of Total
\$ 650,014	17.9 %	\$ 677,426	18.1 %	\$ 642,692	16.7 %	\$ 664,007	15.7 %
421,580	11.6	440,178	11.7	456,011	11.8	482,610	11.4
364,788	10.0	384,056	10.2	408,842	10.6	436,320	10.3
265,443	7.3	272,246	7.3	277,554	7.2	319,214	7.5
279,309	7.7	300,088	8.0	303,431	7.9	336,011	7.9
157,147	4.3	174,039	4.6	187,871	4.9	200,804	4.8
52,710	1.5	63,034	1.7	80,417	2.1	97,510	2.3
159,333	4.4	163,674	4.4	160,706	4.2	169,340	4.0
2,350,324	64.7	2,474,741	66.0	2,517,524	65.4	2,705,816	63.9
650,797	17.9	608,433	16.2	632,835	16.4	738,055	17.4
269,170	7.4	263,231	7.0	261,056	6.8	282,458	6.7
54,570	1.5	58,418	1.6	64,464	1.7	70,269	1.6
108,592	3.0	114,824	3.1	110,039	2.8	134,259	3.2
70,257	1.9	86,376	2.3	89,762	2.3	121,760	2.9
103,295	2.9	101,655	2.7	93,723	2.4	109,703	2.6
24,472	0.7	40,053	1.1	86,788	2.2	70,409	1.7
<u>\$ 3,631,477</u>	<u>100.0 %</u>	<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>

REVENUE SOURCES

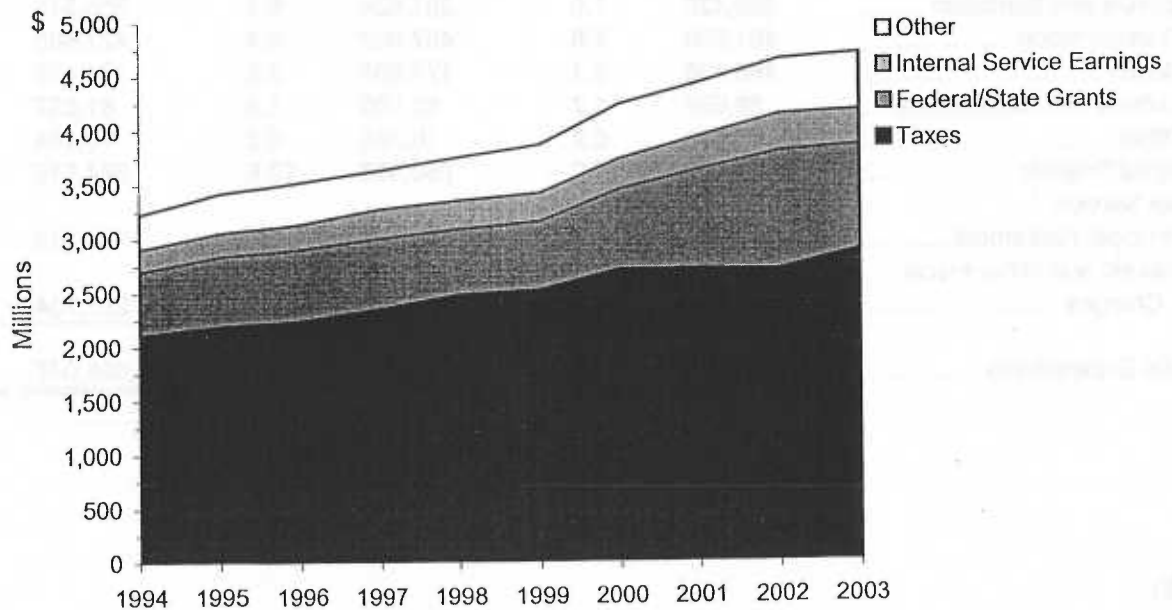


Table 2
CITY OF CHICAGO, ILLINOIS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
Last Ten Years Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	1994	Percent of Total	1995	Percent of Total	1996	Percent of Total
Expenditures:						
Current:						
Public Safety	\$ 1,015,948	27.0 %	\$ 1,104,690	28.7 %	\$ 1,137,456	28.2 %
General Government	993,364	26.4	1,011,091	26.2	1,081,804	26.9
Employee Pensions	280,079	7.5	302,139	7.8	323,365	8.0
Streets and Sanitation	250,983	6.7	263,215	6.8	287,493	7.1
Transportation	213,680	5.7	205,639	5.3	230,868	5.7
Health	102,532	2.7	111,361	2.9	106,786	2.7
Cultural and Recreational	66,425	1.8	70,575	1.8	70,975	1.8
Other	14,282	0.4	17,509	0.5	58,114	1.4
Capital Projects	369,544	9.8	314,490	8.2	280,528	7.0
Debt Service:						
Principal Retirement	319,701	8.5	325,608	8.5	301,965	7.5
Interest and Other Fiscal Charges	130,729	3.5	125,753	3.3	147,606	3.7
Total Expenditures	\$ 3,757,267	100.0 %	\$ 3,852,070	100.0 %	\$ 4,026,960	100.0 %
	2001	Percent of Total	2002	Percent of Total	2003	Percent of Total
Expenditures:						
Current:						
Public Safety	\$ 1,426,100	27.6 %	\$ 1,464,970	26.2 %	\$ 1,594,333	28.0 %
General Government	1,305,306	25.3	1,399,128	25.0	1,474,984	25.9
Employee Pensions	339,379	6.6	328,518	5.9	354,819	6.2
Streets and Sanitation	359,420	7.0	357,924	6.4	356,512	6.2
Transportation	401,289	7.8	467,902	8.4	421,665	7.4
Health	163,405	3.1	177,993	3.2	174,412	3.1
Cultural and Recreational	88,659	1.7	83,509	1.5	81,637	1.4
Other	11,883	0.2	10,388	0.2	10,684	0.2
Capital Projects	527,171	10.2	758,356	13.6	564,519	9.9
Debt Service:						
Principal Retirement	292,980	5.7	285,688	5.1	396,748	7.0
Interest and Other Fiscal Charges	248,768	4.8	251,162	4.5	267,734	4.7
Total Expenditures	\$ 5,164,360	100.0 %	\$ 5,585,538	100.0 %	\$ 5,698,047	100.0 %

NOTE:

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

1997	Percent of Total	1998	Percent of Total	1999	Percent of Total	2000	Percent of Total
\$ 1,225,165	29.5 %	\$ 1,283,192	29.5 %	\$ 1,362,215	29.1 %	\$ 1,385,262	27.7 %
1,050,368	25.3	1,088,252	25.0	1,172,273	25.0	1,251,368	25.1
319,692	7.7	347,826	8.0	329,034	7.0	328,353	6.6
297,015	7.2	308,697	7.1	345,177	7.4	340,418	6.8
238,320	5.7	221,009	5.1	208,034	4.4	252,283	5.0
113,431	2.7	119,271	2.7	116,678	2.5	145,979	2.9
79,878	1.9	77,956	1.8	81,618	1.7	87,774	1.8
17,250	0.4	5,542	0.1	11,082	0.2	20,645	0.4
313,661	7.6	435,585	10.0	577,135	12.3	675,067	13.5
350,257	8.4	305,542	7.0	303,597	6.5	287,468	5.8
150,688	3.6	161,806	3.7	183,041	3.9	219,955	4.4
\$ 4,155,725	100.0 %	\$ 4,354,678	100.0 %	\$ 4,689,884	100.0 %	\$ 4,994,572	100.0 %

