
CITY OF CHICAGO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010



Rahm Emanuel, Mayor

Lois A. Scott, Chief Financial Officer

Amer Ahmad, City Comptroller





**OFFICE OF THE MAYOR
CITY OF CHICAGO**

**RAHM EMANUEL
MAYOR**

Dear Chicagoans:

Thank you for your interest in the Comprehensive Annual Financial Report (CAFR) of the City of Chicago for the 2010 fiscal year.

The nation's financial environment of the last several years has presented extraordinary challenges for local governments around the country. The City of Chicago has experienced a dramatic decrease in revenues during this time and in order to maintain the levels of service that are consistent with the demands and expectations of our citizens we must continue to institute strong management initiatives to ensure that we match our responsibilities to available revenues.

This is a time of great opportunity to address the structural deficits in the City budget and to lay the foundation for a strong financial future. The decisions we make now will shape the direction of the city for decades to come.

Together, we will make government more effective, deliver better services more affordably, and enhance the city's programs, economic growth and sustainability to ensure that Chicago remains a world-class city.

Sincerely,


Mayor

CITY OF CHICAGO
THE CITY COUNCIL
As of June 29, 2011
RAHM EMANUEL, Mayor

1st Ward	JOE MORENO
2nd Ward	ROBERT FIORETTI
3rd Ward	PAT DOWELL
4th Ward	WILLIAM D. BURNS
5th Ward	LESLIE A. HAIRSTON
6th Ward	RODERICK T. SAWYER
7th Ward	SANDI JACKSON
8th Ward	MICHELLE A. HARRIS
9th Ward	ANTHONY BEALE
10th Ward	JOHN A. POPE
11th Ward	JAMES A. BALCER
12th Ward	GEORGE A. CARDENAS
13th Ward	MARTY QUINN
14th Ward	EDWARD M. BURKE
15th Ward	TONI FOULKES
16th Ward	JOANN THOMPSON
17th Ward	LATASHA R. THOMAS
18th Ward	LONA LANE
19th Ward	MATTHEW J. O'SHEA
20th Ward	WILLIE COCHRAN
21st Ward	HOWARD BROOKINS, JR.
22nd Ward	RICARDO MUÑOZ
23rd Ward	MICHAEL R. ZALEWSKI
24th Ward	MICHAEL D. CHANDLER
25th Ward	DANIEL S. SOLIS
26th Ward	ROBERTO MALDONADO
27th Ward	WALTER BURNETT, JR.
28th Ward	JASON C. ERVIN
29th Ward	DEBORAH L. GRAHAM
30th Ward	ARIEL E. REBOYRAS
31st Ward	REGNER "RAY" SUAREZ
32nd Ward	SCOTT WAGUESPACK
33rd Ward	RICHARD F. MELL
34th Ward	CARRIE M. AUSTIN
35th Ward	REY COLON
36th Ward	NICHOLAS SPOSATO
37th Ward	EMMA MITTS
38th Ward	TIMOTHY M. CULLERTON
39th Ward	MARGARET LAURINO
40th Ward	PATRICK J. O'CONNOR
41st Ward	MARY O'CONNOR
42nd Ward	BRENDAN REILLY
43rd Ward	MICHELE SMITH
44th Ward	THOMAS M. TUNNEY
45th Ward	JOHN ARENA
46th Ward	JAMES CAPPLEMAN
47th Ward	AMEYA PAWAR
48th Ward	HARRY OSTERMAN
49th Ward	JOSEPH A. MOORE
50th Ward	DEBRA L. SILVERSTEIN

**2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF CHICAGO**

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PART I

INTRODUCTORY SECTION





DEPARTMENT OF FINANCE
CITY OF CHICAGO

June 29, 2011

To the Honorable Mayor Rahm Emanuel,
Members of the City Council and Citizens of the City of Chicago:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Chicago (City) for the year ended December 31, 2010. State Law requires that all governmental units publish within six months of the close of each fiscal year, financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a licensed public accountant.

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

The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that the valuation of costs and benefits requires estimates and judgments by management.

The Code also requires the City's basic financial statements to be audited by independent certified public accountants selected by the Committee on 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 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government. The City, incorporated in 1837, currently occupies a land area of approximately 228 square miles and serves a population of approximately 2,696,000. 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. Chicago continues to enjoy one of the most diverse economies in the nation and is comprised of mature and emerging industries including, business and financial services, manufacturing, transportation and warehousing, biotech and life sciences, education and healthcare as primary sectors. Chicago has a significant financial presence with such institutions as the CME Group, (formerly the financial exchanges of the Board of Trade and the Chicago Mercantile Exchange) and the Chicago Climate Exchange. Chicago is home to nearly two times the global derivatives activity as New York and continues to be a major center for trading. Chicago has long been a center for international business and continues to be widely recognized. The City ranks number six of sixty-five cities worldwide in Foreign Policy, magazine’s annual “Global Cities Index” and is also one of eight “Global Leaders” according to the City of London’s Global Financial Centres report. Chicago consistently leads the nation in business investment and expansion, and 2010 was no exception. In July 2010, Ford Motor Company unveiled its new Explorer, a next generation vehicle that will be built at the company’s Chicago plant, creating approximately 1,200 new jobs. Additionally in 2010, United Airlines relocated its operational center, including 2,800 jobs, to downtown Chicago, demonstrating the emerging trend of corporations migrating into Chicago. The City continues to be a destination for both business and leisure travelers as tourism and convention activity continue to be a significant part of the economy.

There are many local attractions, museums, festivals and professional sports teams that help to strengthen the area economy and provide jobs. The Tax Increment Financing (TIF) program continues to be a valuable job creation and economic development program in the City.

Long-term Financial Planning. The City continues to look at innovative ways to finance improvements through private and public partnerships. In addition, the City has realized savings through advance refundings as interest rates have changed. The City is also evaluating other revenues to assist in financing capital assets.

Major Initiatives. The City's 2010 budget addresses Chicago's most urgent needs: create and retain jobs and businesses, build schools, parks, libraries, new police and fire stations and other critical capital projects to improve Chicago's neighborhood quality of life. For example, the City's 2010 Budget included over \$30.0 million to support after school and job programs.

The City continues funding from its human infrastructure fund for various assistance programs like meals to seniors, housing rental subsidies for low income families, programs for ex-offenders, homeless shelter beds, Share the Warmth, and Plan to End Homelessness.

Further, the City is closing two Tax Increment Financing district funds that are inactive or set to expire. This will generate \$18.8 million for the City.

Relevant Financial Policies. The 2010 budget eliminated 220 vacant positions, and cut non-personnel spending across the board, such as fuel cost and equipment rental savings. The City also utilized asset concession proceeds and refunded debt. The City continued mandatory furlough days and elimination of cost-of-living increases for non-union employees.

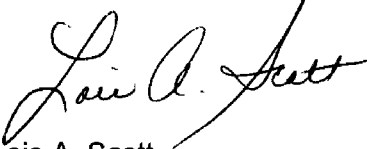
Due to expected reduced receipts in economically sensitive revenues in 2010, the City continued to monitor its financial position and made budgetary adjustments as necessary.

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, 2009. This was the seventeenth 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. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Lois A. Scott
Chief Financial Officer



Amer Ahmad
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, 2009

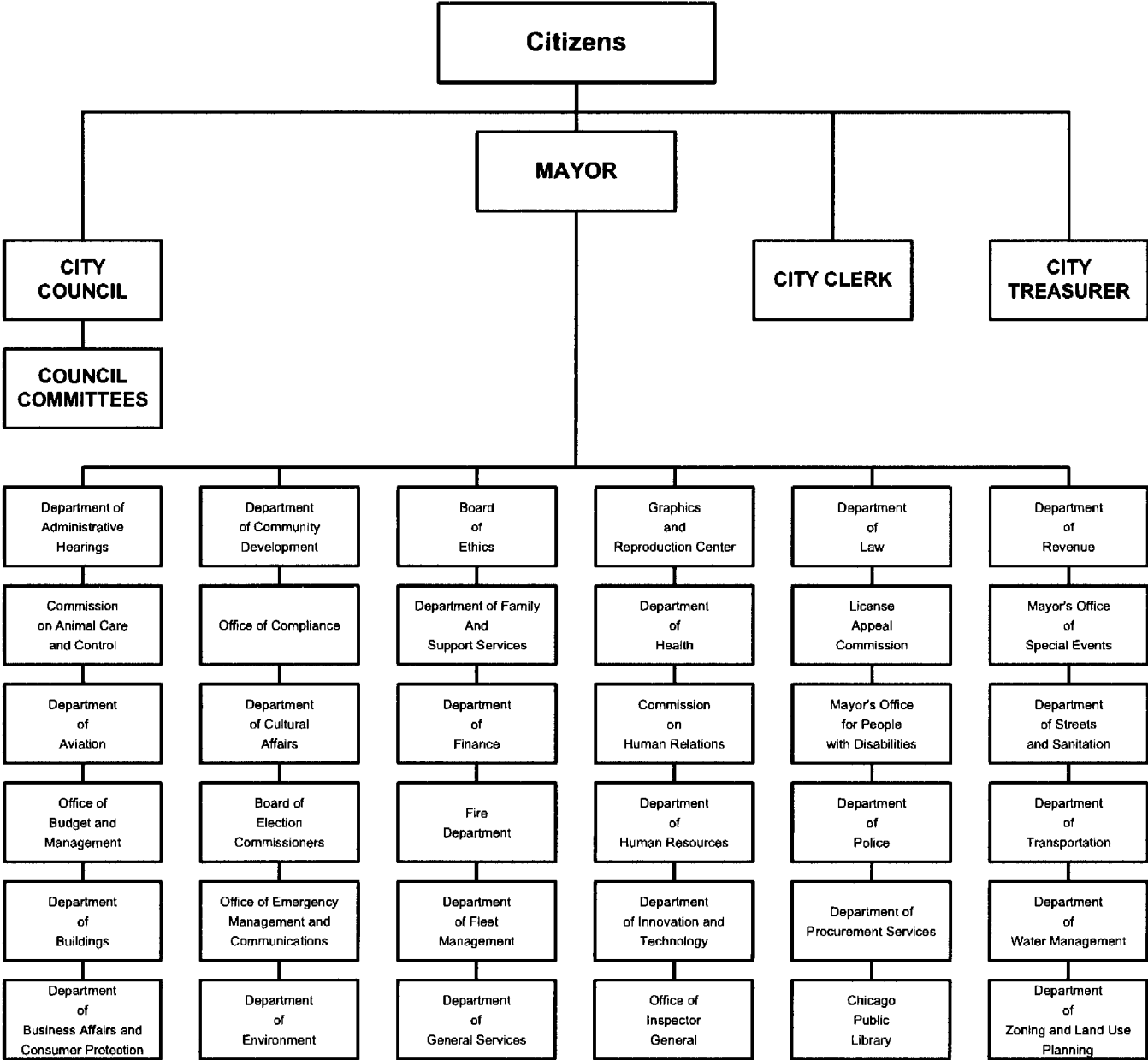
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF CHICAGO
ORGANIZATION CHART
AS OF 12/31/2010**



PART II

FINANCIAL SECTION

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



INDEPENDENT AUDITORS' REPORT

To the Honorable Rahm Emanuel, 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, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We 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 solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.


In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously 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, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows 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.

As discussed in Note 1 to the financial statements, effective January 1, 2010, the City adopted Statement No. 53 of the Government Accounting Standards Board (GASB), *Accounting and Financial Reporting for Derivative Instruments*.

The Management's Discussion and Analysis and Schedule of Other Postemployment Benefits Funding Progress, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by the GASB. This supplementary information is the responsibility of the City's management. We and other auditors have applied certain limited procedures, which

consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the City's respective financial statements that collectively comprise the City's basic financial statements. The introductory section, 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 the City's management. The combining and individual fund statements have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Deloitte  Touche LLP

June 29, 2011

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, 2010. 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 2010 Financial Highlights

- Liabilities and Deferred Inflows of the City, in the government-wide financial statements, exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$1,570.8 million (*net deficit*). Of this amount, \$8,014.3 million is an unrestricted deficit, while \$2,041.2 million is invested in capital assets, net of related debt and \$4,402.3 million is restricted for specific purposes.
- The City's total assets and deferred outflows increased by \$1,695.6 million. The increase relates to \$453.1 million increase in capital assets as a result of the City's capital improvement program and \$812.8 million increase in restricted cash and cash equivalents and investments primarily as a result of the City's financing of its business activities capital programs.
- Revenues and Other Financing Sources, in the fund financial statements, available for general governmental operations during 2010 were \$7,467.1 million, a decrease of \$1,123.6 million (13.1 percent) from 2009. The reduction was a result of the 2009 transfers in of \$1,702.5 million when the service concession agreements fund was established.
- The General Fund, also in the fund financial statements, ended 2010 with a total Fund Balance of \$135.5 million. Total Fund Balance increased from 2009 primarily because Revenues and Other Financing Sources were more than Expenditures and Other Financing Uses by \$82.3 million. Fund Balance at December 31, 2010 of \$36.2 million was reserved for commitments. Unreserved Fund Balance was \$81.2 million at December 31, 2010, compared to a balance of \$2.7 million at the end of 2009.
- The City's general obligation bonds and notes outstanding increased by \$641.3 million during the current fiscal year. The proceeds from the increase in bonds were used to finance the City's capital plan and certain operating expenses.

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, deferred outflows, liabilities, and deferred inflows with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively. To assess the overall health of the City, the reader should consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The *statement of activities* presents information showing how the government's net assets changed during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs,

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010 - Continued**

regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (for example, uncollected taxes, and earned but unused vacation). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, 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 20 individual governmental funds. Information for the seven 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 seven major governmental funds are as follows: the General Fund, the Federal, State and Local Grants Fund, the Special Taxing Areas Fund, Service Concession Agreement Fund, the Reserve Fund, the Bond, Note Redemption and Interest Fund, and the Community Development and Improvement Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriation budget for its general and certain special revenue funds on a non-GAAP budgetary basis. A budgetary comparison statement has been provided for the General Fund, the only major fund with an appropriation budget, to demonstrate compliance with this budget. The basic governmental fund financial statements can be found immediately following the government-wide statements.

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

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010 - Continued**

Fund. All the proprietary funds are considered to be major funds of the City. The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Fiduciary funds. Fiduciary funds are used primarily 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 (deficit). 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, liabilities and deferred inflows exceeded assets by \$1,570.8 million at December 31, 2010.

A large portion of the City's net deficit, \$2,041.2 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 and deferred inflows.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010 - Continued**

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 6,109.4	\$ 6,106.2	\$ 3,939.1	\$ 2,772.6	\$ 10,048.5	\$ 8,878.8
Capital assets	7,288.3	7,311.5	11,393.8	10,917.5	18,682.1	18,229.0
Deferred outflows	92.5	75.4	141.4	85.7	233.9	161.1
Total	13,490.2	13,493.1	15,474.3	13,775.8	28,964.5	27,268.9
Long-term liabilities outstanding	13,656.4	12,217.4	11,176.8	9,688.6	24,833.2	21,906.0
Other liabilities	1,468.7	1,448.0	853.9	782.1	2,322.6	2,230.1
Total Liabilities	15,125.1	13,665.4	12,030.7	10,470.7	27,155.8	24,136.1
Deferred Inflows	1,660.4	1,681.5	1,719.1	1,737.6	3,379.5	3,419.1
Net assets:						
Invested in capital assets, net of related debt	(324.3)	251.1	2,365.5	2,286.7	2,041.2	2,537.8
Restricted	3,611.5	3,735.1	790.8	821.9	4,402.3	4,557.0
Unrestricted	(6,582.5)	(5,840.0)	(1,431.8)	(1,541.1)	(8,014.3)	(7,381.1)
Total net assets (deficit)	\$ (3,295.3)	\$ (1,853.8)	\$ 1,724.5	\$ 1,567.5	\$ (1,570.8)	\$ (286.3)

An additional portion of the City's net assets (\$4,402.3 million) represent resources that are subject to external restrictions on how they may be used.

Governmental Activities. Net assets of the City's governmental activities decreased \$1,441.5 million to a deficit of \$3,295.3 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.) net of related debt. Consequently, unrestricted net assets showed a \$6,582.5 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, pollution and casualty claims (\$656.0 million), Municipal employees, Policemen's and Firemen's net pension obligation (\$4,144.5 million) and post-employment benefits (\$380.9 million). The City will include these amounts in future years' budgets as they come due. In addition, the remaining deferred inflow of \$1,660.4 million will be amortized into income over the life of the concession service agreements.

Over half of the City's revenue comes from taxes. Total taxes increased slightly. Total taxes include a decrease in property taxes of \$.1 million (.01 percent). Other taxes increased by \$.3 million (.01 percent) as a result of increases in sales and transaction taxes. 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 2010 were \$6,664.5 million. This reflects an increase of \$447.3 million (7.2 percent) over 2009. Public Safety was the largest component of current expenses, accounting for 42.4 percent of total expenses. Expenses increased as a result of contractual wage increases and related benefits.

The cost of all governmental activities was \$6,664.5 million.

- The amount that taxpayers paid for these activities through City taxes was only \$2,918.8 million.
 - ◆ Some of the cost was paid by those who directly benefited from the programs (\$610.4 million), or
 - ◆ By other governments and organizations that subsidized certain programs with grants and contributions (\$789.6 million).

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010 - Continued**

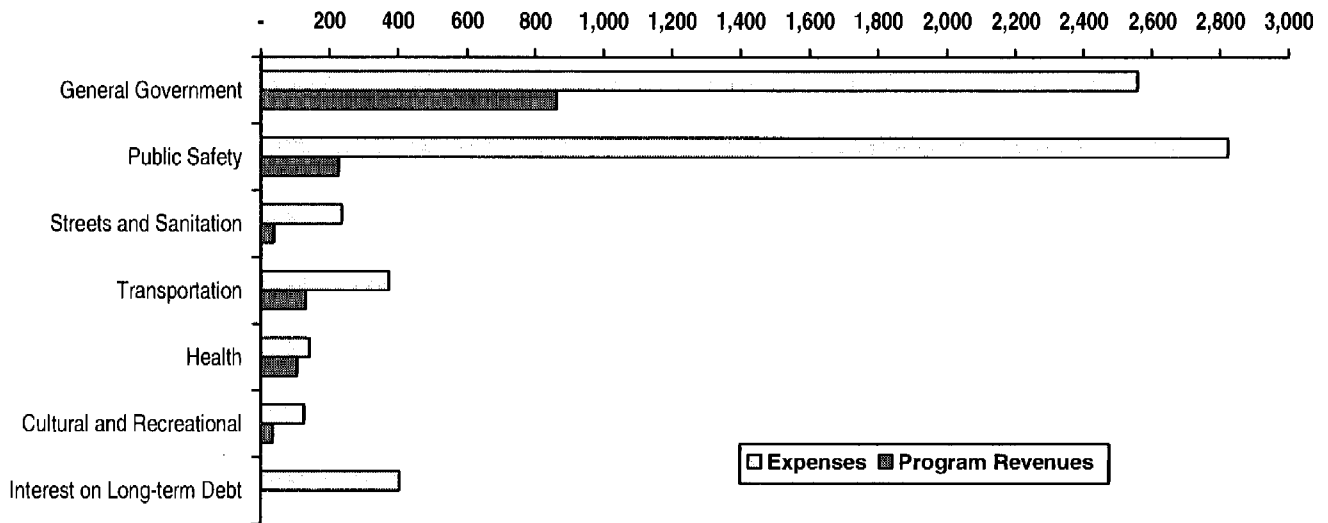
The City paid \$904.2 million for the "public benefit" portion with other revenues such as state aid, interest and miscellaneous income.

Although total net assets of business-types activities were \$1,724.5 million, these resources cannot be used to make up for the net asset deficit in governmental activities. The City generally can only use these net assets to finance the continuing operations of the water, sewer, tollway, and airports activities.

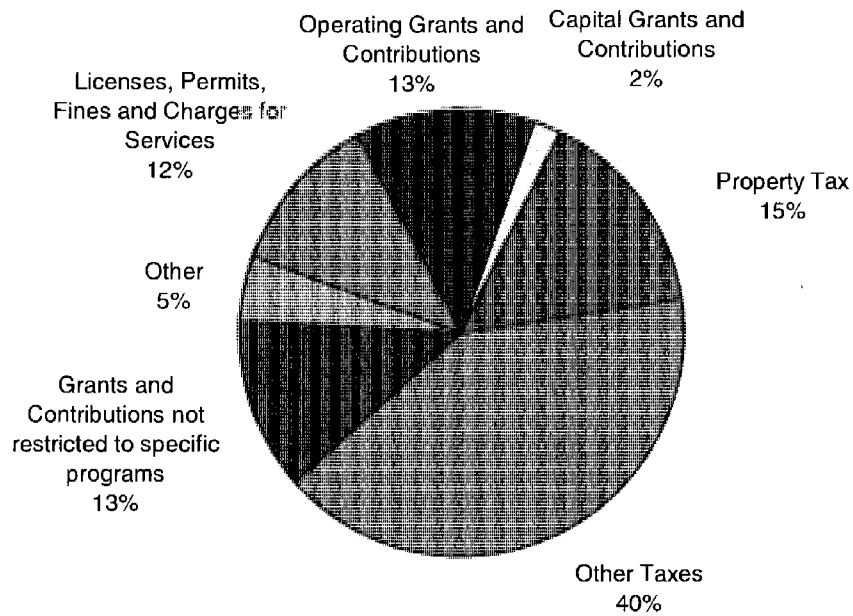
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Licenses, Permits, Fines and						
Charges for Services	\$ 610.4	\$ 621.9	\$ 1,508.3	\$ 1,332.1	\$ 2,118.7	\$ 1,954.0
Operating Grants and Contributions	674.7	611.3	-	-	674.7	611.3
Capital Grants and Contributions	114.9	115.3	246.3	211.2	361.2	326.5
General Revenues:						
Property Taxes	796.9	797.0	-	-	796.9	797.0
Other Taxes	2,121.9	2,121.6	-	-	2,121.9	2,121.6
Grants and Contributions not						
Restricted to Specific Programs	654.0	601.2	57.0	-	711.0	601.2
Other	250.2	250.4	-	21.3	250.2	271.7
Total Revenues	<u>5,223.0</u>	<u>5,118.7</u>	<u>1,811.6</u>	<u>1,564.6</u>	<u>7,034.6</u>	<u>6,683.3</u>
Expenses:						
General Government	2,557.7	2,364.8	-	-	2,557.7	2,364.8
Public Safety	2,824.0	2,521.1	-	-	2,824.0	2,521.1
Streets and Sanitation	235.9	297.2	-	-	235.9	297.2
Transportation	373.4	351.1	-	-	373.4	351.1
Health	142.4	166.9	-	-	142.4	166.9
Cultural and Recreational	126.9	130.0	-	-	126.9	130.0
Interest on Long-term Debt	404.2	386.1	-	-	404.2	386.1
Water	-	-	399.3	382.5	399.3	382.5
Sewer	-	-	184.9	170.0	184.9	170.0
Midway International Airport	-	-	224.5	206.6	224.5	206.6
Chicago-O'Hare International Airport	-	-	834.5	811.7	834.5	811.7
Chicago Skyway	-	-	11.3	11.8	11.3	11.8
Total Expenses	<u>6,664.5</u>	<u>6,217.2</u>	<u>1,654.5</u>	<u>1,582.6</u>	<u>8,319.0</u>	<u>7,799.8</u>
Change in Net Assets Before Transfers	(1,441.5)	(1,098.5)	157.1	(18.0)	(1,284.4)	(1,116.5)
Transfers	-	-	-	-	-	-
Change in Net Assets	(1,441.5)	(1,098.5)	157.1	(18.0)	(1,284.4)	(1,116.5)
Net Assets, Beginning of Year	(1,853.8)	(755.3)	1,567.4	1,585.4	(286.4)	830.1
Net Assets, End of Year	<u>\$ (3,295.3)</u>	<u>\$ (1,853.8)</u>	<u>\$ 1,724.5</u>	<u>\$ 1,567.4</u>	<u>\$ (1,570.8)</u>	<u>\$ (286.4)</u>

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



Revenues by Source - Governmental Activities

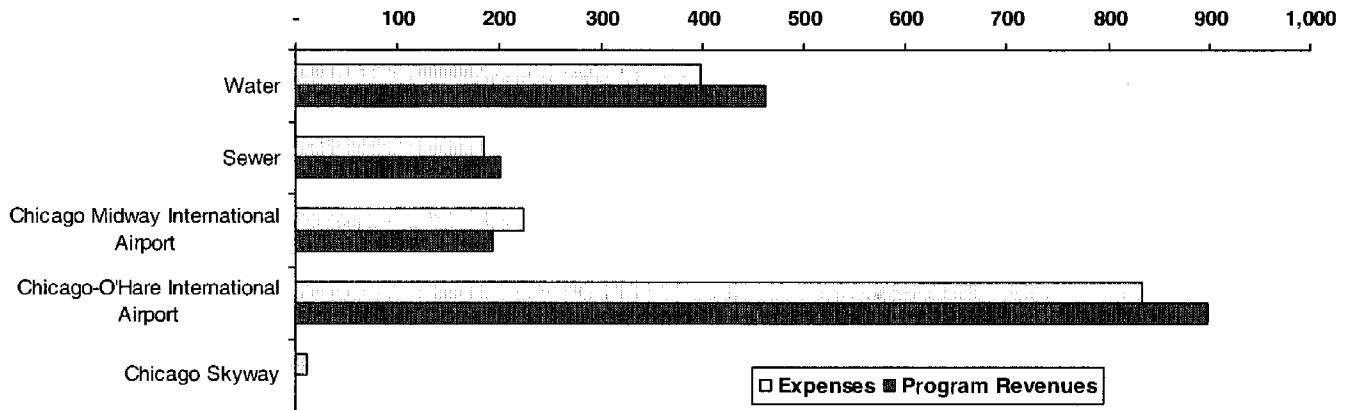


**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010 - Continued**

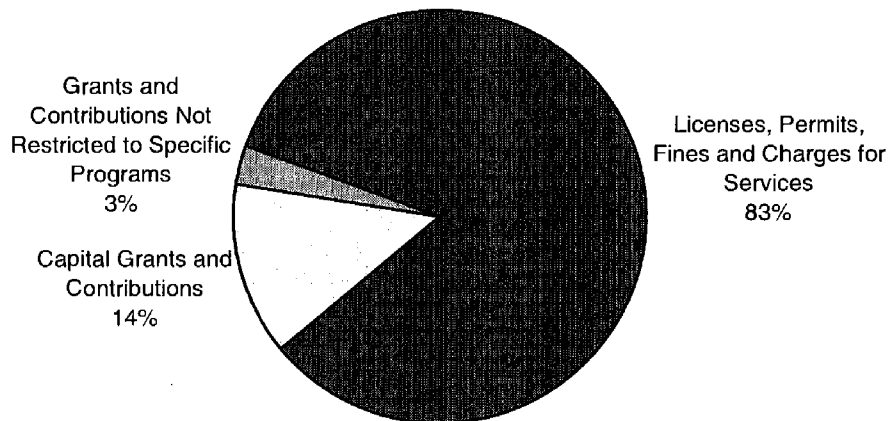
Business-type Activities. Revenues of the City's business-type activities increased by \$247.0 million in 2010 due primarily to increases in charges for services, rent and investment earnings. All Funds met debt service coverage ratios set forth in the applicable bond indentures.

- The Water Fund's operating revenues for 2010 increased by 11.8 percent from 2009 due to an increase in water rates. Operating expenses in 2010 increased by 3.4 percent primarily due to an increase in personnel and contractual services, as well as depreciation and amortization.
- The Sewer Fund's operating revenues increased 13.2 percent during fiscal year 2010, as the result of an increase in water and sewer rates. Operating expenses increased 4.7% as a result of increased personnel services, depreciation and amortization, and general fund reimbursements.
- Chicago Midway International Airport Fund's operating revenues for 2010 increased by \$26.8 million compared to prior year operating revenues. Operating expenses increased by \$13.8 million primarily due to an increase in personnel services, contractual services, and depreciation and amortization.
- Chicago-O'Hare International Airport Fund's operating revenues for 2010 increased by \$78.2 million (12.5 percent) compared to prior year operating revenues as a result of increased fund deposit requirements. Operating expenses increased by \$12.7 million as a result of an increase in contractual services, repair and maintenance, and depreciation and amortization.
- The Chicago Skyway was leased for 99 years to a private company. The agreement granted the company to operate the Skyway and to collect toll revenue during the term of the agreement. The City received an upfront payment of \$1.83 billion of which \$446.3 million was used to advance refund all of the outstanding Skyway bonds. The upfront payment is being amortized into non-operating revenue over the period of the lease (\$18.5 million annually).

**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, 2010 - Continued**

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, 2010, the City's governmental funds reported combined ending fund balances of \$1,878.5 million, an increase of \$71.6 million in comparison with the prior year. Of this total amount (\$77.6 million) constitutes *undesignated fund balance*. 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 (\$286.1 million), 2) to pay debt service (\$423.1 million), 3) to provide a long-term reserve (\$739.2 million), 4) for future appropriations (\$326.7 million), and 5) for a variety of other restricted purposes (\$25.8 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 \$81.2 million with a total fund balance of \$135.5 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. Total General Fund balance represents 4.5 percent of total General Fund expenditures. The fund balance of the City's General Fund increased by \$80.8 million during the current fiscal year. Revenues and Other Financing Sources exceeded Expenditures and Other Financing Uses by \$82.3 million. As a result of increased economically sensitive taxes and lower than expected personnel and benefit expenses.

The Federal, State and Local Grants Fund has a total fund balance of \$13.1 million, \$7.7 million of which is reserved for the resale of property, while there is an unreserved, undesignated fund balance of \$5.4 million.

The Special Taxing Areas Fund has a total fund balance of \$1,400.3 million, of which \$191.2 million is reserved for encumbrances, \$188.0 million is designated for future appropriations and the remaining \$1,021.1 million is unreserved, undesignated. Increase in fund balance is a result of Special Area tax exceeding expenditure.

The Service Concession Agreement Fund accounts for deferred inflows from non business type long-term concession and lease transactions and has an unreserved, undesignated fund deficit of \$1,660.4 million.

The Reserve Fund has a total fund balance of \$877.9 million, of which \$739.1 million is reserved as a long-term trust. The remaining is designated for future appropriations. Fund balance decreased as a result of transfers out.

The Bond, Note Redemption and Interest Fund have a total fund balance of \$264.6 million. Fund balance was consistent with prior year.

The Community Development and Improvement Projects Fund has a total fund balance of \$478.6 million, of which \$37.1 million is reserved for encumbrances and the remaining \$441.5 million is unreserved, undesignated. The increase in fund balance during the current year in the Community Development and Improvement Projects Fund was \$137.7 million, as a result of the timing of the capital program financing.

Changes in fund balance. The City's governmental fund revenues (excluding other financing sources) increased by .9 percent or \$49.4 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.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010 - Continued**

Unrestricted net assets of the Water, Sewer, Chicago Skyway, Chicago-O'Hare International Airport, and Chicago Midway International Airport Funds at the end of the year amounted to a deficit of \$1,431.8 million. The total increase in unrestricted net assets related to changes in the \$2,365.5 million of net assets invested in capital assets, net of related debt and the \$790.8 million of net assets restricted is primarily due to assets being reserved for debt service, 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 2010 Original General Fund Budget is \$3,179.7 million. This budget reflects a decrease of \$6.8 million (.2 percent) over the 2009 Budget. The City's 2010 General Fund Budget was approved by the City Council on December 2, 2009. The General Fund revenues on a budgetary basis were \$49.9 million less than the final budget as a result of higher than expected taxes, offset by lower transfers in. In addition, unfavorable results occurred in internal services revenue, licenses and permits, and fines. Expenditures were \$135.6 million less than budgeted as a result of favorable variances in general government, primarily as a result of lower than expected health care and personnel related expenses. Additional information on the City's budget can be found in Note #3 under Stewardship, Compliance and Accountability within this report.

The General Fund revenues and expenditures in 2010 ended the current fiscal year with an available unreserved fund balance of \$81.2 million, which is a \$78.5 million increase over 2009.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of December 31, 2010 amount to \$18,682.1 million (net of accumulated depreciation). These capital assets include land, buildings and system improvements, machinery and equipment, roads, highways and bridges, and property, plant and equipment.

