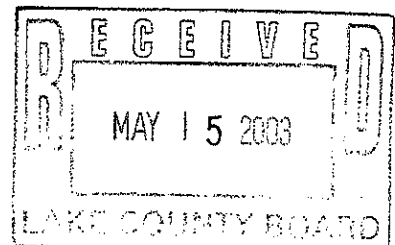
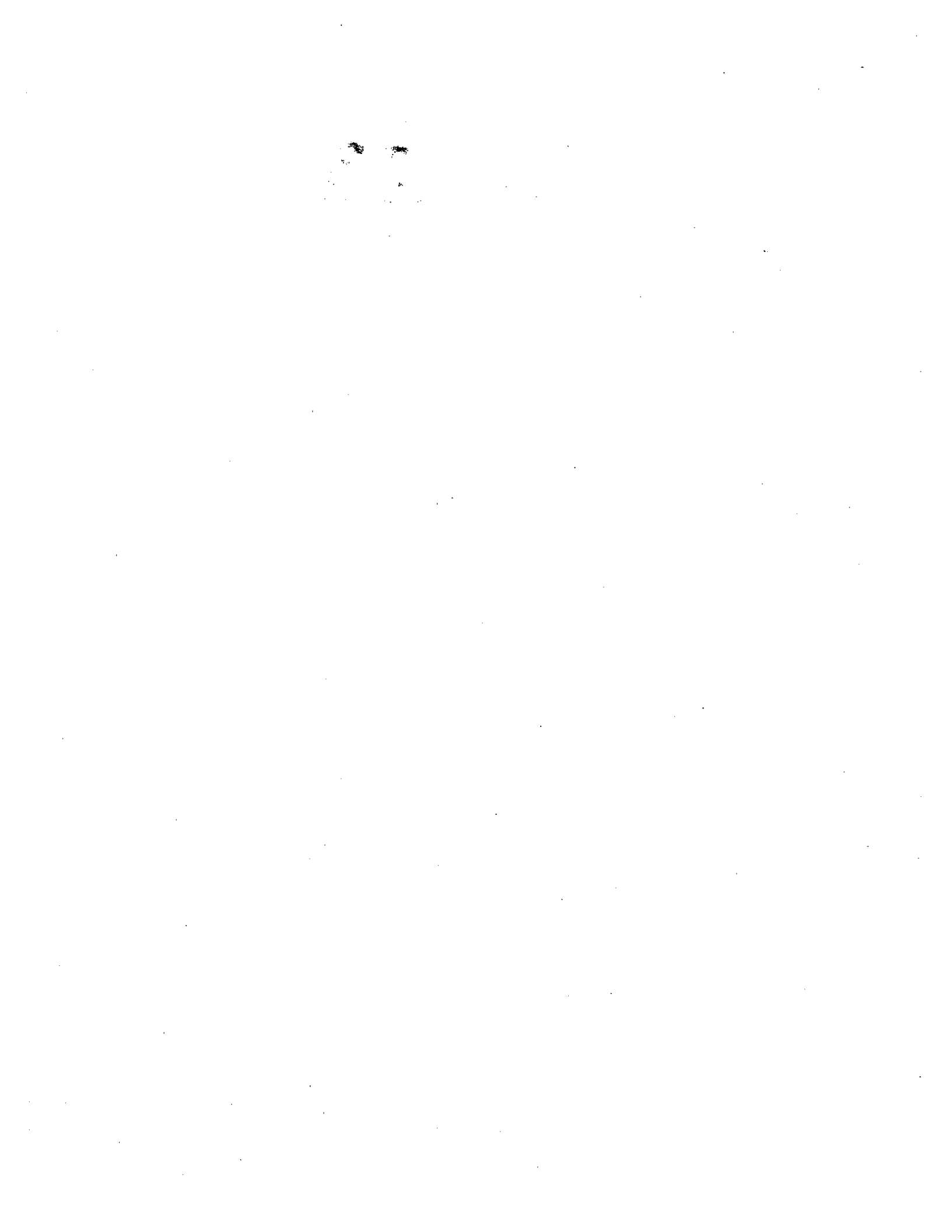