EXPENDITURES BY FUNCTION

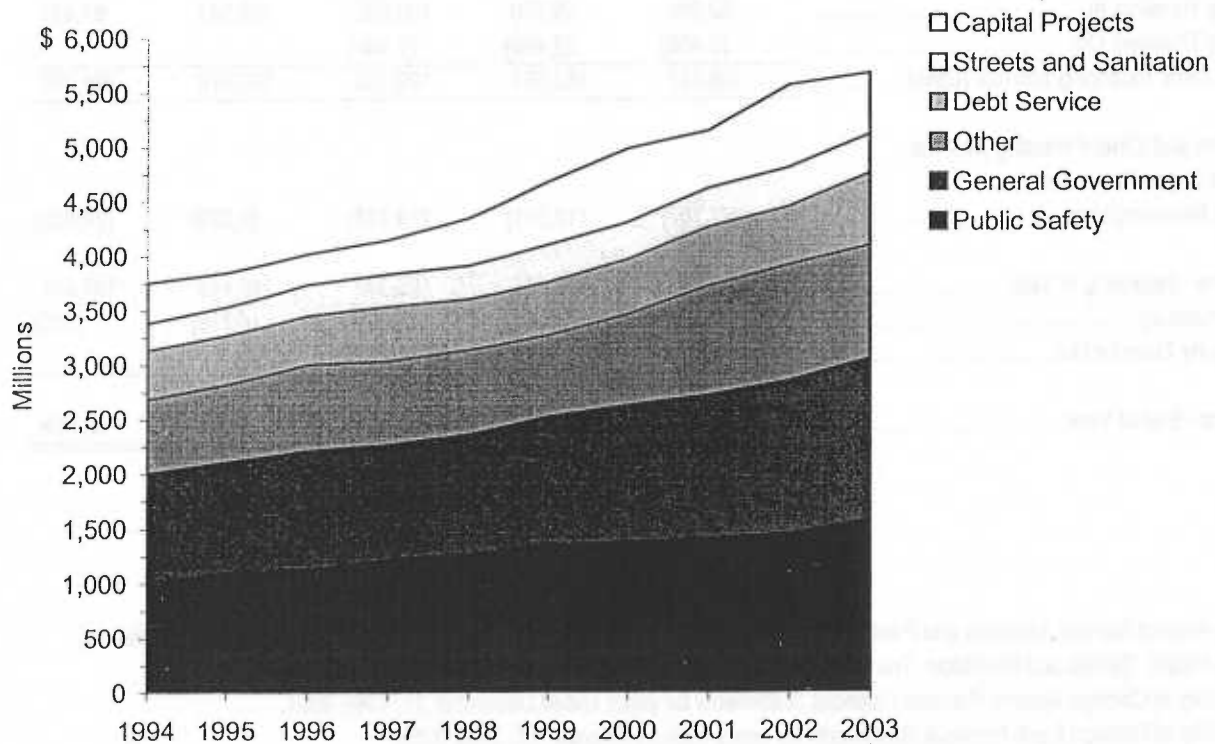


Table 3
CITY OF CHICAGO, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	1999 (3)	2000 (3)	2001 (3)	2002 (4)	2003 (4)
Revenues:					
Utility Tax	\$ 420,604	\$ 442,953	\$ 459,857	\$ 441,586	\$ 467,735
Sales Tax	381,670	408,948	402,567	397,135	385,891
State Income Tax	256,621	288,966	270,059	227,817	214,413
Other Taxes	472,479	504,592	505,799	520,812	532,874
Federal/State Grants	3,218	5,017	4,760	3,888	4,420
Other Revenues (1)	524,392	564,842	585,501	664,209	717,387
Total Revenues	2,058,984	2,215,318	2,228,543	2,255,447	2,322,720
Expenditures:					
Current:					
Public Safety	1,322,116	1,332,172	1,345,113	1,420,298	1,566,645
General Government	607,057	669,873	714,822	665,647	754,807
Other (2)	346,594	362,350	368,383	345,356	329,541
Debt Service	12,751	15,915	12,108	11,495	10,109
Total Expenditures	2,288,518	2,380,310	2,440,426	2,442,796	2,661,102
Revenues Under Expenditures	(229,534)	(164,992)	(211,883)	(187,349)	(338,382)
Other Financing Sources (Uses):					
Proceeds of Debt, Net of Original					
Discount	116,627	98,331	60,610	75,529	194,292
Operating Transfers In	52,600	56,750	133,922	107,547	67,487
Operating Transfers Out	(2,400)	(2,400)	(2,400)	-	-
Total Other Financing Sources (Uses)	166,827	152,681	192,132	183,076	261,779
Revenues and Other Financing Sources					
Under Expenditures and					
Other Financing Uses	(62,707)	(12,311)	(19,751)	(4,273)	(76,603)
Fund Balance - Beginning of Year	239,435	179,184	166,397	146,449	137,461
Change in Inventory	2,456	(476)	1,070	(4,715)	(503)
Residual Equity Transfer Out	-	-	(1,267)	-	-
Fund Balance - End of Year	\$ 179,184	\$ 166,397	\$ 146,449	\$ 137,461	\$ 60,355

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, 1999-2001.
- (4) Source: City of Chicago Basic Financial Statements for years ended December 31, 2002-2003.

Table 3A
CITY OF CHICAGO, ILLINOIS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	1999 (3)	2000 (3)	2001 (3)	2002 (4)	2003 (4)
Revenues:					
Property Tax	\$ 281,503	\$ 281,351	\$ 263,135	\$ 280,773	\$ 301,943
Utility Tax	25,004	24,756	29,106	31,916	28,503
Sales Tax	315	-	274	323	256
State Income Tax	46,810	47,045	44,522	45,718	52,099
Other Taxes	166,477	202,491	216,471	241,644	272,635
Federal/State Grants	629,617	733,038	910,084	1,084,697	961,465
Other Revenues (1)	106,536	118,708	129,654	113,898	90,905
Total Revenues	1,256,262	1,407,389	1,593,246	1,798,969	1,707,806
Expenditures:					
Current:					
Public Safety	40,099	53,090	80,987	44,672	27,688
General Government	565,216	581,495	590,484	733,481	720,177
Employee Pensions	329,034	328,353	339,379	328,518	354,819
Other (2)	415,995	484,749	656,273	752,360	715,369
Capital Projects	11,535	10,857	6,766	6,503	6,591
Debt Service	4,516	6,222	8,293	3,536	4,170
Total Expenditures	1,366,395	1,464,766	1,682,182	1,869,070	1,828,814
Revenues Under Expenditures	(110,133)	(57,377)	(88,936)	(70,101)	(121,008)
Other Financing Sources (Uses):					
Proceeds of Debt, Net of Original					
Discount	79,128	81,669	115,795	80,992	173,457
Operating Transfers In	25,807	39,446	42,246	24,599	65,902
Operating Transfers Out	(32,292)	(24,717)	(25,754)	(50,608)	(31,990)
Total Other Financing Sources (Uses)	72,643	96,398	132,287	54,983	207,369
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(37,490)	39,021	43,351	(15,118)	86,361
Fund Balance - Beginning of Year	143,468	105,978	144,999	189,617	174,499
Residual Equity Transfer In	-	-	1,267	-	-
Fund Balance - End of Year	\$ 105,978	\$ 144,999	\$ 189,617	\$ 174,499	\$ 260,860

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, 1999-2001.
- (4) Source: Major (Federal, State and Local Grants) and Nonmajor Special Revenue Funds for years ended December 31, 2002-2003.

Table 3B
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	1999 (2)	2000 (2)	2001 (2)	2002 (3)	2003 (3)
Revenues:					
Property Tax	\$ 361,189	\$ 382,656	\$ 378,216	\$ 382,146	\$ 427,515
Utility Tax	10,403	14,901	15,008	14,917	16,329
Sales Tax	26,857	27,372	27,796	22,033	28,278
Other Taxes	67,592	79,785	95,382	100,839	156,563
Other Revenues (1)	15,423	20,509	13,141	5,246	2,396
Total Revenues	<u>481,464</u>	<u>525,223</u>	<u>529,543</u>	<u>525,181</u>	<u>631,081</u>
Expenditures:					
Debt Service	469,371	485,286	521,347	521,819	650,203
Total Expenditures	<u>469,371</u>	<u>485,286</u>	<u>521,347</u>	<u>521,819</u>	<u>650,203</u>
Revenues Over (Under) Expenditures	<u>12,093</u>	<u>39,937</u>	<u>8,196</u>	<u>3,362</u>	<u>(19,122)</u>
Other Financing Sources (Uses):					
Proceeds of Debt, Net of Original					
Discount	371,946	317,943	154,647	154,988	310,081
Payment to Refunded Bond Escrow Agent	(352,143)	(267,086)	(127,821)	(132,289)	(173,725)
Operating Transfers In	5,539	5,798	8,987	4,951	22,671
Operating Transfers Out	(33,160)	(49,244)	(42,826)	(27,993)	(63,574)
Total Other Financing Sources (Uses)	<u>(7,818)</u>	<u>7,411</u>	<u>(7,013)</u>	<u>(343)</u>	<u>95,453</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	4,275	47,348	1,183	3,019	76,331
Fund Balance - Beginning of Year	<u>218,575</u>	<u>222,850</u>	<u>270,198</u>	<u>271,381</u>	<u>274,400</u>
Fund Balance - End of Year	<u>\$ 222,850</u>	<u>\$ 270,198</u>	<u>\$ 271,381</u>	<u>\$ 274,400</u>	<u>\$ 350,731</u>

NOTES:

- (1) Includes Investment Income and Miscellaneous Revenues.
- (2) Source: City of Chicago General Purpose Financial Statements for years ended December 31, 1999-2001.
- (3) Source: Major (Bond, Note Redemption and Interest) and Nonmajor (Special Taxing Areas) Debt Service Funds for years ended December 31, 2002-2003.