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

- The City continued its LEED Strategy with the construction of three new district police stations, the 8th, the 9th, and 23rd, all totaling \$78.2 million in construction cost.
- The City also completed the new LEED silver certified Vehicle Maintenance Facility with construction costs totaling \$20.0 million.
- During 2010 the City completed \$52.8 million in bridge and viaduct reconstruction projects, \$102.1 million in street construction and resurfacing projects, and \$4.2 million in street lighting and transit projects.
- During 2010 the Water Fund expended \$139.7 million for capital activities. This included \$4.5 million for structures and improvements, \$10.3 million for equipment, \$46.8 million for construction in progress, and \$78.1 million for distribution plant, of which \$20.4 million was for water mains; \$37.3 million for in-house construction costs; \$16.3 million for engineering fees; \$2.5 million for capitalized interest; and \$1.6 million for completed meter projects. Net completed projects totaling \$96.1 million were transferred from construction in progress to applicable capital accounts. The major completed projects relate to South Water Purification Plant chlorine improvement projects (\$53.3 million), CCTV, card access, camera upgrades (\$4.2 million), 68th Street Pumping Station roof rehab (\$4.1 million), and installation and replacements of water mains (\$30.9 million). The 2010 Water Main Replacement Program completed 30 miles of water mains.
- The 2010 Sewer Main Replacement Program completed 8.6 miles of sewer mains and 37.7 miles of relining of existing sewer mains at a cost of \$133.0 million.
- Chicago Midway International Airport had capital asset additions in 2010 of \$28.0 million principally due to land acquisition, terminal improvements, security enhancements, parking, and runway improvements.
- Chicago-O'Hare International Airport had capital asset additions in 2010 of \$475.5 million principally due to land acquisition, terminal improvements, security enhancements, runway and taxiway improvements along with heating and refrigeration, and apron improvements.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010 - Continued**

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,382.2	\$ 1,372.7	\$ 864.0	\$ 839.5	\$ 2,246.2	\$ 2,212.2
Works of Art and Historical Collections	13.1	13.1	-	-	13.1	13.1
Construction in Progress	164.6	225.3	1,419.6	1,502.5	1,584.2	1,727.8
Buildings and Other Improvements ...	1,677.7	1,589.8	8,767.5	8,286.6	10,445.2	9,876.4
Machinery and Equipment	320.2	335.9	342.7	288.9	662.9	624.8
Infrastructure	<u>3,730.5</u>	<u>3,774.7</u>	<u>-</u>	<u>-</u>	<u>3,730.5</u>	<u>3,774.7</u>
Total	<u>\$ 7,288.3</u>	<u>\$ 7,311.5</u>	<u>\$ 11,393.8</u>	<u>\$ 10,917.5</u>	<u>\$ 18,682.1</u>	<u>\$ 18,229.0</u>

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

Debt. At the end of the current fiscal year, the City had \$6,660.0 million in General Obligation Bonds and Notes and \$844.8 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$203.9 million in Motor Fuel Tax Revenue Bonds; \$355.5 million of Sales Tax Revenue Bonds; \$163.6 million in Tax Increment Financing Bonds; \$1.2 million in Installment Purchase Agreements; and \$10,923.7 million in Enterprise Fund Bonds and long-term obligations. For more detail, refer to Note No. 10 Long-term Obligations in the Basic Financial Statements.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation	\$ 7,504.7	\$ 6,863.4	\$ -	\$ -	\$ 7,504.7	\$ 6,863.4
Installment Purchase Agreement	1.2	3.5	-	-	1.2	3.5
Tax Increment	163.6	186.2	-	-	163.6	186.2
Revenue Bonds	<u>559.4</u>	<u>564.8</u>	<u>10,923.7</u>	<u>9,532.3</u>	<u>11,483.1</u>	<u>10,097.1</u>
Total	<u>\$ 8,228.9</u>	<u>\$ 7,617.9</u>	<u>\$ 10,923.7</u>	<u>\$ 9,532.3</u>	<u>\$ 19,152.6</u>	<u>\$ 17,150.2</u>

During 2010, the City issued the following:

General Obligation Bonds and Notes:

- General Obligation Bonds, Refunding Series 2009A, Taxable Project and Refunding Series 2009B, Taxable Project Series 2009C (Build America Bonds) and Taxable Project Series 2009D (Recovery Zone Economic Development Bonds) (\$793.3 million)
- General Obligation Modern Schools Across Chicago Bonds, Series 2010A and Taxable Series 2010B (\$150.1 million)
- General Obligation Bonds Taxable Series 2010B (Build America Bonds) (\$213.6 million)
- General Obligation Short Term Notes Series 2010 (\$70.4 million)
- General Obligation Commercial Paper Notes (\$170.7 million)

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010 - Continued**

Enterprise Fund Revenue Bonds and Notes:

- Second Lien Water Revenue Bonds, Project and Refunding Series 2010A, Taxable Project Series 2010B (Build America Bonds) and Taxable Project Series 2010C (Qualified Energy Conservation Bonds) (\$313.6 million)
- Second Lien Wastewater Transmission Bonds, Revenue Refunding Series 2010A and Taxable Revenue Project Taxable Series 2010B (Build America Bonds) (\$275.9 million)
- Water Commercial Paper Notes (\$51.5 million)
- Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds, Series 2010A (Non-AMT), Series 2010B (Non-AMT), Taxable Series 2010C and Refunding Series 2010D (Non-AMT) (\$137.7 million)
- Chicago-O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2010A (Non-AMT), Taxable Series 2010B (Build America Bonds), Series 2010C (Non-AMT), Refunding Series 2010D (AMT), Refunding Series 2010E (AMT) and Series 2010F (Non-AMT) (\$1.04 billion)
- Chicago Midway Airport Second Lien Revenue Bonds, Taxable Series 2010 A-1 and Taxable Series 2010 A-2 (\$80.5 million)
- Chicago Midway Airport Second Lien Revenue Bonds, Series 2010B (Non-AMT), Taxable Series 2010C and Taxable Series 2010 D-2 (\$246.5 million)
- Chicago-O'Hare International Airport General Commercial Paper Notes (\$.5 million)
- Chicago Midway International Airport General Commercial Paper Notes (\$35.5 million)

At December 31, 2010 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	Aa3	A+	AA-
Revenue Bonds:			
O'Hare Airport:			
First Lien General Airport Revenue Bonds	Aa3	AA	AA+
Second Lien General Airport Revenue Bonds	A1	AA-	AA
Third Lien General Airport Revenue Bonds	A1	A-	A
First Lien Passenger Facility Charge (PFC)	A2	A-	A+
Midway Airport:			
First Lien	A2	A	A
Second Lien	A3	A-	A-
Water:			
First Lien	Aa2	AA	AA+
Second Lien	Aa3	AA-	AA
Wastewater:			
First Lien	Aa2	AA-	n/a
Junior Lien	Aa3	A+	AA
Sales Tax	Aa2	AAA	AA-
Motor Fuel Tax	Aa3	AA+	A-

In 2007, the City closed and extinguished the First Lien Passenger Facility Charge (PFC) bonds. All outstanding PFC bonds exist within the same lien status.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010 - Concluded**

Economic Factors and Next Year's Budgets and Rates

The City's finances are closely tied with the global and national economies. Nationally, in 2010 new housing unit starts experienced a slight increase of 5.5 percent above 2009 levels. Additionally, in Chicago year to date average home prices increased 1.6 percent in 2010 over 2009 levels and real estate transaction tax collections increased by 23.8 percent from 2009 collections as a result of the Federal Homeowner Affordability and Stimulus Plan.

Additionally, 2010 sales tax collections saw a slight increase of 1.8 percent. Amusement tax collections increased by 7.72 percent in 2010 as a result of post season sporting events.

Chicago is a center of tourism and conventions. Chicago's business district includes more than 30,000 hotel rooms within a five-mile range of McCormick Place, the convention facility that contains 2.6 million square feet of exhibit halls. Hotel projects completed in 2010 included the JW Marriott with 610 rooms and Hotel Palomar with 261 rooms. Hotel occupancy increased to 70 percent in 2010 and the average daily room rate increased by 1.84 percent.

The 2010 national unemployment rate reached 9.63 percent up from 9.275 percent in 2009. The City saw minimal change in 2010 as its unemployment rate increased to 10.1 percent in 2010 up from 10.0 percent in 2009.

The City's 2011 Corporate Fund budget was approved by the City Council on November 17, 2010. The City's budget totals \$3,263.7 million, reflecting an increase of \$84.0 million or approximately 2.6 percent of the 2010 Corporate Fund budget. The 2011 budget balances a preliminary shortfall of \$654.7 million by reducing costs, better managing resources and utilizing strategic financial options, including the reduction of 277 full time budgeted positions. Due to severe economic conditions over recent years, the City has needed to utilize nonrecurring revenue sources for budgetary purposes. This has taken the form of expending asset concession reserves and intends to utilize tax increment funds by declaring a surplus in twenty-six tax increment financing districts.

Requests for Information

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

Exhibit 1
CITY OF CHICAGO, ILLINOIS
STATEMENT OF NET ASSETS
December 31, 2010
(Amounts are in Thousands of Dollars)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Cash and Cash Equivalents	\$ 1,594,798	\$ 225,325	\$ 1,820,123
Investments	950,161	132,890	1,083,051
Cash and Investments with Escrow Agent	457,748	-	457,748
Receivables (Net of Allowances):			
Property Tax	1,423,922	-	1,423,922
Accounts	735,807	281,101	1,016,908
Internal Balances	(16,851)	16,851	-
Inventories	18,180	15,502	33,682
Restricted Assets:			
Cash and Cash Equivalents	137,363	1,376,006	1,513,369
Investments	560,246	1,396,955	1,957,201
Other Assets	247,931	494,562	742,493
Capital Assets:			
Land, Art, and Construction in Progress	1,559,949	2,283,645	3,843,594
Other Capital Assets, Net of Accumulated Depreciation	5,728,394	9,110,105	14,838,499
Total Capital Assets	7,288,343	11,393,750	18,682,093
Deferred Outflows	92,589	141,379	233,968
Total Assets and Deferred Outflows	<u>\$ 13,490,237</u>	<u>\$ 15,474,321</u>	<u>\$ 28,964,558</u>
LIABILITIES AND DEFERRED INFLOWS			
Voucher Warrants Payable	\$ 479,047	\$ 278,138	\$ 757,185
Short-term Debt	672	-	672
Accrued Interest	145,788	212,366	358,154
Accrued and Other Liabilities	733,300	146,729	880,029
Unearned Revenue	109,836	216,619	326,455
Long-term Liabilities:			
Due Within One Year	275,186	186,925	462,111
Other Long-term liabilities	-	17,937	17,937
Derivative Instrument Liability	115,269	146,560	261,829
Due in More Than One Year	13,266,026	10,825,412	24,091,438
Total Liabilities	<u>15,125,124</u>	<u>12,030,686</u>	<u>27,155,810</u>
Deferred Inflows	1,660,426	1,719,091	3,379,517
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	(324,284)	2,365,522	2,041,238
Restricted for:			
Capital Projects	99,646	174,035	273,681
Long-term Reserve	877,890	-	877,890
Debt Service	1,132,545	11,860	1,144,405
Federal, State and Local Grants	13,050	-	13,050
Special Taxing Areas	1,488,402	-	1,488,402
Passenger Facility Charges	-	179,571	179,571
Noise Mitigation Program	-	206,838	206,838
Other Purposes	-	218,577	218,577
Unrestricted (Deficit)	<u>(6,582,562)</u>	<u>(1,431,859)</u>	<u>(8,014,421)</u>
Total Net Assets (Deficit)	<u>\$ (3,295,313)</u>	<u>\$ 1,724,544</u>	<u>\$ (1,570,769)</u>

See notes to basic financial statements.

Exhibit 2
CITY OF CHICAGO, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2010
(Amounts are in Thousands of Dollars)

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government	\$ 2,557,681	\$ 370,028
Public Safety	2,824,028	150,710
Streets and Sanitation	235,863	38,092
Transportation	373,437	21,640
Health	142,352	8,332
Cultural and Recreational	126,939	21,635
Interest on Long-term Debt	404,218	-
Total Governmental Activities	6,664,518	610,437
Business-type Activities:		
Water	399,347	458,395
Sewer	184,888	198,229
Chicago Midway International Airport	224,465	149,056
Chicago-O'Hare International Airport	834,487	702,603
Chicago Skyway	11,312	-
Total Business-type Activities	1,654,499	1,508,283
Total Primary Government	\$ 8,319,017	\$ 2,118,720

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
\$ 487,373	\$ 4,903	\$ (1,695,377)	\$ -	\$ (1,695,377)
75,131	-	(2,598,187)	-	(2,598,187)
-	-	(197,771)	-	(197,771)
-	109,968	(241,829)	-	(241,829)
98,287	-	(35,733)	-	(35,733)
13,886	-	(91,418)	-	(91,418)
-	-	(404,218)	-	(404,218)
<u>674,677</u>	<u>114,871</u>	<u>(5,264,533)</u>	<u>-</u>	<u>(5,264,533)</u>
-	3,414	-	62,462	62,462
-	3,136	-	16,477	16,477
-	43,226	-	(32,183)	(32,183)
-	196,533	-	64,649	64,649
-	-	-	(11,312)	(11,312)
-	<u>246,309</u>	-	<u>100,093</u>	<u>100,093</u>
<u>\$ 674,677</u>	<u>\$ 361,180</u>	<u>(5,264,533)</u>	<u>100,093</u>	<u>(5,164,440)</u>
General Revenues				
Taxes:				
Property Tax		796,928	-	796,928
Utility Tax		561,936	-	561,936
Sales Tax		260,364	-	260,364
Transportation Tax		335,235	-	335,235
Transaction Tax		227,772	-	227,772
Special Area Tax		477,241	-	477,241
Recreation Tax		158,390	-	158,390
Other Taxes		100,935	-	100,935
Grants and Contributions not Restricted to				
Specific Programs		654,043	-	654,043
Unrestricted Investment Earnings		100,269	6,831	107,100
Miscellaneous		149,902	50,190	200,092
Total General Revenues		<u>3,823,015</u>	<u>57,021</u>	<u>3,880,036</u>
Transfers		-	-	-
Change in Net Assets		(1,441,518)	157,114	(1,284,404)
Net Assets - Beginning (Deficit)		(1,853,795)	1,567,430	(286,365)
Net Assets - Ending (Deficit)		<u>\$ (3,295,313)</u>	<u>\$ 1,724,544</u>	<u>\$ (1,570,769)</u>

Exhibit 3
CITY OF CHICAGO, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
ASSETS			
Cash and Cash Equivalents	\$ 10,003	\$ 32,990	\$ 1,185,968
Investments	13,065	16,251	199,320
Cash and Investments with Escrow Agent	-	-	-
Receivables (Net of Allowances):			
Property Tax	-	-	394,374
Accounts	220,183	28,038	1,417
Due From Other Funds	254,124	29,707	6,378
Due From Other Governments	231,987	145,497	-
Inventories	18,180	-	-
Restricted Cash and Cash Equivalents	-	-	-
Restricted Investments	-	-	-
Other Assets	-	7,632	-
Total Assets	<u>\$ 747,542</u>	<u>\$ 260,115</u>	<u>\$ 1,787,457</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Voucher Warrants Payable	\$ 159,608	\$ 134,898	\$ 39,884
Bonds, Notes and Other Obligations Payable - Current	-	-	-
Accrued Interest	-	-	-
Due To Other Funds	295,566	40,850	10,657
Accrued and Other Liabilities	117,443	11,068	3,387
Claims Payable	36,505	-	-
Deferred Revenue	2,879	60,249	333,198
Total Liabilities	<u>612,001</u>	<u>247,065</u>	<u>387,126</u>
Deferred Inflows	-	-	-
Fund Balance:			
Reserved for Encumbrances	36,210	-	191,230
Reserved for Resale Property	-	7,632	-
Reserved for Inventory	18,180	-	-
Reserved for Debt Service	-	-	-
Reserved for Long-term Trust Fund	-	-	-
Unreserved, Designated for Future Appropriations	-	-	188,000
Unreserved, Undesignated - Major Funds	81,151	5,418	1,021,101
Unreserved, Undesignated - Special Revenue Funds	-	-	-
Unreserved, Undesignated - Capital Projects Funds	-	-	-
Total Fund Balance	<u>135,541</u>	<u>13,050</u>	<u>1,400,331</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 747,542</u>	<u>\$ 260,115</u>	<u>\$ 1,787,457</u>

See notes to basic financial statements.

Service Concession Agreements	Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 29,649	\$ 50,713	\$ 71,647	\$ 213,828	\$ 1,594,798
-	98,659	110,230	473,690	38,946	950,161
-	-	325,455	-	132,293	457,748
-	-	526,556	-	502,992	1,423,922
-	1,973	41,525	2,832	22,363	318,331
-	50,000	1,512	68,131	94,373	504,225
-	-	1,511	-	38,481	417,476
-	-	-	-	-	18,180
-	137,363	-	-	-	137,363
-	560,246	-	-	-	560,246
-	-	-	-	-	7,632
<u>\$ -</u>	<u>\$ 877,890</u>	<u>\$ 1,057,502</u>	<u>\$ 616,300</u>	<u>\$ 1,043,276</u>	<u>\$ 6,390,082</u>
\$ -	\$ -	\$ -	\$ 39,566	\$ 80,206	\$ 454,162
-	-	140,248	-	6,695	146,943
-	-	142,160	-	2,775	144,935
-	-	-	97,910	81,010	525,993
-	-	-	198	67,228	199,324
-	-	-	-	-	36,505
-	-	510,492	-	436,501	1,343,319
-	-	792,900	137,674	674,415	2,851,181
<u>1,660,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,660,426</u>
-	-	-	37,148	21,486	286,074
-	-	-	-	-	7,632
-	-	-	-	-	18,180
-	-	264,602	-	158,450	423,052
-	739,166	-	-	-	739,166
-	138,724	-	-	-	326,724
(1,660,426)	-	-	441,478	-	(111,278)
-	-	-	-	96,390	96,390
-	-	-	-	92,535	92,535
<u>(1,660,426)</u>	<u>877,890</u>	<u>264,602</u>	<u>478,626</u>	<u>368,861</u>	<u>1,878,475</u>
<u>\$ -</u>	<u>\$ 877,890</u>	<u>\$ 1,057,502</u>	<u>\$ 616,300</u>	<u>\$ 1,043,276</u>	<u>\$ 6,390,082</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	7,288,343
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds ...	1,378,564
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(13,840,695)
Net assets of governmental activities	<u>\$ (3,295,313)</u>

Exhibit 4

CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
Revenues:			
Property Tax	\$ -	\$ -	\$ -
Utility Tax	467,411	-	-
Sales Tax	495,842	-	-
Transportation Tax	150,706	-	-
State Income Tax	282,011	-	-
Transaction Tax	195,085	-	-
Special Area Tax	-	-	372,577
Recreation Tax	158,390	-	-
Other Taxes	86,394	-	-
Federal/State Grants	1,735	814,144	-
Internal Service	274,574	-	-
Licenses and Permits	96,240	-	-
Fines	258,802	-	-
Investment Income (Loss)	4,200	-	2,323
Charges for Services	84,002	-	2
Miscellaneous	55,460	-	274
Total Revenues	2,610,852	814,144	375,176
Expenditures:			
Current:			
General Government	903,890	467,299	182,027
Health	35,593	112,521	59
Public Safety	1,828,984	77,180	406
Streets and Sanitation	177,950	-	3,071
Transportation	70,032	119,294	54,994
Cultural and Recreational	544	14,760	4,569
Employee Pensions	-	-	-
Other	11,944	17,187	-
Capital Outlay	-	4,903	-
Debt Service:			
Principal Retirement	3,785	-	-
Interest and Other Fiscal Charges	1,219	-	-
Total Expenditures	3,033,941	813,144	245,126
Revenues Over (Under) Expenditures ...	(423,089)	1,000	130,050

Continued on following pages.

Service Concession Agreements	Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 437,463	\$ -	\$ 316,618	\$ 754,081
-	-	22,324	-	72,201	561,936
-	-	29,753	-	1,409	527,004
-	-	15,617	-	168,912	335,235
-	-	-	-	103,657	385,668
-	-	-	-	32,687	227,772
-	-	-	-	113,949	486,526
-	-	-	-	-	158,390
-	-	-	-	14,541	100,935
-	-	-	-	-	815,879
-	-	-	-	21,191	295,765
-	-	-	-	-	96,240
-	-	-	-	13,865	272,667
-	33,430	54,265	4,311	5,196	103,725
-	-	-	-	29,561	113,565
21,033	-	6,057	36,147	30,931	149,902
21,033	33,430	565,479	40,458	924,718	5,385,290
-	7	-	-	233,227	1,786,450
-	-	-	-	5,704	153,877
-	-	-	-	3,158	1,909,728
-	-	-	-	51,405	232,426
-	-	-	-	53,019	297,339
-	-	-	-	84,424	104,297
-	-	-	-	435,432	435,432
-	-	-	-	869	30,000
-	-	-	557,608	66,399	628,910
-	-	349,608	-	36,535	389,928
-	-	332,487	-	32,329	366,035
-	7	682,095	557,608	1,002,501	6,334,422
21,033	33,423	(116,616)	(517,150)	(77,783)	(949,132)

Exhibit 4 - Concluded
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
Other Financing Sources (Uses):			
Issuance of Debt	\$ 16,500	\$ -	\$ -
Premium	-	-	-
Payment to Refunded Bond Escrow Agent ...	-	-	-
Transfers In	502,502	-	80,824
Transfers Out	(13,600)	(1,000)	(43,307)
Total Other Financing Sources (Uses)	<u>505,402</u>	<u>(1,000)</u>	<u>37,517</u>
Net Changes in Fund Balance	82,313	-	167,567
Fund Balance, Beginning of Year	54,706	13,050	1,232,764
Change in Inventory	(1,478)	-	-
Fund Balance, End of Year	<u>\$ 135,541</u>	<u>\$ 13,050</u>	<u>\$ 1,400,331</u>

See notes to basic financial statements.

<u>Service Concession Agreements</u>	<u>Reserve</u>	<u>Bond, Note Redemption and Interest</u>	<u>Community Development and Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 559,081	\$ 612,336	\$ 210,108	\$ 1,398,025
-	-	-	36,365	-	36,365
-	-	(412,184)	-	-	(412,184)
-	-	-	6,296	57,785	647,407
-	(457,852)	(22,150)	(99)	(109,399)	(647,407)
-	(457,852)	124,747	654,898	158,494	1,022,206
21,033	(424,429)	8,131	137,748	80,711	73,074
(1,681,459)	1,302,319	256,471	340,878	288,150	1,806,879
-	-	-	-	-	(1,478)
<u>\$ (1,660,426)</u>	<u>\$ 877,890</u>	<u>\$ 264,602</u>	<u>\$ 478,626</u>	<u>\$ 368,861</u>	<u>\$ 1,878,475</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, 2010
(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	\$	73,074
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		(31,320)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		30,106
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		(657,809)
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		<u>(855,569)</u>
Change in the net assets of governmental activities	\$	<u><u>(1,441,518)</u></u>

Exhibit 6
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (BUDGETARY BASIS)
Year Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:				
Utility Tax	\$ 479,809	\$ 479,809	\$ 467,411	\$ (12,398)
Sales Tax	215,312	215,312	229,202	13,890
Transportation Tax	155,661	155,661	150,706	(4,955)
Transaction Tax	172,713	172,713	195,085	22,372
Recreation Tax	154,757	154,757	158,390	3,633
Business Tax	78,146	78,146	82,960	4,814
State Income Tax	210,255	210,255	282,011	71,756
State Sales Tax	245,042	245,042	266,640	21,598
State Auto Rental	3,160	3,160	3,434	274
Federal/State Grants	2,500	2,500	1,735	(765)
Internal Service	289,328	289,328	274,574	(14,754)
Licenses and Permits	105,953	105,953	96,240	(9,713)
Fines	262,900	262,900	258,802	(4,098)
Investment Income	3,000	3,000	4,200	1,200
Charges for Services	77,543	77,543	77,694	151
Municipal Utilities	6,038	6,038	6,405	367
Leases, Rentals and Sales	19,284	19,284	17,604	(1,680)
Miscellaneous	11,150	11,150	37,759	26,609
Issuance of Debt, Net of				
Original Discount	16,500	16,500	16,500	-
Budgeted Prior Years' Surplus and Reappropriations	-	-	-	-
Transfers In/Out	670,694	670,694	502,502	(168,192)
Total Revenues	3,179,745	3,179,745	3,129,854	(49,891)
Expenditures:				
Current:				
General Government	1,044,147	1,044,147	919,386	124,761
Health	38,470	38,470	35,942	2,528
Public Safety	1,826,846	1,826,846	1,832,942	(6,096)
Streets and Sanitation	185,471	185,471	178,074	7,397
Transportation	79,314	79,314	72,375	6,939
Cultural and Recreational	564	564	544	20
Debt Service:				
Principal Retirement	3,785	3,785	3,785	-
Interest and Other Fiscal Charges	1,148	1,148	1,138	10
Total Expenditures	3,179,745	3,179,745	3,044,186	135,559
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 85,668	\$ 85,668

See notes to basic financial statements.

Exhibit 7
CITY OF CHICAGO, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2010
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
ASSETS AND DEFERRED OUTFLOWS						
CURRENT ASSETS:						
Unrestricted Assets:						
Cash and Cash Equivalents	\$ 32,871	\$ 17,999	\$ 21,552	\$ 150,789	\$ 2,114	\$ 225,325
Investments	3,840	4,803	44,917	79,177	153	132,890
Accounts Receivable (Net of Allowances)	108,154	58,831	10,660	86,067	56	263,768
Due from Other Funds	19,501	26,937	1,064	20,966	-	68,468
Due from Other Governments	-	-	1,857	15,476	-	17,333
Inventories	14,066	1,436	-	-	-	15,502
Total Unrestricted Assets	178,432	110,006	80,050	352,475	2,323	723,286
Restricted Assets:						
Cash and Cash Equivalents	146,981	137,780	228,236	863,009	-	1,376,006
Investments	186,011	112,971	189,161	908,812	-	1,396,955
Total Restricted Assets	332,992	250,751	417,397	1,771,821	-	2,772,961
Total Current Assets	511,424	360,757	497,447	2,124,296	2,323	3,496,247
NONCURRENT ASSETS:						
OTHER ASSETS	15,285	11,896	114,097	342,873	10,411	494,562
PROPERTY, PLANT AND EQUIPMENT:						
Land	5,083	560	107,287	738,472	12,609	864,011
Structures, Equipment and Improvements	3,142,354	1,737,335	1,362,200	6,389,283	490,755	13,121,927
Accumulated Depreciation	(778,115)	(387,276)	(338,401)	(2,316,486)	(191,544)	(4,011,822)
Construction Work in Progress	123,416	11,709	20,229	1,264,280	-	1,419,634
Total Property, Plant and Equipment ...	2,492,738	1,362,328	1,151,315	6,075,549	311,820	11,393,750
Total Noncurrent Assets	2,508,023	1,374,224	1,265,412	6,418,422	322,231	11,888,312
Deferred Outflows	77,367	49,116	14,896	-	-	141,379
Total Assets and Deferred Outflows	\$ 3,096,814	\$ 1,784,097	\$ 1,777,755	\$ 8,542,718	\$ 324,554	\$ 15,525,938

See notes to basic financial statements.

Business-type Activities - Enterprise Funds						
Major Funds						
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
LIABILITIES						
CURRENT LIABILITIES:						
Unrestricted Liabilities:						
Voucher Warrants Payable	\$ 16,173	\$ 22,611	\$ 16,645	\$ 65,988	\$ 262	\$ 121,679
Due to Other Funds	26,887	13,312	6,747	4,656	15	51,617
Accrued and Other Liabilities	74,729	40,414	2,214	14,595	146	132,098
Deferred Revenue	20,774	15,914	32,908	147,023	-	216,619
Total Unrestricted Liabilities	138,563	92,251	58,514	232,262	423	522,013
Restricted Liabilities:						
Current Liabilities Payable From						
Restricted Assets	68,486	39,939	60,163	401,793	-	570,381
Total Current Liabilities	207,049	132,190	118,677	634,055	423	1,092,394
NONCURRENT LIABILITIES:						
Revenue Bonds Payable	1,743,732	1,112,087	1,458,667	6,510,926	-	10,825,412
Derivative Instrument Liability	77,367	49,116	20,077	-	-	146,560
Capital Lease	-	-	9,408	-	-	9,408
Long-term Purchase Obligation	8,529	-	-	-	-	8,529
Total Noncurrent Liabilities	1,829,628	1,161,203	1,488,152	6,510,926	-	10,989,909
Total Liabilities	2,036,677	1,293,393	1,606,829	7,144,981	423	12,082,303
DEFERRED INFLOWS	-	-	-	-	1,719,091	1,719,091
NET ASSETS:						
Invested in Capital Assets, Net of						
Related Debt	974,328	414,766	(39,755)	704,324	311,859	2,365,522
Restricted Net Assets:						
Debt Service	-	-	11,860	-	-	11,860
Capital Projects	447	11,110	11,438	151,040	-	174,035
Passenger Facility Charges	-	-	5,437	174,134	-	179,571
Contractual Use Agreement	-	-	24,744	107,842	-	132,586
Noise Mitigation Program	-	-	102,429	104,409	-	206,838
Other	-	-	34,733	51,258	-	85,991
Unrestricted Net Assets	85,362	64,828	20,040	104,730	(1,706,819)	(1,431,859)
Total Net Assets	\$ 1,060,137	\$ 490,704	\$ 170,926	\$ 1,397,737	\$ (1,394,960)	\$ 1,724,544

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, 2010
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
Operating Revenues:						
Charges for Services	\$ 445,504	\$ 197,455	\$ 78,194	\$ 458,879	\$ -	\$ 1,180,032
Rent	-	-	70,862	243,724	-	314,586
Other	12,891	774	-	-	-	13,665
Total Operating Revenues	458,395	198,229	149,056	702,603	-	1,508,283
Operating Expenses:						
Personal Services	102,946	17,179	42,105	147,437	-	309,667
Contractual Services	49,276	3,053	15,832	57,981	-	126,142
Repairs and Maintenance	1,587	66,584	31,942	86,463	-	186,576
Commodities and Materials	24,126	-	-	-	-	24,126
Depreciation and Amortization	44,519	23,775	52,767	185,079	11,312	317,452
General Fund Reimbursements	60,648	27,065	-	-	-	87,713
Other	40,507	-	18,457	118,747	-	177,711
Total Operating Expenses	323,609	137,656	161,103	595,707	11,312	1,229,387
Operating Income (Loss)	134,786	60,573	(12,047)	106,896	(11,312)	278,896
Nonoperating Revenues (Expenses):						
Investment Income (Loss)	(362)	(922)	(2,682)	10,792	5	6,831
Interest Expense	(75,738)	(47,232)	(63,362)	(238,780)	-	(425,112)
Facility Charges	-	-	40,765	138,966	-	179,731
Other	530	21,448	777	8,954	18,481	50,190
Total Nonoperating Revenues (Expenses)	(75,570)	(26,706)	(24,502)	(80,068)	18,486	(188,360)
Transfers Out	-	-	-	-	-	-
Capital Grants	3,414	3,136	2,461	57,567	-	66,578
Net Income (Loss)	62,630	37,003	(34,088)	84,395	7,174	157,114
Net Assets (Deficit) - Beginning of Year	997,507	453,701	205,014	1,313,342	(1,402,134)	1,567,430
Net Assets (Deficit) - End of Year	\$ 1,060,137	\$ 490,704	\$ 170,926	\$ 1,397,737	\$ (1,394,960)	\$ 1,724,544

See notes to basic financial statements.

Exhibit 9
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2010
(Amounts are in Thousands of Dollars)

Business-type Activities - Enterprise Funds

	Major Funds					Total
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
Cash Flows from Operating Activities:						
Received from Customers	\$ 433,161	\$ 190,357	\$ 150,038	\$ 785,799	\$ -	\$ 1,559,355
Payments to Vendors	(91,536)	(34,077)	(67,484)	(230,806)	-	(423,903)
Payments to Employees	(102,946)	(42,644)	(33,752)	(130,823)	-	(310,165)
Transactions with Other City Funds	(82,581)	(15,345)	(6,318)	(44,779)	-	(149,023)
Cash Flows from Operating Activities	156,098	98,291	42,484	379,391	-	676,264
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Bonds	367,532	275,865	331,020	1,177,650	-	2,152,067
Acquisition and Construction of Capital Assets	(135,212)	(101,782)	(34,512)	(433,776)	-	(705,282)
Capital Grant Receipts	-	3,136	604	45,934	-	49,674
Bond Issuance Costs	(2,244)	(1,959)	(2,041)	(8,220)	-	(14,464)
Payment to Refund Bonds	(35,580)	(29,223)	(61,360)	(295,355)	-	(421,518)
Principal Paid on Debt	(44,554)	(24,030)	(55,073)	(196,727)	-	(320,384)
Interest Paid	(79,763)	(40,567)	(55,472)	(267,910)	-	(443,712)
Passenger Facility Charges	-	-	42,600	141,952	-	184,552
Noise Mitigation Program	-	-	(3,049)	(23,759)	-	(26,808)
Deposit	-	-	(1,420)	-	12	(1,408)
Cash Flows from Capital and Related Financing Activities	70,179	81,440	161,297	139,789	12	452,717
Cash Flows from Investing Activities:						
Sale (Purchases) of Investments, Net	(101,935)	(86,729)	(97,746)	(143,553)	(116)	(430,079)
Investment Interest	859	794	1,321	14,023	5	17,002
Cash Flows from Investing Activities	(101,076)	(85,935)	(96,425)	(129,530)	(111)	(413,077)
Net Increase (Decrease) in Cash and Cash Equivalents	125,201	93,796	107,356	389,650	(99)	715,904
Cash and Cash Equivalents, Beginning of Year	54,651	61,983	142,432	624,148	2,213	885,427
Cash and Cash Equivalents, End of Year	\$ 179,852	\$ 155,779	\$ 249,788	\$ 1,013,798	\$ 2,114	\$ 1,601,331

See notes to basic financial statements.