Agenda Item # 23

WAUKEGAN PORT DISTRICT
WAUKEGAN, ILLINOIS

FINANCIAL STATEMENTS
DECEMBER 31, 2002





**WAUKEGAN PORT DISTRICT
TABLE OF CONTENTS
DECEMBER 31, 2002**

	Page
General Purpose Financial Statements	
Auditor's Report on Financial Statements	1
Combined Balance Sheet	3
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings	4
Combined Statement of Cash Flows	5
Notes to Financial Statements	6
Combining Financial Statements	
Combining Balance Sheet	14
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	15
Combining Statement of Cash Flows	16

Certified Public Accountants

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To the Board of Directors
Waukegan Port District
Waukegan, Illinois 60085

We have audited the accompanying general purpose financial statements of the Waukegan Port District as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Waukegan Port District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*; issued by the Comptroller General of the United States; and the provisions of *Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Waukegan Port District as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12 to the financial statements, the District is required to adopt the provisions of GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of January 1, 2003. This will result in a change to the format and content of the District's financial statements for the year ended December 31, 2003, and thereafter.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Waukegan Port District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have issued a report dated March 31, 2003 on our consideration of the Waukegan Port District's internal control structure and a report dated March 31, 2003, on its compliance with laws and regulations. That report is an integral part of the audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

FPT&W Ltd.
FPT&W, Ltd.

Oak Brook, Illinois
March 31, 2003

WAUKEGAN PORT DISTRICT, ILLINOIS

COMBINED BALANCE SHEET
 ALL ENTERPRISE FUNDS
 DECEMBER 31, 2002

ASSETS

Cash	\$	843,478
Investments		814,047
Accounts Receivable		1,383,583
Inventory		41,393
Interfund Receivable		1,227,530
Property, Plant & Equipment		25,128,559
		<hr/>
TOTAL ASSETS	\$	29,438,590
		<hr/> <hr/>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts Payable	\$	79,818
Deferred Income		1,979,780
Interfund Payable		1,227,530
Notes Payable		755,295
Bonds Payable		3,368,600
		<hr/>
TOTAL LIABILITIES		7,411,023
		<hr/>

FUND EQUITY

Contributed Capital		21,202,463
Retained Earnings		825,104
		<hr/>
TOTAL FUND EQUITY		22,027,567
		<hr/>
TOTAL LIABILITIES AND FUND EQUITY	\$	29,438,590
		<hr/> <hr/>

The accompanying notes to the financial statements are an integral part of this statement.

WAUKEGAN PORT DISTRICT, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 ALL ENTERPRISE FUNDS
 For the Year Ended December 31, 2002

OPERATING REVENUES	
Slips and Transient Fees	\$ 1,772,730
Fuel, Gas and Oil	732,715
Fuel Purchases Discount	2,795
Purchase Districts - Harbor	61
Lease Income	881,482
Gross Percentage - Sales	75,063
Miscellaneous	37,155
Permit Fees	41,946
Tenant Work Orders	17,316
Gift Shop, Vending and Ice	20,886
Customs Service	96,837
FBO Participation	27
TOTAL OPERATING REVENUES	<u>3,679,013</u>
OPERATING EXPENSES	
Wages	888,074
Payroll Taxes	72,897
Pension Contributions	67,501
Legal	17,497
Outside Services	127,992
Group Services	125,487
Liability Insurance	159,767
Office Supplies	9,358
Postage	3,819
Repairs and Maintenance	141,620
Air Field Maintenance	24,664
Buildings Maintenance	3,588
Uniforms	4,695
Vending Supplies, Ice and Gift	9,376
Fuel Purchases	393,864
Memberships and Conferences	14,505
Utilities	126,462
Depreciation	1,424,516
Advertising	15,366
Credit Card Charges	22,053
Customs Service Expense	113,909
Bad Debt	1,391
Promotions	24,394
Cash Over/Short	781
TOTAL OPERATING EXPENSES	<u>3,793,576</u>
Operating Income (Loss)	<u>(114,563)</u>
NONOPERATING REVENUES (EXPENSES)	
Grant Revenue	707,067
Interest Income	27,899
Interest Expense	(342,295)
Loss on Disposal of Assets	(424)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>392,247</u>
Net Income (Loss)	<u>277,684</u>
Retained Earnings at beginning of year	<u>547,420</u>
Retained Earnings at end of year	<u>\$ 825,104</u>

The accompanying notes to the financial statements are an integral part of this statement.