Table 3C
CITY OF CHICAGO, ILLINOIS
CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	1999 (2)	2000 (2)	2001 (2)	2002 (3)	2003 (3)
Revenues:					
Other Revenues (1)	\$ 59,480	\$ 84,796	\$ 74,945	\$ 64,353	\$ 38,646
Total Revenues	<u>59,480</u>	<u>84,796</u>	<u>74,945</u>	<u>64,353</u>	<u>38,646</u>
Expenditures:					
Capital Projects	565,600	664,210	520,405	751,853	557,928
Total Expenditures	<u>565,600</u>	<u>664,210</u>	<u>520,405</u>	<u>751,853</u>	<u>557,928</u>
Revenues Under Expenditures	<u>(506,120)</u>	<u>(579,414)</u>	<u>(445,460)</u>	<u>(687,500)</u>	<u>(519,282)</u>
Other Financing Sources (Uses):					
Proceeds of Debt, Net of Original					
Discount	800,896	695,306	634,693	605,817	644,997
Operating Transfers In	4,427	6,622	28,191	1,785	10,738
Operating Transfers Out	(16,023)	(29,289)	(34,636)	(32,619)	(71,234)
Total Other Financing Sources (Uses)	<u>789,300</u>	<u>672,639</u>	<u>628,248</u>	<u>574,983</u>	<u>584,501</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	283,180	93,225	182,788	(112,517)	65,219
Fund Balance - Beginning of Year	<u>707,347</u>	<u>990,527</u>	<u>1,083,752</u>	<u>1,266,540</u>	<u>1,154,023</u>
Fund Balance - End 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>

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, 1999-2001.
- (3) Source: Major (Community Development and Improvement Projects) and Nonmajor Capital Projects Funds for years ended December 31, 2002-2003.

Table 4
CITY OF CHICAGO, ILLINOIS
PROPERTY TAX LEVIES BY FUND (1)
Five Years Ended December 31, 2003
(Amounts are in Thousands of Dollars)

	1999	2000	Percent Change
Note Redemption and Interest (2)	\$ 242,196	\$ 231,010	(4.62)%
Bond Redemption and Interest	138,585	166,160	19.90
Policemen's Annuity and Benefit (3)	111,332	121,937	9.53
Municipal Employees' Annuity and Benefit (3)	105,387	105,387	-
Firemen's Annuity and Benefit (3)	47,610	47,610	-
Laborers' and Retirement Board Employees' Annuity and Benefit (3)	12,621	-	(100.00)
Total	\$ 657,731	\$ 672,104	2.19

NOTES:

- (1) See Table 4A - PROPERTY TAXES FOR ALL CITY FUNDS, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES 1994 - 2003. 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.

2001	Percent Change	2002	Percent Change	2003	Percent Change
\$ 192,878	(16.51)%	\$ 171,886	(10.88)%	\$ 179,122	4.21%
202,969	22.15	241,549	19.01	248,222	2.76
121,735	(0.17)	123,069	1.10	122,548	(0.42)
116,638	10.68	117,803	1.00	116,087	(1.46)
53,161	11.66	52,874	(0.54)	53,200	(0.62)
-	-	-	-	-	-
<u>\$ 687,381</u>	2.27	<u>\$ 707,181</u>	2.88	<u>\$ 719,179(4)</u>	1.70

**Table 4A
CITY OF CHICAGO, ILLINOIS
PROPERTY LEVIES, COLLECTIONS AND
ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES
Last Ten Years Ended December 31, 2003
(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>
1994	\$ 649,415	\$ 622,926	95.9%	\$ 26,489	\$ -
1995	647,559	623,960	96.4	23,599	-
1996	671,427	650,466	96.9	20,961	-
1997	675,198	659,134	97.6	16,064	-
1998	678,260	665,256	98.1	13,004	-
1999	657,731	649,084	98.7	8,647	-
2000	672,104	663,234	98.7	8,710	160
2001	687,381	683,986	99.5	3,327	68
2002	707,181(3)	676,997	95.7	21,193	8,991
2003	719,179(3), (4)	-	-	35,959	683,220
Total Net Outstanding Taxes Receivable					<u>\$ 692,439</u>

NOTES:

- (1) Taxes for each year become due and payable in the following year. For example, taxes for the 2003 tax levy become due and payable in 2004.
- (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, 2003
(Amounts are in Thousands of Dollars)

Property	2002 (2) Equalized Assessed Valuation	Percentage of Total Equalized Assessed Valuation
Sears Tower	\$ 417,723	.93%
AON Building	283,924	.63
Chicago Mercantile Exchange	260,304	.58
Prudential Plaza	230,947	.51
Bank One Plaza	230,071	.51
AT&T Corporate Center 1	196,455	.44
Lakeside Tech Center	160,564	.36
Citicorp Plaza	155,795	.35
Northwestern Atrium	150,438	.33
Hyatt Regency Hotel	148,240	.32
Totals	\$ 2,234,461	4.96%

NOTES:

- (1) Source: Cook County Treasurer's Office, Cook County Assessor's Office.
- (2) 2003 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)		
1993	\$ 5,095,776	\$ 1,878,201	\$ 7,135,798	\$ 250,349	\$	14,360,124
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)	9,221,622	1,865,646	8,878,142	349,372		20,314,782

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) 2003 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
2.1407	\$ 28,661,954	\$ 94,219,759	30.42%
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

EQUALIZED ASSESSED VALUE

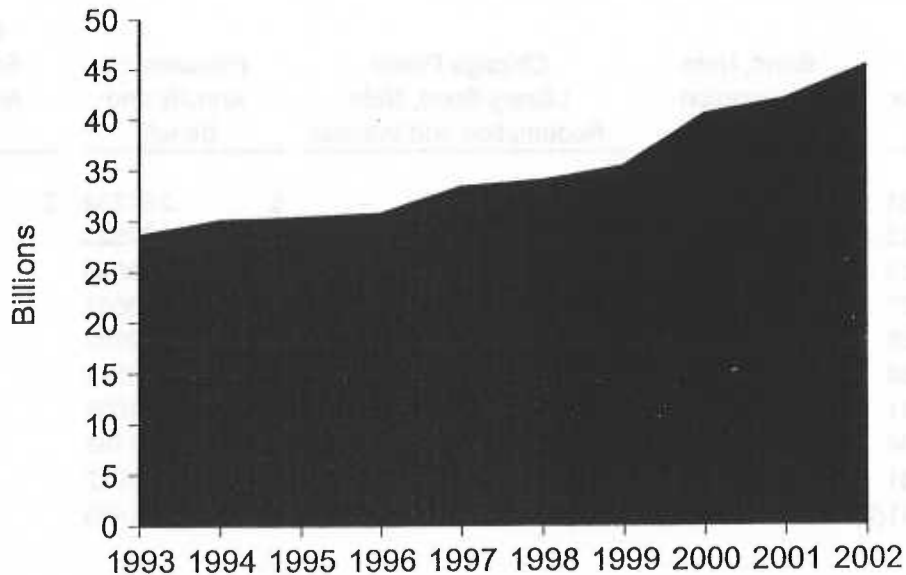


Table 6
CITY OF CHICAGO, ILLINOIS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Per \$100 OF EQUALIZED ASSESSED VALUATION
Last Ten Years

Tax Year	City	Chicago School Finance Authority	Board of Education	Community College District No. 508
1993	\$ 2.288	\$.150	\$ 4.324	\$.381
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)	1.591	.177	3.562	.280