Exhibit 9 - Concluded
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
Reconciliation of Operating Income to Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ 134,786	\$ 60,573	\$ (12,047)	\$ 106,896	\$ (11,312)	\$ 278,896
Adjustments to Reconcile:						
Depreciation and Amortization	44,519	23,775	52,767	185,079	11,312	317,452
Provision for Uncollectible Accounts	15,862	7,936	3,369	(1,747)	-	25,420
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables	(24,839)	(8,296)	(1,950)	(13,511)	-	(48,596)
(Increase) Decrease in Due From Other Funds	(1,959)	8,503	2,513	(139)	-	8,918
Increase (Decrease) in Voucher Warrants Payable and Due to Other Funds	(25,708)	4,212	(1,453)	6,070	-	(16,879)
Increase (Decrease) in Deferred Revenue and Other Liabilities	13,686	1,729	(715)	96,743	-	111,443
(Increase) Decrease in Inventories and Other Assets	(249)	(141)	-	-	-	(390)
Cash Flows from Operating Activities	<u>\$ 156,098</u>	<u>\$ 98,291</u>	<u>\$ 42,484</u>	<u>\$ 379,391</u>	<u>\$ -</u>	<u>\$ 676,264</u>
Supplemental Disclosure of Noncash Items:						
Capital asset additions in 2010 included in accounts payable and accrued and other liabilities	<u>\$ 16,265</u>	<u>\$ 29,849</u>	<u>\$ 24,271</u>	<u>\$ 118,873</u>	<u>\$ -</u>	<u>\$ 189,258</u>

See notes to basic financial statements.

Exhibit 10
CITY OF CHICAGO, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2010
(Amounts are in Thousands of Dollars)

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 211,424	\$ 86,955
Investments	-	53,283
Investments, at Fair Value		
Bonds and U.S. Government		
Obligations	2,239,582	-
Stocks	6,558,369	-
Mortgages and Real Estate	440,241	-
Other	1,604,709	-
Cash and Investments with		
Escrow Agent	-	16,726
Property Tax Receivable	-	103,407
Accounts Receivable, Net	844,487	109,327
Due From City	4,917	-
Invested Securities Lending Collateral	1,238,353	-
Total Assets	<u>\$ 13,142,082</u>	<u>\$ 369,698</u>
LIABILITIES		
Voucher Warrants Payable	\$ 495,175	\$ 39,434
Accrued and Other Liabilities	-	330,264
Securities Lending Collateral	1,238,353	-
Total Liabilities	<u>1,733,528</u>	<u>369,698</u>
NET ASSETS		
Reserved for Employee		
Benefit Plans	11,408,554	-
Total Net Assets Held in Trust for Pension Benefits	<u>\$ 11,408,554</u>	<u>\$ -</u>

See notes to basic financial statements.

Exhibit 11
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CHANGES IN PLAN NET ASSETS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
Year Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	<u>Total</u>
ADDITIONS	
Contributions:	
Employees	\$ 299,752
City	<u>449,668</u>
Total Contributions	<u>749,420</u>
Investment Income:	
Net Appreciation in	
Fair Value of Investments	1,158,742
Interest, Dividends and Other	230,611
Investment Expense	<u>(47,049)</u>
Net Investment Income	<u>1,342,304</u>
Securities Lending Transactions:	
Securities Lending Income	12,985
Securities Lending Expense	<u>(3,066)</u>
Net Securities Lending Transactions	<u>9,919</u>
Total Additions	<u>2,101,643</u>
DEDUCTIONS	
Benefits and Refunds of Deductions	1,550,776
Administrative and General	<u>19,161</u>
Total Deductions	<u>1,569,937</u>
Net Increase in Net Assets	531,706
Net Assets Held in Trust for	
Pension Benefits:	
Beginning of Year	<u>10,876,848</u>
End of Year	<u>\$ 11,408,554</u>

See notes to basic financial statements.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

1) Summary of Significant Accounting Policies

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

The accounting policies of the City are based upon accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). For the year ended December 31, 2010, the City adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* and GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 enhances the usefulness and comparability of derivative instrument information reported by providing for the recognition, measurement, and disclosure of derivative instrument transactions. Derivative instruments such as interest rate and commodity swaps, swaptions, forward contracts, and futures contracts are entered into by governments as investments; as hedges of identified financial risks associated with assets or liabilities, or expected transactions (i.e., hedgeable items); to lower the costs of borrowings; to effectively fix cash flows or synthetically fix prices; or to offset the changes in fair value of hedgeable items. A key provision of GASB Statement No. 53 is that certain derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, are reported at fair value by governments in their financial statements.

The financial reporting impact resulting from the implementation of GASB Statement No. 53 is the recognition within the financial statements of a liability for hedging and investment derivative instrument liabilities whose negative fair value at December 31, 2010 totaled \$261.8 million and deferred outflows of resources of \$234.0 million. The City also recorded an investment loss for the year ended December 31, 2010 of \$6.0 million. In addition, beginning net assets within the statement of activities was restated as of January 1, 2010 to reflect investment losses of \$21.9 million as a result of the retroactive implementation of this statement. Refer to Note No. 10 for additional disclosures related to this statement.

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

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

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

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is governed by an eight-member board: two members are elected by plan participants, two are members ex-officio, two members are appointed by the City Department of Human Resources, 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

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

making appointments and no fiscal dependency exists between the City and these organizations. Therefore, 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 is 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 basis of 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.

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

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

Service Concession Agreement Fund accounts for deferred inflows from long-term concession and lease transactions whose proceeds are restricted to expenditure for specified purposes.

Reserve Fund accounts for a Mid-term and Long-term Reserve. The Mid-term is subject to appropriation; whereas the Long-term's principal is legally restricted. These reserves were created as a result of the Skyway Lease and Meter Parking System transactions.

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, finance construction, and finance authorized expenditures and supporting services for various activities.

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

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

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

Chicago Midway International Airport Fund records operations of Chicago Midway International Airport (Midway) that provides regional travelers with access to airlines that generally specialize in low-cost, point-to-point, origin and destination passenger service. Midway Airport is conveniently located ten miles from down town Chicago.

Chicago-O'Hare International Airport Fund records operations of Chicago-O'Hare International Airport (O'Hare), the primary commercial airport for the City. The airlines servicing the airport operate out of four terminal buildings. Three domestic terminal buildings, having a total of 169 gates, serve domestic flights and certain international departures. The International Terminal, having a total of 20 gates and five remote aircraft parking positions, serves the remaining international departures and all international arrivals requiring customs clearance.

Chicago Skyway Fund records operations of the Chicago Skyway (Skyway) which provides vehicle passage across the Calumet River, between the State of Indiana and the State of Illinois (State) through the operation of a tollway which consists of a 7.8-mile span connecting the Dan Ryan Expressway to the Indiana Toll Road. Facilities include a single toll plaza consisting of a central office, maintenance garage and toll collection area. In January 2005, the City entered into a long-term Concession and Lease Agreement of the Skyway, granting a private company the ability to operate and to collect toll revenue during the 99-year term of the agreement. The City received a one-time upfront payment of \$1.83 billion.

Additionally, the City reports the following fiduciary fund types:

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

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

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

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 GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the City's water, sewer, airports and skyway funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

In the fund financial statements, proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and skyway funds are charges to customers for sales and services. The airport funds principal operating revenues are derived from landing fees and terminal use charges as well as rents and concessions. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

d) Assets, liabilities, deferred inflows, and net assets or equity

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

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

Investments authorized by the Code include interest-bearing general obligations of the City, State and U.S. Government; U.S. Treasury bills and other noninterest-bearing general obligations of the U.S. Government purchased in the open market below face value; domestic money market funds regulated and in good standing with the Securities and Exchange Commission and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval. The City values its investments at fair value or amortized cost. U.S. Government

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

The City's four retirement plans are authorized to invest in bonds, notes, and other obligations of the U.S. Government; corporate debentures and obligations; insured mortgage notes and loans; common and preferred stocks; stock options; real estate; and other investment vehicles as set forth in the Illinois Compiled Statutes. These investments are reported at fair value.

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

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

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

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

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

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

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

- iii) **Inventory** includes government-wide inventories, which are stated at cost determined principally, using the average cost method. For proprietary funds, the costs of inventories are recorded as capital assets when used (consumption method). Governmental fund inventories are accounted for using the purchases method and are offset by a reservation of fund balance to indicate that they do not represent expendable available financial resources.
- iv) **Assets Held for Resale** includes land and buildings of \$7.6 million, recorded at lower of cost or market in the Federal, State and Local Grant Funds. These assets are purchased through the use of federal grants and City resources and are intended to be resold.
- v) **Restricted Assets** include certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment. These assets are classified as restricted in the basic financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

The Skyway Lease Transaction legally requires the Long-term reserve's principal to be restricted.

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

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

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

vi) Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets, or a network of assets, with an initial cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. 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 (Governmental and Business Activities) incurred by the City during the current fiscal year was \$848.0 million, of which \$74.9 million was capitalized as part of the capital assets under construction projects in proprietary funds.

Property, plant, and equipment of the City are depreciated using the straight-line method, in the year subsequent to acquisition or when placed into service, over the following estimated useful lives:

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

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

vii) Deferred Outflows represent the fair value of derivative instruments that are deemed to be effective.

viii) Employee Benefits are granted for vacation and sick leave, workers' compensation and health care. Unused vacation leave is accrued and may be carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded in the government-wide and proprietary 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.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

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

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State. Expenditures for workers' compensation are recorded when paid in the governmental funds. A liability for these amounts is recorded in the government-wide and proprietary fund financial statements.

- ix) **Judgments and claims** are included in the government-wide financial statements and proprietary fund types in the fund financial statements. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. In the fund financial statements, expenditures for judgments and claims are recorded on the basis of settlements reached or judgments entered within the current fiscal year. Amounts that related to deferred compensatory time and reserves for questioned costs are treated the same way.
- x) **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. For existing swaps the net interest expenditures resulting from these arrangements are recorded as interest expense. The fair value of derivative instruments that are deemed to be effective is accounted for as deferred outflows. Derivative instruments that are deemed not effective are adjusted to fair value with the change in fair value recorded to investment earnings. All interest rate swaps and swaptions are approved by City Council.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received and discounts given on debt issued are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Certain debt obligations are to be paid from sales tax, motor fuel or special area taxes.

Long-term purchase obligation represents an agreement with DuPage Water Commission to construct electrical generation facilities not to exceed \$15.0 million. The payment of the obligation will be in the form of credits against the charges for water supplied.

- xi) **Deferred inflows** represent amounts to be recognized as revenue on a straight line basis over the life of the related long-term lease and concession agreements.
- xii) **Fund equity** in the government-wide statements is classified as net assets and displayed in three components:

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

- (1) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or any other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) are legally restricted through constitutional provisions or enabling legislation. Restricted net assets for governmental activities represent restrictions associated with the nonmajor special revenue funds. Restricted net assets for business activities are provided in Exhibit #7, Statement of Net Assets, Proprietary Funds.
- (3) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

2) Reconciliation of Government-wide and Fund Financial Statements

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

i) The governmental funds balance sheet includes 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 \$1,378.6 million are as follows (dollars in thousands):

Deferred revenue - property tax	\$ 1,233,483
Other assets - pension excess	169,966
Accounts payable - infrastructure retainage	<u>(24,885)</u>
 Net adjustment to increase fund balance - total governmental funds - to arrive at net assets - governmental activities	 <u>\$ 1,378,564</u>

ii) Another element of that reconciliation explains that "Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$13,840.7 million are as follows (dollars in thousands):

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

Long-term liabilities:	
Total bonds, notes and certificates payable	\$ 8,491,926
Pension obligation	4,216,250
Lease obligation	177,011
Pollution remediation.....	14,263
Claims and judgments	<u>641,762</u>
 Total Long-term liabilities	 13,541,212
 Bonds, notes and other obligations payable current	 (146,271)
Other assets - issuance costs	(74,115)
Accrued interest	4,635
Accrued and other liabilities - contractual wages.....	80,000
Accrued and other liabilities - other post employment benefits	304,483
Derivative instruments	22,680
Accrued and other liabilities - compensated absences	<u>108,071</u>
 Net adjustment to reduce fund balance - total governmental funds - to arrive at net assets - governmental activities	 <u>\$ 13,840,695</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.

i) 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 \$31.3 million are as follows (dollars in thousands):

Capitalized asset expenditures	\$ 348,205
Depreciation expense	(379,115)
Loss - disposal of equipment	<u>(410)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities	 <u>\$ (31,320)</u>

ii) Another element of that reconciliation states that "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets." The details of this \$657.8 million are as follows (dollars in thousands):

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

Proceeds of debt	\$ (1,398,025)
Premium	(36,365)
Payment of refunded bond escrow agent	412,184
Principal retirement	389,928
Payment of cost of issuance	7,402
Interest expense	<u>(32,933)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities	<u>\$ (657,809)</u>

iii) A third element of that reconciliation states that "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$855.6 million are as follows (dollars in thousands):

Claims and judgments	\$ (14,392)
Pension benefit liability	(799,281)
Contractual Wage Settlement.....	(80,000)
Pollution remediation	23,106
Other post employment benefits	24,557
Vacation	951
Lease obligations	(9,032)
Inventory	<u>(1,478)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities	<u>\$ (855,569)</u>

3) Stewardship, Compliance and Accountability

a) **Annual Appropriation Budgets** are established for the General Fund and the Vehicle Tax, Pension, Chicago Public Library and certain Miscellaneous, Special Events, Tourism and Festivals nonmajor Special Revenue Funds, on a non-GAAP budgetary basis:

- i) Prior to November 15, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year.
- ii) The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.
- iii) Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance.
- iv) Subsequent to the enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget, which results 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.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

v) All annual appropriations unused and unencumbered lapse at year-end. Encumbered appropriations are carried forward to the following year. Project-length financial plans are adopted for Capital Project Funds. Appropriations for Debt Service Funds are established by bond ordinance.

b) **Reconciliation of GAAP Basis to Budgetary Basis** - The City's budgetary basis of accounting used for budget vs. actual reporting differs from GAAP. For budgetary purposes, encumbrances are recorded as expenditures but are reflected as reservations of fund balances for GAAP purposes. For budgetary purposes, proceeds of long-term debt and transfers in 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 transfers out 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, 2010 is as follows (dollars in thousands):

	General Fund
Revenues, GAAP Basis	\$ 2,610,852
Add:	
Proceeds of Debt	16,500
Transfers In	502,502
Prior Year's Surplus Utilized	-
	<hr/>
Revenues, Budgetary Basis	<u>\$ 3,129,854</u>
Expenditures, GAAP Basis	\$ 3,033,941
Add:	
Transfers Out	13,600
Encumbered in 2010	33,930
Deduct:	
Payments on Prior Years' Encumbrances	(25,341)
Provision for Doubtful Accounts.....	<u>(11,944)</u>
Expenditures, Budgetary Basis	<u>\$ 3,044,186</u>

c) **Individual Fund Deficits** include the Motor Fuel Tax Fund, the Special Events, Tourism, Festivals Fund, and Service Concession Agreements Fund, which are Special Revenue Funds, and the Chicago Skyway Fund, an Enterprise Fund, have fund deficits of \$6.6 million, \$4.0 million, \$1,660.4 million, and \$1,395.0 million, respectively, which management anticipates will be funded through operations.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

4) Restricted and Unrestricted Cash, Cash Equivalents and Investments

a) **Investments** As of December 31, 2010, the City had the following Investments (dollars in thousands):

Investment Type	Investment Maturities (in Years)				Fair Value
	Less Than 1	1-5	6-10	More Than 10	
City Funds					
U.S. Treasuries.....	\$ 279,970	\$ 553	\$ -	\$ 33,162	\$ 313,685
U.S. Agencies.....	1,238,651	1,693,129	267,612	389,071	3,588,463
Corporate Bonds.....	139	-	-	96,252	96,391
Corporate Equities.....	451	-	-	-	451
Certificates of Deposit and Other Short-term	2,836,689	-	-	-	2,836,689
Total City Funds.....	\$ 4,355,900	\$ 1,693,682	\$ 267,612	\$ 518,485	\$ 6,835,679
Pension Trust Funds					
U.S. and Foreign					
Government Agencies.....	\$ 259,966	\$ 349,527	\$ 203,231	\$ 512,472	\$ 1,325,196
Commercial Paper.....	-	-	-	-	-
Corporate Bonds.....	54,596	424,371	292,036	342,013	1,113,016
Corporate Equities.....	6,272,559	-	-	-	6,272,559
Pooled Funds.....	1,147,016	-	-	-	1,147,016
Real Estate.....	430,115	-	-	-	430,115
Securities Received from Securities Lending.....	1,238,353	-	-	-	1,238,353
Venture Capital.....	439,219	-	-	-	439,219
Certificates of Deposit and Other Short-term	440,273	-	-	-	440,273
Other	83,333	-	-	-	83,333
Total Pension Trust Funds.....	\$ 10,365,430	\$ 773,898	\$ 495,267	\$ 854,485	\$ 12,489,080
Total.....	\$ 14,721,330	\$ 2,467,580	\$ 762,879	\$ 1,372,970	\$ 19,324,759

i) **Interest Rate Risk** As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits all securities so purchased, except tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation of the City, shall show on their face that they are fully payable as to principal and interest, where applicable, if any, within ten years from the date of purchase.

ii) **Credit Risk** The Code limits investments in commercial paper to banks whose senior obligations are rated in the top two rating categories by at least two national rating agencies and who are required to maintain such rating during the term of such investment. The Code also limits investments to domestic money market mutual funds regulated by, and in good standing with, the Securities and Exchange Commission. Certificates of Deposit are also limited by the Code to national banks which provide collateral of at least 105 percent by marketable U.S. government securities marked to market at least monthly; or secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category, as rated by a nationally recognized statistical rating organization maintaining such rating during the term of such investment. The following schedule summarizes the City's and Pension Trust Funds exposure to credit risk (dollars in thousands):

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

<u>Quality Rating</u>	<u>City</u>	<u>Pension Trust Funds</u>
Aaa/AAA.....	\$ 6,696,722	\$ 556,335
Aa/AA.....	72,847	93,893
A/A.....	-	259,145
Baa/BBB.....	-	324,343
Ba/BB.....	-	69,517
B/B.....	-	86,765
Caa/CCC.....	-	31,230
Ca.....	-	2,574
CC/C.....	-	6,627
D/D.....	-	6,484
Not Rated.....	-	234,942
Not Applicable.....	66,110	634,023
Total Funds.....	<u>\$ 6,835,679</u>	<u>\$ 2,305,878</u>

- iii) Custodial Credit Risk – Cash and Certificates of Deposit** This is the risk that in the event of a bank failure, the City’s deposits may not be returned. The City’s Investment Policy states that in order to protect the City’s deposits, depository institutions are to maintain collateral pledges on City deposits during the term of the deposit of at least 105 percent of marketable U.S. government, or approved securities or surety bonds, issued by top-rated insurers. Collateral is required as security whenever deposits exceed the insured limits of the FDIC. The bank balance of cash and certificates of deposit with the City’s various municipal depositories was \$211.0 million. Of the bank balance, 100 percent was either insured or collateralized with securities held by City agents in the City’s name. The remainder was uninsured and uncollateralized.
- iv) Custodial Credit Risk – Investments** For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in corporate bonds of \$96.4 million the City has no custodial credit risk exposure because the related securities are insured, registered and held by the City.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED

- v) *Foreign Currency Risk* - In the case of the Pension Trust Funds, is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The risk of loss is managed by limiting its exposure to fair value loss by requiring their international securities managers to maintain diversified portfolios. The following schedule summarizes the Pension Trust Funds exposure to foreign currency risk (dollars in thousands):

Foreign Currency Risk	
Australian dollar.....	\$ 92,102
Brazilian real.....	68,917
British pound.....	342,838
Canadian dollar.....	111,812
Chilean peso.....	3,839
Columbian peso.....	724
Czech Republic koruny.....	383
Danish krone.....	24,471
Egyptian pound.....	2,056
European euro.....	431,095
Hong Kong dollar.....	152,573
Hungarian forint.....	787
Indian rupee.....	36,213
Indonesian rupiah.....	20,445
Japanese yen.....	371,207
Malaysian ringgit.....	16,025
Mexican peso.....	27,979
Moroccan dirham.....	192
New Israeli shekel.....	11,134
New Taiwan dollar.....	17,841
New Zealand dollar.....	2,296
Norwegian krone.....	17,693
Pakistan rupees.....	1,033
Philippines peso.....	1,142
Polish zloty.....	5,468
Singapore dollar.....	35,036
South African rand.....	34,462
South Korean won.....	57,536
Swedish krona.....	51,322
Swiss franc.....	127,300
Taiwan dollar.....	14,697
Thailand baht.....	9,727
Turkish lira.....	10,088
Total Pension Trust Funds.....	<u>\$ 2,100,433</u>

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

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

Per Note 4:	
Investments - City.....	\$ 6,835,679
Investments - Pension Trust Funds.....	12,489,080
	<u>\$ 19,324,759</u>
Per Financial Statements:	
Restricted Investments.....	\$ 1,957,201
Unrestricted Investments.....	1,083,501
Investments with Fiduciary Funds.....	10,896,184
Investments with Escrow Agent.....	474,474
Invested Securities Lending Collateral.....	1,238,353
Investments included as cash and cash equivalents on the Statements of Net Assets.....	3,675,046
	<u>\$ 19,324,759</u>

5) Property Tax

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

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

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

The County Clerk computes the annual tax rate by dividing the levy by the Assessment Base and then computes the rate for each parcel of real property by aggregating the tax rates of all governmental units having jurisdiction over that particular parcel. The County Treasurer then issues the tax bills. Property taxes are deposited with the County Treasurer, who remits to the City its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year on March 1 and August 1 or 30 days from mailing of tax bills if later than July 1. The first installment is estimated and is 55.0 percent 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.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

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.

6) Interfund Balances and Transfers

a) The following balances at December 31, 2010 represent due from/to balances among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Governmental activities:		
General.....	\$ 254,124	\$ 295,566
Federal, State and Local Grants.....	29,707	40,850
Special Taxing Areas.....	6,378	10,657
Reserve.....	50,000	-
Bond, Note Redemption and Interest.....	1,512	-
Community Development and Improvement Projects....	68,131	97,910
Nonmajor governmental funds.....	<u>94,373</u>	<u>81,010</u>
Total Governmental activities.....	504,225	525,993
Business-type activities:		
Water.....	19,501	26,887
Sewer.....	26,937	13,312
Chicago Midway International Airport.....	1,064	6,747
Chicago-O'Hare International Airport.....	20,966	4,656
Chicago Skyway.....	<u>-</u>	<u>15</u>
Total Business-type activities.....	68,468	51,617
Fiduciary activities:		
Pension Trust.....	<u>4,917</u>	<u>-</u>
Total Fiduciary activities.....	<u>4,917</u>	<u>-</u>
Total.....	<u>\$ 577,610</u>	<u>\$ 577,610</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, 2010 - CONTINUED**

b) The following balances at December 31, 2010 represent interfund transfers among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental activities:		
General.....	\$ 502,502	\$ 13,600
Federal, State and Local Grants.....	-	1,000
Special Taxing Areas.....	80,824	43,307
Service Concession Agreements.....	-	-
Reserve.....	-	457,852
Bond, Note Redemption and Interest.....	-	22,150
Community Development and Improvement Projects....	6,296	99
Nonmajor governmental funds.....	<u>57,785</u>	<u>109,399</u>
Total Governmental activities.....	<u>647,407</u>	<u>647,407</u>

Transfers are used to move revenues from the fund that the 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, 2010 - CONTINUED

7) Capital Assets

a) **Capital Assets** activity for the year ended December 31, 2010 was as follows (dollars in thousands):

	Balance January 1, 2010	Additions	Disposals and Transfers	Balance December 31, 2010
Governmental activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,372,742	\$ 9,435	\$ -	\$ 1,382,177
Works of Art and Historical Collections.....	13,132	-	-	13,132
Construction in Progress.....	225,323	244,907	(305,590)	164,640
Total capital assets, not being depreciated.....	<u>1,611,197</u>	<u>254,342</u>	<u>(305,590)</u>	<u>1,559,949</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	2,252,114	148,320	-	2,400,434
Machinery and Equipment.....	1,212,885	79,299	(19,831)	1,272,353
Infrastructure.....	6,609,112	179,967	-	6,789,079
Total capital assets, being depreciated.....	<u>10,074,111</u>	<u>407,586</u>	<u>(19,831)</u>	<u>10,461,866</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	662,326	60,435	-	722,761
Machinery and Equipment.....	877,029	94,519	(19,421)	952,127
Infrastructure.....	2,834,423	224,161	-	3,058,584
Total accumulated depreciation.....	<u>4,373,778</u>	<u>379,115</u>	<u>(19,421)</u>	<u>4,733,472</u>
Total capital assets, being depreciated, net.....	<u>5,700,333</u>	<u>28,471</u>	<u>(410)</u>	<u>5,728,394</u>
Total governmental activities.....	<u>\$ 7,311,530</u>	<u>\$ 282,813</u>	<u>\$ (306,000)</u>	<u>\$ 7,288,343</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 839,543	\$ 24,468	\$ -	\$ 864,011
Construction in Progress.....	1,502,450	537,475	(620,291)	1,419,634
Total capital assets, not being depreciated.....	<u>2,341,993</u>	<u>561,943</u>	<u>(620,291)</u>	<u>2,283,645</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	11,741,796	717,132	27,326	12,486,254
Machinery and Equipment.....	567,336	11,172	57,165	635,673
Total capital assets, being depreciated.....	<u>12,309,132</u>	<u>728,304</u>	<u>84,491</u>	<u>13,121,927</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	3,455,184	264,077	(436)	3,718,825
Machinery and Equipment.....	278,466	16,237	(1,706)	292,997
Total accumulated depreciation.....	<u>3,733,650</u>	<u>280,314</u>	<u>(2,142)</u>	<u>4,011,822</u>
Total capital assets, being depreciated, net.....	<u>8,575,482</u>	<u>447,990</u>	<u>86,633</u>	<u>9,110,105</u>
Total business-type activities.....	<u>\$ 10,917,475</u>	<u>\$ 1,009,933</u>	<u>\$ (533,658)</u>	<u>\$ 11,393,750</u>
Total Capital Assets.....	<u>\$ 18,229,005</u>	<u>\$ 1,292,746</u>	<u>\$ (839,658)</u>	<u>\$ 18,682,093</u>

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

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

Governmental activities:	
General government.....	\$ 75,329
Public safety.....	37,193
Streets and sanitation.....	13,293
Transportation.....	226,950
Health.....	2,735
Cultural and recreational.....	<u>23,615</u>
Total depreciation expense - governmental activities.....	<u>\$ 379,115</u>
Business-type activities:	
Water.....	\$ 43,152
Sewer.....	23,166
Chicago Midway International Airport.....	44,844
Chicago-O'Hare International Airport.....	157,952
Chicago Skyway.....	<u>11,200</u>
Total depreciation expense - business-type activities.....	<u>\$ 280,314</u>

8) Leases

a) Operating Leases

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$18.8 million for the year ended December 31, 2010. The future minimum lease payments for these leases are as follows (dollars in thousands):

2011.....	\$ 17,804
2012.....	16,607
2013.....	15,970
2014.....	10,671
2015.....	5,231
2016 - 2020.....	<u>6,523</u>
Total Future Rental Expense.....	<u>\$ 72,806</u>

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.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

During 2005, the City entered into sale and lease back agreements with third parties pertaining to the City owned portion of a rapid transit line with a book value of \$430.8 million at December 31, 2005. Under the 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 these leases are as follows (dollars in thousands):

Year Ending December 31,	<u>Total</u>
2011.....	\$ 10,216
2012.....	12,731
2013.....	9,104
2014.....	9,000
2015.....	9,000
2016 - 2020.....	42,983
2021 - 2025.....	87,018
2026 - 2030.....	2,000
2031 - 2032.....	<u>165,164</u>
 Total Minimum Future Lease Payments.....	 347,216
Less Interest.....	<u>170,205</u>
 Present Value of Minimum Future Lease Payments.....	 <u>\$ 177,011</u>

c) Lease Receivables

Most of the O'Hare land, buildings and terminal space are leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2010 (dollars in thousands):

2011.....	\$ 72,282
2012.....	71,723
2013.....	71,049
2014.....	57,778
2015.....	45,711
2016 - 2020.....	145,091
2021 - 2025.....	8,302
2026 - 2030.....	9,591
2031 - 2035.....	<u>9,564</u>
 Total Minimum Future Rental Income.....	 <u>\$ 491,091</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 \$381.6 million, including contingent rentals of \$79.4 million.

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
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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 noncancelable operating leases as of December 31, 2010 (dollars in thousands):

2011.....	\$	34,469
2012.....		28,206
2013.....		4,418
2014.....		3,390
2015.....		<u>1,124</u>
Total Minimum Future Rental Income.....	\$	<u><u>71,607</u></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 aircraft parking fees and certain departure fees (turns) and automobile parking, amounted to \$86.4 million, including contingent rentals of \$35.1 million.

9) Short-term Debt

Matured bonds represent principal due on coupon bonds in which the coupons have not been presented for payment. For the year ended December 31, 2010, there was minor activity; the balance remained at \$0.7 million.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

10) Long-term Obligations

a) **Long-term Debt** activity for the year ended December 31, 2010 was as follows (dollars in thousands):

	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010	Amounts Due within One Year
Governmental activities:					
Bonds, notes and certificates payable:					
General obligation debt	\$ 6,863,427	\$ 1,398,024	\$ 756,712	\$ 7,504,739	\$ 144,036
Installment purchase agreement	3,500	-	2,300	1,200	1,200
Tax increment	186,158	-	22,580	163,578	23,095
Revenue	564,842	-	5,425	559,417	5,715
	<u>7,617,927</u>	<u>1,398,024</u>	<u>787,017</u>	<u>8,228,934</u>	<u>174,046</u>
Less unamortized debt refunding transactions	159,810	20,778	9,438	171,150	-
Add unamortized premium	173,347	36,365	10,982	198,730	-
Add accretion of capital appreciation bonds	207,878	31,663	4,129	235,412	1,421
Less converted portion of conversion bonds	3,923	-	3,923	-	-
Total bonds, notes and certificates payable	<u>7,835,419</u>	<u>1,445,274</u>	<u>788,767</u>	<u>8,491,926</u>	<u>175,467</u>
Other liabilities:					
Pension obligations	3,453,365	762,885	-	4,216,250	-
Lease obligations	169,282	9,032	1,303	177,011	10,216
Pollution Remediation	37,368	-	23,105	14,263	-
Claims and judgments	627,370	14,392	-	641,762	89,503
Total other liabilities	<u>4,287,385</u>	<u>786,309</u>	<u>24,408</u>	<u>5,049,286</u>	<u>99,719</u>
Total governmental activities	<u>\$ 12,122,804</u>	<u>\$ 2,231,583</u>	<u>\$ 813,175</u>	<u>\$ 13,541,212</u>	<u>\$ 275,186</u>
Business-type activities:					
Revenue bonds and notes payable:					
Water	\$ 1,464,839	\$ 365,093	\$ 76,101	\$ 1,753,831	\$ 42,217
Sewer	902,840	275,865	52,715	1,125,990	25,257
Chicago-O'Hare International Airport	5,898,100	1,177,650	505,230	6,570,520	107,295
Chicago Midway International Airport	1,266,515	331,020	124,155	1,473,380	7,885
	<u>9,532,294</u>	<u>2,149,628</u>	<u>758,201</u>	<u>10,923,721</u>	<u>182,654</u>
Less unamortized debt refunding transactions	136,755	6,661	18,148	125,268	-
Add unamortized premium	(115,952)	9,311	27,811	(134,452)	-
Add accretion of capital appreciation bonds	74,494	8,972	4,034	79,432	4,271
Total business-type activities	<u>\$ 9,585,985</u>	<u>\$ 2,142,628</u>	<u>\$ 716,276</u>	<u>11,012,337</u>	<u>\$ 186,925</u>
Total long-term obligations	<u>\$ 21,708,789</u>	<u>\$ 4,374,211</u>	<u>\$ 1,529,451</u>	<u>\$ 24,553,549</u>	<u>\$ 462,111</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, 2010 - CONTINUED**

b) Issuance of New Debt

i) General Obligation Notes

The General Obligation Tender Notes, Series 2010 (\$70.4 million) were sold in September 2010 at a fixed rate of 1.625 percent. The notes mature no later than April 1, 2012. The Series 2010 notes were issued to meet cash flow requirements of the City's Library 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.