WAUKEGAN PORT DISTRICT, ILLINOIS
 COMBINED STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 For the Year Ended December 31, 2002

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Income (Loss) from Operations:	\$ (114,563)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	1,424,516
(Increase) Decrease in Accounts Receivable	(342,519)
Increase (Decrease) in Accounts Payable	6,389
Increase (Decrease) in Deferred Income	303,652
(Increase) Decrease in Inventory	(3,042)
Net Cash Provided by (used in) Operating Activities	<u>1,274,433</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Fixed Assets	(535,657)
Interest Paid	(342,295)
Principal Payments - Bonds	(437,500)
Increase (Decrease) in Notes Payable	(48,016)
Grant Revenue for Land Purchases	707,067
Net Cash used by Capital and Related Financing Activities	<u>(656,401)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Received	27,899
(Purchase) Sale of Investments	(515,120)
Net Cash Flows Provided by (used in) Investing Activities	<u>(487,221)</u>
NET INCREASE (DECREASE) IN CASH	130,811
Cash and cash equivalents at beginning of year	712,667
Cash and cash equivalents at end of year	<u>\$ 843,478</u>
Noncash Investing Capital and Financing Activities	
Contribution of Fixed Assets from Government	65,242

The accompanying notes to the financial statements are an integral part of this statement.

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**WAUKEGAN PORT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Waukegan Port District (District) accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to special governmental units. Accordingly, the District uses Proprietary Fund types to account for its activities.

A. FUND TYPES

Proprietary Fund types are used to account for activities conducted on a fee for service basis in a manner similar to commercial enterprises and provides services to the public. Interfund transactions are not eliminated.

B. REPORTING ENTITY

The District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," under which the financial statements include all the organizations, activities, functions and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component units board, and either (1) the District's ability to impose its' will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. As of December 31, 2002 the District has no component units.

C. BASIS OF ACCOUNTING

The financial statements reflect the accounting policies of a Proprietary Fund employing the accrual basis of accounting in which revenue is recognized when earned and expenses recognized when the liability is incurred.

The District has chosen the option to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements to the proprietary fund activities.

**WAUKEGAN PORT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FIXED ASSETS

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital (which represents monies and other assets contributed through grants or otherwise from another government prior to January 1, 2001) and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Land Improvements	5 - 40 years
Building	5 - 40 years
Harbor Improvements	10 - 40 years
Machinery and equipment	5 - 15 years
Vehicles	4 - 15 years
Airport Improvements	12 - 20 years

E. ALLOWANCE FOR ESTIMATED UNCOLLECTIBLES

At December 31, 2002, there was no allowance for estimated uncollectibles. Historically the District has very little bad debt expense.

F. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. INVENTORY

Inventory is valued at the lower of cost (first-in, first-out) or market.

**WAUKEGAN PORT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. **STATEMENT OF CASH FLOWS**

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

I. **INVESTMENTS**

Investments are stated at fair value in accordance with GASB 31. Fair value for the investment in the State of Illinois Public Treasurers investment pool is the same as the value of the pool shares. The state statute requires the investment pool to comply with the Illinois Public Funds Investment Act (30ILCS235).

2. **CASH AND INVESTMENTS**

The District maintains cash balances at one bank, which is covered by FDIC insurance and collateral pledged.

A. **Deposits**

At year-end the carrying amount of the District's deposits totaled \$1,142,619 and the bank balances totaled \$1,170,668. The District also has \$860 of petty cash on hand.

	<u>Bank Balances</u>	<u>Book Balances</u>
Category 1 Deposits covered by federal depository insurance, or by collateral held by the government, or its agent, in the government's name.	\$ 1,170,668	\$ 1,142,619
Category 2 Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the government's name	-	-
Category 3 Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the government's name, and deposits which are uninsured and uncollateralized.	-	-
Total Deposits	<u>\$ 1,170,668</u>	<u>\$ 1,142,619</u>

B. **Investments**

	<u>Carrying Value</u>	<u>Market Value</u>
State of Illinois Public Treasurer's Investment Pool	\$ 514,046	\$ 514,046

The investment is an investment pool and is not subject to risk categorization.