NOTE:

(1) 2003 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
1993	\$ 655,851	\$ 1.416413	\$ -	\$.261334	\$.407918
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 (1)	707,181(2)	.804928	.138133	.271463	.259848

NOTES:

(1) 2003 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
\$.778	\$.471	\$.072	\$.971	\$ 9.435
.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

Firemen's Annuity and Benefit	Laborers' and Retirement Board Employees' Annuity and Benefit	Public Building Commission	Total
\$.125680	\$.053557	\$.023098	\$ 2.288000
.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

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)
1994	2,783,726	\$ 30,090,355	\$ 1,757,488	\$ 197,815	\$ 1,559,673	5.18%	\$ 560.28
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	N/A (4)	5,301,013	183,347	5,117,666	N/A(4)	1,767.14

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
1994	\$ 316,231	\$ 86,407	\$ 402,638	\$ 3,757,267	10.7%
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

Table 9
CITY OF CHICAGO, ILLINOIS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
December 31, 2003
(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)	\$ 4,933,986			
Add (Deduct):				
General Obligation Tender Notes Series 2003 (3)	<u>(135,445)</u>	\$ 4,798,541	100.00%	\$ 4,798,541
Board of Education		3,917,212	100.00	3,917,212
Chicago School Finance Authority		391,410	100.00	391,410
Chicago Park District		1,001,966	100.00	1,001,966
Community College District No. 508		99,375	100.00	99,375
Cook County		2,613,960	43.14	1,127,662
Cook County Forest Preserve District		37,640	43.14	16,238
Metropolitan Water Reclamation District of Greater Chicago		<u>1,353,037</u>	44.08	<u>596,419</u>
Net Direct and Overlapping Long-term Debt		<u>\$ 14,213,141</u>		<u>\$ 11,948,823</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 2003 that have a nominal maturity no later than January 31, 2005 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)

	1994	1995	1996	1997
Direct Debt	\$ 1,491,998	\$ 1,693,560	\$ 1,863,870	\$ 1,913,120
Overlapping Debt	3,143,046	3,272,605	3,803,966	4,712,218
Total Debt	\$ 4,635,044	\$ 4,966,165	\$ 5,667,836	\$ 6,625,338
Equalized				
Assessed Valuation (1)	\$ 30,090,355	\$ 30,381,480	\$ 30,765,001	\$ 33,349,557
Direct Debt Burden (2)	5.21%	5.63%	6.13%	6.22%
Total Debt Burden (2)	16.17%	16.50%	18.66%	21.54%
Estimated Fair Market				
Value (FMV) (5)	\$ 94,181,736	\$ 97,291,356	\$ 100,460,113	\$ 106,282,207
% of Direct Debt to FMV	1.58%	1.74%	1.86%	1.80%
% of Total Direct Debt to FMV	4.92%	5.10%	5.64%	6.23%
Population (3)	2,783,726	2,783,726	2,783,726	2,783,726
Direct Debt Per Capita (4)	\$ 535.97	\$ 608.38	\$ 669.56	\$ 687.25
Total Debt Per Capita (4)	1,665.05	1,784.00	2,036.06	2,380.03

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 1993 is \$28,661,954 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.

1998	1999	2000	2001	2002	2003
\$ 2,088,913	\$ 2,571,412	\$ 3,094,839	\$ 3,722,403	\$ 4,257,256	\$ 4,798,541
4,893,943	5,481,771	5,680,450	6,419,427	6,644,501	7,150,282
<u>\$ 6,982,856</u>	<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>
\$ 33,940,146	\$ 35,354,802	\$ 40,480,077	\$ 41,981,912	\$ 45,330,892	N/A (6)
6.26%	7.58%	8.75%	9.20%	10.14%	N/A (6)
20.94%	23.73%	24.82%	25.05%	25.98%	N/A (6)
\$ 112,606,894	\$ 124,544,158	\$ 165,520,130	\$ 164,572,708	\$ 189,362,475	N/A (6)
1.86%	2.06%	1.87%	2.26%	2.67%	N/A (6)
6.20%	6.47%	5.30%	6.16%	6.37%	N/A (6)
2,783,726	2,783,726	2,896,016	2,896,016	2,896,016	2,896,016
\$ 750.40	\$ 923.73	\$ 1,068.65	\$ 1,285.35	\$ 1,470.04	\$ 1,656.95
2,508.45	2,892.95	3,030.12	3,501.99	3,764.40	4,125.95

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
1994	\$ 963,270	\$ 572,231	\$ 391,039	\$ 154,595(3)	\$ 183,355	\$ 337,950
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

NOTES:

- (1) Total revenues include nonoperating revenues except for grants.
- (2) Total operating expenses excluding depreciation and amortization.
- (3) Includes \$90,195 principal of City of Chicago Skyway Toll Bridge Revenue Bonds, Series 1955 and 1957, which were refunded in 1994.

Table 12
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE REQUIREMENTS FOR GENERAL LONG-TERM DEBT (1)
December 31, 2003

Year Ended December 31,	General Obligation Debt		Installment Purchase Agreement		Sales Tax and Motor Fuel Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 93,118,979	\$ 226,416,655	\$ 1,400,000	\$ 1,046,250	\$ 9,850,000	\$ 27,286,684
2005	252,588,983	219,560,247	1,500,000	933,875	11,800,000	26,813,816
2006	123,820,653	217,254,217	1,700,000	813,750	12,405,000	26,218,512
2007	130,427,188	215,198,484	1,700,000	682,000	13,030,000	25,586,540
2008	217,915,082	221,980,506	2,000,000	542,500	13,695,000	24,919,757
2009	160,782,421	199,470,375	2,000,000	387,500	14,470,000	24,148,650
2010	167,271,188	191,031,136	2,300,000	228,625	15,240,000	23,378,734
2011	152,530,322	206,559,074	1,200,000	46,500	16,045,000	22,579,112
2012	151,568,246	202,903,744	-	-	16,900,000	21,728,460
2013	162,261,568	192,889,268	-	-	17,795,000	20,828,756
2014	162,842,425	186,602,037	-	-	15,940,000	19,881,339
2015	173,506,371	176,833,595	-	-	16,785,000	19,034,562
2016	176,837,761	169,492,848	-	-	17,675,000	18,145,494
2017	160,406,947	161,849,188	-	-	18,625,000	17,205,152
2018	153,266,972	155,088,318	-	-	19,595,000	16,237,986
2019	153,638,700	148,706,729	-	-	20,605,000	15,220,405
2020	156,777,018	142,207,314	-	-	21,660,000	14,185,618
2021	164,124,640	135,439,762	-	-	22,750,000	13,110,073
2022	164,173,300	131,629,032	-	-	23,895,000	11,980,071
2023	145,803,719	124,847,380	-	-	25,110,000	10,792,863
2024	145,011,512	118,730,362	-	-	26,375,000	9,544,923
2025	142,185,471	112,897,000	-	-	27,705,000	8,233,763
2026	144,306,663	107,170,278	-	-	29,100,000	6,856,146
2027	151,654,720	101,324,339	-	-	22,595,000	5,391,890
2028	125,897,206	95,074,008	-	-	15,270,000	4,282,000
2029	102,773,565	83,770,276	-	-	15,990,000	3,578,714
2030	107,397,120	79,490,890	-	-	16,760,000	2,842,122
2031	112,114,596	75,107,984	-	-	17,560,000	2,069,919
2032	117,158,762	70,400,864	-	-	18,395,000	1,260,718
2033	122,001,194	65,437,149	-	-	9,760,000	412,848
2034	112,742,377	60,142,621	-	-	-	-
2035	87,692,607	55,254,745	-	-	-	-
2036	91,691,559	51,668,372	-	-	-	-
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>\$ 5,145,544,140</u>	<u>\$ 4,811,222,117</u>	<u>\$ 13,800,000</u>	<u>\$ 4,681,000</u>	<u>\$ 543,380,000</u>	<u>\$ 443,755,627</u>

NOTE:

(1) The principal and interest listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2004, have been excluded from this schedule because funds for their payment have been provided in the Debt Service Funds.