During 2010, the City issued \$170.7 million in commercial paper notes for certain capital and operating uses.

ii) General Obligation Bonds

General Obligation Bonds, Project and Refunding Series 2009A-D (\$793.3 million) were sold at a premium in January 2010. The bonds have interest rates ranging from 4.0 percent to 6.257 percent and maturity dates from January 1, 2018 to January 1, 2040. Series C bonds (\$98.3 million) are Build America Bonds and Series D bonds (\$133.2 million) are Recovery Zone Economic Development Bonds. Net proceeds of \$812.0 million 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; cash flow needs of the City; acquisition of personal property; acquisition, demolition, remediation or improvement of real property for industrial, commercial or residential purposes; constructing, equipping, altering and repairing various municipal facilities including fire stations, police stations, libraries, senior and health centers and other municipal facilities; enhancement of economic development within the City by making grants or deposits to secure obligations of not-for-profit or for-profit organizations doing or seeking to do business in the City; litigation judgments or settlement agreements involving the City, including escrow accounts or other reserves needed for such purposes; payment of certain pension contributions; providing for facilities, services, and equipment to protect and enhance public safety; and other uses permitted by the Ordinance (\$376.0 million); and to advance refund certain maturities of general obligation bonds outstanding (\$412.2 million); and to fund capitalized interest (\$23.8 million). The advance refunding of the bonds increased the City's total debt service payments by \$51.1 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$9.1 million.

General Obligation Bonds (Modern Schools Across Chicago Program) Series 2010A-B (\$150.1 million) were sold at a premium in August, 2010. Series B bonds (\$57.8 million) are Build America Bonds. The bonds have interest rate ranging from 3.0 percent to 5.364 percent and maturity dates ranging from December 1, 2011 to December 1, 2029. Net proceeds of \$160.6 million will be used to pay for a portion of the costs for construction, renovation, design and acquisition of elementary and high schools that are part of the school system operated by the Board of Education of the City of Chicago (\$159.2 million) and to fund capitalized interest (\$1.4 million). The bonds fund Phase II of the Modern Schools Across Chicago Program.

General Obligation Bonds, Taxable Project Series 2010B (\$213.6 million) were sold in December 2010. The bonds are Build America Bonds and have an interest rate of 7.517 percent and maturity dates ranging from January 1, 2036 to January 1, 2040. Net proceeds of \$213.6 million 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; constructing, equipping, altering and repairing various municipal facilities including fire stations, police stations, libraries, senior and health centers and other municipal facilities; enhancement of economic development

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

within the City by making grants or deposits to secure obligations of not-for-profit or for-profit organizations doing or seeking to do business in the City; provision of facilities, services and equipment to protect and enhance public safety, including but not limited to, increased costs for police and fire protection services, emergency medical services, staffing at the City's emergency call center and other City facilities, and enhanced security measures at airports and other major City facilities.

In June 2010, the City negotiated a novation of the fixed payer swap associated with a 75 percent portion of the General Obligation Series 2003B variable rate bonds with a current notional amount of \$151.5 million from Lehman Brothers Special Financing Inc. (LBSF) to Wells Fargo Bank, N.A. due to LBSF's bankruptcy. A J.P. Morgan swap covers the remaining 25 percent balance of the bonds, with a current notional amount of \$50.6 million, which remains unchanged. All economic terms of the interest rate swap remained identical and the City did not incur any cost in association with replacing the counterparty to the swap.

In November 2010, the City entered into swap overlay agreements (i.e., Constant Maturity Swap (CMS) reversal) associated with the General Obligation Series 2003B variable rate bonds with J.P. Morgan and Rice Financial Products for notional amounts of \$50.6 and \$151.5 million respectively. The agreements are effective March 1, 2011 through March 1, 2014, and the City will pay 66.91 percent of 10 year LIBOR and receive 75 percent of one month LIBOR, essentially extending the \$202.5 million notional amount CMS reversal in place up to March 1, 2011 with J.P. Morgan. Together with the existing underlying swaps on the bonds, in which the City pays 4.052 percent and receives 66.91 percent of 10 year LIBOR, the net effect is that the City will pay a fixed rate of 4.052 percent and receive 75 percent of one month LIBOR through March 1, 2014, after which time the City will receive 66.91 percent of 10 year LIBOR through expiration (January 1, 2034). The City received a combined upfront payment of \$9.9 million in November 2010.

In December 2010, the City entered into swap overlay agreements (i.e., basis trades) associated with the General Obligation Series 2005D variable rate bonds with Rice Financial Products, Loop Financial Products and Jefferies for notional amounts of \$100.0, \$61.4 and \$61.4 million respectively. The agreements are effective January 1, 2014 through January 1, 2031, and the City will pay SIFMA and receive 72.5 percent of one month LIBOR. Together with the existing swaps on the bonds, in which the City pays 4.104 percent and receives SIFMA, the net effect is that the City will pay a fixed rate of 4.104 percent and receive 72.5 percent of one month LIBOR between January 1, 2014 and January 1, 2031, before 2014 and after 2031 the City will receive SIFMA through the expiration of the swaps (January 1, 2040). The City received a combined upfront payment of \$13.7 in January 2011.

In December 2010, the City entered into two swap overlay agreements (i.e., basis trades) associated with the G.O. Series 2007 E, F&G variable rate bonds with Wells Fargo Bank, N.A. for a notional amount of \$100.0 million each. The agreements are effective January 1, 2014 through January 1, 2031, and the City will pay SIFMA and receive 72.5 percent of one month LIBOR. Together with the existing underlying swaps on the bonds, in which the City pays 3.9982 percent and receives SIFMA, the net effect is that the City will pay a fixed rate of 3.9982 percent and receive 72.5 percent of one month LIBOR between January 1, 2014 and January 1, 2031. Before 2014 and after 2031 the City will receive SIFMA through expiration of the swaps (January 1, 2042). The City received a combined upfront payment of \$14.2 million in December 2010.

iii) Sales Tax Revenue Bonds

In August 2010, the City amended its swap agreement associated with the Sales Tax Series 2002 variable rate bonds with J.P. Morgan with a current notional amount of \$114.2 million. The amendment removed J.P. Morgan's right to cancel the swap if SIFMA exceeds 7 percent for 180 consecutive days by converting the variable rate the City receives from SIFMA plus 13 basis points to 75.25 percent of three month LIBOR. The City continues to pay a fixed rate of 4.23 percent and receives 75.25 percent of three month LIBOR.

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YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

iv) Enterprise Fund Revenue Bonds and Notes

Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2010A-F (\$1,040.0 million) were sold at a premium in April, 2010. Series B bonds (\$578.0 million) are Build America Bonds. The bonds have interest rates ranging from 1.75 percent to 6.845 percent with maturity dates from January 1, 2011 to January 1, 2040. Net proceeds of \$1,048.5 million will be used to finance the costs of certain projects at the airport including the O'Hare Modernization Program and the capital improvement program (\$785.6 million), fund capitalized interest and debt service reserves (\$214.0 million) and to advance refund certain maturities of bonds outstanding (\$48.9 million). The advance refunding of the bonds decreased the Airport's total debt service payments by \$3.1 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$2.8 million.

Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds, Series 2010A-D (\$137.7 million) were sold at a discount in May, 2010. The bonds have interest rates ranging from 2.0 percent to 6.395 percent with maturity dates from January 1, 2011 to January 1, 2040. Net proceeds of \$136.5 million and other monies of \$.3 million will be used to finance the costs of certain projects at the airport including the O'Hare Modernization Program and the capital improvement program (\$54.1 million), fund capitalized interest and debt service reserves (\$68.7 million) and to advance refund certain maturities of bonds outstanding (\$14.0 million). The advance refunding of the bonds decreased the Airport's total debt service payments by \$1.2 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$.7 million.

Chicago Midway Airport Second Lien Revenue Bonds, Series 2010A1-2 (\$80.5 million) were sold in May, 2010. The bonds were initially issued at a daily rate of .29 percent. The bonds have maturity dates of January 1, 2021 for Series 2010A-1 and January 1, 2025 for Series 2010A-2. Net proceeds of \$80.4 will be used to advance refund certain maturities of bonds outstanding (\$10.2 million), repay commercial paper and other principal due (\$65.8 million) and fund capitalized interest and debt service reserves (\$4.4 million). The advance refunding of the bonds increased the Airport's total debt service payments by \$5.0 million and resulted in an economic loss (difference between the present values of the debt service on the old and new debt) of \$.9 million.

At the discretion of the City the bonds may bear interest at a daily or weekly rate. Interest on bonds in the daily mode is payable on the first business day of each calendar month, commencing June 1, 2010.

The City has appointed a remarketing agent for the bonds when in a variable 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 notes, the City has obtained an unconditional, irrevocable letter of credit which may be drawn upon for the purchase of the bonds until the remarketing agent is able to resell the bonds.

The letters of credit securing the Series 2010A1-2 bonds totals \$81.4 million and terminates no later than May 5, 2011. Advances under the letter of credit for Series 2010A-1 (none at December 31, 2010) are due three years from the date of the advance. Advances bear interest from the date of advance through the 90th day at the greater of the prime rate plus 3.0 percent or the Federal Funds rate plus 3.5 percent per annum (Base Rate) or 6.0 percent. Thereafter until due and payable, advances bear interest at the higher of the Base Rate plus 1.0 percent or 8.5 percent. Upon the occurrence of an event of default, the interest rate per annum shall equal the Base Rate plus 5.0 percent or 12 percent. The maximum rate of interest cannot exceed 15.0 percent. Advances under the letter of credit for Series 2010A-2 (none at December 31, 2010) are due three years from the date of the advance. Advances bear interest from the date of advance through the 90th day at the greater of the prime rate plus 1.5 percent or the Federal Funds rate plus 2.0 percent per annum (Base Rate) or 7.5 percent. Thereafter until due and payable, advances bear interest at the Base Rate plus 1.0 percent. Upon the occurrence of an event of default, the interest rate per annum shall equal the Base Rate plus 3.0 percent. The maximum rate of interest cannot exceed 18.0 percent. The letters of credit were issued by third-party financial institutions that are

**CITY OF CHICAGO, ILLINOIS
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YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

expected to be financially capable of honoring its agreements. In the event the bonds are put back to the bank and not successfully remarketed, or if the letter of credit expires without an extension or substitution, the bank bonds will convert to a term loan. There is no principal due on potential term loans within the next fiscal year.

Chicago Midway Airport Second Lien Revenue Bonds, Series 2010B, C, D-1 and D-2 (\$246.5 million) were sold at a premium in October, 2010. The bonds have interest rates ranging from 3.532 percent to 7.168 percent with maturity dates from January 1, 2014 to January 1, 2041. Net proceeds of \$237.8 million will be used to finance the costs of certain Airport projects (\$168.8 million), fund capitalized interest and debt service reserves (\$24.3 million) and to repay commercial paper (\$44.7 million).

Second Lien Water Revenue Project and Refunding Bonds, Series 2010A-C (\$313.6 million) were sold at a premium in November, 2010. The bonds have interest rates ranging from 2.0 percent to 6.742 percent and maturity dates from November 1, 2011 to November 1, 2040. Series B bonds (\$250.0 million) are Build America Bonds and Series C bonds (\$29.7 million) are Qualified Energy Conservation Bonds. Net proceeds of \$313.8 million will be used to finance certain costs of improvements and extensions to the water system (\$277.6 million), advance refund a certain maturities of water revenue bonds outstanding (\$36.2 million). The advance refunding of the bonds decreased the Water system's total debt service payments by \$3.2 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$2.4 million.

Second Lien Wastewater Revenue Project and Refunding Bonds, Series 2010A-B (\$275.9 million) were sold at a premium in November, 2010. The bonds have interest rates ranging from 2.0 percent to 6.742 percent and maturity dates from January 1, 2012 to January 1, 2040. Series B bonds (\$250.0 million) are Build America Bonds. Net proceeds of \$275.8 million will be used to finance certain costs of improvements and extensions to the wastewater system (\$248.2 million), advance refund a certain maturities of wastewater revenue bonds outstanding (\$27.6 million). The advance refunding of the bonds decreased the Wastewater system's total debt service payments by \$5.2 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$3.3 million.

During 2010, \$5 million of Chicago O'Hare International Airport Commercial Paper Notes Series A, B and C were issued. The proceeds were used to finance portions of the costs of authorized airport projects.

During 2010, \$35.5 million of Chicago Midway Airport Commercial Paper Notes Series A, B and D were issued. The proceeds were used to repay debt obligations that were in bank bond mode, finance portions of the costs of authorized airport projects and refund a portion of certain outstanding bonds.

During 2010, \$51.5 million of Water Revenue Commercial Paper Notes were issued. The proceeds were used to finance portions of the costs of authorized projects.

In May 2010, the City entered into a two-way Credit Support Agreement (CSA) with J.P. Morgan on its swap associated with a 40 percent portion of the Midway Airport Series 2004C&D variable rate bonds with a current notional amount of \$60.9 million. A Goldman Sachs swap covers the remaining balance of the bonds, with a current notional amount of \$91.3 million, and remains unchanged. The J.P. Morgan CSA was required because a termination event was triggered due to the insurer's ratings downgrade. Both firms had the right to require a two-way CSA, but only J.P. Morgan exercised the right. Goldman Sachs waived its right as long as the swap remains unchanged. Based on the current second lien ratings at Midway Airport (A3/A-/A- by Moody's, S&P and Fitch respectively), if the mark-to-market adjustment on the swap is against the City by more than \$10 million, collateral must be posted for the difference. In August 2010, collateral was required in the amount of \$1.4 million, which was funded with proceeds from Midway Commercial Paper, but as of December 31, 2010, no collateral posting was required.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED

v) Financial Market Related Conversions

The global economic downturn has adversely impacted the City's variable rate debt. The credit crisis and the effect on monoline insurers' credit ratings, as a result of their exposure to subprime mortgages, have resulted in downgrades by the major rating agencies. As a result, credit spreads increased on the City's variable rate debt, especially with insured bonds; therefore the City refinanced or converted many of its variable rate debt issues. In 2010, the City utilized liquidity facilities to convert two variable rate issues in the amount of \$284.7 million and thereby removing the monoline insurers or impaired banks providing credit support.

c) **Annual requirements** listed below for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2011 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2010 are as follows (dollars in thousands):

Year Ending December 31,	General Obligation		Installment Purchase		Tax Increment	
	Principal	Interest	Principal	Interest	Principal	Interest
2011.....	\$ 156,646	\$ 362,307	\$ 1,200	\$ 47	\$ 25,040	\$ 8,793
2012.....	238,178	357,137	-	-	20,815	7,389
2013.....	205,827	348,585	-	-	30,264	6,212
2014.....	215,509	344,558	-	-	15,237	11,853
2015.....	237,486	338,480	-	-	8,965	3,951
2016 - 2020.....	1,433,028	1,514,111	-	-	45,975	9,964
2021 - 2025.....	1,553,090	1,185,521	-	-	10,585	840
2026 - 2030.....	1,444,048	838,646	-	-	-	-
2031 - 2035.....	981,304	498,889	-	-	-	-
2036 - 2040.....	691,016	190,537	-	-	-	-
2041 - 2045.....	25,645	1,060	-	-	-	-
	<u>\$ 7,181,777</u>	<u>\$ 5,979,831</u>	<u>\$ 1,200</u>	<u>\$ 47</u>	<u>\$ 156,881</u>	<u>\$ 49,002</u>

Year Ending December 31,	Revenue		Business-type Activities	
	Principal	Interest	Principal	Interest
2011.....	\$ 16,295	\$ 25,971	\$ 236,253	\$ 529,302
2012.....	17,150	25,121	258,162	519,266
2013.....	18,040	24,227	362,891	511,834
2014.....	18,980	23,286	371,606	496,439
2015.....	18,400	22,315	312,755	479,007
2016 - 2020.....	97,940	97,463	1,757,307	2,161,483
2021 - 2025.....	123,015	71,699	1,941,395	1,715,052
2026 - 2030.....	130,754	64,419	2,426,430	1,191,187
2031 - 2035.....	89,418	53,097	2,056,740	572,439
2036 - 2040.....	23,710	1,793	1,004,295	156,870
	<u>\$ 553,702</u>	<u>\$ 409,391</u>	<u>\$ 10,727,834</u>	<u>\$ 8,332,879</u>

**CITY OF CHICAGO, ILLINOIS
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Debt service requirements above exclude commercial paper issues as the timing of payments is not certain. For the requirements calculated above, interest on variable rate debt was calculated at the rate in effect or the effective rate of a related swap agreement, if applicable, as of December 31, 2010. Standby bond purchase agreements were issued by third party financial institutions that are expected to be financially capable of honoring their agreements.

d) Derivatives

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

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

	Changes in Fair Value		Fair Value at		Notional Amount
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash Flow Hedges:					
Pay-fixed Interest Rate SWAPS....	Deferred Outflow of Resources	\$ (45,058)	Deferred Outflow of Resources	\$ (120,447)	\$ 792,070
Investment Derivative Instruments:					
Pay-fixed Interest Rate SWAPS....	Investment Revenue	(10,848)	Investment Revenue	(24,529)	201,965
Business-type Activities					
Cash Flow Hedges:					
Pay-fixed Interest Rate SWAPS....	Deferred Outflow of Resources	(34,449)	Deferred Outflow of Resources	(141,379)	973,805
Total.....				<u>\$ (286,355)</u>	

(2) *Terms, fair values, and credit risk.* The objective and terms, including the fair values and credit ratings, of the City's hedging derivative instruments outstanding as of December 31, 2010, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category. Under the swaps, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR) and/or The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (dollars in thousands):

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Associated Bond Issue	Notional Amounts	Effective Date	Terms	Fair Values	Termination Date	Counterparty Credit Rating
Hedging Instruments						
Governmental Activities:						
GO VRDB (Series 2007EFG).....	\$ 200,000	11/08/2007 01/01/2014	Pay 3.998%; receive SIFMA Pay SIFMA; receive 72.5% of LIBOR *	\$ (15,270) (16,185)	01/01/2042 01/01/2031	Aa3/A+ A1/A+ Aa2/AA
GO VRDB (Series 2005D).....	222,790	08/17/2005 01/01/2014	Pay 4.104%; receive SIFMA Pay SIFMA; receive 72.5% of LIBOR *	(21,194) (18,240)	01/01/2040 01/01/2031	A1/A Aa2/A+ Aaa/AA Aa3/A+
GO VRDB (Neighborhoods Alive 21 Program, Series 2002B).....	206,700	10/03/2002	Pay 3.575%; receive 70% of LIBOR	(24,477)	01/01/2037	Aa1/AA- Aa3/A+
Sales Tax Revenue Refunding Bonds (VRDB Series 2002).....	114,150	06/27/2002	Pay 4.23%; receive 75.25% of LIBOR	(17,445)	01/01/2034	Aa1/AA-
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	44,900	09/01/1999	Pay 5.084%; receive 67% of LIBOR	(7,302)	01/01/2019	Aa3/A+
Tax Increment Allocation Bonds (Stockyards TIF, Series 1996A&B).....	3,975	02/10/1997	Pay 5.375%; receive SIFMA	(334)	12/01/2014	Aa3/A+
Business-type Activities:						
Chicago Midway International Airport Revenue Bonds (Series 2004C&D).....	152,150	12/14/2004	Pay 4.174%; receive SIFMA Plus .05%	(14,896)	01/01/2035	Aa1/A Aa1/AA-
	232,260	01/03/2011	Pay 3.886%; receive 95% of 3 Mo. LIBOR (if LIBOR is < 3%) or 67% of 3 Mo. LIBOR (if LIBOR is > 3%)	(34,121)	01/01/2039	Aa3/A+
Wastewater Transmission Variable Rate Revenue Bonds (Series 2008C).....	99,670	07/29/2004	Pay 3.886%; receive SIFMA (if LIBOR is < 3%) or 67% of LIBOR (if LIBOR is > 3%)	(14,994)	01/01/2039	Aa1/AA-
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	193,655	04/16/2008	Pay 3.8694%; receive SIFMA	(28,609)	11/01/2025	Aa3/A+
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	195,770	08/05/2004	Pay 3.8669%; receive SIFMA	(30,645)	11/01/2031	A1/A-
Second Lien Water Revenue Refunding Bonds (Series 2000).....	100,000	04/16/2008	Pay 3.8694%; receive SIFMA	(18,114)	11/01/2030	Aa3/A+
Investment Instruments						
Governmental Activities:						
GO VRDB (Series 2003B).....	202,500	08/07/2003 03/01/2011	Pay 4.052%; receive 66.91% of 10 Yr LIBOR Pay 66.91% of 10 Yr LIBOR; receive 75% of 1 Mo. LIBOR *	(16,372) (8,157)	01/01/2034 03/01/2014	Aa1/AA- Aa2/AA Aaa/AA
Total.....	<u>\$ 1,968,520</u>			<u>\$ (286,355)</u>		

See Table 31 in Statistical Section for Counterparty Entities and additional details for credit ratings.

Type and objective for all the SWAPS is the same, as mentioned earlier.

* Reflects SWAP Overlay agreement.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED

- (3) *Fair Value.* As of December 31, 2010, the swaps had a negative fair value of \$286.4 million. As per industry convention, the fair values of the City's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Paid, the City's swaps had negative values. Note that in the statement of net assets the combination of the \$248.3 million derivative liability and the unamortized interest rate swap premium balance of \$38.1 million, recorded as component of unearned revenue, together represent the total fair value.
- (4) *Credit Risk.* The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.
- (5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/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. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaps except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaps, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date and it would add additional underlying cost to the transaction.
- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of the City's swap transactions.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.
- (8) *Swap payments and associated debt.* Bonds maturing and interest payable January 1, 2011 have been excluded because funds for their payment have been provided for. As of December 31, 2010, 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):

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

Year Ending December 31,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2011.....	\$ 15,310	\$ 7,914	\$ 70,223	\$ 93,447
2012.....	21,395	7,860	69,594	98,849
2013.....	22,645	7,784	68,775	99,204
2014.....	36,955	7,703	67,899	112,557
2015.....	37,865	7,589	66,608	112,062
2016 - 2020.....	325,570	35,326	302,909	663,805
2021 - 2025.....	452,930	29,054	232,234	714,218
2026 - 2030.....	372,980	22,640	161,514	557,134
2031 - 2035.....	439,145	14,031	84,287	537,463
2036 - 2040.....	217,950	4,838	22,859	245,647
2041 - 2045.....	22,195	222	665	23,082
	<u>\$ 1,964,940</u>	<u>\$ 144,961</u>	<u>\$ 1,147,567</u>	<u>\$ 3,257,468</u>

ii) Swaptions

(1) *Objective of the swaptions.* The City entered into several swaption contracts that provided the City upfront payments totaling \$42.1 million. The term swaption refers to the City selling an option to a counterparty to execute a swap at a certain date in the future if certain conditions exist. If the conditions do not exist, the counterparty will not execute the option, no swaptions have been exercised. In the event the options are executed and the City enters into a fixed to floating rate swap, the City would be exposed to the risks as described under Swaps.

	Changes in Fair Value		Fair Value at December 31, 2010		Notional Amount
	Classification	Amount	Classification	Amount	
Governmental Activities					
Investment Derivative Instruments:					
Pay-fixed Interest Rate SWAPS....	Investment Revenue	\$ 499	Investment Revenue	\$ (17,001)	\$ 471,875
Business-type Activities					
Investment Derivative Instruments:					
Pay-fixed Interest Rate SWAPS....	Investment Revenue	(1,761)	Investment Revenue	(19,813)	380,270
Total.....				<u>\$ (36,814)</u>	

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED

(2) *Terms.* The terms, including fair values of the swaptions as of December 31, 2010, are as follows (dollars in thousands):

<u>Associated Bond Issue</u>	<u>Notional Amounts</u>	<u>Trade Date</u>	<u>Variable Rate Paid</u>	<u>Fixed Rate Received</u>	<u>Fair Values</u>	<u>Swap Termination Date</u>	<u>Up-Front Payment</u>
GO Bonds (GO, Series 2001A; GO Series 2002A; GO, Series 2003A; and GO, Series 2004A).....	\$ 318,670	12/18/2003	SIFMA+ 30bps	5.000%	\$ (12,543)	01/01/2024	\$ 13,384
Chicago Midway Airport Revenue Bonds (Series 1998A(AMT); Series 1998B(Non-AMT); and Refunding Series 1998C(Non-AMT)).....	380,270	10/27/1999	SIFMA+ 25bps	5.100	(19,813)	01/01/2030	23,500
Sales Tax Revenue Bonds (Series 1999).....	23,285	06/21/2002	SIFMA+ 30bps	4.984	(161)	01/01/2019	728
Sales Tax Revenue Bonds (Series 1998).....	69,275	06/21/2002	SIFMA+ 30bps	5.250	(2,420)	01/01/2028	2,562
Sales Tax Revenue Bonds (Series 1997).....	60,645	06/21/2002	SIFMA+ 30bps	5.375	(1,877)	01/01/2027	1,964
Total.....	<u>\$ 852,145</u>				<u>\$ (36,814)</u>		<u>\$ 42,138</u>

(3) *Fair value.* As of December 31, 2010, the swaptions had a negative fair value of \$36.8 million. As per industry convention, the fair values of the City's outstanding swaptions were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Received, 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. Note that in the statement of net assets the combination of the \$13.5 million derivative liability and the unamortized interest rate swaption premium balance of \$23.3 million, recorded as component of unearned revenue, together represent the total fair value.

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

(5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/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. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. 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

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

exposed to basis risk on all swaptions except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaptions, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date, and it would add additional underlying cost to the transaction.

- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of the swaption transactions.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.

e) Debt Covenants

- i) **Water Fund** - The ordinances authorizing the issuance of outstanding Water Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. The ordinances require that net revenues available for bonds, as adjusted, equal 120 percent of the current annual debt service on the outstanding senior lien bonds and that City management maintains all covenant reserve account balances at specified amounts. The above requirements were met at December 31, 2010. The Water Rate Stabilization account had a balance in restricted assets of \$61.4 million at December 31, 2010.

The ordinances authorizing the issuance of outstanding Second Lien Water Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues are equal to the sum of the aggregate annual debt service requirements for the fiscal year of the outstanding senior lien bonds and 110 percent of the aggregate annual debt service requirements of the outstanding second lien bonds. This requirement was met at December 31, 2010.

- ii) **Sewer Fund** - The ordinances authorizing the issuance of outstanding Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. The ordinances require that net revenues available for bonds equal 115 percent of the current annual debt service requirements on the outstanding senior lien bonds. This requirement was met at December 31, 2010. The Sewer Rate Stabilization account had a balance in restricted assets of \$24.6 million at December 31, 2010.

The ordinances authorizing the issuance of outstanding Second Lien Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which monies 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, 2010.

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

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

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, 2010.

- iv) **Chicago-O'Hare International Airport Fund** - In 1983, the City Council adopted the General Airport Revenue Bond ordinance authorizing the issuance and sale of Chicago-O'Hare International Airport General Airport Revenue Bonds in unlimited series for the purpose of financing the cost of improvements and expansion of O'Hare and to redeem its existing outstanding bond obligations. The ordinance further permits the issuance of second lien notes, bonds and other obligations which are payable from, and secured by, a pledge of amounts deposited in the junior lien obligation debt service account created under the ordinance. The ordinance requires that net revenues in each year equal not less than the sum of (i) the amount required to be deposited for such year in the debt service reserve fund, the maintenance reserve fund, the special capital projects fund and the junior lien debt service fund, and (ii) 110 percent of the aggregate first lien and second lien debt service for the bond year commencing during such fiscal year reduced by an amount equal to the sum of any amount held in any capitalized interest account for disbursement during such fiscal year to pay interest on bonds. This requirement was met at December 31, 2010. The ordinance provides for the creation of separate accounts that are to be credited with revenues in a specified priority. At the end of each year, any excess funds over amounts required in accounts other than Special Capital Projects, Emergency Reserve and Airport Development accounts are reallocated with the following year's revenues.

The Master Indenture of Trust securing Chicago-O'Hare International Airport Third Lien Obligations requires that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding First Lien Bonds, Second Lien Obligations, Third Lien Obligations or other Airport Obligations are issued and secured, and (b) 110 percent the Aggregate First, Second and Third Lien Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on First Lien Bonds, Second Lien obligations or Third Lien obligations. This requirement was met at December 31, 2010.

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.

- f) **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 and Community Service Block Grants, provide original funding for public interest loans. Loans receivable are not included as assets because payments received on loans are used to fund new loans or other program activities in the current year and are not available for general City operating purposes. Loans provided to third parties are recorded as current and prior year programs/grants expenditures. Funding for future loans will be from a combination of the repayment of existing loans and additional funds committed from future programs/grants expenditures.

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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED

g) **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, 2010, not including principal payments due January 1, 2011, are as follows (dollars in thousands):

	Amount	
	Defeased	Outstanding
Emergency Telephone System - Series 1993	\$ 213,730	\$ 140,595
General Obligation Refunding Bonds - Series 1993B	17,535	17,535
General Obligation Refunding Bonds - Series 1995A-2	32,625	23,575
General Obligation Project and Refunding Bonds - Series 1998	338,710	18,830
General Obligation Project and Refunding Bonds - Series 1999A	252,380	10,475
General Obligation Bonds - Series 2001A	349,845	137,085
General Obligation Project and Refunding Bonds - Series 2002A	135,690	117,855
General Obligation Project and Refunding Bonds - Series 2003A	89,815	87,510
General Obligation Project Bonds - Series 2003C	87,645	77,395
General Obligation Project Bonds - Series 2004A	205,535	205,535
General Obligation Project and Refunding Bonds - Series 2005B	3,460	3,280
General Obligation Project and Refunding Bonds - Series 2005E	22,186	17,532
General Obligation Project and Refunding Bonds - Series 2006A	19,230	15,680
General Obligation Direct Access Bonds - Series 2006	4,755	4,755
General Obligation Project and Refunding Bonds - Series 2007A	10,300	10,300
Neighborhoods Alive 21 Program - Series 2001A	213,825	60,170
Neighborhoods Alive 21 Program - Series 2002A	36,820	15,870
Neighborhoods Alive 21 Program - Series 2003	90,600	86,045
Lake Millenium Project Parking Facilities Bonds - Series 1998	149,880	43,880
Lake Millenium Project Parking Facilities Bonds - Series 1999	44,495	44,395
Near South Redevelopment Project Tax Increment - Series 1994A	23,000	9,975
Water Revenue Senior Lien Bonds - Series 2001	242,630	229,155
Special Transportation Revenue Bonds - Series 2001	118,715	103,485
Total	\$ 2,703,406	\$ 1,480,912

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

11) Pension Trust Funds

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

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

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Fixed income securities are valued principally using quoted market prices provided by independent pricing services. For collective investments, the net asset value is determined and certified by the investment managers as of the reporting date. Real estate investments are generally valued by appraisals or other approved methods. 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 90 days. The Plans' custodian lends securities for collateral in the form of cash, irrevocable letters of credit and/or U.S. government obligations equal to at least 102 percent of the fair value of securities or international securities for collateral of 105 percent. Cash collateral is invested in the lending agents' short-term investment pool, which at year-end has a weighted average maturity that did not exceed 101 days. The Plans cannot pledge to sell collateral securities received unless the borrower defaults. Loans outstanding as of December 31, 2010 are as follows: market value of securities loaned \$1,208.4 million, market value of cash collateral from borrowers \$1,238.3 million and market value of non-cash collateral from borrowers \$5.4 million.