**WAUKEGAN PORT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

3. CHANGES IN FIXED ASSETS

A summary of changes in fixed assets for the Airport Fund is as follows:

	Airport			Balance 12-31-02
	Balance 12-31-01	Additions	Deletions	
Land and Land Improvements	\$ 12,959,613	\$ 521,326	\$ -	\$ 13,480,939
Buildings	422,451	1,100	-	423,551
Capital Projects-in-Progress	64,818	-	(64,818)	-
Improvements other than buildings	12,905,304	-	-	12,905,304
Machinery and equipment	122,096	4,748	(9,624)	117,220
Vehicles	642,977	7,700	-	650,677
Total	<u>\$ 27,117,259</u>	<u>\$ 534,874</u>	<u>\$ (74,442)</u>	27,577,691
Less Accumulated Depreciation				<u>(11,639,394)</u>
TOTAL AIRPORT FUND				<u>\$ 15,938,297</u>

A summary of changes in fixed assets for the Harbor Fund is as follows:

	Harbor			Balance 12-31-02
	Balance 12-31-01	Additions	Deletions	
Land and Land Improvements	\$ 3,640,679	\$ -	\$ -	\$ 3,640,679
Buildings	1,504,208	13,707	-	1,517,915
Improvements other than buildings	13,874,077	22,345	-	13,896,422
Machinery and equipment	434,418	16,889	(26,531)	424,776
Vehicles	101,509	8,894	-	110,403
Total	<u>\$ 19,554,891</u>	<u>\$ 61,835</u>	<u>\$ (26,531)</u>	19,590,195
Less Accumulated Depreciation				<u>(10,399,933)</u>
TOTAL HARBOR FUND				<u>\$ 9,190,262</u>

**WAUKEGAN PORT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

4. CHANGES IN LONG-TERM DEBT

The bonds of the District are general obligation bonds issued to finance construction of the harbor. Other long-term debt includes various notes for capital improvements.

A summary of the Districts bonds and notes payable as of December 31, 2002 and transactions during the year ended follows:

	<u>12/31/01</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/02</u>
General Obligations Bond, 7.573% due 2009	\$ 3,806,100	\$ -	\$ 437,500	\$ 3,368,600
Note Payable - Bank of Waukegan, 3.943%, the variable rate on Dec. 31, 2001, due 2004.	72,398	-	24,133	48,265
Note Payable - Bank of Waukegan, 7% , due 2018.	<u>730,913</u>	<u>-</u>	<u>23,883</u>	<u>707,030</u>
TOTAL HARBOR FUND	<u>\$ 4,609,411</u>	<u>\$ -</u>	<u>\$ 485,516</u>	<u>\$ 4,123,895</u>

There are a number of limitations and restrictions contained in the various bond indentures (See Note 6). The District is in compliance with all significant limitations and restrictions.

Following is a schedule of future principal and interest payments:

	<u>Harbor</u>
2003	\$ 806,998
2004	787,829
2005	797,274
2006	797,151
2007	768,491
Other years	<u>1,686,383</u>
	<u>\$ 5,644,126</u>

**WAUKEGAN PORT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

5. PENSION PLANS

On April 1, 1996 the District adopted a defined contribution profit sharing plan. The Plan provides for the District to contribute up to 10% annually of the employee's salary after an employee is vested (1 year after employment).

Total contributions made during 2002 amounted to \$31,889 and \$35,612 respectively for airport and harbor operations.

6. INTERGOVERNMENTAL AGREEMENT

This agreement dated the 21st day of December 1992 by and between the City of Waukegan and the District supersedes the prior agreement between the above mentioned parties dated August 15, 1983. The essence of the agreement allowed for a refinancing of existing debt and the creation and perfecting of a security interest of the City of Waukegan on the revenues derived by the District from the operation of any harbors and marinas in the City of Waukegan. The District also agrees to generate sufficient fees from harbor operations necessary to pay amounts owed to the City of Waukegan under the terms of the intergovernmental agreement. Certain other provisions of this agreement apply to airport operations (i.e., utility services between the parties, regarding improvements of real property and abatement of connection fees for water lines).

7. DEFERRED INCOME

The District invoices all harbor slip holders in 2002 for the 2003 boating season. Accordingly, the district records as deferred income the amount of revenue associated with the 2003 boating season for slips already reserved as of December 31, 2002.

8. LANDFILL

The District owns one landfill which is no longer accepting solid waste. The landfill had been covered when it was filled to capacity. However, the District has established policies and procedures to ensure that the landfill is accounted for in accordance with applicable laws and regulations. Annual inspections are performed by the Lake County Health Department. The District budgets for post closure care costs that may arise in the future associated with the landfill. These costs are approximately \$5,000-6,000 per year for the cost of an environmental consultant.