Tax Increment
and Special
Service Area Bonds

Totals

Year
Ended
December 31,

Principal

Interest

Principal

Interest

Year
Ended
December 31,

\$ 52,277,616	\$ 23,505,614	\$ 156,646,595	\$ 278,255,203	2004
60,802,701	23,278,863	326,691,684	270,586,801	2005
52,645,127	25,621,305	190,570,780	269,907,784	2006
54,213,078	25,152,360	199,370,266	266,619,384	2007
78,096,359	24,432,358	311,706,441	271,875,121	2008
22,339,261	9,750,942	199,591,682	233,757,467	2009
22,840,556	8,400,173	207,651,744	223,038,668	2010
24,604,246	7,064,868	194,379,568	236,249,554	2011
19,444,564	5,636,281	187,912,810	230,268,485	2012
28,850,000	4,485,919	208,906,568	218,203,943	2013
15,216,762	10,195,378	193,999,187	216,678,754	2014
7,215,000	2,321,409	197,506,371	198,189,566	2015
9,235,000	1,895,013	203,747,761	189,533,355	2016
9,380,000	1,303,700	188,411,947	180,358,040	2017
12,415,000	771,551	185,276,972	172,097,855	2018
2,270,000	84,557	176,513,700	164,011,691	2019
-	-	178,437,018	156,392,932	2020
-	-	186,874,640	148,549,835	2021
-	-	188,068,300	143,609,103	2022
-	-	170,913,719	135,640,243	2023
-	-	171,386,512	128,275,285	2024
-	-	169,890,471	121,130,763	2025
-	-	173,406,663	114,026,424	2026
-	-	174,249,720	106,716,229	2027
-	-	141,167,206	99,356,008	2028
-	-	118,763,565	87,348,990	2029
-	-	124,157,120	82,333,012	2030
-	-	129,674,596	77,177,903	2031
-	-	135,553,762	71,661,582	2032
-	-	131,761,194	65,849,997	2033
-	-	112,742,377	60,142,621	2034
-	-	87,692,607	55,254,745	2035
-	-	91,691,559	51,668,372	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

\$ 471,845,270

\$ 173,900,291

\$ 6,174,569,410

\$ 5,433,559,035

Table 13
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION DEBT (1)
December 31, 2003

Year Ended December 31,	General Obligation Bonds		General Obligation Tender Notes	
	Principal	Interest	Principal	Interest
2004	\$ 57,675,333	\$ 210,945,183	\$ 31,008,124	\$ 5,701,043
2005	66,362,880	206,635,924	168,060,224	2,694,973
2006	90,209,805	203,569,627	11,330,016	1,209,706
2007	92,335,611	199,465,407	12,865,392	643,236
2008	132,991,391	194,991,625	-	-
2009	158,637,421	188,119,389	-	-
2010	164,501,188	179,789,087	-	-
2011	149,110,322	195,457,861	-	-
2012	147,413,246	191,976,818	-	-
2013	157,296,568	182,178,185	-	-
2014	156,992,425	176,148,971	-	-
2015	166,696,371	166,684,380	-	-
2016	168,987,761	159,696,660	-	-
2017	151,421,947	152,459,687	-	-
2018	143,066,972	146,164,902	-	-
2019	144,443,700	140,344,237	-	-
2020	146,232,018	134,353,798	-	-
2021	152,109,640	128,170,001	-	-
2022	150,533,300	125,049,086	-	-
2023	130,398,719	119,050,531	-	-
2024	127,771,512	113,738,286	-	-
2025	122,960,471	108,805,494	-	-
2026	122,931,663	104,084,834	-	-
2027	127,994,720	99,357,270	-	-
2028	113,352,206	94,352,670	-	-
2029	102,773,565	83,770,276	-	-
2030	107,397,120	79,490,890	-	-
2031	112,114,596	75,107,984	-	-
2032	117,158,762	70,400,864	-	-
2033	122,001,194	65,437,149	-	-
2034	112,742,377	60,142,621	-	-
2035	87,692,607	55,254,745	-	-
2036	91,691,559	51,668,372	-	-
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>\$ 4,555,253,275</u>	<u>\$ 4,571,656,134</u>	<u>\$ 223,263,756</u>	<u>\$ 10,248,958</u>

NOTE:

(1) The principal and interest listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2004, have been excluded from this schedule because funds for their payment have been provided in the Debt Service Funds. For variable rate debt, (excluding Commercial Paper) interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2003.

Other General Obligation Debt		Totals			Year Ended
Principal	Interest	Principal	Interest	Total	December 31,
\$ 4,435,522	\$ 9,770,429	\$ 93,118,979	\$ 226,416,655	\$ 319,535,634	..... 2004
18,165,879	10,229,350	252,588,983	219,560,247	472,149,230	..... 2005
22,280,832	12,474,884	123,820,653	217,254,217	341,074,870	..... 2006
25,226,185	15,089,841	130,427,188	215,198,484	345,625,672	..... 2007
84,923,691	26,988,881	217,915,082	221,980,506	439,895,588	..... 2008
2,145,000	11,350,986	160,782,421	199,470,375	360,252,796	..... 2009
2,770,000	11,242,049	167,271,188	191,031,136	358,302,324	..... 2010
3,420,000	11,101,213	152,530,322	206,559,074	359,089,396	..... 2011
4,155,000	10,926,926	151,568,246	202,903,744	354,471,990	..... 2012
4,965,000	10,711,083	162,261,568	192,889,268	355,150,836	..... 2013
5,850,000	10,453,066	162,842,425	186,602,037	349,444,462	..... 2014
6,810,000	10,149,215	173,506,371	176,833,595	350,339,966	..... 2015
7,850,000	9,796,188	176,837,761	169,492,848	346,330,609	..... 2016
8,985,000	9,389,501	160,406,947	161,849,188	322,256,135	..... 2017
10,200,000	8,923,416	153,266,972	155,088,318	308,355,290	..... 2018
9,195,000	8,362,492	153,638,700	148,706,729	302,345,429	..... 2019
10,545,000	7,853,516	156,777,018	142,207,314	298,984,332	..... 2020
12,015,000	7,269,761	164,124,640	135,439,762	299,564,402	..... 2021
13,640,000	6,579,946	164,173,300	131,629,032	295,802,332	..... 2022
15,405,000	5,796,849	145,803,719	124,847,380	270,651,099	..... 2023
17,240,000	4,992,076	145,011,512	118,730,362	263,741,874	..... 2024
19,225,000	4,091,506	142,185,471	112,897,000	255,082,471	..... 2025
21,375,000	3,085,444	144,306,663	107,170,278	251,476,941	..... 2026
23,660,000	1,967,069	151,654,720	101,324,339	252,979,059	..... 2027
12,545,000	721,338	125,897,206	95,074,008	220,971,214	..... 2028
-	-	102,773,565	83,770,276	186,543,841	..... 2029
-	-	107,397,120	79,490,890	186,888,010	..... 2030
-	-	112,114,596	75,107,984	187,222,580	..... 2031
-	-	117,158,762	70,400,864	187,559,626	..... 2032
-	-	122,001,194	65,437,149	187,438,343	..... 2033
-	-	112,742,377	60,142,621	172,884,998	..... 2034
-	-	87,692,607	55,254,745	142,947,352	..... 2035
-	-	91,691,559	51,668,372	143,359,931	..... 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>\$ 367,027,109</u>	<u>\$ 229,317,025</u>	<u>\$ 5,145,544,140</u>	<u>\$ 4,811,222,117</u>	<u>\$ 9,956,766,257</u>	

Table 14
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE REQUIREMENTS FOR PROPRIETARY FUNDS (1)
December 31, 2003