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

State law requires City contributions at statutorily, not actuarially determined rates. The City's contribution is equal to the total amount of contributions by employees to the Plan made in the calendar year two years prior, multiplied by 1.25 for the Municipal Employees', 1.00 for the Laborers', 2.00 for the Policemen's, and 2.26 for the Firemen's. State law also requires covered employees to contribute a percentage of their salaries.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

The City's annual pension cost for the current year and related information for each Plan is as follows (dollars in thousands):

	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
Contribution rates:					
City (a).....	8.5%	8.5%	9.0%	9.125%	
Plan members.....	8.5	8.5	9.0	9.125	
Annual required contribution.....	\$ 483,948	\$ 46,665	\$ 363,625	\$ 218,388	\$ 1,112,626
Interest on net pension obligation.....	54,379	(16,509)	124,994	96,897	259,761
Adjustment to annual required contribution.....	(55,907)	16,973	(85,391)	(99,619)	(223,944)
Annual pension cost.....	482,420	47,129	403,228	215,666	1,148,443
Contributions made.....	154,752	15,352	174,501	80,947	425,552
Increase in net pension obligation.....	327,668	31,777	228,727	134,719	722,891
Net pension obligation (excess), beginning of year.....	679,738	(206,362)	1,562,419	1,211,208	3,247,003
Net pension obligation (excess), end of year.....	<u>\$ 1,007,406</u>	<u>\$ (174,585)</u>	<u>\$ 1,791,146</u>	<u>\$ 1,345,927</u>	<u>\$ 3,969,894</u>

	Municipal Employees'	Laborers'	Policemen's	Firemen's
Actuarial valuation date.....	12/31/2010	12/31/2010	12/31/2010	12/31/2010
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.....	30 years	30 years	30 years	30 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 (b):				
Inflation.....	3.0	3.0	3.0	3.0
Seniority/Merit.....	(c)	(d)	(e)	(f)
Postretirement benefit increases.....	(g)	(g)	(h)	(h)

- (a) Percentage represents amount applied to the employees account and not the total contributed.
- (b) Compounded Annually
- (c) Service-based increases equivalent to a level annual rate increase of 2.4 percent over a full career.
- (d) Service-based increases equivalent to a level annual rate increase of 1.9 percent over a full career.
- (e) Service-based increases equivalent to a level annual rate increase of 2.8 percent over a full career.
- (f) Service-based increases equivalent to a level annual rate increase of 2.7 percent over a full career.
- (g) 3.0 percent per year beginning at the earlier of:
 - 1) the later of the first of January of the year after retirement and age 60;
 - 2) the later of the first of January of the year after the second anniversary of retirement and age 53.
- (h) Uses 3.0 percent per year for annuitants age 55 or over, born before 1955 with at least 20 years of service and 1.5 percent per year for 20 years for annuitants age 60 or over, born in 1955 or later.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - 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 Plan is as follows (dollars in thousands):

Year	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension (Excess) Obligation
Municipal Employees':			
2008.....	\$ 359,933	40.79%	\$ 415,207
2009.....	412,576	35.88	679,738
2010.....	482,420	32.08	1,007,406
Laborers':			
2008.....	18,166	83.85	(225,759)
2009.....	34,024	42.99	(206,362)
2010.....	47,129	32.57	(174,585)
Policemen's:			
2008.....	348,273	49.63	1,360,492
2009.....	373,972	46.00	1,562,419
2010.....	403,228	43.28	1,791,146
Firemen's:			
2008.....	187,710	43.29	1,099,024
2009.....	201,397	44.30	1,211,208
2010.....	215,666	37.53	1,345,927

SCHEDULE OF FUNDING PROGRESS
(dollars in thousands)

Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded (Surplus) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)
Municipal Employees':							
2008.....	12/31/08	\$ 6,669,502	\$ 10,383,158	\$ 3,713,656	64%	\$ 1,543,977	241%
2009.....	12/31/09	6,295,788	10,830,119	4,534,331	58	1,551,973	292
2010.....	12/31/10	6,003,390	11,828,666	5,825,276	51	1,541,388	378
Laborers':							
2008.....	12/31/08	1,698,427	1,915,324	216,897	89	216,744	100
2009.....	12/31/09	1,601,352	1,975,749	374,397	81	208,626	179
2010.....	12/31/10	1,529,404	2,030,025	500,621	75	199,863	250
Policemen's:							
2008.....	12/31/08	4,093,720	8,482,574	4,388,854	48	1,023,581	429
2009.....	12/31/09	3,884,978	8,736,102	4,851,124	44	1,011,205	480
2010.....	12/31/10	3,718,955	9,210,056	5,491,101	40	1,048,084	524
Firemen's:							
2008.....	12/31/08	1,335,695	3,311,269	1,975,574	40	396,182	499
2009.....	12/31/09	1,269,231	3,428,838	2,159,607	37	400,912	539
2010.....	12/31/10	1,198,114	3,655,026	2,456,912	33	400,404	614

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED

- b) **Other Postemployment Benefits (OPEB)** - 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. The Pension Plans and the City agreed to share in the cost of the Settlement Health Care Plan (see Note 12). This single employee defined benefit plan is administered by the City. Substantially all employees who qualify as Municipal or Laborers' pension plan participants older than age 55 with at least 20 years of service and Police and Fire pension plan participants older than age 50 with at least 10 years of service may become eligible for postemployment benefits if they eventually become an annuitant. Health benefits include basic benefits for annuitants and supplemental benefits for Medicare eligible annuitants. The amounts below represent the accrued liability of the City's pension plans related to their own employees and a subsidy paid to the City (see Note 12). The plan is financed on a pay as you go basis (dollars in thousands).

Annual OPEB Cost and Contributions Made
For Fiscal Year Ending December 31, 2010

	<u>Municipal</u>				
	<u>Employees'</u>	<u>Laborers'</u>	<u>Policemen's</u>	<u>Firemen's</u>	<u>Total</u>
Contribution Rates City:	A portion of the City's contribution from the tax levy is used to finance the health insurance supplement benefit payments.				
Annual Required Contribution	\$ 22,955	\$ 3,609	\$ 10,659	\$ 4,428	\$ 41,651
Interest on Net OPEB Obligation	1,900	164	371	243	2,678
Adjustment to Annual - Required Contribution	<u>(2,480)</u>	<u>(214)</u>	<u>(294)</u>	<u>(317)</u>	<u>(3,305)</u>
Annual OPEB Cost	22,375	3,559	10,736	4,354	41,024
Contributions Made	<u>9,550</u>	<u>2,587</u>	<u>9,354</u>	<u>2,644</u>	<u>24,135</u>
Increase in Net OPEB Obligation	12,825	972	1,382	1,710	16,889
Net OPEB Obligation, Beginning of Year	<u>42,220</u>	<u>3,647</u>	<u>8,237</u>	<u>5,397</u>	<u>59,501</u>
Net OPEB Obligation, End of Year	<u>\$ 55,045</u>	<u>\$ 4,619</u>	<u>\$ 9,619</u>	<u>\$ 7,107</u>	<u>\$ 76,390</u>

Actuarial Method and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

	Municipal Employees'	Laborers'	Policemen's	Firemen's
Actuarial Valuation Date	12/31/2010	12/31/2010	12/31/2010	12/31/2010
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 Method	30 years	30 years	30 years	30 years
Asset Valuation Method	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)
Actuarial assumptions:				
OPEB Investment Rate of Return (a)	4.5%	4.5%	4.5%	4.5%
Projected Salary Increases (a) Inflation	3.0%	3.0%	3.0%	3.0%
Seniority / Merit	(b)	(c)	(d)	(e)
Healthcare Cost Trend Rate (f)	0.0%	0.0%	0.0%	0.0%

(a) Compounded Annually

(b) Service-based increases equivalent to a level annual rate of increase of 2.4 percent over a full career

(c) Service-based increases equivalent to a level annual rate of increase of 1.9 percent over a full career

(d) Service-based increases equivalent to a level annual rate of increase of 2.8 percent over a full career

(e) Service-based increases equivalent to a level annual rate of increase of 2.7 percent over a full career

(f) Trend not applicable - fixed dollar subsidy

OPEB COST SUMMARY

(dollars in thousands)

	Year	Annual OPEB Cost	% of Annual OPEB Obligation	Net OPEB Obligation
Municipal Employees'	2008	\$ 23,580	38.29%	\$ 29,307
	2009	22,561	42.77	42,220
	2010	22,375	42.68	55,045
Laborers'	2008	3,546	66.20	2,563
	2009	3,646	70.29	3,647
	2010	3,559	72.68	4,619
Policemen's	2008	11,378	77.78	5,640
	2009	11,863	78.11	8,237
	2010	10,736	87.13	9,619
Firemen's	2008	4,281	58.09	3,723
	2009	4,319	61.24	5,397
	2010	4,354	60.74	7,107

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as the results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents, as required, supplementary information following the notes to the financial statements (dollars in thousands, unaudited).

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Surplus) UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)
Municipal Employees'	12/31/2010	\$ -	\$ 223,564	\$ 223,564	-	\$ 1,541,388	14.50
Laborers'	12/31/2010	-	41,361	41,361	-	199,863	20.69
Policemen's	12/31/2010	-	164,796	164,796	-	1,048,084	15.72
Firemen's	12/31/2010	-	48,222	48,222	-	400,404	12.04

12) Other Postemployment Benefits – City Obligation

The annuitants who retired prior to July 1, 2005 received a 55 percent subsidy from the City and the annuitants who retired on or after July 1, 2005 received a 50, 45, 40 and zero percent subsidy from the City based on the annuitant's length of actual employment with the City for the gross cost of retiree health care under a court approved settlement agreement. The pension funds contributed \$65 for each Medicare eligible annuitant and \$95 for each Non-Medicare eligible annuitant to their gross cost. The annuitants contributed a total of \$64.1 million in 2010 to the gross cost of their retiree health care pursuant to premium amounts set forth in the above-referenced settlement agreement.

The cost of health benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are funded on a pay-as-you-go basis. In 2010, the net expense to the City for providing these benefits to approximately 24,253 annuitants plus their dependents was approximately \$107.4 million.

The City's net expense and the annuitants' contribution indicated above are preliminary and subject to the reconciliation per the court approved settlement agreement.

Plan Description Summary - The City of Chicago is party to a written legal settlement agreement outlining the provisions of the retiree health program, The Settlement Health Care Plans (the Plans), through June 30, 2013. The agreement does not require or extend continuation of the Plans after June 30, 2013. Pursuant to the Settlement, the City administers a single employer defined benefit healthcare plan (the Health Plan), for which the City pays a portion of the costs on a pay as you go method. Under the Settlement agreement, the City of Chicago sponsors health benefit plans for employees, former employees and retired former employees. The provisions of the program provide in general, that the City pay a percentage of the cost (based upon an employee's service) for hospital and medical coverage to eligible retired employees and their dependents for a specified period, until June 30, 2013.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

In addition, Illinois Compiled Statutes authorize the four respective Pension Funds (Police, Fire, Municipal, and Laborers) to provide a fixed monthly dollar subsidy to each annuitant who has elected coverage under the Health Plan through June 30, 2013. After that date, no supplements are authorized.

The liabilities for the monthly dollar supplements paid to annuitants enrolled in the retiree medical plan by their respective Pension Funds are included in the liabilities and reports of the respective four Pension Funds (see Note 11).

Funding Policy - The City's retiree health plan is a single employer plan which operates on a pay as you go funding basis. No assets are accumulated or dedicated to funding the retiree health plan benefits.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC (Annual Required Contribution) represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities over a period of three years (the remaining years of coverage under the Settlement agreement).

The following table shows the components of the City's annual OPEB costs for the year for the Settlement Plan, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the Retiree Health Plan. The *Net OPEB Obligation* is the amount entered upon the City's Statement of Net Assets as of year end as the net liability for the other postemployment benefits – the retiree health plan. The amount of the annual cost for the retiree health plan which is to be recorded in the Statement of Changes in Net Assets for 2010 is the *Annual OPEB Cost (expense)*.

Annual OPEB Cost and Contributions Made
(dollars in thousands)

	Retiree Settlement Health Plan
Contribution Rates:	
City	Pay As You Go
Plan Members	N/A
Annual Required Contribution	\$ 189,328
Interest on Net OPEB Obligation	9,871
Adjustment to Annual Required Contribution	<u>(116,325)</u>
Annual OPEB Cost	82,874
Contributions Made	<u>107,431</u>
Increase in Net OPEB Obligation	(24,557)
Net OPEB Obligation, Beginning of Year	<u>329,040</u>
Net OPEB Obligation, End of Year	<u><u>\$ 304,483</u></u>

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 is as follows (dollars in thousands):

Schedule of Contributions, OPEB Costs and Net Obligations			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$ 82,874	129.6%	\$ 304,483
12/31/2009	157,809	62.1	329,040
12/31/2008	218,897	44.8	269,275

Funded Status and Funding Progress - As of December 31, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$533.4 million all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,547.0 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 21 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as the results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents, as required, supplementary information following the notes to the financial statements (dollars in thousands, unaudited).

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll
12/31/2009	\$ -	\$ 533,387	\$ 533,387	0%	\$ 2,546,961

Actuarial Method and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

For the Settlement Plan benefits (not provided by the Pension Funds) in the actuarial valuation for the fiscal year ended December 31, 2010, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 12 percent initially, reduced by decrements to an ultimate rate of 10.5 percent. Both rates included a 3 percent inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. However, the funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0 percent. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 3 years.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

Summary of Assumptions and Methods

	<u>Settlement Health Plan</u>
Actuarial Valuation Date	December 31, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	3 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	3.00%
Projected Salary Increases	2.50%
Healthcare Inflation Rate	12% initial to 10.5% ultimate

13) Risk Management

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

Risks for O'Hare, Midway, 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 primarily 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, 2010, the total amount of non-Enterprise Fund claims was \$498.5 million. This liability is the City's best estimate based on available information. Changes in the reported liability for all funds are as follows (dollars in thousands):

	<u>2010</u>	<u>2009</u>
Balance, January 1.....	\$ 513,333	\$ 497,527
Claims incurred on current and prior year events.....	632,765	605,506
Claims paid on current and prior year events.....	<u>(590,813)</u>	<u>(589,700)</u>
Balance, December 31.....	<u>\$ 555,285</u>	<u>\$ 513,333</u>

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONTINUED**

14) 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, alleged 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.

As of December 31, 2010, the Enterprise Funds have entered into contracts for approximately \$414.1 million for construction projects.

The City's pollution remediation obligation of \$14.3 million is primarily related to Brownfield redevelopment projects. These projects include removal of underground storage tanks, cleanup of contaminated soil, and removal of other environmental pollution identified at the individual sites. The estimated liability is calculated using the expected cash flow technique. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

15) Service Concession Agreements

The major fund entitled Service Concession Agreements is used for the primary purpose of accounting for the deferred inflows associated with governmental fund long-term lease and concession transactions. Deferred inflows are amortized over the life of the related lease and concession agreements. Proceeds from these transactions may be transferred from this fund in accordance with ordinances approved by city council that define the use of proceeds.

In February 2009, the City completed a \$1.15 billion concession agreement to allow a private operator to manage and collect revenues from the City's metered parking system for 75 years. The City received an upfront payment of \$1.15 billion which was recognized as a deferred inflow that will be amortized and recognized as revenue over the term of the agreement. In 2009, the City recognized \$15.3 million of revenue and will continue to recognize \$15.3 million for each subsequent year through 2083.

In December 2006, the City completed a long-term concession and lease of the City's downtown underground public parking system. The concession granted a private company the right to operate the garages and collect parking and related revenues for the 99-year term of the operating lease. The City received an upfront payment of \$563.0 million of which \$347.8 million was simultaneously used to purchase three of the underground garages from the Chicago Park District. The City recognized a deferred inflow that will be amortized and recognized as revenue over the term of the lease. In 2007, the City recognized \$5.7 million of revenue and will continue to recognize \$5.7 million for each subsequent year through 2105.

In January 2005, the City completed a long-term concession and lease of the Skyway. The concession granted a private company the right to operate the Skyway and to collect toll revenue from the Skyway for the 99-year term of the operating lease. The City received an upfront payment of \$1.83 billion; a portion of the payment (\$446.3 million) advance refunded all of the outstanding Skyway bonds. The City recognized a deferred inflow of \$1.83 billion that will be amortized and recognized as revenue over the 99-year term of the operating lease. In 2005, the City recognized \$18.5 million of revenue related to this transaction and will recognize \$18.5 million for each subsequent year through 2103. Skyway land, bridges, other facilities and equipment continue to be reported on the Statement of Net Assets and will be depreciated, as applicable, over their useful lives. The deferred inflow of the Skyway is reported in the Proprietary Funds Statement of Net Assets.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 - CONCLUDED**

16) Subsequent Events

In January 2011, the City sold General Obligation Taxable Project Bonds Series 2010C-1 (\$299.3 million). The bonds were issued at an interest rate of 7.781 percent and mature January 1, 2035. Proceeds will be used to pay for a portion of the costs of various capital projects of the City.

In January 2011, Fitch Ratings downgraded the Chicago O'Hare International Airport's Passenger Facility Revenue Bonds from "A" to "A-" and the General Airport Third Lien Revenue Bonds from "A+" to "A-." In April 2011, Fitch Ratings upgraded the Chicago O'Hare International Airport's Passenger Facility Revenue Bonds from "A-" to "A."

The City reached a new collective bargaining agreement with Chicago Fire Fighters Union Local No. 2, effective March 9, 2011, with a stated term of July 1, 2007 through June 30, 2012. This agreement covers approximately 4,900 firefighters and paramedics in the Chicago Fire Department. The City paid \$86.3 million in retroactive wages in April 2011.

In April 2011, \$86.3 million of General Obligation Commercial Paper Notes, Series 2002B were issued. Proceeds will be used for operations as identified in the 2011 Annual Appropriation Ordinance.

In April 2011, the City sold Chicago O'Hare International Airport General Airport Third Lien Revenue (Non-AMT) Bonds Series 2011A, General Airport Third Lien Revenue (Non-AMT) Bonds Series 2011B and General Airport Third Lien Revenue (Non-AMT) Bonds Series 2011C (\$1.0 billion). The bonds were issued at interest rates ranging from 3.0 percent to 6.5 percent and maturity dates from January 1, 2014 to January 1, 2041. Proceeds will be used to pay a portion of the costs of certain projects at Chicago O'Hare International Airport including the O'Hare Modernization Program.

In April 2011, the City sold Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding (Non-AMT) Bonds Series 2011A and Passenger Facility Charge Revenue Refunding (AMT) Series 2011B Bonds (\$46.0 million). The bonds were issued at interest rates ranging from 5.0 percent to 6.0 percent and maturity dates from January 1, 2017 to January 1, 2033. Proceeds will be used to pay a portion of the costs of certain projects at Chicago O'Hare International Airport including the O'Hare Modernization Program and to refund certain outstanding Passenger Facility Charge Revenue bonds.

In April 2011, the City novated its \$60.9 million notional amount swap associated with the Midway Airport Series 2004C&D variable rate bonds with J.P. Morgan to Wells Fargo Bank, N.A. The fixed rate the City pays increased from 4.174 percent to 4.247 percent, and the City will sign a one-way Credit Support Agreement (CSA) that no longer requires the City to post collateral if the mark-to-market exceeds the threshold, as previously defined in the J.P. Morgan agreement. A Goldman Sachs swap covers the remaining balance of the bonds, with a current notional amount of \$91.3 million, which does not have a two-way CSA and remains unchanged.

In May 2011, the City entered into a two-way Credit Support Agreement (CSA) with J.P. Morgan in connection with the \$397.7 million original notional amount swaption associated with the Midway Airport Series 1998 A,B&C fixed rate bonds. The CSA was required because a termination event was triggered due to the insurer's ratings downgrade. Based on the current second lien ratings at Midway Airport (A3/A-/A- by Moody's, S&P and Fitch respectively), if the mark-to-market on the swap is against the City by more than \$25 million, the City/Airport must post collateral for the difference. To mitigate the risk of posting collateral, the City obtained a \$25 million Letter of Credit (LOC) as collateral. The LOC is not expected to be drawn upon as long as there is no event of default by the bank or the City. Based on the current second lien ratings at Midway Airport, if the mark-to-market on the swaption is against the City by more than the combined \$25 million threshold provided in the CSA and the \$25 million LOC, for a total of \$50 million, the City must post collateral for the difference.

In June 2011, \$221.5 million of the General Obligation Bonds Series 2005D bonds became bank bonds due to the deterioration of the liquidity support provider's credit quality. The remarketing agent continues to use best efforts to remarket the bonds out of bank mode. There is no principal due on the bank bonds within the next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF CHICAGO, ILLINOIS
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS FUNDING PROGRESS
Last Three Years (dollars are in thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a) / c)
Municipal Employees'							
2008	12/31/2008	\$ -	\$ 222,691	\$ 222,691	- %	\$ 1,543,977	14.42 %
2009	12/31/2009	-	224,173	224,173	-	1,551,973	14.44
2010	12/31/2010	-	223,564	223,564	-	1,541,388	14.50
Laborers'							
2008	12/31/2008	-	42,064	42,064	- %	216,744	19.41 %
2009	12/31/2009	-	41,738	41,738	-	208,626	20.01
2010	12/31/2010	-	41,361	41,361	-	199,863	20.69
Policemen's							
2008	12/31/2008	-	169,972	169,972	- %	1,023,581	16.61 %
2009	12/31/2009	-	164,800	164,800	-	1,011,205	16.30
2010	12/31/2010	-	164,796	164,796	-	1,048,084	15.72
Firemen's							
2008	12/31/2008	-	47,309	47,309	- %	396,182	11.94 %
2009	12/31/2009	-	47,933	47,933	-	400,912	11.96
2010	12/31/2010	-	48,222	48,222	-	400,404	12.04
City of Chicago							
2007	12/31/2007	-	1,062,864	1,062,864	- %	2,562,007	41.49 %
2008	12/31/2008	-	787,395	787,395	-	2,475,107	31.81
2009	12/31/2009	-	533,387	533,387	-	2,546,961	20.94



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, 2010
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
LOCAL TAX REVENUE				
UTILITY TAX:				
Gas	\$ 115,830	\$ 115,830	\$ 114,254	\$ (1,576)
Electric	98,800	98,800	99,265	465
Telecommunication	151,979	151,979	139,516	(12,463)
Commonwealth Edison	91,200	91,200	91,714	514
Infrastructure Maintenance	-	-	-	-
Fiber Optics	-	-	-	-
Cable Television	22,000	22,000	22,662	662
Total Utility Tax	<u>479,809</u>	<u>479,809</u>	<u>467,411</u>	<u>(12,398)</u>
SALES TAX:				
Home Rule Retailers' Occupation	215,312	215,312	229,202	13,890
TRANSPORTATION TAX:				
Parking	92,522	92,522	92,306	(216)
Vehicle Fuel	54,139	54,139	49,800	(4,339)
Ground Transportation	9,000	9,000	8,600	(400)
Total Transportation Tax	<u>155,661</u>	<u>155,661</u>	<u>150,706</u>	<u>(4,955)</u>
TRANSACTION TAX:				
Real Property	57,014	57,014	81,302	24,288
Personal Property Lease	110,356	110,356	108,357	(1,999)
Motor Vehicle Lessor	5,343	5,343	5,426	83
Total Transaction Tax	<u>172,713</u>	<u>172,713</u>	<u>195,085</u>	<u>22,372</u>
RECREATION TAX:				
Amusement	81,960	81,960	85,682	3,722
Automatic Amusement	1,150	1,150	990	(160)
Liquor	32,310	32,310	31,508	(802)
Boat Mooring	1,328	1,328	1,317	(11)
Cigarette	17,829	17,829	19,326	1,497
Off Track Betting	1,392	1,392	929	(463)
Soft Drink	18,788	18,788	18,638	(150)
Total Recreation Tax	<u>154,757</u>	<u>154,757</u>	<u>158,390</u>	<u>3,633</u>
BUSINESS TAX:				
Hotel	51,846	51,846	54,348	2,502
Employers' Expense	22,000	22,000	23,479	1,479
Foreign Fire Insurance	4,300	4,300	5,133	833
Total Business Tax	<u>78,146</u>	<u>78,146</u>	<u>82,960</u>	<u>4,814</u>
TOTAL LOCAL TAX REVENUE	<u>1,256,398</u>	<u>1,256,398</u>	<u>1,283,754</u>	<u>27,356</u>

Schedule A-1 - Continued
CITY OF CHICAGO, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
INTERGOVERNMENTAL REVENUE				
STATE INCOME TAX:				
Income	\$ 208,529	\$ 208,529	\$ 231,531	\$ 23,002
Personal Property Replacement	1,726	1,726	50,480	48,754
Total State Income Tax	<u>210,255</u>	<u>210,255</u>	<u>282,011</u>	<u>71,756</u>
STATE SALES TAX:				
State Retailers' Occupation	245,042	245,042	266,640	21,598
STATE AUTO RENTAL TAX:				
Municipal Auto Rental	3,160	3,160	3,434	274
FEDERAL/STATE GRANTS:				
Grants	2,500	2,500	1,735	(765)
TOTAL INTERGOVERNMENTAL REVENUE ...	<u>460,957</u>	<u>460,957</u>	<u>553,820</u>	<u>92,863</u>
LOCAL NON-TAX REVENUE				
INTERNAL SERVICE:				
Water Fund	62,682	62,682	60,648	(2,034)
Chicago-O'Hare International Airport Fund	33,827	33,827	31,273	(2,554)
Vehicle Tax Fund	21,774	21,774	19,709	(2,065)
Chicago Midway International Airport Fund	8,263	8,263	9,046	783
Federal Funds	10,432	10,432	11,798	1,366
Sewer Fund	28,557	28,557	26,305	(2,252)
Emergency Communication Fund	75,983	75,983	70,985	(4,998)
Federal Funds - Pensions	16,164	16,164	18,603	2,439
Indirect Cost Recovery	303	303	343	40
Electrical Services	376	376	982	606
Electrical Construction	542	542	1,424	882
Transportation	13,272	13,272	9,908	(3,364)
Fleet Management	8,511	8,511	7,291	(1,220)
Miscellaneous - Planning, Purchasing, etc.	8,642	8,642	5,131	(3,511)
Other	-	-	1,128	1,128
Total Internal Service	<u>289,328</u>	<u>289,328</u>	<u>274,574</u>	<u>(14,754)</u>
LICENSES AND PERMITS:				
Alcoholic Liquor Dealers' License	11,109	11,109	11,202	93
Building License	22,831	22,831	20,542	(2,289)
Building Permits	20,550	20,550	17,317	(3,233)
Fines and Penalties	6,825	6,825	6,864	39
Other	44,638	44,638	40,315	(4,323)
Total Licenses and Permits	<u>105,953</u>	<u>105,953</u>	<u>96,240</u>	<u>(9,713)</u>

Schedule A-1 - Concluded
CITY OF CHICAGO, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
LOCAL NON-TAX REVENUE - Concluded				
FINES:				
Fines, Forfeitures and Penalties	\$ 262,900	\$ 262,900	\$ 258,802	\$ (4,098)
INVESTMENT INCOME:				
Interest on Investments	3,000	3,000	4,200	1,200
CHARGES FOR SERVICES:				
Inspection	9,282	9,282	10,335	1,053
Information	800	800	950	150
Safety	48,134	48,134	51,486	3,352
Reimbursement of Current Expense	7,200	7,200	7,455	255
Other	12,127	12,127	7,468	(4,659)
Total Charges for Services	<u>77,543</u>	<u>77,543</u>	<u>77,694</u>	<u>151</u>
MUNICIPAL UTILITIES:				
Parking	6,038	6,038	6,405	367
Total Municipal Utilities	<u>6,038</u>	<u>6,038</u>	<u>6,405</u>	<u>367</u>
LEASES, RENTALS AND SALES:				
Sale of Land and Buildings	9,500	9,500	6,051	(3,449)
Vacation of Streets and Alleys	3,000	3,000	86	(2,914)
Sale of Impounded Autos	237	237	2,096	1,859
Sale of Materials	1,000	1,000	2,599	1,599
Rentals and Leases	5,547	5,547	6,772	1,225
Total Leases, Rentals and Sales	<u>19,284</u>	<u>19,284</u>	<u>17,604</u>	<u>(1,680)</u>
MISCELLANEOUS:				
Property Damage	59	59	139	80
Other	11,091	11,091	37,620	26,529
Total Miscellaneous	<u>11,150</u>	<u>11,150</u>	<u>37,759</u>	<u>26,609</u>
TOTAL LOCAL NON-TAX REVENUE	<u>775,196</u>	<u>775,196</u>	<u>773,278</u>	<u>(1,918)</u>
Issuance of Debt, Net of Original				
Discount	16,500	16,500	16,500	-
Budgeted Prior Years' Surplus				
and Reappropriations	-	-	-	-
Transfers In	670,694	670,694	502,502	(168,192)
Total Revenues	<u>\$ 3,179,745</u>	<u>\$ 3,179,745</u>	<u>\$ 3,129,854</u>	<u>\$ (49,891)</u>

NONMAJOR GOVERNMENTAL FUNDS



**Schedule B-1
CITY OF CHICAGO, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2010
(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	\$ 111,066	\$ 13,263	\$ 89,499	\$ 213,828
Investments	34,932	1,153	2,861	38,946
Cash and Investments with Escrow Agent	-	132,293	-	132,293
Receivables (Net of Allowances):				
Property Tax	382,595	120,397	-	502,992
Accounts	16,211	1	6,151	22,363
Due from Other Funds	65,390	50	28,933	94,373
Due from Other Governments	13,661	242	24,578	38,481
Total Assets	\$ 623,855	\$ 267,399	\$ 152,022	\$ 1,043,276
LIABILITIES AND FUND BALANCE				
Liabilities:				
Voucher Warrants Payable	\$ 71,824	\$ -	\$ 8,382	\$ 80,206
Bonds, Notes and Other Obligations Payable - Current	-	6,695	-	6,695
Accrued Interest	-	2,775	-	2,775
Due to Other Funds	64,207	-	16,803	81,010
Accrued and Other Liabilities	45,021	41	22,166	67,228
Deferred Revenue	337,063	99,438	-	436,501
Total Liabilities	518,115	108,949	47,351	674,415
Fund Balance:				
Reserved for Encumbrances	9,350	-	12,136	21,486
Reserved for Debt Service	-	158,450	-	158,450
Unreserved, Undesignated	96,390	-	92,535	188,925
Total Fund Balance	105,740	158,450	104,671	368,861
Total Liabilities and Fund Balance	\$ 623,855	\$ 267,399	\$ 152,022	\$ 1,043,276

Schedule B-2
CITY OF CHICAGO, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2010
(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	\$ 316,618	\$ -	\$ -	\$ 316,618
Utility Tax	72,201	-	-	72,201
Sales Tax	-	1,409	-	1,409
Transportation Tax	168,912	-	-	168,912
State Income Tax	103,657	-	-	103,657
Transaction Tax	32,687	-	-	32,687
Special Area Tax	-	113,949	-	113,949
Other Taxes	14,541	-	-	14,541
Federal/State Grants	-	-	-	-
Internal Service	21,191	-	-	21,191
Fines	13,865	-	-	13,865
Investment Income	3,542	19	1,635	5,196
Charges for Services	29,561	-	-	29,561
Miscellaneous	29,226	663	1,042	30,931
Total Revenues	806,001	116,040	2,677	924,718
EXPENDITURES				
Current:				
General Government	233,227	-	-	233,227
Health	5,704	-	-	5,704
Public Safety	3,158	-	-	3,158
Streets and Sanitation	51,405	-	-	51,405
Transportation	53,019	-	-	53,019
Cultural and Recreational	84,424	-	-	84,424
Employee Pensions	435,432	-	-	435,432
Other	869	-	-	869
Capital Outlay	-	-	66,399	66,399
Debt Service:				
Principal Retirement	-	36,535	-	36,535
Interest and Other Fiscal Charges	3,898	28,431	-	32,329
Total Expenditures	871,136	64,966	66,399	1,002,501
Revenues Over (Under) Expenditures	(65,135)	51,074	(63,722)	(77,783)

Continued on following page.

Schedule B-2 - Concluded
CITY OF CHICAGO, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2010
(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)				
Issuance of Debt	\$ 88,018	\$ 1,443	\$ 120,647	\$ 210,108
Payment to Refunded Bond Escrow Agent	-	-	-	-
Transfers In	13,600	44,185	-	57,785
Transfers Out	(21,500)	(87,899)	-	(109,399)
Total Other Financing Sources (Uses)	<u>80,118</u>	<u>(42,271)</u>	<u>120,647</u>	<u>158,494</u>
Net Change in Fund Balances	14,983	8,803	56,925	80,711
Fund Balance - Beginning of Year	90,757	149,647	47,746	288,150
Fund Balance - End of Year	<u>\$ 105,740</u>	<u>\$ 158,450</u>	<u>\$ 104,671</u>	<u>\$ 368,861</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

Miscellaneous Fund - Expenditures for environmental management purposes related to liquid waste, inspection, operation of emergency communication system and other obligations, as provided by revenues from fees collected for disposal of liquid waste, by fees on telephone billings and transfers in.

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 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, and for neighborhood human infrastructure projects designed to improve the quality of life for citizens.