**WAUKEGAN PORT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

9. SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains the following enterprise funds which are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of the date of this report and for the fiscal year is as follows:

	Airport	Harbor	Totals
Operating Revenues	\$ 1,088,088	\$ 2,590,925	\$ 3,679,013
Depreciation	798,599	625,917	1,424,516
Operating Income (Loss)	(500,233)	385,670	(114,563)
Net Income (Loss)	212,075	65,609	277,684
Current Capital Contributions	65,242	-	65,242
Plant, Property, and Equipment			
Additions	534,874	61,835	596,709
Deletions	(74,442)	(26,531)	(100,973)
Total Assets	16,665,917	12,772,673	29,438,590
Net Working Capital	(724,162)	1,747,065	1,022,903
Note Payable	-	755,295	755,295
Bonds Payable	-	3,368,600	3,368,600
Total Equity	\$ 15,214,135	\$ 6,813,432	\$ 22,027,567

10. LEASES

The District was the lessor in several operating leases during the 2002 fiscal year. Leases at the airport and harbor are land rents based on square footage. Airport leases are for general aviation uses – hangar rentals, flight schools, charter services, aviation product sales and service, and fixed based operations (i.e. flowage fees and percentage of gross sales). Harbor leases are for dock usages, both commercial and recreational, as well as boating related services such as storage, launching, cleaning, fishing supplies, food service and Yacht Club activities. Leases are negotiated for standard periods (some annually and some for five to ten years) with periodic Consumer Price Index (CPI) adjustments.

All airport leases are written with five year CPI adjustments with the amount not to be less than the previous period. Therefore, the lease income received by the airport during 2002

**WAUKEGAN PORT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

10. LEASES (Continued)

represents the annual minimum future rentals. Contingent rentals included in the airport's lease income are \$66,653 from percentage of gross and \$266,421 from fuel flowage fees.

All long term harbor leases are non-cancelable with the exception of two – one with a 90 day cancellation provision and one which had the option to cancel during 2002 but renewed their lease for the next five years. Revenue from non-cancelable leases at the harbor for 2002 was \$179,933 and represents the annual minimum future rentals. Contingent rentals included in the harbor's lease income are \$42,289 for boat storage fees, \$2,360 for excess tonnage fees, and \$1,438 for additional lot rentals.

The amount of lease income received during 2002 totaled \$881,482. A total of \$630,693 was received by the airport and \$250,789 was received by the harbor.

11. DEFICIT RETAINED EARNINGS

As of December 31, 2002, the Airport Fund carried a deficit in its retained earnings in an amount of \$2,074,133.

12. NEW ACCOUNTING PRONOUNCEMENTS

The District will be required to implement new accounting standards beginning January 1, 2003, for its fiscal year ending December 31, 2003. These standards include GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – for State and Local Governments; Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

The standards establish new financial reporting requirements for state and local governments throughout the United States. When implemented, they will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The District has not yet determined the full impact that adoption of these standards will have on the financial statements.

WAUKEGAN PORT DISTRICT, ILLINOIS

ALL ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2002

	AIRPORT FUND	HARBOR FUND	TOTAL CURRENT YEAR
ASSETS			
Cash	\$ 706,889	\$ 136,589	\$ 843,478
Investments	-	814,047	814,047
Accounts Receivable	20,731	1,362,852	1,383,583
Inventory	-	41,393	41,393
Interfund Receivable	-	1,227,530	1,227,530
Property, Plant & Equipment	15,938,297	9,190,262	25,128,559
TOTAL ASSETS	\$ 16,665,917	\$ 12,772,673	\$ 29,438,590
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 32,252	\$ 47,566	\$ 79,818
Deferred Income	192,000	1,787,780	1,979,780
Interfund Payable	1,227,530	-	1,227,530
Notes Payable	-	755,295	755,295
Bonds Payable	-	3,368,600	3,368,600
TOTAL LIABILITIES	1,451,782	5,959,241	7,411,023
FUND EQUITY			
Contributed Capital	17,288,268	3,914,195	21,202,463
Retained Earnings	(2,074,133)	2,899,237	825,104
TOTAL FUND EQUITY	15,214,135	6,813,432	22,027,567
TOTAL LIABILITIES AND FUND EQUITY	\$ 16,665,917	\$ 12,772,673	\$ 29,438,590

WAUKEGAN PORT DISTRICT, ILLINOIS

ALL ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 For the Year Ended December 31, 2002