Year Ended December 31,	Water Revenue Bonds (3)		Wastewater Transmission Revenue Bonds		Chicago Skyway Toll Bridge Refunding Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 24,666,596	\$ 44,368,179	\$ 15,845,000	\$ 32,535,130	\$ -	\$ 23,766,750
2005	21,406,768	47,671,077	16,815,000	31,712,880	8,360,000	23,766,750
2006	21,529,831	47,697,115	16,810,000	30,828,981	8,825,000	23,298,900
2007	24,937,677	44,411,641	17,765,000	29,957,982	9,330,000	22,792,900
2008	23,897,850	43,659,754	18,785,000	28,913,564	9,805,000	22,317,819
2009	24,628,230	42,926,800	19,810,000	27,925,981	10,315,000	21,809,531
2010	25,495,373	42,058,595	20,880,000	26,864,587	10,855,000	21,265,300
2011	26,463,237	41,092,987	22,030,000	25,758,625	11,445,000	20,678,275
2012	27,501,624	40,054,058	23,225,000	24,579,956	12,065,000	20,059,338
2013	24,480,717	43,071,490	24,465,000	23,358,819	12,720,000	19,406,869
2014	24,930,811	42,622,321	25,770,000	22,093,057	13,405,000	18,718,975
2015	25,439,766	42,111,014	27,140,000	20,759,681	14,125,000	17,994,031
2016	26,143,074	41,410,731	28,590,000	19,351,012	14,890,000	17,230,150
2017	26,910,554	40,641,504	30,110,000	17,867,025	15,710,000	16,411,200
2018	27,713,203	39,841,671	31,720,000	16,304,077	16,575,000	15,547,150
2019	34,318,505	33,234,753	25,981,631	21,807,721	17,490,000	14,635,525
2020	35,831,067	31,723,093	24,762,538	22,971,875	18,425,000	13,696,700
2021	42,931,437	24,626,332	25,619,394	22,134,418	19,415,000	12,707,600
2022	45,167,964	22,365,606	26,630,543	21,162,432	20,455,000	11,665,250
2023	47,335,000	19,981,863	27,662,418	20,158,212	19,945,000	10,553,600
2024	49,815,000	17,506,350	39,035,430	9,162,233	21,065,000	9,434,937
2025	52,415,000	14,900,763	21,977,250	25,637,737	22,210,000	8,291,188
2026	55,155,000	12,158,850	22,598,805	25,055,207	23,410,000	7,085,238
2027	58,065,000	9,247,513	23,235,414	24,430,223	24,680,000	5,814,100
2028	56,735,000	6,182,225	19,080,000	3,934,050	26,025,000	4,473,975
2029	59,440,000	4,552,000	20,180,000	2,941,600	27,435,000	3,060,788
2030	62,290,000	2,771,938	5,545,000	1,892,000	28,930,000	1,571,000
2031	17,600,000	880,000	5,830,000	1,614,750	-	-
2032	-	-	6,130,000	1,323,250	-	-
2033	-	-	6,440,000	1,016,750	-	-
2034	-	-	6,775,000	694,750	-	-
2035	-	-	7,120,000	356,000	-	-
	<u>\$ 993,244,284</u>	<u>\$ 843,770,223</u>	<u>\$ 654,363,423</u>	<u>\$ 585,104,565</u>	<u>\$ 437,910,000</u>	<u>\$ 408,053,839</u>

NOTES:

- (1) The principal and interest listed above for each year include amounts payable January 1 of the following year.
- (2) For variable rate debt (excluding Commercial Paper) interest has been calculated as the rate in effect as of December 31, 2003.
- (3) Water Revenue Bonds, Series 2000, Second Lien computed at variable rate in effect as of December 31, 2003. Long-term Purchase Obligations are excluded as payments are in the form of water credits.

Chicago O'Hare International Airport
and
Midway Airport Bonds (2)

		Totals			Year
					Ended
Principal	Interest	Principal	Interest	Total	December 31,
\$ 73,425,000	\$ 269,588,446	\$ 113,936,596	\$ 370,258,505	\$ 484,195,101	..... 2004
104,815,000	265,586,748	151,396,768	368,737,455	520,134,223	..... 2005
137,525,000	259,797,832	184,689,831	361,622,828	546,312,659	..... 2006
151,930,000	252,541,383	203,962,677	349,703,906	553,666,583	..... 2007
166,025,000	244,653,498	218,512,850	339,544,635	558,057,485	..... 2008
169,030,000	235,692,582	223,783,230	328,354,894	552,138,124	..... 2009
177,625,000	226,935,063	234,855,373	317,123,545	551,978,918	..... 2010
187,565,000	217,763,134	247,503,237	305,293,021	552,796,258	..... 2011
213,915,000	207,963,077	276,706,624	292,656,429	569,363,053	..... 2012
225,040,000	196,776,936	286,705,717	282,614,114	569,319,831	..... 2013
229,805,000	185,089,393	293,910,811	268,523,746	562,434,557	..... 2014
191,350,000	173,163,545	258,054,766	254,028,271	512,083,037	..... 2015
216,970,000	163,454,578	286,593,074	241,446,471	528,039,545	..... 2016
228,115,000	152,189,968	300,845,554	227,109,697	527,955,251	..... 2017
110,465,000	140,579,151	186,473,203	212,272,049	398,745,252	..... 2018
116,640,000	134,393,383	194,430,136	204,071,382	398,501,518	..... 2019
145,130,000	127,918,991	224,148,605	196,310,659	420,459,264	..... 2020
129,955,000	120,834,440	217,920,831	180,302,790	398,223,621	..... 2021
137,090,000	113,705,844	229,343,507	168,899,132	398,242,639	..... 2022
144,515,000	106,267,614	239,457,418	156,961,289	396,418,707	..... 2023
152,335,000	98,397,583	262,250,430	134,501,103	396,751,533	..... 2024
160,530,000	90,196,047	257,132,250	139,025,735	396,157,985	..... 2025
169,270,000	81,468,553	270,433,805	125,767,848	396,201,653	..... 2026
178,530,000	72,201,577	284,510,414	111,693,413	396,203,827	..... 2027
359,395,000	62,346,367	461,235,000	76,936,617	538,171,617	..... 2028
209,150,000	49,934,115	316,205,000	60,488,503	376,693,503	..... 2029
220,095,000	38,975,700	316,860,000	45,210,638	362,070,638	..... 2030
210,255,000	27,491,424	233,685,000	29,986,174	263,671,174	..... 2031
131,335,000	16,489,988	137,465,000	17,813,238	155,278,238	..... 2032
138,135,000	9,695,533	144,575,000	10,712,283	155,287,283	..... 2033
50,100,000	2,549,172	56,875,000	3,243,922	60,118,922	..... 2034
-	-	7,120,000	356,000	7,476,000	..... 2035
<u>\$ 5,236,060,000</u>	<u>\$ 4,344,641,665</u>	<u>\$ 7,321,577,707</u>	<u>\$ 6,181,570,292</u>	<u>\$ 13,503,147,999</u>	

Table 14A
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2003

Long-term Debt is comprised of the following issues at December 31, 2003 (dollars in thousands):

	Original Principal	Outstanding at December 31, 2003
General Long-term Debt:		
General Obligation Debt:		
General Obligation Bonds:		
Refunding Series of 1991 - 5.75% to 7.0%	\$ 54,743	\$ 15,128
Refunding Series of 1992 - 5.0% to 6.4%	48,070	37,025
Tender Bonds Series B of 1992 - Variable Rate (1.1% at December 31, 2003)	35,000	16,110
Refunding Series of 1993 A - 3.8% to 5.5%	92,260	52,020
Refunding Series of 1993 B - 4.25% to 5.125%	153,280	142,225
Project Series 1995 A-1 - 4.5% to 5.5%	60,000	51,835
Project and Refunding Series 1995 A-2 - 5.0% to 6.25%	220,390	180,255
Project and Refunding Series 1995 B - 4.9% to 6.0%	304,915	198,980
Tender Bonds 1996 B - Variable Rate (1.1% at December 31, 2003)	1,500	1,500
Tender Bonds 1997 - Variable Rate (1.1% at December 31, 2003)	5,500	4,075
Library Bonds of 1997 - 5.0% to 6.0%	73,615	57,000
Project and Refunding Series 1998 - 3.85% to 5.5%	426,600	421,395
Project and Refunding Series 1999 A - 4.0% to 5.375%	300,000	283,130
Variable Rate Demand Bonds Project Series 1999 B - Variable Rate (1.19% at December 31, 2003)	25,300	24,900
Emergency Telephone System Refunding Series 1999 - 4.5% to 5.5% ..	213,110	193,205
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	118,593
Neighborhoods Alive 21 Program Series 2000 A and B - 5.75% to 7.82% ..	199,685	127,690
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	106,835
Project and Refunding Series 2001 A and B - 4.0% to 5.65%	580,338	561,423
Neighborhoods Alive 21 Program Series 2001 A and B - 4.0% to 5.5% ..	238,975	224,005
Project and Refunding Series 2002 A - 4.0% to 5.65%	169,765	149,100
Variable Rate Demand Bonds Project Series 2002 B - Variable Rate (1.28% at December 31, 2003)	185,360	185,360
Neighborhoods Alive 21 Program Series 2002 A - 4.0% to 5.25%	51,500	43,205
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	103,140
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	198,265
Total General Obligation Bonds	5,161,763	4,555,253
General Obligation Notes:		
Equipment Notes 1996 - 3.7% to 5.6%	48,000	31,365
Equipment Notes 1997 - Variable Rate (1.1% at December 31, 2003) ..	35,000	13,600
Equipment Notes 1998 - 5.0%	73,195	42,853
Tender Notes Series 2003 - Variable Rate (1.22% at December 31, 2003)	135,445	135,445
Commercial Paper Notes - Variable Rate (1.18% at December 31, 2003)	155,470	155,470
Total General Obligation Notes	447,110	378,733
Total General Obligation Bonds and Notes	5,608,873	4,933,986