Schedule C-1
CITY OF CHICAGO, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2010
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Investments	17,025	1,732	15
Receivables (Net of Allowances):			
Property Tax	-	-	382,595
Accounts	3,007	2,044	558
Due from Other Funds	50,485	396	-
Due from Other Governments	-	4,726	-
Total Assets	<u>\$ 70,517</u>	<u>\$ 8,898</u>	<u>\$ 383,168</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Voucher Warrants Payable	\$ 11,915	\$ 3,453	\$ 40,988
Due to Other Funds	25,740	3,565	5,117
Accrued and Other Liabilities	26,237	8,486	-
Deferred Revenue	-	-	337,063
Total Liabilities	<u>63,892</u>	<u>15,504</u>	<u>383,168</u>
Fund Balance (Deficit):			
Reserve for Encumbrances	2,375	5,365	-
Unreserved, Undesignated	4,250	(11,971)	-
Total Fund Balance (Deficit)	<u>6,625</u>	<u>(6,606)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 70,517</u>	<u>\$ 8,898</u>	<u>\$ 383,168</u>

<u>Public Building Commission</u>	<u>Miscellaneous</u>	<u>Chicago Public Library</u>	<u>Special Events, Tourism and Festivals</u>	<u>Health and Welfare</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 26,825	\$ -	\$ -	\$ 84,241	\$ 111,066
-	11,199	4,597	167	197	34,932
-	-	-	-	-	382,595
-	9,969	197	328	108	16,211
-	1,759	8,958	1,390	2,402	65,390
3,979	-	-	4,956	-	13,661
<u>\$ 3,979</u>	<u>\$ 49,752</u>	<u>\$ 13,752</u>	<u>\$ 6,841</u>	<u>\$ 86,948</u>	<u>\$ 623,855</u>
\$ -	\$ 6,907	\$ 4,005	\$ 1,927	\$ 2,629	\$ 71,824
30	26,708	451	2,595	1	64,207
-	37	3,935	6,326	-	45,021
-	-	-	-	-	337,063
<u>30</u>	<u>33,652</u>	<u>8,391</u>	<u>10,848</u>	<u>2,630</u>	<u>518,115</u>
-	937	626	47	-	9,350
3,949	15,163	4,735	(4,054)	84,318	96,390
<u>3,949</u>	<u>16,100</u>	<u>5,361</u>	<u>(4,007)</u>	<u>84,318</u>	<u>105,740</u>
<u>\$ 3,979</u>	<u>\$ 49,752</u>	<u>\$ 13,752</u>	<u>\$ 6,841</u>	<u>\$ 86,948</u>	<u>\$ 623,855</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, 2010

(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
Revenues:			
Property Tax	\$ -	\$ -	\$ 316,618
Utility Tax	-	-	-
Sales Tax	-	-	-
Transportation Tax	97,563	70,495	-
State Income Tax	-	-	103,657
Transaction Tax	-	-	-
Special Area Tax	-	-	-
Other Taxes	-	-	-
Federal/State Grants	-	-	-
Internal Service	21,191	-	-
Fines	11,501	-	-
Investment Income	-	92	64
Charges for Services	10,777	82	-
Miscellaneous	7,795	-	-
Total Revenues	<u>148,827</u>	<u>70,669</u>	<u>420,339</u>
Expenditures:			
Current:			
General Government	69,391	13,588	-
Health	-	-	-
Public Safety	480	-	-
Streets and Sanitation	37,423	13,982	-
Transportation	29,543	23,454	-
Cultural and Recreational	-	-	-
Employee Pensions	-	-	435,432
Other	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Other Fiscal Charges	-	8	-
Total Expenditures	<u>136,837</u>	<u>51,032</u>	<u>435,432</u>
Revenues Over (Under) Expenditures	<u>11,990</u>	<u>19,637</u>	<u>(15,093)</u>
Other Financing Sources (Uses):			
Issuance of Debt	-	-	15,093
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>15,093</u>
Net Change in Fund Balances	11,990	19,637	-
Fund Balance (Deficit) - Beginning of Year	(5,365)	(26,243)	-
Fund Balance (Deficit) - End of Year	<u>\$ 6,625</u>	<u>\$ (6,606)</u>	<u>\$ -</u>

Public Building Commission	Miscellaneous	Chicago Public Library	Special Events, Tourism and Festivals	Health and Welfare	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 316,618
-	72,201	-	-	-	72,201
-	-	-	-	-	-
-	-	-	854	-	168,912
-	-	-	-	-	103,657
-	32,687	-	-	-	32,687
-	-	-	-	-	-
-	-	-	14,541	-	14,541
-	-	-	-	-	-
-	-	-	-	-	21,191
-	-	2,364	-	-	13,865
2,793	352	43	1	197	3,542
-	29	5	18,668	-	29,561
-	10,981	350	7,698	2,402	29,226
<u>2,793</u>	<u>116,250</u>	<u>2,762</u>	<u>41,762</u>	<u>2,599</u>	<u>806,001</u>
-	103,660	34,804	6,221	5,563	233,227
-	5,704	-	-	-	5,704
-	2,578	-	100	-	3,158
-	-	-	-	-	51,405
-	-	-	-	22	53,019
-	-	50,085	34,339	-	84,424
-	-	-	-	-	435,432
-	-	-	869	-	869
-	-	-	-	-	-
-	-	-	-	-	-
1,540	-	2,350	-	-	3,898
<u>1,540</u>	<u>111,942</u>	<u>87,239</u>	<u>41,529</u>	<u>5,585</u>	<u>871,136</u>
<u>1,253</u>	<u>4,308</u>	<u>(84,477)</u>	<u>233</u>	<u>(2,986)</u>	<u>(65,135)</u>
-	-	70,425	2,500	-	88,018
-	-	13,600	-	-	13,600
-	-	-	-	(21,500)	(21,500)
-	-	84,025	2,500	(21,500)	80,118
1,253	4,308	(452)	2,733	(24,486)	14,983
<u>2,696</u>	<u>11,792</u>	<u>5,813</u>	<u>(6,740)</u>	<u>108,804</u>	<u>90,757</u>
<u>\$ 3,949</u>	<u>\$ 16,100</u>	<u>\$ 5,361</u>	<u>\$ (4,007)</u>	<u>\$ 84,318</u>	<u>\$ 105,740</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, 2010
(Amounts are in Thousands of Dollars)

FUND	Transaction and Property Tax	Special Area and Utility Taxes	Trans- portation Tax	State Taxes
Original and Final Budgeted Revenues:				
Vehicle Tax	\$ -	\$ -	\$ 98,321	\$ -
Motor Fuel Tax and Project	-	-	62,380	-
Pension	336,931	-	-	108,153
Miscellaneous	22,806	76,483	-	-
Chicago Public Library	-	-	-	-
Special Events, Tourism and Festivals	-	-	860	15,197
Health and Welfare	-	-	-	-
Total Original and Final Budgeted Revenues	<u>359,737</u>	<u>76,483</u>	<u>161,561</u>	<u>123,350</u>
Actual Revenues:				
Vehicle Tax	-	-	97,563	-
Motor Fuel Tax and Project	-	-	70,495	-
Pension	349,477	-	-	103,657
Miscellaneous	32,687	72,201	-	-
Chicago Public Library	-	-	-	-
Special Events, Tourism and Festivals	-	-	854	14,541
Health and Welfare	-	-	-	-
Total Actual Revenues	<u>382,164</u>	<u>72,201</u>	<u>168,912</u>	<u>118,198</u>
Variance Positive (Negative)	<u>\$ 22,427</u>	<u>\$ (4,282)</u>	<u>\$ 7,351</u>	<u>\$ (5,152)</u>

<u>Internal Service</u>	<u>Fines</u>	<u>Investment Income</u>	<u>Leases, Rentals, Sales and Charges for Services</u>	<u>Miscellaneous</u>	<u>Proceeds of Debt</u>	<u>Budgeted Prior Years' Surplus and Operating Transfers In/ Other</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 28,314	\$ 10,700	\$ -	\$ 8,754	\$ 7,900	\$ -	\$ (6,367)	\$ 147,622
-	-	140	-	-	-	3,210	65,730
-	-	-	-	-	-	-	445,084
-	-	-	-	12,083	-	3,143	114,515
-	3,000	110	350	50	70,441	19,912	93,863
-	-	50	23,300	7,317	2,500	(5,648)	43,576
-	-	-	-	-	-	32,678	32,678
<u>28,314</u>	<u>13,700</u>	<u>300</u>	<u>32,404</u>	<u>27,350</u>	<u>72,941</u>	<u>46,928</u>	<u>943,068</u>
21,191	11,501	-	10,777	7,795	-	-	148,827
-	-	92	82	-	-	-	70,669
-	-	64	-	-	15,093	-	468,291
-	-	352	29	10,981	-	-	116,250
-	2,364	43	5	350	70,425	13,600	86,787
-	-	1	18,668	7,698	2,500	-	44,262
-	-	197	-	2,402	-	-	2,599
<u>21,191</u>	<u>13,865</u>	<u>749</u>	<u>29,561</u>	<u>29,226</u>	<u>88,018</u>	<u>13,600</u>	<u>937,685</u>
<u>\$ (7,123)</u>	<u>\$ 165</u>	<u>\$ 449</u>	<u>\$ (2,843)</u>	<u>\$ 1,876</u>	<u>\$ 15,077</u>	<u>\$ (33,328)</u>	<u>\$ (5,383)</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, 2010
(Amounts are in Thousands of Dollars)**

FUND	<u>General Government</u>	<u>Health</u>	<u>Public Safety</u>	<u>Streets and Sanitation</u>
Original and Final Budget:				
Vehicle Tax	\$ 77,233	\$ -	\$ -	\$ 40,706
Motor Fuel Tax and Project	13,585	-	-	19,975
Pension	-	-	-	-
Miscellaneous	99,561	8,400	6,554	-
Chicago Public Library	36,404	-	-	-
Special Events, Tourism and Festivals	6,490	-	100	-
Health and Welfare	11,178	-	-	-
Total Original and Final Budget	<u>244,451</u>	<u>8,400</u>	<u>6,654</u>	<u>60,681</u>
Actual Expenditures and Encumbrances:				
Vehicle Tax	70,365	-	-	37,486
Motor Fuel Tax and Project	13,585	-	-	14,046
Pension	-	-	-	-
Miscellaneous	103,569	2,036	2,014	-
Chicago Public Library	32,826	-	-	-
Special Events, Tourism and Festivals	6,727	-	100	-
Health and Welfare	170	-	-	-
Total Actual Expenditures and Encumbrances	<u>227,242</u>	<u>2,036</u>	<u>2,114</u>	<u>51,532</u>
Variance Positive (Negative)	<u>\$ 17,209</u>	<u>\$ 6,364</u>	<u>\$ 4,540</u>	<u>\$ 9,149</u>

<u>Trans- portation</u>	<u>Cultural and Recreational</u>	<u>Employee Pensions</u>	<u>Operating Transfers Out</u>	<u>Interest and Other Fiscal Charges</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 29,683	\$ -	\$ -	\$ -	\$ -	\$ 147,622
32,159	-	-	-	11	65,730
-	-	445,084	-	-	445,084
-	-	-	-	-	114,515
-	54,058	-	-	3,401	93,863
-	36,986	-	-	-	43,576
-	-	-	21,500	-	32,678
<u>61,842</u>	<u>91,044</u>	<u>445,084</u>	<u>21,500</u>	<u>3,412</u>	<u>943,068</u>
30,408	-	-	-	-	138,259
25,199	-	-	-	11	52,841
-	-	435,430	-	-	435,430
-	-	-	-	-	107,619
-	49,776	-	-	2,350	84,952
-	34,711	-	-	-	41,538
-	-	-	21,500	-	21,670
<u>55,607</u>	<u>84,487</u>	<u>435,430</u>	<u>21,500</u>	<u>2,361</u>	<u>882,309</u>
<u>\$ 6,235</u>	<u>\$ 6,557</u>	<u>\$ 9,654</u>	<u>\$ -</u>	<u>\$ 1,051</u>	<u>\$ 60,759</u>

NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

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



Schedule D-1
CITY OF CHICAGO, ILLINOIS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
December 31, 2010
(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	\$ 1,095	\$ 1,084	\$ 87,320	\$ -	\$ 89,499
Investments	2,379	156	326	-	2,861
Accounts Receivable (Net of Allowances)	19	-	290	5,842	6,151
Due from Other Funds	-	-	28,933	-	28,933
Due from Other Governments	-	-	-	24,578	24,578
Total Assets	<u>\$ 3,493</u>	<u>\$ 1,240</u>	<u>\$ 116,869</u>	<u>\$ 30,420</u>	<u>\$ 152,022</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Voucher Warrants Payable	\$ 122	\$ 1	\$ 8,259	\$ -	\$ 8,382
Due to Other Funds	-	-	16,803	-	16,803
Accrued and Other Liabilities	-	-	272	21,894	22,166
Total Liabilities	<u>122</u>	<u>1</u>	<u>25,334</u>	<u>21,894</u>	<u>47,351</u>
Fund Balance:					
Reserved for Encumbrances	-	-	12,136	-	12,136
Unreserved, Undesignated	3,371	1,239	79,399	8,526	92,535
Total Fund Balance	<u>3,371</u>	<u>1,239</u>	<u>91,535</u>	<u>8,526</u>	<u>104,671</u>
Total Liabilities and Fund Balance	<u>\$ 3,493</u>	<u>\$ 1,240</u>	<u>\$ 116,869</u>	<u>\$ 30,420</u>	<u>\$ 152,022</u>

Schedule D-2
CITY OF CHICAGO, ILLINOIS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2010
(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	\$ 45	\$ -	\$ 1,588	\$ 2	\$ 1,635
Miscellaneous	-	-	1,042	-	1,042
Total Revenues	<u>45</u>	<u>-</u>	<u>2,630</u>	<u>2</u>	<u>2,677</u>
EXPENDITURES					
Capital Outlay	-	-	66,399	-	66,399
Total Expenditures	<u>-</u>	<u>-</u>	<u>66,399</u>	<u>-</u>	<u>66,399</u>
Revenues Over (Under) Expenditures	<u>45</u>	<u>-</u>	<u>(63,769)</u>	<u>2</u>	<u>(63,722)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	-	120,647	-	120,647
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>120,647</u>	<u>-</u>	<u>120,647</u>
Net Change in Fund Balance	45	-	56,878	2	56,925
Fund Balance - Beginning of Year	3,326	1,239	34,657	8,524	47,746
Fund Balance - End of Year	<u>\$ 3,371</u>	<u>\$ 1,239</u>	<u>\$ 91,535</u>	<u>\$ 8,526</u>	<u>\$ 104,671</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
December 31, 2010
(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, 2010.....	\$ 9,810	\$ 4,874	\$ (26,652)	\$ 16,320	\$ 969.00	\$ 5,321
Additions.....	3,397,724	12,526	629,952	146,258	16,801	4,203,261
Deductions.....	3,403,528	45	563,297	138,017	16,740	4,121,627
Cash,						
December 31, 2010.....	4,006	17,355	40,003	24,561	1,030	86,955
Investments,						
January 1, 2010.....	17	526	45,711	5,794	3,052	55,100
Additions.....	1,393	45	85,196	17,324	15,774	119,732
Deductions.....	17	526	90,121	15,088	15,797	121,549
Investments,						
December 31, 2010.....	1,393	45	40,786	8,030	3,029	53,283
Cash and Investments with Escrow Agent,						
January 1, 2010.....	-	-	13,998	121	-	14,119
Additions.....	-	-	87,537	-	-	87,537
Deductions.....	-	-	84,930	-	-	84,930
Cash and Investments with Escrow Agent,						
December 31, 2010.....	-	-	16,605	121	-	16,726
Accounts Receivables,						
January 1, 2010.....	1	15,846	174,634	115,345	1,509	307,335
Additions.....	2	-	141,511	85,959	51	227,523
Deductions.....	1	12,000	174,721	134,945	457	322,124
Accounts Receivables,						
December 31, 2010.....	2	3,846	141,424	66,359	1,103	212,734

Schedule E-1 - Concluded
CITY OF CHICAGO, ILLINOIS
FIDUCIARY FUNDS - AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
December 31, 2010
(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, 2010.....	\$ 9,828	\$ 21,246	\$ 207,691	\$ 137,580	\$ 5,530	\$ 381,875
Additions.....	3,399,119	12,571	944,196	249,541	32,626	4,638,053
Deductions.....	<u>3,403,546</u>	<u>12,571</u>	<u>913,069</u>	<u>288,050</u>	<u>32,994</u>	<u>4,650,230</u>
Total Assets,						
December 31, 2010.....	<u>\$ 5,401</u>	<u>\$ 21,246</u>	<u>\$ 238,818</u>	<u>\$ 99,071</u>	<u>\$ 5,162</u>	<u>\$ 369,698</u>
LIABILITIES:						
Voucher Warrants Payable,						
January 1, 2010.....	\$ -	\$ 34	\$ 14,051	\$ 4,898	\$ 4	\$ 18,987
Additions.....	7,842,935	-	402,055	25,524	889	8,271,403
Deductions.....	<u>7,842,935</u>	<u>-</u>	<u>380,517</u>	<u>26,616</u>	<u>888</u>	<u>8,250,956</u>
Voucher Warrants Payable,						
December 31, 2010.....	<u>-</u>	<u>34</u>	<u>35,589</u>	<u>3,806</u>	<u>5</u>	<u>39,434</u>
Accrued Liabilities,						
January 1, 2010.....	9,828	21,212	193,640	132,681	5,527	362,888
Additions.....	1,411,506	-	213,398	39,794	516	1,665,214
Deductions.....	<u>1,415,933</u>	<u>-</u>	<u>203,809</u>	<u>77,210</u>	<u>886</u>	<u>1,697,838</u>
Accrued Liabilities,						
December 31, 2010.....	<u>5,401</u>	<u>21,212</u>	<u>203,229</u>	<u>95,265</u>	<u>5,157</u>	<u>330,264</u>
Total Liabilities,						
January 1, 2010.....	9,828	21,246	207,691	137,579	5,531	381,875
Additions.....	9,254,441	-	615,453	65,318	1,405	9,936,617
Deductions.....	<u>9,258,868</u>	<u>-</u>	<u>584,326</u>	<u>103,826</u>	<u>1,774</u>	<u>9,948,794</u>
Total Liabilities,						
December 31, 2010.....	<u>\$ 5,401</u>	<u>\$ 21,246</u>	<u>\$ 238,818</u>	<u>\$ 99,071</u>	<u>\$ 5,162</u>	<u>\$ 369,698</u>

Schedule E-2
CITY OF CHICAGO, ILLINOIS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
COMBINING STATEMENT OF PLAN NET ASSETS
December 31, 2010
(Amounts are in Thousands of Dollars)

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
ASSETS					
Cash and Cash Equivalents	\$ 3,256	\$ 78,597	\$ 91,970	\$ 37,601	\$ 211,424
Receivables					
Employer and Other	213,687	20,092	478,908	92,129	804,816
Interest and Dividends	15,509	2,625	8,381	13,156	39,671
Total Receivables	229,196	22,717	487,289	105,285	844,487
Due from City	1,858	192	1,965	902	4,917
Investments, at Fair Value					
Bonds and U.S. Government					
Obligations	1,261,024	257,970	557,576	163,012	2,239,582
Stocks	2,873,117	973,499	1,994,575	717,178	6,558,369
Mortgages and Real Estate	262,936	34,592	94,422	48,291	440,241
Other	895,099	102,873	562,564	44,173	1,604,709
Total Investments	5,292,176	1,368,934	3,209,137	972,654	10,842,901
Invested Securities Lending					
Collateral	638,412	151,718	295,715	152,508	1,238,353
Total Assets	6,164,898	1,622,158	4,086,076	1,268,950	13,142,082
LIABILITIES					
Voucher Warrants Payable	90,893	43,226	350,692	10,364	495,175
Securities Lending Collateral	638,412	151,718	295,715	152,508	1,238,353
Total Liabilities	729,305	194,944	646,407	162,872	1,733,528
Net Assets Held in Trust for					
Pension Benefits	\$ 5,435,593	\$ 1,427,214	\$ 3,439,669	\$ 1,106,078	\$ 11,408,554

Schedule E-3
CITY OF CHICAGO, ILLINOIS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
Year Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
ADDITIONS					
Contributions					
Employees	\$ 133,300	\$ 16,320	\$ 108,402	\$ 41,730	\$ 299,752
City	164,302	17,939	183,835	83,592	449,668
Total Contributions	<u>297,602</u>	<u>34,259</u>	<u>292,237</u>	<u>125,322</u>	<u>749,420</u>
Investment Income					
Net Appreciation in Fair					
Value of Investments	537,395	174,439	316,282	130,626	1,158,742
Interest, Dividends and Other	117,953	25,132	62,219	25,307	230,611
Investment Expense	(23,998)	(7,694)	(9,836)	(5,521)	(47,049)
Net Investment Income	<u>631,350</u>	<u>191,877</u>	<u>368,665</u>	<u>150,412</u>	<u>1,342,304</u>
Securities Lending Transactions					
Securities Lending Income	9,538	1,710	1,133	604	12,985
Securities Lending Expense	(2,295)	(400)	(220)	(151)	(3,066)
Net Securities Lending Transactions	<u>7,243</u>	<u>1,310</u>	<u>913</u>	<u>453</u>	<u>9,919</u>
Total Additions	<u>936,195</u>	<u>227,446</u>	<u>661,815</u>	<u>276,187</u>	<u>2,101,643</u>
DEDUCTIONS					
Benefits and Refunds of					
Deductions	660,081	129,297	543,832	217,566	1,550,776
Administrative and General	6,745	3,864	4,365	4,187	19,161
Total Deductions	<u>666,826</u>	<u>133,161</u>	<u>548,197</u>	<u>221,753</u>	<u>1,569,937</u>
Net Increase in Net Assets	<u>269,369</u>	<u>94,285</u>	<u>113,618</u>	<u>54,434</u>	<u>531,706</u>
Net Assets Held in Trust for Pension Benefits:					
Beginning of Year	5,166,224	1,332,929	3,326,051	1,051,644	10,876,848
End of Year	<u>\$ 5,435,593</u>	<u>\$ 1,427,214</u>	<u>\$ 3,439,669</u>	<u>\$ 1,106,078</u>	<u>\$ 11,408,554</u>



PART III

STATISTICAL SECTION

(UNAUDITED)

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning that year.

Table 1
CITY OF CHICAGO
NET ASSETS BY COMPONENT
Last Nine Fiscal Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 1,418,685	\$ 1,091,893	\$ 813,964	\$ 514,271
Restricted	997,687	1,216,595	1,346,754	2,632,804
Unrestricted (deficit)	<u>(827,376)</u>	<u>(1,202,113)</u>	<u>(1,397,160)</u>	<u>(1,597,634)</u>
Total governmental activities, net assets	<u>\$ 1,588,996</u>	<u>\$ 1,106,375</u>	<u>\$ 763,558</u>	<u>\$ 1,549,441</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 1,744,719	\$ 1,560,539	\$ 1,610,788	\$ 1,879,343
Restricted	716,704	897,313	877,781	886,488
Unrestricted	<u>(23,929)</u>	<u>(16,955)</u>	<u>(117,238)</u>	<u>(1,603,766)</u>
Total business type activities, net assets	<u>\$ 2,437,494</u>	<u>\$ 2,440,897</u>	<u>\$ 2,371,331</u>	<u>\$ 1,162,065</u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 3,163,404	\$ 2,652,432	\$ 2,424,752	\$ 2,393,614
Restricted	1,714,391	2,113,908	2,224,535	3,519,292
Unrestricted	<u>(851,305)</u>	<u>(1,219,068)</u>	<u>(1,514,398)</u>	<u>(3,201,400)</u>
Total primary government, net assets	<u>\$ 4,026,490</u>	<u>\$ 3,547,272</u>	<u>\$ 3,134,889</u>	<u>\$ 2,711,506</u>

Note: The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year ended 2002.

(1) As a result of the implementation of GASB Statement No. 53, the results of 2009 were restated, retroactively.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (1)</u>	<u>2010</u>
\$ 574,393	\$ 570,665	\$ 494,930	\$ 251,103	\$ (324,284)
2,451,160	2,980,207	2,842,149	3,735,128	3,611,533
<u>(2,003,328)</u>	<u>(3,435,506)</u>	<u>(4,092,388)</u>	<u>(5,840,026)</u>	<u>(6,582,562)</u>
<u>\$ 1,022,225</u>	<u>\$ 115,366</u>	<u>\$ (755,309)</u>	<u>\$ (1,853,795)</u>	<u>\$ (3,295,313)</u>
\$ 1,940,069	\$ 2,168,833	\$ 2,323,394	\$ 2,286,658	\$ 2,365,522
971,669	881,908	779,894	821,909	790,881
<u>(1,587,939)</u>	<u>(1,561,634)</u>	<u>(1,517,891)</u>	<u>(1,541,136)</u>	<u>(1,431,859)</u>
<u>\$ 1,323,799</u>	<u>\$ 1,489,107</u>	<u>\$ 1,585,397</u>	<u>\$ 1,567,431</u>	<u>\$ 1,724,544</u>
\$ 2,514,462	\$ 2,739,498	\$ 2,818,324	\$ 2,537,761	\$ 2,041,238
3,422,829	3,862,115	3,622,043	4,557,037	4,402,414
<u>(3,591,267)</u>	<u>(4,997,140)</u>	<u>(5,610,279)</u>	<u>(7,381,162)</u>	<u>(8,014,421)</u>
<u>\$ 2,346,024</u>	<u>\$ 1,604,473</u>	<u>\$ 830,088</u>	<u>\$ (286,364)</u>	<u>\$ (1,570,769)</u>

Table 2
CITY OF CHICAGO
CHANGES IN NET ASSETS - ACCRUAL BASIS OF ACCOUNTING
Last Nine Fiscal Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	2002	2003	2004	2005
Expenses				
Governmental Activities:				
General Government	\$ 1,587,322	\$ 1,738,548	\$ 1,642,072	\$ 1,842,353
Public Safety	1,623,340	1,646,760	1,853,887	1,834,008
Employee Pensions	328,518	354,819	299,810	388,053
Streets and Sanitation	318,982	335,727	334,878	353,976
Transportation	240,572	304,580	275,536	285,598
Health	178,741	174,780	164,830	147,376
Cultural and Recreational	102,516	100,725	95,924	114,504
Other	10,332	10,771	10,581	9,892
Interest on Long-term Debt	280,347	301,181	352,119	335,373
Total Governmental Activities	<u>4,670,670</u>	<u>4,967,891</u>	<u>5,029,637</u>	<u>5,311,133</u>
Business-type Activities:				
Water	305,246	318,925	297,902	326,444
Sewer	146,286	144,420	135,013	132,727
Chicago Midway International Airport	117,117	128,550	138,404	170,959
Chicago-O'Hare International Airport	611,484	636,653	645,437	692,575
Chicago Skyway	34,790	37,544	42,373	16,915
Total Business-type Activities	<u>1,214,923</u>	<u>1,266,092</u>	<u>1,259,129</u>	<u>1,339,620</u>
Total Primary Government	<u>\$ 5,885,593</u>	<u>\$ 6,233,983</u>	<u>\$ 6,288,766</u>	<u>\$ 6,650,753</u>

NOTES:

Employee Pensions and Other have been reclassified by function.
The City began to report accrual information when it implemented GASB Statement No. 34
in fiscal year ended 2002.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	2,088,299	\$ 2,452,145	\$ 2,384,586	\$ 2,364,754	\$ 2,557,681
	2,300,048	2,435,437	2,434,842	2,521,151	2,824,028
	-	-	-	-	-
	337,103	367,222	371,112	297,156	235,863
	292,679	333,401	381,090	351,101	373,437
	170,769	175,577	170,838	166,914	142,352
	119,193	128,003	140,065	129,996	126,939
	-	-	-	-	-
	<u>371,523</u>	<u>385,305</u>	<u>381,504</u>	<u>386,125</u>	<u>404,218</u>
	<u>5,679,614</u>	<u>6,277,090</u>	<u>6,264,037</u>	<u>6,217,197</u>	<u>6,664,518</u>
	324,075	350,181	371,441	382,502	399,347
	130,471	136,961	158,292	169,982	184,888
	188,092	211,082	217,609	206,613	224,465
	697,497	751,351	803,404	811,710	834,487
	12,752	13,555	12,359	11,775	11,312
	<u>1,352,887</u>	<u>1,463,130</u>	<u>1,563,105</u>	<u>1,582,582</u>	<u>1,654,499</u>
\$	<u>7,032,501</u>	<u>7,740,220</u>	<u>7,827,142</u>	<u>7,799,779</u>	<u>8,319,017</u>

Table 2 - Continued
CITY OF CHICAGO
CHANGES IN NET ASSETS - ACCRUAL BASIS OF ACCOUNTING
Last Nine Fiscal Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	2002	2003	2004	2005
Program Revenues				
Governmental Activities:				
Licenses, Permits, Fines and				
Charges for Services:				
General Government	\$ 337,809	\$ 350,643	\$ 362,973	\$ 363,196
Public Safety	91,392	99,907	112,721	120,853
Streets and Sanitation	26,937	24,420	31,494	36,980
Transportation	14,216	21,697	23,589	23,260
Health	3,135	6,083	12,333	4,165
Cultural and Recreational	18,977	20,217	21,423	24,288
Other	-	-	-	1
Operating Grants and Contributions	710,906	680,939	649,066	637,654
Capital Grants and Contributions	352,189	236,676	173,529	133,673
Total Governmental Activities	<u>1,555,561</u>	<u>1,440,582</u>	<u>1,387,128</u>	<u>1,344,070</u>
Business-type Activities:				
Licenses, Permits, Fines and				
Charges for Services:				
Water	315,458	317,455	327,514	344,267
Sewer	141,330	142,373	144,988	143,522
Chicago Midway				
International Airport	89,858	78,973	85,608	92,228
Chicago-O'Hare				
International Airport	451,046	481,957	442,569	532,877
Chicago Skyway	43,232	39,770	41,191	1,896
Capital Grants and Contributions	194,922	179,626	210,915	228,467
Total Business-type Activities and				
Program Revenues	<u>1,235,846</u>	<u>1,240,154</u>	<u>1,252,785</u>	<u>1,343,257</u>
Total Primary Government				
Program Revenues	<u>\$ 2,791,407</u>	<u>\$ 2,680,736</u>	<u>\$ 2,639,913</u>	<u>\$ 2,687,327</u>
Net (Expenses)/Revenues				
Governmental Activities	\$ (3,115,109)	\$ (3,527,309)	\$ (3,642,509)	\$ (3,967,063)
Business-type Activities	20,923	(25,938)	(6,344)	3,637
Total Primary Government				
Net Expense	<u>\$ (3,094,186)</u>	<u>\$ (3,553,247)</u>	<u>\$ (3,648,853)</u>	<u>\$ (3,963,426)</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	385,082	\$ 422,363	\$ 440,023	\$ 382,617	\$ 370,028
	151,835	155,529	129,518	158,490	150,710
	36,058	41,467	40,578	30,990	38,092
	10,224	13,262	14,071	24,895	21,640
	5,529	2,795	3,157	2,504	8,332
	23,127	24,412	25,725	22,375	21,635
	-	-	-	-	-
	659,279	610,974	624,356	611,301	674,677
	142,705	137,613	139,949	115,261	114,871
	<u>1,413,839</u>	<u>1,408,415</u>	<u>1,417,377</u>	<u>1,348,433</u>	<u>1,399,985</u>
	330,439	334,377	370,244	410,213	458,395
	136,437	138,681	160,005	175,163	198,229
	105,570	107,253	124,985	122,301	149,056
	545,916	652,763	684,282	624,443	702,603
	-	-	-	-	-
	<u>273,320</u>	<u>268,331</u>	<u>224,823</u>	<u>211,174</u>	<u>246,309</u>
	<u>1,391,682</u>	<u>1,501,405</u>	<u>1,564,339</u>	<u>1,543,294</u>	<u>1,754,592</u>
\$	<u>2,805,521</u>	<u>2,909,820</u>	<u>2,981,716</u>	<u>2,891,727</u>	<u>3,154,577</u>
\$	(4,265,775)	\$ (4,868,675)	\$ (4,846,660)	\$ (4,868,764)	\$ (5,264,533)
	38,795	38,275	1,234	(39,288)	100,093
\$	<u>(4,226,980)</u>	<u>(4,830,400)</u>	<u>(4,845,426)</u>	<u>(4,908,052)</u>	<u>(5,164,440)</u>

Table 2 - Concluded
CITY OF CHICAGO
CHANGES IN NET ASSETS - ACCRUAL BASIS OF ACCOUNTING
Last Nine Fiscal Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	2002	2003	2004	2005
General Revenues and Other				
Changes in Net Assets				
Governmental Activities:				
Taxes				
Property Tax	\$ 692,867	\$ 706,666	\$ 693,411	\$ 696,085
Utility Tax	488,419	512,567	504,800	539,325
Sales Tax	190,462	187,152	203,251	248,807
Transportation Tax	322,811	330,926	322,018	337,993
Transaction Tax	232,168	242,212	278,584	325,227
Special Area Tax	150,077	277,401	350,293	386,537
Other Taxes	162,951	166,671	165,607	205,811
Grants and Contributions Not				
Restricted to Specific Programs	506,452	498,205	522,951	606,509
Unrestricted Investment Earnings	52,377	24,414	27,377	80,728
Transfers	27,662	-	96,000	1,236,099
Miscellaneous	74,187	98,474	135,400	89,825
Total Governmental Activities	2,900,433	3,044,688	3,299,692	4,752,946
Business-type Activities:				
Investment Earnings	42,094	28,093	27,109	57,916
Miscellaneous	6,132	1,248	5,669	(34,720)
Transfers	(27,662)	-	(96,000)	(1,236,099)
Total Business-type Activities	20,564	29,341	(63,222)	(1,212,903)
Total Primary Government	\$ 2,920,997	\$ 3,074,029	\$ 3,236,470	\$ 3,540,043
Change in Net Assets				
Governmental Activities	\$ (214,676)	\$ (482,621)	\$ (342,817)	\$ 785,883
Business-type Activities	41,487	3,403	(69,566)	(1,209,266)
Total Primary Government	\$ (173,189)	\$ (479,218)	\$ (412,383)	\$ (423,383)

(1) As a result of the implementation of GASB Statement No. 53, the results of 2009 were restated, retroactively.