	AIRPORT FUND	HARBOR FUND	TOTAL CURRENT YEAR
OPERATING REVENUES			
Slips and Transient Fees	\$ -	\$ 1,772,730	\$ 1,772,730
Fuel, Gas and Oil	266,421	466,294	732,715
Fuel Purchases Discount	-	2,795	2,795
Purchase Districts - Harbor	-	61	61
Lease Income	630,693	250,789	881,482
Gross Percentage - Sales	66,653	8,410	75,063
Miscellaneous	18,127	19,028	37,155
Permit Fees	9,330	32,616	41,946
Tenant Work Orders	-	17,316	17,316
Gift Shop, Vending and Ice	-	20,886	20,886
Customs Service	96,837	-	96,837
FBO Participation	27	-	27
TOTAL OPERATING REVENUES	1,088,088	2,590,925	3,679,013
OPERATING EXPENSES			
Wages	370,006	518,068	888,074
Payroll Taxes	29,271	43,626	72,897
Pension Contributions	31,889	35,612	67,501
Legal	5,805	11,692	17,497
Outside Services	22,567	105,425	127,992
Group Services	52,883	72,604	125,487
Liability Insurance	65,496	94,271	159,767
Office Supplies	4,089	5,269	9,358
Postage	540	3,279	3,819
Repairs and Maintenance	28,780	112,840	141,620
Air Field Maintenance	24,664	-	24,664
Buildings Maintenance	3,588	-	3,588
Uniforms	-	4,695	4,695
Vending Supplies, Ice and Gift	-	9,376	9,376
Fuel Purchases	-	393,864	393,864
Memberships and Conferences	7,624	6,881	14,505
Utilities	26,528	99,934	126,462
Depreciation	798,599	625,917	1,424,516
Advertising	2,083	13,283	15,366
Credit Card Charges	-	22,053	22,053
Customs Service Expense	113,909	-	113,909
Bad Debt	-	1,391	1,391
Promotions	-	24,394	24,394
Cash Over/Short	-	781	781
TOTAL OPERATING EXPENSES	1,588,321	2,205,255	3,793,576
Operating Income (Loss)	(500,233)	385,670	(114,563)
NONOPERATING REVENUES (EXPENSES)			
Grant Revenue	707,067	-	707,067
Interest Income	5,241	22,658	27,899
Interest Expense	-	(342,295)	(342,295)
Loss on Disposal of Assets	-	(424)	(424)
TOTAL NONOPERATING REVENUES (EXPENSES)	712,308	(320,061)	392,247
Net Income	212,075	65,609	277,684
Retained Earnings at beginning of year	(2,286,208)	2,833,628	547,420
Retained Earnings at end of year	\$ (2,074,133)	\$ 2,899,237	\$ 825,104

WAUKEGAN PORT DISTRICT, ILLINOIS
 COMBINING STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 For the Year Ended December 31, 2002

	AIRPORT FUND	HARBOR FUND	TOTAL MEMORANDUM ONLY
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (Loss) from Operations:	\$ (500,233)	\$ 385,670	\$ (114,563)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	798,599	625,917	1,424,516
(Increase) Decrease in Accounts Receivable	6,393	(348,912)	(342,519)
Increase (Decrease) in Accounts Payable	7,461	(1,072)	6,389
Increase (Decrease) in Deferred Income	(54,000)	357,652	303,652
(Increase) Decrease in Inventory	-	(3,042)	(3,042)
Net Cash Provided by (used in) Operating Activities	258,220	1,016,213	1,274,433
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Fixed Assets	(469,632)	(66,025)	(535,657)
Interest Paid	-	(342,295)	(342,295)
Principal Payments - Bonds	-	(437,500)	(437,500)
Increase (Decrease) in Notes Payable	-	(48,016)	(48,016)
Grant Revenue for Land Purchases	707,067	-	707,067
Net Cash used by Capital and Related Financing Activities	237,435	(893,836)	(656,401)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	5,241	22,658	27,899
(Purchase) Sale of Investments	-	(515,120)	(515,120)
Net Cash Flows Provided by (used in) Investing Activities	5,241	(492,462)	(487,221)
NET INCREASE (DECREASE) IN CASH	500,896	(370,085)	130,811
Cash and cash equivalents at beginning of year	205,993	506,674	712,667
Cash and cash equivalents at end of year	\$ 706,889	\$ 136,589	\$ 843,478
Noncash Investing Capital and Financing Activities			
Contribution of Fixed Assets from Government	65,242	-	65,242