Table 14A - Continued
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2003

	Original Principal	Outstanding at December 31, 2003
General Obligation Certificates and Other Obligations:		
Certificates (Limited Tax) Series 1997 - 3.9% to 6.0%	\$ 19,605	\$ 8,355
Building Acquisition Certificates (Limited Tax)		
Series 1997 - 4.4% to 5.4%	28,800	24,095
Construction Loan - 6.5%	3,114	775
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	46,800
Central Loop Redevelopment Project-Series 2003 - 2.3% to 4.07%	<u>137,002</u>	<u>137,002</u>
 Total General Obligation Certificates and Other Obligations	 <u>386,901</u>	 <u>367,027</u>
 Total General Obligation Debt	 <u>5,995,774</u>	 <u>5,301,013</u>
 Installment Purchase Agreement - 7.75%	 <u>24,700</u>	 <u>13,800</u>
Tax Increment Allocation Bonds:		
Ryan Garfield Tax Increment - Series of 1987 - 10.125%	2,315	920
Chinatown Square Tax Increment - Series 1990 A - 8.25%	5,591	2,941
Division-North Branch - Series of 1991 - 8.75%	2,615	1,495
Read-Dunning Redevelopment Project Tax Increment Allocation Bonds -		
Series 1996 B - 7.25%	7,035	5,905
Stockyards Industrial Tax Increment - Series 1996 A - 5.375%	14,800	11,300
Stockyards Southeast Tax Increment - Series 1996 B - 5.375%	20,000	16,500
Sanitary Drainage Tax Increment - Series 1997 A - 7.375% to 7.75%	5,530	4,780
Central Loop Tax Increment - Series 1997 - 4.5% to 6.375%	187,000	1,800
Bryn Mawr-Broadway Tax Increment - Series 1997 - 8.4%	1,800	1,275
95 th and Western Avenue Tax Increment - Series 1998 - 8.5%	2,600	2,040
Lincoln-Belmont-Ashland Tax Increment - Series 1998 - 4.0% to 11.0%	12,375	10,665
Irving/Cicero Tax Increment - Series 1998 - 7.0%	4,470	4,050
Near South Tax Increment - Series 1999 A and B - 4.0% to 5.65%	50,000	37,670
Near North Tax Increment - Series 1999 A and B - 5.084% to 6.89%	55,000	54,600
Portage Park Tax Increment - Series 1999 - 8.5%	1,415	1,105
Neighborhood Improvement Fund Tax Increment Notes - 8.0% to 9.5%	16,620	13,735
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	8,515
Pulaski Corridor Redevelopment Tax Increment - Series 2000 - 6.175%	1,685	1,559
Jefferson Park Redevelopment Tax Increment - Series 2000 - 8.5%	790	670
Central Loop Redevelopment Tax Increment -		
Series 2000 A and B - 6.55% to 6.8%	142,347	125,897
Central Loop Redevelopment Subordinate Tax Increment -		
Series 2000 A - 6.25% to 6.5%	98,900	83,275
Near South Tax Increment - Series 2001 A and B - 4.75% to 6.25%	46,242	45,017
Clark/Montrose Redevelopment Project Tax Increment - Series 2000 - 9.5%	1,266	1,266
Stony Island Avenue Commercial and Burnside Industrial Corridors		
Redevelopment Project Tax Increment - Series 2001 - 9.25%	1,000	825
111 th Street/Kedzie Avenue Business District Redevelopment Project Tax		
Series 2001 - 9.35%	500	396
Chatham Ridge Redevelopment Project, Series 2002 - 3.3% to 6.05%	<u>17,935</u>	<u>16,975</u>
 Total Tax Increment Allocation Bonds	 <u>728,191</u>	 <u>471,846</u>

Table 14A - Continued
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2003

	Original Principal	Outstanding at December 31, 2003
Motor Fuel Tax Revenue Bonds - Refunding Series 1993 - 4.05% to 6.125%	\$ 70,175	\$ 47,785
Motor Fuel Tax Revenue Bonds - Refunding Series 2003 - 4.05% to 6.125%	115,645	114,390
Sales Tax Revenue Bonds - Series 1997 - 5.0% to 6.0%	117,225	103,545
Sales Tax Revenue Bonds - Series 1998 - 4.5% to 5.5%	125,000	113,395
Sales Tax Revenue Bonds - Series 1999 - 4.0% to 5.75%	160,000	47,825
Sales Tax Revenue Bonds - Series 2002 - 4.23%	116,595	116,440
Total Motor Fuel Tax and Sales Tax Revenue Bonds	704,640	543,380
Total General Long-term Debt	\$ 7,453,305	\$ 6,330,039
Proprietary Fund Revenue Bonds and Long-term Obligations:		
Water Fund Long-term Purchase Obligations - 4.35%	\$ 102,431	\$ 5,436
Water Revenue Bonds, Refunding Series 1993 - 4.125% to 6.5%	49,880	45,665
Water Revenue Bonds - Series 1995 - 3.6% to 5.75%	157,805	131,690
Water Revenue Bonds - Series 1997 - 3.9% to 5.25%	277,911	260,700
Water Fund Allocation of General Obligation Tender Notes - Series 1998 - 5.0%	9,755	4,519
Water Revenue Bonds - Series 2000 - 2 nd Lien Variable Rate (1.15% at December 31, 2003)	100,000	100,000
Water Revenue Bonds - Series 2000 - 4.375% to 5.875%	156,819	73,604
Water Revenue Bonds - Series 2001 - 3.0% to 5.75%	353,905	349,100
Illinois Environmental Protection Agency Loan - 2.905%	3,518	3,300
Chicago-O'Hare International Airport Revenue Bonds:		
Series of 1984 - 2 nd Lien - Variable Rate (1.07% at December 31, 2003)	100,000	30,215
Series of 1988 - 2 nd Lien - Variable Rate (1.13% at December 31, 2003)	150,000	19,000
Refunding Series of 1993 A - 4.8% to 5.0%	324,270	264,260
Refunding Series of 1993 C - 2 nd Lien - 4.9% to 5.75%	320,430	320,430
Refunding Series of 1994 A - 2 nd Lien - 6.0% to 6.75%	274,940	274,940
Series of 1994 B - 2 nd Lien - Variable Rate (1.25% at December 31, 2003)	68,700	45,700
Series of 1994 C - 2 nd Lien - Variable Rate (1.15% at December 31, 2003)	83,800	56,300
Series of 1996 A and B - 2 nd Lien - 4.7% to 7.1%	216,075	171,190
Refunding Series of 1999 - 2 nd Lien - 5.5%	409,850	409,850
Refunding Series of 2002 A - 3 rd Lien - 5.25% to 5.75%	490,515	490,515
Refunding Series of 2003 A - 3 rd Lien - 4.5% to 6.0%	986,310	986,310
Series of 2003 D - F - 3 rd Lien - 2.125% to 5.5%	149,330	149,330
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds:		
Series of 1996 A and B - 5.0% to 6.0%	250,000	193,815
Series of 2001 A through E - 2 nd Lien - 3.4% to 5.75%	700,000	685,380
Commercial Paper Notes - Variable Rate (1.42% at December 31, 2003)	1,331	1,331
Chicago Midway Airport Revenue Bonds:		
Series 1994 A - 5.0% to 6.25%	81,250	18,120
Series 1996 A and B - 4.8% to 6.5%	254,040	234,705
Series 1998 A, B and C - 4.3% to 5.5%	397,715	397,145