	2006	2007	2008	2009 (1)	2010
\$	700,636	\$ 732,415	\$ 799,878	\$ 797,026	\$ 796,928
	522,089	552,179	629,497	579,101	561,936
	288,052	293,078	273,951	252,282	260,364
	337,780	332,459	321,362	333,199	335,235
	339,020	304,715	275,434	205,026	227,772
	460,940	533,260	531,314	501,042	477,241
	233,620	245,408	262,734	250,982	259,325
	654,017	714,661	712,360	601,198	654,043
	148,631	182,700	90,176	12,296	100,269
	2,000	1,000	-	-	-
	51,774	69,941	79,279	238,126	149,902
	<u>3,738,559</u>	<u>3,961,816</u>	<u>3,975,985</u>	<u>3,770,278</u>	<u>3,823,015</u>
	97,556	100,720	57,451	12,381	6,831
	27,383	27,313	37,605	8,941	50,190
	(2,000)	(1,000)	-	-	-
	<u>122,939</u>	<u>127,033</u>	<u>95,056</u>	<u>21,322</u>	<u>57,021</u>
\$	<u>3,861,498</u>	<u>\$ 4,088,849</u>	<u>\$ 4,071,041</u>	<u>\$ 3,791,600</u>	<u>\$ 3,880,036</u>
\$	(527,216)	\$ (906,859)	\$ (870,675)	\$ (1,098,486)	\$ (1,441,518)
	161,734	165,308	96,290	(17,966)	157,114
\$	<u>(365,482)</u>	<u>\$ (741,551)</u>	<u>\$ (774,385)</u>	<u>\$ (1,116,452)</u>	<u>\$ (1,284,404)</u>

Table 3
CITY OF CHICAGO, ILLINOIS
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
Last Ten Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	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	<u>2,708,192</u>	<u>61.2</u>	<u>2,707,659</u>	<u>58.3</u>	<u>2,885,034</u>	<u>61.3</u>
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>
	2008	Percent of Total	2009	Percent of Total	2010	Percent of Total
Revenues:						
Property Tax	\$ 729,823	13.1 %	\$ 806,010	15.1 %	\$ 754,081	14.0 %
Utility Tax	629,497	11.3	579,101	10.9	561,936	10.4
Sales Tax	548,571	9.9	503,952	9.4	527,004	9.8
Transportation Tax	321,362	5.8	333,199	6.2	335,235	6.2
State Income Tax	435,393	7.8	347,814	6.5	385,668	7.2
Transaction Tax	275,434	4.9	205,026	3.8	227,772	4.2
Special Area Tax	552,709	9.9	487,909	9.1	486,526	9.0
Other Taxes	262,734	4.7	250,982	4.7	259,325	4.8
Total Taxes	<u>3,755,523</u>	<u>67.4</u>	<u>3,513,993</u>	<u>65.7</u>	<u>3,537,547</u>	<u>65.6</u>
Federal/State Grants	796,911	14.2	753,269	14.1	815,879	15.2
Internal Service	329,643	5.9	306,095	5.8	295,765	5.5
Licenses and Permits	114,707	2.1	100,458	1.9	96,240	1.8
Fines	274,443	4.9	267,891	5.0	272,667	5.1
Investment Income	90,176	1.6	31,520	0.6	103,725	1.9
Charges for Services	144,161	2.6	124,557	2.4	113,565	2.1
Miscellaneous	79,279	1.3	238,126	4.5	149,902	2.8
Total Revenues	<u>\$ 5,584,843</u>	<u>100.0 %</u>	<u>\$ 5,335,909</u>	<u>100.0 %</u>	<u>\$ 5,385,290</u>	<u>100.0 %</u>

NOTE:

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

2004	Percent of Total	2005	Percent of Total	2006	Percent of Total	2007	Percent of Total
\$ 651,950	14.0 %	\$ 739,419	14.6 %	\$ 665,990	12.8 %	\$ 661,707	12.1 %
504,800	10.9	539,325	10.6	522,089	10.0	552,179	10.1
441,579	9.5	499,228	9.8	559,156	10.7	570,927	10.4
322,018	6.9	337,993	6.7	337,780	6.5	332,459	6.1
282,676	6.1	354,022	7.0	380,111	7.3	433,446	7.9
278,584	6.0	325,227	6.4	339,020	6.5	304,715	5.6
284,127	6.1	346,580	6.8	374,342	7.2	488,193	8.9
165,607	3.6	205,811	4.1	233,620	4.5	245,408	4.5
<u>2,931,341</u>	<u>63.1</u>	<u>3,347,605</u>	<u>66.0</u>	<u>3,412,108</u>	<u>65.5</u>	<u>3,589,034</u>	<u>65.6</u>
852,050	18.3	806,472	15.9	823,504	15.8	781,967	14.3
293,339	6.3	273,516	5.4	275,191	5.3	303,827	5.5
104,627	2.3	120,904	2.4	117,689	2.3	148,172	2.7
202,536	4.4	210,850	4.2	221,819	4.3	240,277	4.4
27,377	0.6	80,728	1.6	148,631	2.8	182,700	3.3
150,879	3.2	131,139	2.6	155,215	3.0	151,369	2.8
81,645	1.8	97,093	1.9	51,774	1.0	79,956	1.4
<u>\$ 4,643,794</u>	<u>100.0 %</u>	<u>\$ 5,068,307</u>	<u>100.0 %</u>	<u>\$ 5,205,931</u>	<u>100.0 %</u>	<u>\$ 5,477,302</u>	<u>100.0 %</u>

REVENUE SOURCES

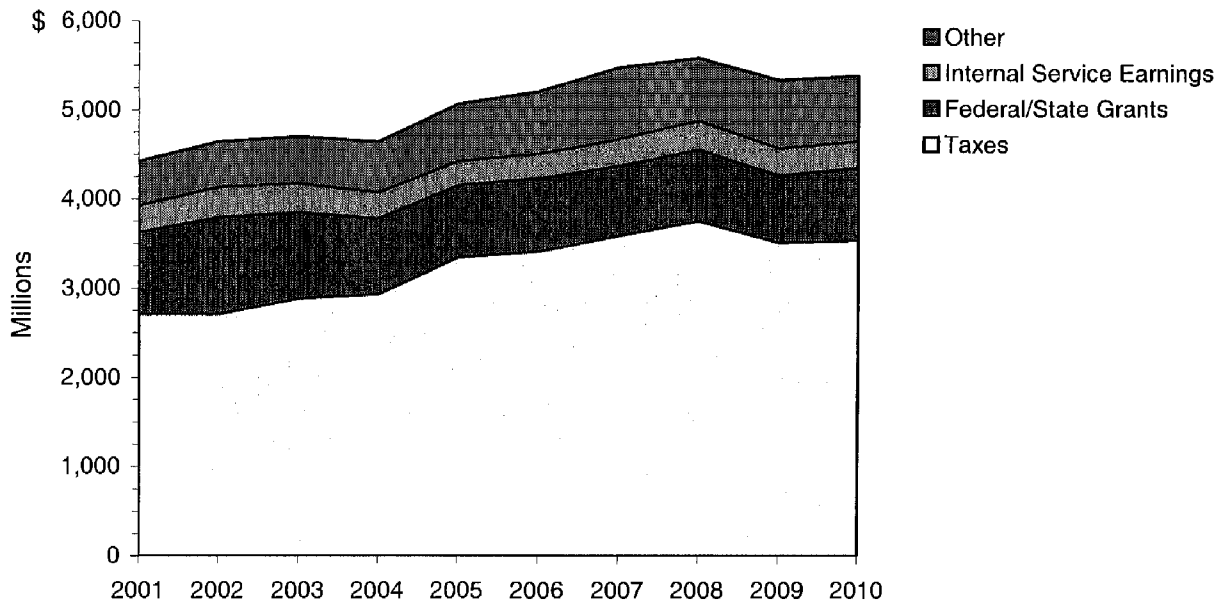


Table 4
CITY OF CHICAGO, ILLINOIS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
Last Ten Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	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 Outlay	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 %
Debt Service as a Percentage of Non Capital Expenditures (2)						12.8 %
	2008	Percent of Total	2009	Percent of Total	2010	Percent of Total
Expenditures:						
Current:						
Public Safety	\$ 1,892,152	27.7 %	\$ 1,913,711	30.5 %	\$ 1,909,728	30.1 %
General Government	1,804,925	26.4	1,663,990	26.5	1,786,450	28.2
Employee Pensions	413,690	6.0	430,915	6.9	435,432	6.9
Streets and Sanitation	382,628	5.6	300,131	4.8	232,426	3.7
Transportation	334,684	4.9	261,948	4.2	297,339	4.7
Health	184,597	2.7	177,812	2.8	153,877	2.4
Cultural and Recreational	117,664	1.7	107,604	1.7	104,297	1.6
Other	14,483	0.2	7,676	0.2	30,000	0.5
Capital Outlay	661,464	9.7	619,273	9.9	628,910	9.9
Debt Service:						
Principal Retirement	656,805	9.6	434,905	6.9	389,928	6.2
Interest and Other Fiscal Charges	376,297	5.5	351,430	5.6	366,035	5.8
Total Expenditures	\$ 6,839,389	100.0 %	\$ 6,269,395	100.0 %	\$ 6,334,422	100.0 %
Debt Service as a Percentage of Non Capital Expenditures (2)		16.7 %		13.6 %		12.6 %

NOTES:

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

(2) Non Capital Expenditures include all expenditures except Capital Expenditures included in Capital Outlay with Transportation.

2004	Percent of Total	2005	Percent of Total	2006	Percent of Total	2007	Percent of Total
\$ 1,579,014	29.5 %	\$ 1,611,923	28.0 %	\$ 1,851,356	29.5 %	\$ 1,880,599	30.8 %
1,358,469	25.4	1,620,307	28.2	1,523,482	24.3	1,650,679	27.1
299,810	5.6	388,053	6.7	396,923	6.3	371,649	6.1
353,020	6.6	339,760	5.9	353,828	5.6	377,485	6.1
308,535	5.8	221,377	3.8	244,381	3.9	267,476	4.4
179,531	3.4	166,580	2.9	173,594	2.8	195,254	3.2
77,661	1.4	95,153	1.7	99,841	1.6	108,527	1.8
10,191	0.2	9,382	0.1	9,112	0.1	4,427	0.1
563,975	10.5	452,284	7.9	915,311	14.6	602,433	9.9
303,755	5.7	543,413	9.5	375,028	6.0	297,503	4.9
315,916	5.9	301,662	5.3	331,507	5.3	342,489	5.6
\$ 5,349,877	100.0 %	\$ 5,749,894	100.0 %	\$ 6,274,363	100.0 %	\$ 6,098,521	100.0 %
	<u>12.7 %</u>		<u>15.8 %</u>		<u>12.9 %</u>		<u>11.4 %</u>

EXPENDITURES BY FUNCTION

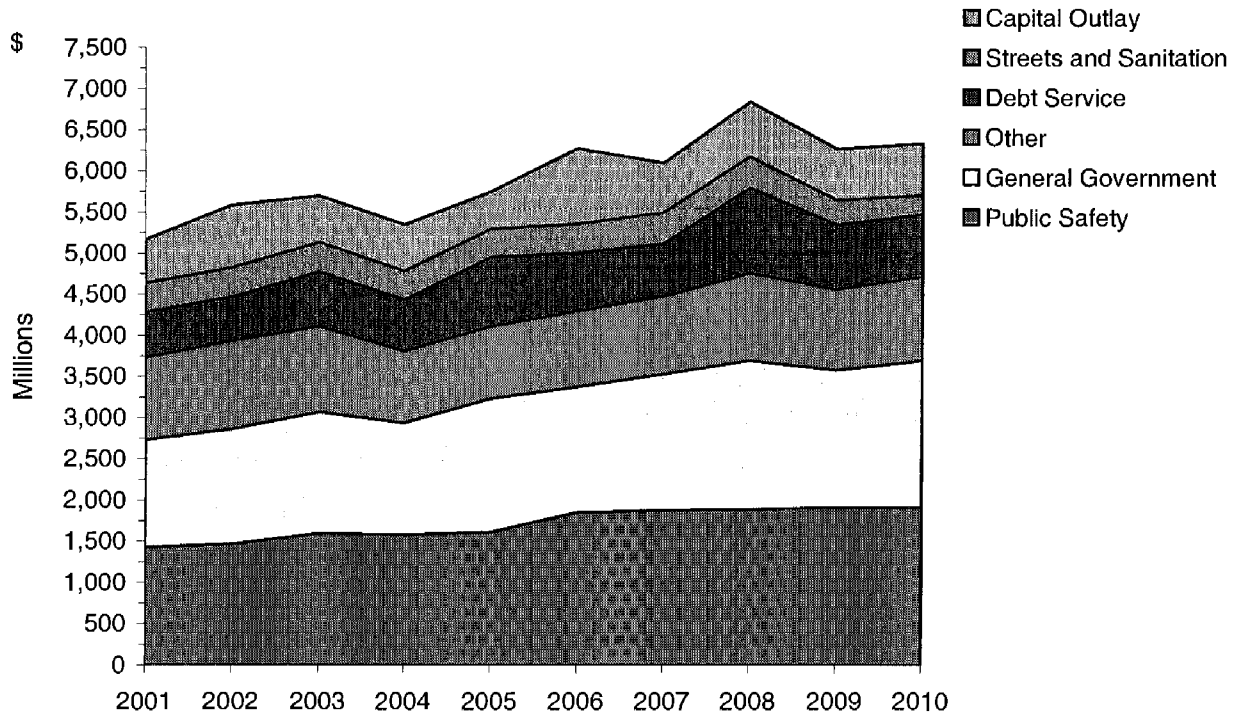


Table 4A
CITY OF CHICAGO, ILLINOIS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)
Modified Accrual Basis of Accounting

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Excess of revenues over (under) expenditures	\$ (738,083)	\$ 941,588	\$ (997,794)	\$ (706,083)
Other Financing Sources (Uses):				
Issuance of Debt, including premium/discount	\$ 965,745	\$ 917,326	\$ 1,322,827	\$ 720,357
Payment to Refunded Bond Escrow Agent	(127,821)	(132,289)	(173,725)	(143,143)
Transfers in	213,346	138,882	166,798	200,780
Transfers out	(105,616)	(111,220)	(166,798)	(104,780)
Total other financing sources (uses)	<u>945,654</u>	<u>812,699</u>	<u>1,149,102</u>	<u>673,214</u>
Net change in fund balances	<u>\$ 207,571</u>	<u>\$ 1,754,287</u>	<u>\$ 151,308</u>	<u>\$ (32,869)</u>

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>\$ (681,587)</u>	<u>\$ (1,068,432)</u>	<u>\$ (621,219)</u>	<u>\$ (1,254,546)</u>	<u>\$ (933,486)</u>	<u>\$ (949,132)</u>
\$ 1,871,896	\$ 762,833	\$ 1,653,881	\$ 795,432	\$ 1,001,302	\$ 1,434,390
(1,186,065)	(276,607)	(951,419)	(186,421)	(213,435)	(412,184)
1,469,857	670,035	332,016	293,448	2,253,459	647,407
(233,758)	(668,035)	(331,016)	(293,448)	(2,253,459)	(647,407)
<u>1,921,930</u>	<u>488,226</u>	<u>703,462</u>	<u>609,011</u>	<u>787,867</u>	<u>1,022,206</u>
<u>\$ 1,240,343</u>	<u>\$ (580,206)</u>	<u>\$ 82,243</u>	<u>\$ (645,535)</u>	<u>\$ (145,619)</u>	<u>\$ 73,074</u>

Table 5
CITY OF CHICAGO, ILLINOIS
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years Ended December 31, 2010
(Amounts Are in Thousands of Dollars)
(Modified Accrual Basis of Accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund:				
Reserved	\$ 113,208	\$ 124,447	\$ 40,897	\$ 30,981
Unreserved	33,241	13,014	19,458	42,246
Total General Fund	<u>146,449</u>	<u>137,461</u>	<u>60,355</u>	<u>73,227</u>
Other Governmental Funds:				
Reserved	477,172	453,902	481,563	488,985
Unreserved, Reported in:				
Special Revenue Funds	127,474	109,027	200,175	294,690
Capital Projects Funds	1,122,892	1,039,993	1,149,095	999,816
Debt Service Funds	-	-	-	-
Permanent Fund (1)	-	-	-	-
Total All Other Governmental Funds	<u>1,727,538</u>	<u>1,602,922</u>	<u>1,830,833</u>	<u>1,783,491</u>
Total Governmental Funds	<u>\$ 1,873,987</u>	<u>\$ 1,740,383</u>	<u>\$ 1,891,188</u>	<u>\$ 1,856,718</u>

NOTE:

(1) This balance represents the Reserve Fund, Unreserved, Designated for Future Appropriations balance.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 53,171	\$ 35,557	\$ 39,673	\$ 48,217	\$ 52,048	\$ 54,390
57,648	26,834	4,634	226	2,658	81,151
<u>110,819</u>	<u>62,391</u>	<u>44,307</u>	<u>48,443</u>	<u>54,706</u>	<u>135,541</u>
1,350,927	800,546	1,191,674	461,830	1,418,399	1,419,714
525,769	723,353	816,551	959,424	(409,796)	(349,517)
832,129	696,630	906,603	372,063	321,251	534,013
-	-	(556,819)	(551,137)	-	-
<u>274,272</u>	<u>231,017</u>	<u>191,391</u>	<u>660,333</u>	<u>422,319</u>	<u>138,724</u>
<u>2,983,097</u>	<u>2,451,546</u>	<u>2,549,400</u>	<u>1,902,513</u>	<u>1,752,173</u>	<u>1,742,934</u>
<u>\$ 3,093,916</u>	<u>\$ 2,513,937</u>	<u>\$ 2,593,707</u>	<u>\$ 1,950,956</u>	<u>\$ 1,806,879</u>	<u>\$ 1,878,475</u>

Table 6
CITY OF CHICAGO, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	<u>2006 (3)</u>	<u>2007 (4)</u>	<u>2008 (4)</u>	<u>2009 (4)</u>	<u>2010 (4)</u>
Revenues:					
Utility Tax	\$ 475,482	\$ 501,023	\$ 524,842	\$ 481,275	\$ 467,411
Sales Tax	537,441	543,238	518,131	476,557	495,842
State Income Tax	314,559	377,727	378,545	251,820	282,011
Other Taxes	708,706	687,511	637,923	572,472	590,575
Federal/State Grants	2,802	3,366	2,347	1,714	1,735
Other Revenues (1)	729,999	822,561	813,983	777,788	773,278
Total Revenues	<u>2,768,989</u>	<u>2,935,426</u>	<u>2,875,771</u>	<u>2,561,626</u>	<u>2,610,852</u>
Expenditures:					
Current:					
Public Safety	1,783,993	1,845,497	1,856,634	1,862,914	1,828,984
General Government	783,059	860,976	889,266	857,626	903,890
Other (2)	328,081	349,616	356,066	288,559	296,063
Debt Service	7,069	6,930	5,318	4,978	5,004
Total Expenditures	<u>2,902,202</u>	<u>3,063,019</u>	<u>3,107,284</u>	<u>3,014,077</u>	<u>3,033,941</u>
Revenues Under Expenditures	<u>(133,213)</u>	<u>(127,593)</u>	<u>(231,513)</u>	<u>(452,451)</u>	<u>(423,089)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original					
Discount/Including Premium	-	23,921	164,000	58,500	16,500
Transfers In	115,058	130,561	94,058	416,135	502,502
Transfers Out	<u>(30,500)</u>	<u>(42,500)</u>	<u>(25,193)</u>	<u>(17,463)</u>	<u>(13,600)</u>
Total Other Financing Sources (Uses) ..	<u>84,558</u>	<u>111,982</u>	<u>232,865</u>	<u>457,172</u>	<u>505,402</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(48,655)	(15,611)	1,352	4,721	82,313
Fund Balance - Beginning of Year	110,819	62,391	44,307	48,443	54,706
Change in Inventory	<u>227</u>	<u>(2,473)</u>	<u>2,784</u>	<u>1,542</u>	<u>(1,478)</u>
Fund Balance - End of Year	<u>\$ 62,391</u>	<u>\$ 44,307</u>	<u>\$ 48,443</u>	<u>\$ 54,706</u>	<u>\$ 135,541</u>

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 year ended December 31, 2006.
(4) Source: City of Chicago Basic Financial Statements for years ended December 31, 2007-2010.

Table 7
CITY OF CHICAGO, ILLINOIS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	2006 (3)	2007 (4)	2008 (4)	2009 (4)	2010 (4)
Revenues:					
Property Tax	\$ 302,772	\$ 314,742	\$ 326,334	\$ 334,792	\$ 316,618
Utility Tax	24,299	28,838	82,373	75,688	72,201
Sales Tax	76	5	-	-	-
State Income Tax	65,552	55,719	56,848	95,994	103,657
Other Taxes	382,232	465,533	554,096	572,651	588,717
Federal/State Grants	820,702	778,601	794,564	751,555	814,144
Other Revenues (1)	115,023	114,906	120,401	131,295	121,017
Total Revenues	<u>1,710,656</u>	<u>1,758,344</u>	<u>1,934,616</u>	<u>1,961,975</u>	<u>2,016,354</u>
Expenditures:					
Current:					
Public Safety	67,363	35,102	35,518	50,797	80,744
General Government	740,423	789,703	915,659	799,236	882,553
Employee Pensions	396,923	371,649	413,690	430,915	435,432
Other (2)	552,675	603,553	677,990	566,612	521,876
Capital Outlay	8,110	16,674	4,360	3,357	4,903
Debt Service	6,356	7,603	5,628	3,632	3,898
Total Expenditures	<u>1,771,850</u>	<u>1,824,284</u>	<u>2,052,845</u>	<u>1,854,549</u>	<u>1,929,406</u>
Revenues Under Expenditures	<u>(61,194)</u>	<u>(65,940)</u>	<u>(118,229)</u>	<u>107,426</u>	<u>86,948</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original Discount/Including Premium	79,250	144,614	163,628	72,925	88,018
Payment to Refunded Bond Escrow Agent ..	-	-	-	-	-
Transfers In	193,850	108,045	155,637	185,358	94,424
Transfers Out	<u>(38,177)</u>	<u>(86,470)</u>	<u>(48,604)</u>	<u>(1,746,126)</u>	<u>(65,807)</u>
Total Other Financing Sources (Uses) ...	<u>234,923</u>	<u>166,189</u>	<u>270,661</u>	<u>(1,487,843)</u>	<u>116,635</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	173,729	100,249	152,432	(1,380,417)	203,583
Fund Balance - Beginning of Year	<u>609,119</u>	<u>782,848</u>	<u>883,097</u>	<u>1,035,529</u>	<u>(344,888)</u>
Fund Balance - End of Year	<u>\$ 782,848</u>	<u>\$ 883,097</u>	<u>\$ 1,035,529</u>	<u>\$ (344,888)</u>	<u>\$ (141,305)</u>

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 year ended December 31, 2006.
(4) Source: Major and Nonmajor Special Revenue Funds for years ended December 31, 2007-2010.

Table 8
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	<u>2006 (2)</u>	<u>2007 (3)</u>	<u>2008 (3)</u>	<u>2009 (3)</u>	<u>2010 (3)</u>
Revenues:					
Property Tax	\$ 363,218	\$ 346,965	\$ 403,489	\$ 471,218	\$ 437,463
Utility Tax	22,308	22,318	22,282	22,138	22,324
Sales Tax	21,639	27,684	30,440	27,395	31,162
Other Taxes	193,824	217,731	220,220	131,993	129,566
Other Revenues (1)	33,368	30,594	6,562	38,720	61,004
Total Revenues	<u>634,357</u>	<u>645,292</u>	<u>682,993</u>	<u>691,464</u>	<u>681,519</u>
Expenditures:					
Debt Service	693,110	625,459	1,022,156	777,725	747,061
Total Expenditures	<u>693,110</u>	<u>625,459</u>	<u>1,022,156</u>	<u>777,725</u>	<u>747,061</u>
Revenues Over (Under) Expenditures ...	<u>(58,753)</u>	<u>19,833</u>	<u>(339,163)</u>	<u>(86,261)</u>	<u>(65,542)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original Discount/Including Premium	302,658	777,151	405,311	340,324	560,524
Payment to Refunded Bond Escrow Agent .	(276,607)	(951,419)	(186,421)	(213,435)	(412,184)
Transfers In	8,741	63,807	33,186	684,277	44,185
Transfers Out	(509,884)	(73,325)	(141,498)	(81,291)	(110,049)
Total Other Financing Sources (Uses) ..	<u>(475,092)</u>	<u>(183,786)</u>	<u>110,578</u>	<u>729,875</u>	<u>82,476</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(533,845)	(163,953)	(228,585)	643,614	16,934
Fund Balance - Beginning of Year	<u>688,887</u>	<u>155,042</u>	<u>(8,911)</u>	<u>(237,496)</u>	<u>406,118</u>
Fund Balance - End of Year	<u>\$ 155,042</u>	<u>\$ (8,911)</u>	<u>\$ (237,496)</u>	<u>\$ 406,118</u>	<u>\$ 423,052</u>

NOTES:

(1) Includes Investment Income and Miscellaneous Revenues.

(2) Source: City of Chicago General Purpose Financial Statements for year ended December 31, 2006.

(3) Source: Major (Bond, Note Redemption and Interest) and Nonmajor (Special Taxing Areas) Debt Service Funds for years ended December 31, 2007-2010.

Table 9
CITY OF CHICAGO, ILLINOIS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	<u>2006 (2)</u>	<u>2007 (3)</u>	<u>2008 (3)</u>	<u>2009 (3)</u>	<u>2010 (3)</u>
Revenues:					
Other Revenues (1)	\$ 56,687	\$ 76,666	\$ 44,464	\$ 18,240	\$ 43,135
Total Revenues	<u>56,687</u>	<u>76,666</u>	<u>44,464</u>	<u>18,240</u>	<u>43,135</u>
Expenditures:					
Capital Outlay	907,201	585,759	657,104	615,916	624,007
Total Expenditures	<u>907,201</u>	<u>585,759</u>	<u>657,104</u>	<u>615,916</u>	<u>624,007</u>
Revenues Under Expenditures	<u>(850,514)</u>	<u>(509,093)</u>	<u>(612,640)</u>	<u>(597,676)</u>	<u>(580,872)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original Discount/Including Premium	380,925	708,195	62,493	529,553	769,348
Transfers In	352,386	29,603	10,567	16,334	6,296
Transfers Out	(10,977)	(27,521)	(96)	(3,734)	(99)
Total Other Financing Sources (Uses) ..	<u>722,334</u>	<u>710,277</u>	<u>72,964</u>	<u>542,153</u>	<u>775,545</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(128,180)	201,184	(539,676)	(55,523)	194,673
Fund Balance - Beginning of Year	<u>910,819</u>	<u>782,639</u>	<u>983,823</u>	<u>444,147</u>	<u>388,624</u>
Fund Balance - End of Year	<u>\$ 782,639</u>	<u>\$ 983,823</u>	<u>\$ 444,147</u>	<u>\$ 388,624</u>	<u>\$ 583,297</u>

NOTES:

- (1) Includes Investment Income, Charges for Services and Miscellaneous Revenues.
(2) Source: City of Chicago General Purpose Financial Statements for year ended December 31, 2006.
(3) Source: Major (Community Development and Improvement Projects) and Nonmajor (Capital Projects Funds) for years ended December 31, 2007-2010.

Table 10
CITY OF CHICAGO, ILLINOIS
PROPERTY TAX LEVIES BY FUND (1)
Five Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

	<u>2006</u>	<u>2007</u>	<u>Percent Change</u>
Note Redemption and Interest (2)	\$ 60,116	\$ 33,506	(44.26) %
Bond Redemption and Interest	316,858	381,145	20.29
Policemen's Annuity and Benefit (3)	135,528	141,080	4.10
Municipal Employees' Annuity and Benefit (3)	137,228	128,378	(6.45)
Firemen's Annuity and Benefit (3)	69,500	65,242	(6.13)
Laborers' and Retirement Board Employees' Annuity and Benefit (3)	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 719,230</u>	<u>\$ 749,351</u>	4.19

NOTES:

- (1) See Table 11 - PROPERTY LEVIES, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES 2001 - 2010. 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 the Cook County Clerk's Office at time of publication.
- (5) Source: Cook County Clerk's Office.

<u>2008</u>	<u>Percent Change</u>	<u>2009</u>	<u>Percent Change</u>	<u>2010</u>	<u>Percent Change</u>
\$ 73,363	118.95 %	\$ 73,363	- %	\$ 73,377	0.02 %
414,853	8.84	409,512	(1.29)	409,384	(0.03)
139,640	(1.02)	141,741	1.50	140,165	(1.11)
131,344	2.31	130,026	(1.00)	132,531	1.93
65,426	0.28	66,140	1.09	64,323	(2.75)
<u>9,526</u>	<u>-</u>	<u>13,327</u>	<u>39.90</u>	<u>13,714</u>	<u>2.90</u>
<u>\$ 834,152</u>	<u>11.32</u>	<u>\$ 834,109</u>	<u>(0.01)</u>	<u>\$ 833,494 (4)</u>	<u>(0.07)</u>

Table 11
CITY OF CHICAGO, ILLINOIS
PROPERTY LEVIES, COLLECTIONS AND
ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES
Last Ten Years Ended December 31, 2010
(Amounts are in Thousands of Dollars)

Tax Year (1)	Total Tax Levy for Fiscal Year (2)	Collected Within Fiscal Year		Collections in Subsequent Years	Total Collections to Date		Estimated Allowance for Uncollectible Taxes	Net Outstanding Taxes Receivable
		Amount	Percen- tage of Levy		Amount	Percen- tage of Levy		
2001	\$ 687,381	\$ 664,393	96.66 %	\$ 12,964	\$ 677,357	98.54 %	\$ 10,024	\$ -
2002	707,181	676,997	95.73	13,220	690,217	97.60	16,964	-
2003	719,695	674,325	93.70	24,877	699,202	97.15	20,493	-
2004	719,780 (3)	694,214	96.45	8,240	702,454	97.59	17,326	-
2005	718,071 (3)	694,593	96.73	6,998	701,591	97.70	16,480	-
2006	719,230 (3)	630,666	87.69	66,035	696,701	96.87	22,529	-
2007	749,351 (3)	712,008	95.02	23,353	735,361	98.13	13,738	252
2008	834,152 (3)	776,522	93.09	47,105	823,627	98.74	10,315	210
2009	834,109 (3)	700,579	83.99	-	700,579	83.99	24,996	108,534
2010	833,494 (3), (4)	-	N/A	-	-	N/A	33,340	800,154
Total Net Outstanding Taxes Receivable								<u>\$ 909,150</u>

NOTES:

- (1) Taxes for each year become due and payable in the following year. For example, taxes for the 2010 tax levy become due and payable in 2011.
- (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 12
CITY OF CHICAGO, ILLINOIS
TOP TEN ESTIMATED EQUALIZED ASSESSED VALUATION (EAV)
Current Year and Nine Years Ago (2)
(Amounts are in Thousands of Dollars)

Property	2009 EAV	Rank	Percent- tage of Total EAV	2000 EAV	Rank	Percent- tage of Total EAV
Willis Tower (4)	\$ 505,515	1	0.60 %	\$ 395,636	1	0.98 %
AON Building (3)	375,441	2	0.44	255,702	2	0.63
Chicago Mercantile Exchange				234,430	3	0.58
Prudential Plaza	318,635	3	0.38	207,991	4	0.51
Bank One Plaza				207,203	5	0.51
AT&T Corporate Center 1	256,590	4	0.30	202,096	6	0.50
Citicorp Plaza				145,476	8	0.35
Northwestern Atrium				140,309	7	0.35
Leo Burnett Building	208,973	10	0.25	139,957	9	0.35
Three First National Plaza	231,028	7	0.27	135,485	10	0.33
Chase Plaza	231,694	6	0.27			
Water Tower Place	235,907	5	0.28			
Citadel Center	212,725	8	0.25			
UBS Tower	211,526	9	0.25			
Totals	<u>\$ 2,788,034</u>		<u>3.29 %</u>	<u>\$ 2,064,285</u>		<u>5.09 %</u>

NOTES:

- (1) Source: Cook County Treasurer's Office, Cook County Assessor's Office.
- (2) 2010 information not available at time of publication.
- (3) AON Building formerly known as AMOCO Building.
- (4) Willis Tower formerly known as Sears Tower.

Table 13
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)				
	Class 2 (2)	Class 3 (3)	Class 5 (4)	Other (5)	Total
2000	\$ 8,758,682	\$ 1,966,921	\$ 8,807,444	\$ 342,943	\$ 19,875,990
2001	8,973,796	1,923,256	8,757,366	354,036	20,008,454
2002	9,221,622	1,865,646	8,878,142	349,372	20,314,782
2003	12,677,199	2,233,572	10,303,732	487,680	25,702,183
2004	12,988,216	1,883,048	10,401,429	465,462	25,738,155
2005	13,420,538	1,842,613	10,502,698	462,099	26,227,948
2006	18,521,873	2,006,898	12,157,149	688,868	33,374,788
2007	18,937,256	1,768,927	12,239,086	678,196	33,623,464
2008	19,339,574	1,602,768	12,359,537	693,239	33,995,118
2009 (9)	18,311,981	1,812,850	10,720,244	592,364	31,437,439

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) 2010 information not available at time of publication.
- (10) 2009 information not available at time of publication.