Table 14A - Concluded
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2003

	Original Principal	Outstanding at December 31, 2003
Proprietary Fund Revenue Bonds and Long-term Obligations - Continued:		
Series 1998 - 2 nd Lien A and B - Variable Rate (1.33% at December 31, 2003)	\$ 171,000	\$ 171,000
Series 2001 A and B - 5.0% to 5.5%	295,855	295,855
Series 2002 A - 2 nd Lien - Variable Rate (1.15% at December 31, 2003)	22,000	22,000
Commercial Paper Notes - Variable Rate (1.33% at December 31, 2003) . .	25,528	25,528
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	139,430
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	160,240
Series 1994 - 4.85% to 6.375%	62,260	1,805
Series 1995 - 3.9% to 5.125%	107,970	101,875
Series 1997 - 2 nd Lien - 4.0% to 5.25%	63,850	57,365
Refunding Series 1998 A - 4.55% to 5.0%	62,423	62,423
Series 1998 B - 2 nd Lien - 4.0% to 5.25%	47,575	44,040
Series 2000 - 2 nd Lien - 5.0% to 6.0%	115,000	41,645
Series 2001 - 2 nd Lien - 3.5% to 5.5%	187,685	184,970
 Total Proprietary Fund Revenue Bonds, Notes and Long-term Obligations . . .	 <u>\$ 8,302,516</u>	 <u>\$ 7,329,206</u>

NOTE:

- (1) The balance outstanding at December 31, 2003 listed above for each year excluded amounts payable January 1, 2004. In addition, the balance outstanding of water revenue bonds at December 31, 2003 excludes payments due on November 1, 2004.

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 (2)</u>
1994	2,783,726	32.2	1,007,300	\$ 15,070
1995	2,783,726	32.5	992,800	15,709
1996	2,783,726	33.8	984,900	14,969
1997	2,783,726	34.1	975,900	14,011
1998	2,783,726	34.2	1,002,300	15,271
1999	2,783,726	34.7	1,026,900	15,887
2000	2,896,016	31.5	1,061,928	16,285
2001	2,896,016	34.8	1,074,200	22,140
2002	2,896,016	31.9	1,059,960	35,224
2003	2,896,016	32.6	1,067,823	N/A

NOTES:

- (1) Source: U.S. Census Bureau.
- (2) Source: World Business Chicago Website, Claritas data estimates; Cook County's website in 2002.
- (3) N/A means not available at time of publication.

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>	
1994	1,310	47.1%	1,219	43.8%	7.0%
1995	1,301	46.7	1,216	43.7	6.7
1996	1,291	46.3	1,204	42.2	6.8
1997	1,295	46.4	1,216	43.6	6.1
1998	1,305	46.9	1,230	44.2	5.7
1999	1,352	48.5	1,279	45.9	5.4
2000	1,342	46.3	1,267	43.7	5.6
2001	1,334	46.1	1,241	42.9	6.9
2002	1,332	46.0	1,221	42.2	8.3
2003	1,299	44.9	1,193	41.2	8.2

NOTES:

- (1) Source: State of Illinois - Department of Employment Security.
- (2) Federal regulations required a change in methodology in 1994 and all subsequent years.

Table 17
CITY OF CHICAGO, ILLINOIS
PRINCIPAL EMPLOYERS (NONGOVERNMENT)
December 31, 2003

Employer	Type of Business	Number of Employees
Banc One Management Corporation	Financial Services	10,192
United Airlines	Transportation	7,634
SBC Ameritech Illinois	Telecommunications	5,240
Northern Trust Company	Financial Services	5,084
American Airlines	Transportation	4,403
Accenture	Professional Services	3,862
Target Corporation	Retail	2,904
Harris Trust & Savings Bank	Financial Services	2,684
LaSalle Bank	Financial Services	2,668
United Parcel Service	Delivery Services	2,649

NOTE:

Source: City of Chicago, Department of Revenue, Employer's Expense Tax Return, June 30, 2003.

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

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Bank Deposits (1)				
Bank One (6)	\$ 23,852,516	\$ 28,178,995	\$ 29,555,927	\$ 35,608,444
LaSalle Bank National Association (7)	6,309,646	7,247,877	7,924,627	10,063,625
Northern Trust Corporation	8,686,720	7,982,110	11,104,953	13,563,534
Harris Trust Bankcorp, Incorporated	7,291,573	6,743,900	9,379,251	10,982,033
Bank of America Illinois (9)	13,179,000	9,208,000	7,037,000	N/A (11)
Total Bank Deposits	<u>\$ 59,319,455</u>	<u>\$ 59,360,882</u>	<u>\$ 65,001,758</u>	<u>\$ 70,217,636</u>
Savings and Loan Deposits (1)				
LaSalle Talman Bank FSB (2), (10)	\$ 3,693,377	\$ 5,144,092	\$ 7,522,374	\$ 9,624,586
St. Paul Bancorp, Incorporated (8)	3,216,946	3,180,970	3,257,144	3,284,000
Standard Federal Bank For Savings (5)	1,661,968	1,495,168	1,681,529	-
LaSalle Cragin Bank FSB (2), (3)	1,986,944	2,104,010	-	-
Bell Federal Savings and Loan Association (4)	1,560,287	1,546,585	-	-
Total Savings and Loan Deposits	<u>\$ 12,119,522</u>	<u>\$ 13,470,825</u>	<u>\$ 12,461,047</u>	<u>\$ 12,908,586</u>

NOTES:

- (1) Deposits as of December 31, 2003. Source: Thomson Financial Publishing State Guide, July - December 2003 edition.
- (2) LaSalle Talman FSB and LaSalle Cragin Bank FSB merged to form LaSalle Bank FSB, November 1995.
- (3) Cragin Federal Savings and Loan Association for 1994 and prior.
- (4) Standard Federal Bank due to merger, June 1996.
- (5) Moved to Burr Ridge, Illinois in 1997.
- (6) First Chicago NBD Corporation prior to 1998.
- (7) LaSalle National Bank for 1998 and prior.
- (8) Charter One Bank due to merger with Charter One Bank FSB of Cleveland, Ohio, October 1999.
- (9) Bank of America National Trust and Savings Association of San Francisco, California due to merger, July 1997.
- (10) LaSalle Bank National Association due to merger, March 2000.
- (11) N/A means not applicable.

	1998	1999	2000	2001	2002	2003
\$	37,605,570	\$ 55,228,333	\$ 101,026,400	\$ 107,377,268	\$ 114,701,000	\$ 172,015,000
	12,493,049	17,407,214	46,216,800	29,188,461	30,649,446	53,070,931
	13,955,813	18,280,263	27,722,600	25,019,276	18,069,800	25,299,355
	10,912,851	11,288,630	20,902,200	19,214,881	11,153,571	20,866,090
	N/A (11)	N/A (11)	N/A (11)	N/A (11)	N/A (11)	N/A (11)
	<u>74,967,283</u>	<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>
\$	9,402,816	\$ 9,409,454	\$ 30,180,112	\$ N/A (11)	\$ N/A (11)	\$ -
	3,225,825	N/A (11)	N/A (11)	N/A (11)	N/A (11)	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>12,628,641</u>	<u>\$ 9,409,454</u>	<u>\$ 30,180,112</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)

<u>Year</u>	<u>Residential</u>		<u>Residential and Non-Residential Estimated Cost</u>
	<u>Units</u>	<u>Estimated Cost</u>	
1994	1,037	\$ 183,885	\$ 749,162
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

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)

<u>Year</u>	<u>Sales</u>
1994	\$ 13,970,000
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

NOTE:

Source: Sales and Marketing Management magazine, 2003 Survey of Buying Power.

Table 21
CITY OF CHICAGO, ILLINOIS
MISCELLANEOUS STATISTICS
December 31, 2003

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): 602

Enrollment (Total): 438,589

Water Department:

Daily Average Pumpage: 895,000,000 (Gallons)

Water Mains: 4,237 (Miles)

Sewers:

Sewer Mains: 4,300 (Approximate Miles)

Catch Basins: 230,000

Manholes: 149,000

Authorized New Dwelling Units: 9,476

Recreation and Culture:

Number of Parks: 574

Acres of Parks: 7,433.08

Number of Beaches: 30

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) 2003 information not available at time of publication.



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