State Equalization Factor (6)	Total Equalized Assessed Value (7)	Total Direct Tax Rate	Total Estimated Fair Market Value (8)	Ratio of Total Equalized Assessed to Total Estimated Fair Market Value (9)
2.2235	\$ 40,480,077	\$ 1.660	\$ 162,593,364	24.90 %
2.3098	41,981,912	1.637	185,912,246	22.58
2.4689	45,330,892	1.591	201,938,231	22.45
2.4598	53,168,632	1.380	223,572,427	23.78
2.5757	55,277,096	1.302	262,080,627	21.09
2.7320	59,304,530	1.243	286,354,518	20.71
2.7080	69,517,264	1.062	329,770,733	21.08
2.8439	73,645,316	1.044	320,503,503	22.98
2.9786	80,977,543	1.030	310,888,609	26.05
3.3701	84,685,258	0.986	N/A (10)	N/A (10)

EQUALIZED ASSESSED VALUE

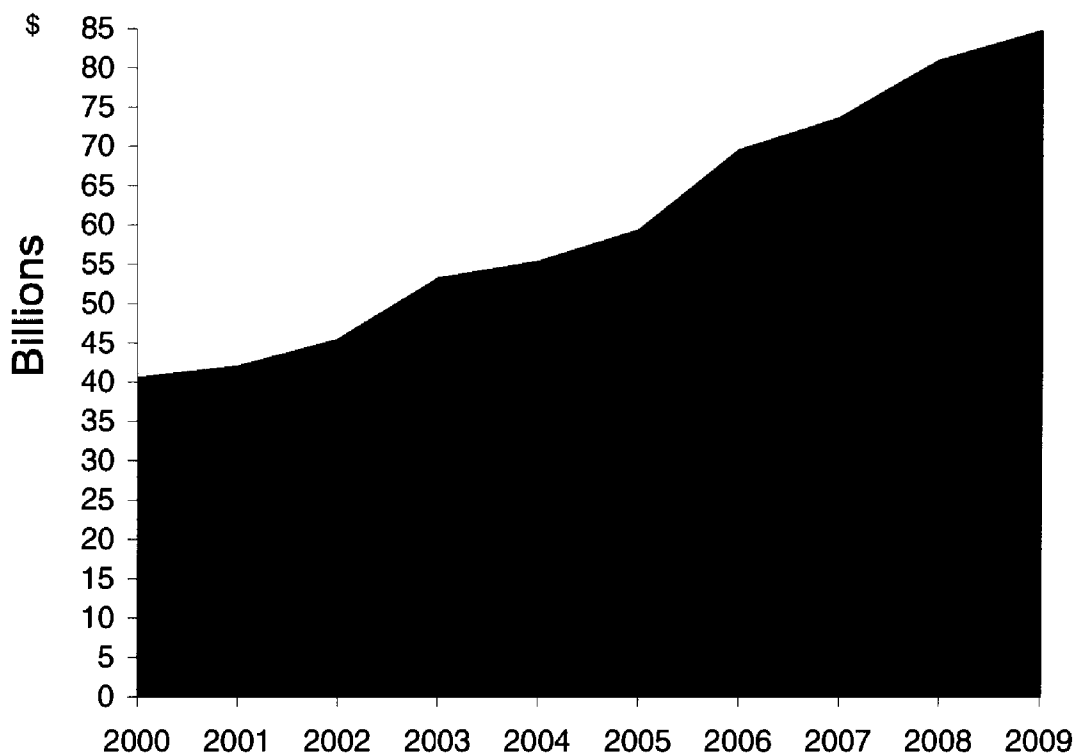


Table 14
CITY OF CHICAGO, ILLINOIS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Per \$100 OF EQUALIZED ASSESSED VALUATION
Last Ten Years

Tax Year	City	Chicago School Building and Improvement Fund	Chicago School Finance Authority	Board of Education	Community College District No. 508
2000	\$ 1.660	\$ -	\$ 0.223	\$ 3.714	\$ 0.311
2001	1.637	-	0.223	3.744	0.307
2002	1.591	-	0.177	3.562	0.280
2003	1.380	-	0.151	3.142	0.246
2004	1.302	-	0.177	3.104	0.242
2005	1.243	-	0.127	3.026	0.234
2006	1.062	-	0.118	2.697	0.205
2007	1.044	-	0.091	2.583	0.159
2008	1.030	0.117	-	2.472	0.156
2009 (1)	0.986	0.112	-	2.366	0.150

NOTE:

(1) 2010 information not available from the Cook County Clerk's Office at time of publication.

Table 15
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
2000	\$ 672,104	\$ 0.819650	\$ 0.161302	\$ 0.301167
2001	687,381	0.783791	0.158920	0.289912
2002	707,181	0.804928	0.138133	0.271463
2003	719,695 (2)	0.713397	0.117772	0.230466
2004	719,780 (2)	0.647396	0.113280	0.216752
2005	718,071 (2)	0.606566	0.090041	0.231467
2006	719,230 (2)	0.519706	0.049968	0.194953
2007	749,351 (2)	0.550055	0.039514	0.191548
2008	834,152 (2)	0.508488	0.094354	0.172426
2009 (1)	834,109 (2)	0.478955	0.091851	0.167552

NOTES:

(1) 2010 information not available from the Cook County Clerk's Office 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
\$ 0.572	\$ 0.415	\$ 0.069	\$ 0.824
0.567	0.401	0.067	0.746
0.545	0.371	0.061	0.690
0.464	0.361	0.059	0.630
0.455	0.347	0.060	0.593
0.443	0.315	0.060	0.533
0.379	0.284	0.057	0.500
0.355	0.263	0.053	0.446
0.323	0.252	0.051	0.415
0.309	0.261	0.049	0.394

Municipal Employees' Annuity and Benefit	Firemen's Annuity and Benefit	Laborers' and Retirement Board Employees' Annuity and Benefit	Public Building Commission
\$ 0.260291	\$ 0.117590	\$ -	\$ -
0.277774	0.126603	-	-
0.259848	0.116628	-	-
0.218316	0.100049	-	-
0.229048	0.095524	-	-
0.231683	0.083243	-	-
0.197399	0.099974	-	-
0.174302	0.088581	-	-
0.162182	0.080787	0.011763	-
0.153704	0.078184	0.015754	-

Table 16
CITY OF CHICAGO, ILLINOIS
RATIO OF GENERAL 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)	G. O. Bonds	G. O. Notes	General Obligation Certificates and Other
2001	2,896,016	\$ 41,981,912	\$ 3,574,098	\$ 293,710	\$ 237,928
2002	2,896,016	45,330,892	4,114,093	274,753	234,087
2003	2,896,016	53,168,632	4,555,253	378,733	367,027
2004	2,896,016	55,277,096	4,983,428	226,427	362,592
2005	2,896,016	59,304,530	5,077,434	112,495	344,426
2006	2,896,016	69,517,264	5,394,802	72,530	322,145
2007	2,896,016	73,651,158	5,759,573	77,998	458,654
2008	2,896,016	80,977,543	5,687,447	259,097	362,140
2009	2,896,016	84,685,258	6,051,947	230,263	439,670
2010	2,695,598	N/A (4)	6,536,596	268,526	574,755

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 17
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
2001	\$ 256,695	\$ 192,186	\$ 448,881	\$ 5,164,360	8.7 %
2002	242,694	203,553	446,247	5,585,538	8.0
2003	331,432	213,063	544,495	5,698,047	9.6
2004	240,327	247,197	487,524	5,349,877	9.1
2005	223,778	242,286	466,064	5,749,894	8.1
2006	201,865	273,190	475,055	6,274,363	7.6
2007	143,575	267,698	411,273	6,098,521	6.7
2008	429,066	302,105	731,171	6,839,389	10.7
2009	380,946	298,057	679,003	6,269,395	10.8
2010	336,378	319,423	655,801	6,334,422	10.4

<u>Total Gross Bonded Debt (3)</u>	<u>Less Reserve for Debt Service</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Equalized Assessed Value</u>	<u>Net Bonded Debt Per Capita (5)</u>
\$ 4,105,736	\$ 125,816	\$ 3,979,920	9.48 %	\$ 1,374.27
4,622,933	112,700	4,510,233	9.95	1,557.39
5,301,013	183,347	5,117,666	9.63	1,767.14
5,572,447	135,795	5,436,652	9.84	1,877.29
5,534,355	133,011	5,401,344	9.11	1,865.09
5,789,477	102,951	5,686,526	8.18	1,963.57
6,296,225	70,543	6,225,682	8.45	2,149.74
6,308,684	10,080	6,298,604	7.78	2,174.92
6,721,880	50,431	6,671,449	7.88	2,303.66
7,379,877	58,822	7,321,055	N/A (4)	2,715.93

Table 18
CITY OF CHICAGO, ILLINOIS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
December 31, 2010
(Amounts are in Thousands of Dollars)

	<u>City of Chicago Direct Debt</u>	<u>Net Direct Long-term Debt (1)</u>	<u>Percentage of Overlapping Bonded Debt (2)</u>	<u>Net Debt Applicable</u>
City of Chicago G. O. Bonds and Notes (Includes Commercial Paper)	\$ 7,398,877			
Add (Deduct):				
General Obligation Short-Term Notes Series 2010 (3) ..	<u>(70,425)</u>	<u>\$ 7,328,452</u>	100.00 %	<u>\$ 7,328,452</u>
Board of Education		5,596,922	100.00	5,596,922
Chicago School Finance Authority		-	100.00	-
Chicago Park District		944,565	100.00	944,565
Community College District No. 508		-	100.00	-
Cook County		3,499,615	46.21	1,617,172
Cook County Forest Preserve District		101,935	47.50	48,419
Metropolitan Water Reclamation				
District of Greater Chicago		<u>1,961,974</u>	48.48	<u>951,165</u>
Total Overlapping Debt		<u>12,105,011</u>		<u>9,158,243</u>
Net Direct and Overlapping Long-term Debt		<u>\$ 19,433,463</u>		<u>\$ 16,486,695</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 2010 that have a nominal maturity no later than April 1, 2012 are excluded from Net Direct Long-term Debt.

Table 19
CITY OF CHICAGO, ILLINOIS
DEBT STATISTICS
Last Ten Years
(Amounts are in Thousands of Dollars Except Where Noted)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Direct Debt	\$ 3,722,403	\$ 4,257,256	\$ 4,798,541	\$ 5,113,565
Overlapping Debt	<u>6,419,427</u>	<u>6,644,501</u>	<u>7,150,282</u>	<u>7,429,853</u>
Total Debt	<u>\$ 10,141,830</u>	<u>\$ 10,901,757</u>	<u>\$ 11,948,823</u>	<u>\$ 12,543,418</u>
Equalized				
Assessed Valuation (1)	\$ 41,981,912	\$ 45,330,892	\$ 53,168,632	\$ 55,277,096
Direct Debt Burden (2)	9.20%	10.14%	10.59%	9.62%
Total Debt Burden (2)	25.05%	25.97%	26.36%	23.59%
Estimated Fair Market				
Value (FMV) (5)	\$ 185,912,246	\$ 201,938,231	\$ 223,572,427	\$ 262,080,627
% of Direct Debt to FMV	2.00%	2.11%	2.15%	1.95%
% of Total Direct Debt to FMV	5.46%	5.40%	5.34%	4.79%
Population (3)	2,896,016	2,896,016	2,896,016	2,896,016
Direct Debt Per Capita (4)	\$ 1,285.35	\$ 1,470.04	\$ 1,656.95	\$ 1,765.72
Total Debt Per Capita (4)	3,501.99	3,764.40	4,125.95	4,331.27

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 2000 is \$40,480,077.
- (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.

2005	2006	2007	2008	2009	2010
\$ 5,123,729	\$ 5,422,232	\$ 5,805,921	\$ 6,126,295	\$ 6,866,270	\$ 7,328,452
7,574,950	7,750,883	7,904,184	7,529,359	8,539,070	9,158,243
<u>\$ 12,698,679</u>	<u>\$ 13,173,115</u>	<u>\$ 13,710,105</u>	<u>\$ 13,655,654</u>	<u>\$ 15,405,340</u>	<u>\$ 16,486,695</u>
\$ 59,304,530	\$ 69,517,264	\$ 73,645,316	\$ 80,977,543	84,685,258	N/A (6)
9.27%	9.14%	8.35%	8.32%	8.48%	8.65%
22.97%	22.21%	19.72%	18.54%	19.02%	19.47%
\$ 286,354,518	\$ 329,770,733	\$ 320,503,503	\$ 310,888,609	N/A (6)	N/A (6)
1.79%	1.64%	1.81%	1.97%	N/A (6)	N/A (6)
4.43%	3.99%	4.28%	4.39%	N/A (6)	N/A (6)
2,896,016	2,896,016	2,896,016	2,896,016	2,896,016	2,695,598
\$ 1,769.23	\$ 1,872.31	\$ 2,004.80	\$ 2,115.42	\$ 2,370.94	\$ 2,718.67
4,384.88	4,548.70	4,734.13	4,715.32	5,319.49	6,116.15

Table 20
CITY OF CHICAGO, ILLINOIS
REVENUE BOND COVERAGE
Last Ten Years Ended December 31, 2010
(Amounts are in Thousands of Dollars Except Where Noted)

Proprietary Funds							
Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2001	\$ 1,216,685	\$ 747,528	\$ 469,157	\$ 76,696	\$ 252,804	\$ 329,500	142 %
2002	1,232,203	751,884	480,319	87,653	269,777	357,430	134
2003	1,241,829	769,871	471,958	82,610	292,688	375,298	126
2004	1,235,290	721,879	513,411	102,559	318,733	421,292	122
2005	1,344,175	776,318	567,857	543,460 (3)	315,585	859,045	66
2006	1,422,873	779,168	643,705	210,891	397,341	608,232	106
2007	1,550,299	856,550	693,749	168,712	416,810	585,522	118
2008	1,602,668	913,499	689,169	219,482	438,553	658,035	105
2009	1,516,939	887,676	629,263	216,841	369,379	586,220	107
2010	1,768,225	911,935	856,290	220,124	379,185	599,309	143

Table 20 - Concluded
CITY OF CHICAGO, ILLINOIS
REVENUE BOND COVERAGE
Last Four Years Ended December 31, 2010
(Amounts are in Thousands of Dollars Except Where Noted)

Tax Increment Financing Funds							
Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2006 (4)	\$ 400,404	\$ 124,905	\$ 275,499	\$ 75,248	\$ 31,553	\$ 106,801	258%
2007	509,238	238,757	270,481	91,378	48,514	139,892	193%
2008	557,596	296,469	261,127	176,221	58,292	234,513	111%
2009	495,588	185,947	309,641	37,000	28,740	65,740	471%
2010	474,390	229,266	245,124	36,535	28,431	64,966	377%

Sales Tax and Motor Fuel Tax Funds						
Year	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage	
		Principal	Interest	Total		
2006 (4)	\$ 643,343	\$ 6,215	\$ 25,930	\$ 32,145	2001%	
2007	652,883	13,030	25,595	38,625	1690%	
2008	625,200	10,345	26,361	36,706	1703%	
2009	578,119	5,425	24,245	29,670	1948%	
2010	611,707	5,715	16,632	22,347	2737%	

NOTES:

- (1) Total revenues include nonoperating revenues except for grants.
- (2) Total operating expenses excluding depreciation and amortization.
- (3) \$446.3 million of Skyway principal was included even though that requirement was met through lease proceeds.
- (4) Beginning with fiscal year 2006, the City of Chicago will accumulate ten years of data for TIF and Sales Tax and Motor Fuel Tax Funds.

Table 21
CITY OF CHICAGO, ILLINOIS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Years Ended December 31, 2010
(Amounts are in Thousands of Dollars Except Where Noted)

Governmental Funds							
Year	Net General Obligation Debt	Tax Increment Allocation Bonds and Notes	Motor Fuel and Sales Tax Revenue	Installment Purchase Agreement	Capital Leases	Water Revenue Bonds	Skyway
2001	\$ 3,867,808	\$ 532,811	\$ 449,520	\$ 16,400	\$ -	\$ 1,032,055	\$ 437,910
2002	4,622,933	519,646	454,220	15,200	-	1,003,787	437,910
2003	5,301,013	471,846	543,380	13,800	31,332	974,014	437,910
2004	5,572,447	470,688	533,530	12,400	32,263	1,022,433	423,600
2005	5,534,355	407,709	518,800	10,900	309,813	1,031,089	-
2006	5,789,477	351,776	512,585	9,200	278,861	1,169,224	-
2007	6,296,225	285,363	499,555	7,500	245,685	1,195,803	-
2008	6,308,684	204,811	552,345	5,500	207,065	1,464,838	-
2009	6,721,880	179,871	559,417	3,500	169,282	1,424,319	-
2010	7,379,877	156,881	553,702	1,200	177,011	1,711,615	-

NOTES:

- (1) See Table 13 for Estimated Fair Market Value
- (2) Amounts in Dollars
- (3) 2009 information not available at time of publication.
- (4) 2010 information not available at time of publication.

Proprietary Fund Revenue Bonds

Chicago O'Hare International Airport Revenue Bonds	Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds	Chicago Midway Airport Revenue Bonds	Wastewater Transmission Revenue Bonds	Total Primary Government	Ratio of Bonded Debt to Estimated Fair Market Value (1)	Per Capita (2)
\$ 2,402,415	\$ 918,000	\$ 1,129,185	\$ 683,673	\$ 11,469,777	6.17 %	3,960.54
2,487,040	903,875	1,145,435	669,388	12,259,434	6.07	4,233.21
3,218,040	880,326	1,164,353	654,363	13,690,377	6.12	4,727.31
3,195,155	854,533	1,279,455	747,463	14,143,967	5.40	4,883.94
4,387,805	1,215,416	1,272,115	731,963	15,419,965	5.38	5,324.54
4,353,685	796,715	1,268,764	770,528	15,300,815	4.64	5,283.40
4,562,956	766,255	1,254,664	754,908	15,868,914	4.95	5,479.57
4,912,635	725,675	1,239,404	902,904	16,523,861	5.32	5,705.72
5,092,010	709,200	1,246,190	878,875	16,984,544	N/A (3)	5,864.80
5,647,115	816,110	1,465,495	1,100,800	19,009,806	N/A (4)	6,564.12

Table 22
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE REQUIREMENTS FOR GENERAL LONG-TERM DEBT (1)
December 31, 2010

Year Ended December 31,	General Obligation Debt		Installment Purchase Agreements		Sales Tax and Motor Fuel Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 156,646,211	\$ 362,306,570	\$ 1,200,000	\$ 46,500	\$ 16,295,000	\$ 25,970,589
2012	238,177,715	357,137,027	-	-	17,150,000	25,121,156
2013	205,826,568	348,584,887	-	-	18,040,000	24,227,028
2014	215,509,425	344,557,865	-	-	18,980,000	23,286,410
2015	237,486,371	338,479,868	-	-	18,400,000	22,315,244
2016	252,971,761	327,720,109	-	-	18,135,000	21,374,954
2017	276,226,947	316,151,544	-	-	18,525,000	20,442,144
2018	288,836,972	303,352,112	-	-	19,450,000	19,520,615
2019	299,743,700	289,582,419	-	-	20,425,000	18,553,004
2020	315,248,918	277,304,631	-	-	21,405,000	17,571,860
2021	318,497,240	262,352,924	-	-	22,390,000	16,589,496
2022	322,548,400	252,917,547	-	-	23,405,000	15,516,220
2023	314,123,319	238,316,137	-	-	24,535,000	14,393,905
2024	308,252,012	223,842,038	-	-	25,720,000	13,216,876
2025	289,668,971	208,092,559	-	-	26,965,000	11,982,494
2026	290,626,163	195,386,347	-	-	28,270,000	10,688,054
2027	286,229,720	176,046,634	-	-	27,412,551	11,651,214
2028	288,219,806	169,659,578	-	-	31,000,000	8,037,950
2029	291,969,515	153,981,933	-	-	20,990,799	18,060,415
2030	287,002,520	143,571,500	-	-	23,080,429	15,981,193
2031	209,983,596	129,868,512	-	-	22,076,638	16,999,031
2032	206,198,762	105,504,348	-	-	22,692,868	16,386,850
2033	187,596,194	96,146,086	-	-	23,144,107	15,714,241
2034	170,492,377	87,666,691	-	-	10,490,000	2,260,750
2035	207,032,607	79,703,323	-	-	11,015,000	1,736,250
2036	188,696,559	68,869,948	-	-	11,565,000	1,185,500
2037	169,577,925	58,769,391	-	-	12,145,000	607,250
2038	149,561,380	49,550,818	-	-	-	-
2039	158,555,000	11,269,604	-	-	-	-
2040	24,625,000	2,077,366	-	-	-	-
2041	25,645,000	1,059,901	-	-	-	-
	<u>\$ 7,181,776,654</u>	<u>\$ 5,979,830,217</u>	<u>\$ 1,200,000</u>	<u>\$ 46,500</u>	<u>\$ 553,702,392</u>	<u>\$ 409,390,693</u>

NOTE:

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2011, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2010. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Tax Increment and Special Service Area Bonds		Totals		Year Ended
Principal	Interest	Principal	Interest	December 31,
\$ 25,040,000	\$ 8,793,455	\$ 199,181,211	\$ 397,117,114	..... 2011
20,815,000	7,389,066	276,142,715	389,647,249	..... 2012
30,263,905	6,212,326	254,130,473	379,024,241	..... 2013
15,236,762	11,852,928	249,726,187	379,697,203	..... 2014
8,965,000	3,950,522	264,851,371	364,745,634	..... 2015
11,160,000	3,400,094	282,266,761	352,495,157	..... 2016
11,685,000	2,666,019	306,436,947	339,259,707	..... 2017
14,940,000	1,970,857	323,226,972	324,843,584	..... 2018
5,025,000	1,105,663	325,193,700	309,241,086	..... 2019
3,165,000	821,307	339,818,918	295,697,798	..... 2020
3,440,000	598,388	344,327,240	279,540,808	..... 2021
7,145,000	241,144	353,098,400	268,674,911	..... 2022
-	-	338,658,319	252,710,042	..... 2023
-	-	333,972,012	237,058,914	..... 2024
-	-	316,633,971	220,075,053	..... 2025
-	-	318,896,163	206,074,401	..... 2026
-	-	313,642,271	187,697,848	..... 2027
-	-	319,219,806	177,697,528	..... 2028
-	-	312,960,314	172,042,348	..... 2029
-	-	310,082,949	159,552,693	..... 2030
-	-	232,060,234	146,867,543	..... 2031
-	-	228,891,630	121,891,198	..... 2032
-	-	210,740,301	111,860,327	..... 2033
-	-	180,982,377	89,927,441	..... 2034
-	-	218,047,607	81,439,573	..... 2035
-	-	200,261,559	70,055,448	..... 2036
-	-	181,722,925	59,376,641	..... 2037
-	-	149,561,380	49,550,818	..... 2038
-	-	158,555,000	11,269,604	..... 2039
-	-	24,625,000	2,077,366	..... 2040
-	-	25,645,000	1,059,901	..... 2041
<u>\$ 156,880,667</u>	<u>\$ 49,001,769</u>	<u>\$ 7,893,559,713</u>	<u>\$ 6,438,269,179</u>	

Table 23
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION DEBT (1)
December 31, 2010

Year Ended December 31,	General Obligation Bonds		General Obligation Tender Notes	
	Principal	Interest	Principal	Interest
2011	\$ 135,906,211	\$ 337,776,665	\$ -	\$ 1,144,406
2012	142,042,715	334,446,631	70,425,000	292,459
2013	179,011,568	327,299,893	-	-
2014	187,309,425	320,285,676	-	-
2015	198,721,371	309,458,983	-	-
2016	210,886,761	301,000,200	-	-
2017	228,426,947	291,874,453	-	-
2018	238,521,972	281,750,920	-	-
2019	249,373,700	270,849,144	-	-
2020	258,738,918	261,472,798	-	-
2021	270,532,240	249,668,221	-	-
2022	277,173,400	243,001,630	-	-
2023	266,728,319	231,036,901	-	-
2024	278,392,012	219,317,516	-	-
2025	282,723,971	207,228,372	-	-
2026	282,961,163	194,874,435	-	-
2027	285,554,720	175,926,480	-	-
2028	287,504,806	169,575,631	-	-
2029	291,119,515	153,936,339	-	-
2030	287,002,520	143,571,500	-	-
2031	209,983,596	129,868,512	-	-
2032	206,198,762	105,504,348	-	-
2033	187,596,194	96,146,086	-	-
2034	170,492,377	87,666,691	-	-
2035	207,032,607	79,703,323	-	-
2036	188,696,559	68,869,948	-	-
2037	169,577,925	58,769,391	-	-
2038	149,561,380	49,550,818	-	-
2039	158,555,000	11,269,604	-	-
2040	24,625,000	2,077,366	-	-
2041	25,645,000	1,059,901	-	-
	<u>\$ 6,536,596,654</u>	<u>\$ 5,714,838,376</u>	<u>\$ 70,425,000</u>	<u>\$ 1,436,865</u>

NOTE:

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2011, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2010. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Other General Obligation Debt		Totals		Year Ended December 31,	
Principal	Interest	Principal	Interest	Total	December 31,
\$ 20,740,000	\$ 23,385,499	\$ 156,646,211	\$ 362,306,570	\$ 518,952,781	2011
25,710,000	22,397,937	238,177,715	357,137,027	595,314,742	2012
26,815,000	21,284,994	205,826,568	348,584,887	554,411,455	2013
28,200,000	24,272,189	215,509,425	344,557,865	560,067,290	2014
38,765,000	29,020,885	237,486,371	338,479,868	575,966,239	2015
42,085,000	26,719,909	252,971,761	327,720,109	580,691,870	2016
47,800,000	24,277,091	276,226,947	316,151,544	592,378,491	2017
50,315,000	21,601,192	288,836,972	303,352,112	592,189,084	2018
50,370,000	18,733,275	299,743,700	289,582,419	589,326,119	2019
56,510,000	15,831,833	315,248,918	277,304,631	592,553,549	2020
47,965,000	12,684,703	318,497,240	262,352,924	580,850,164	2021
45,375,000	9,915,917	322,548,400	252,917,547	575,465,947	2022
47,395,000	7,279,236	314,123,319	238,316,137	552,439,456	2023
29,860,000	4,524,522	308,252,012	223,842,038	532,094,050	2024
6,945,000	864,187	289,668,971	208,092,559	497,761,530	2025
7,665,000	511,912	290,626,163	195,386,347	486,012,510	2026
675,000	120,154	286,229,720	176,046,634	462,276,354	2027
715,000	83,947	288,219,806	169,659,578	457,879,384	2028
850,000	45,594	291,969,515	153,981,933	445,951,448	2029
-	-	287,002,520	143,571,500	430,574,020	2030
-	-	209,983,596	129,868,512	339,852,108	2031
-	-	206,198,762	105,504,348	311,703,110	2032
-	-	187,596,194	96,146,086	283,742,280	2033
-	-	170,492,377	87,666,691	258,159,068	2034
-	-	207,032,607	79,703,323	286,735,930	2035
-	-	188,696,559	68,869,948	257,566,507	2036
-	-	169,577,925	58,769,391	228,347,316	2037
-	-	149,561,380	49,550,818	199,112,198	2038
-	-	158,555,000	11,269,604	169,824,604	2039
-	-	24,625,000	2,077,366	26,702,366	2040
-	-	25,645,000	1,059,901	26,704,901	2041
<u>\$ 574,755,000</u>	<u>\$ 263,554,976</u>	<u>\$ 7,181,776,654</u>	<u>\$ 5,979,830,217</u>	<u>\$ 13,161,606,871</u>	

Table 24
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE REQUIREMENTS FOR PROPRIETARY FUNDS (1)
December 31, 2010

Year Ended December 31,	Water Revenue Bonds		Wastewater Transmission Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 42,216,798	\$ 86,192,157	\$ 27,581,664	\$ 54,835,247
2012	43,753,392	85,160,105	28,923,342	53,511,720
2013	41,520,776	87,843,682	30,330,061	52,121,701
2014	42,699,245	86,695,969	31,876,824	50,628,364
2015	43,951,663	85,456,541	33,508,630	48,999,269
2016	45,443,525	83,997,905	35,150,483	47,332,553
2017	47,024,651	82,438,251	36,787,381	45,781,888
2018	48,681,040	80,829,806	38,499,328	44,169,113
2019	55,970,180	73,570,154	33,342,954	49,600,368
2020	58,396,679	71,289,759	32,360,908	50,555,425
2021	66,041,090	63,490,900	33,409,861	49,571,311
2022	69,006,860	60,621,447	34,588,159	48,494,360
2023	71,883,312	57,580,856	35,767,239	47,390,709
2024	75,747,536	54,329,278	47,292,510	36,294,789
2025	76,256,869	50,968,543	30,296,647	52,802,010
2026	65,790,000	47,561,535	31,250,576	51,909,628
2027	68,450,000	44,226,908	32,239,251	50,941,221
2028	80,645,000	40,763,659	38,185,000	30,087,831
2029	83,960,000	37,046,007	40,140,000	28,089,485
2030	84,175,000	33,104,484	41,990,000	25,989,257
2031	54,100,000	29,216,152	44,285,000	23,643,794
2032	46,735,000	26,298,382	46,345,000	21,164,826
2033	48,995,000	23,592,420	48,680,000	18,559,553
2034	51,375,000	20,756,861	50,960,000	15,822,466
2035	53,865,000	17,785,046	53,335,000	12,956,478
2036	56,475,000	14,670,589	46,650,000	9,956,027
2037	49,650,000	11,406,747	48,840,000	7,215,474
2038	52,020,000	8,386,838	39,420,000	4,345,647
2039	37,915,000	5,224,376	28,765,000	1,984,785
2040	39,575,000	2,668,146	-	-
	<u>\$ 1,702,318,616</u>	<u>\$ 1,473,173,503</u>	<u>\$ 1,100,800,818</u>	<u>\$ 1,034,755,299</u>

NOTE:

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2011, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2010. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Chicago-O'Hare International Airport and Chicago Midway International Airport Bonds				Totals		Year Ended
Principal	Interest	Principal	Interest	Total	December 31,	
\$ 166,455,000	\$ 388,274,950	\$ 236,253,462	\$ 529,302,354	\$ 765,555,816	.....	2011
185,485,000	380,594,117	258,161,734	519,265,942	777,427,676	.....	2012
291,040,000	371,868,544	362,890,837	511,833,927	874,724,764	.....	2013
297,030,000	359,114,750	371,606,069	496,439,083	868,045,152	.....	2014
235,295,000	344,551,323	312,755,293	479,007,133	791,762,426	.....	2015
223,295,000	332,793,344	303,889,008	464,123,802	768,012,810	.....	2016
274,250,000	321,444,131	358,062,032	449,664,270	807,726,302	.....	2017
298,320,000	307,723,112	385,500,368	432,722,031	818,222,399	.....	2018
278,200,000	292,159,029	367,513,134	415,329,551	782,842,685	.....	2019
251,585,000	277,798,351	342,342,587	399,643,535	741,986,122	.....	2020
241,950,000	265,588,261	341,400,951	378,650,472	720,051,423	.....	2021
253,915,000	252,908,944	357,510,019	362,024,751	719,534,770	.....	2022
267,040,000	239,478,570	374,690,551	344,450,135	719,140,686	.....	2023
342,845,000	225,322,297	465,885,046	315,946,364	781,831,410	.....	2024
295,355,000	210,209,380	401,908,516	313,979,933	715,888,449	.....	2025
306,960,000	194,636,848	404,000,576	294,108,011	698,108,587	.....	2026
323,210,000	178,393,853	423,899,251	273,561,982	697,461,233	.....	2027
472,840,000	161,283,750	591,670,000	232,135,240	823,805,240	.....	2028
368,795,000	143,075,794	492,895,000	208,211,286	701,106,286	.....	2029
387,800,000	124,077,218	513,965,000	183,170,959	697,135,959	.....	2030
380,745,000	104,151,074	479,130,000	157,011,020	636,141,020	.....	2031
347,635,000	84,697,202	440,715,000	132,160,410	572,875,410	.....	2032
331,080,000	69,894,518	428,755,000	112,046,491	540,801,491	.....	2033
346,940,000	57,736,885	449,275,000	94,316,212	543,591,212	.....	2034
151,665,000	46,163,220	258,865,000	76,904,744	335,769,744	.....	2035
160,845,000	36,982,019	263,970,000	61,608,635	325,578,635	.....	2036
168,080,000	27,229,090	266,570,000	45,851,311	312,421,311	.....	2037
131,420,000	17,335,779	222,860,000	30,068,264	252,928,264	.....	2038
139,650,000	9,106,394	206,330,000	16,315,555	222,645,555	.....	2039
4,990,000	357,683	44,565,000	3,025,829	47,590,829	.....	2040
<u>\$ 7,924,715,000</u>	<u>\$ 5,824,950,430</u>	<u>\$ 10,727,834,434</u>	<u>\$ 8,332,879,232</u>	<u>\$ 19,060,713,666</u>		

Table 25
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2010

Long-term debt is comprised of the following issues at December 31, 2010 (dollars in thousands):

	Original Principal	Outstanding at December 31, 2010
General Long-term Debt:		
General Obligation Debt:		
General Obligation Bonds:		
Refunding Series of 1991 - 5.75% to 7.0%	\$ 54,743	\$ 2,564
Tender Bonds Series B of 1992 - Variable Rate (.28% at December 31, 2010)	35,000	1,480
Refunding Series of 1993 A - 3.8% to 5.5%	92,260	20,150
Refunding Series of 1993 B - 4.25% to 5.125%	153,280	77,460
Project and Refunding Series 1995 A-2 - 5.0% to 6.25%	220,390	84,535
Tender Bonds 1996 B - Variable Rate (.28% at December 31, 2010)	1,500	1,500
Tender Bonds 1997 - Variable Rate (.28% at December 31, 2010)	5,500	620
Project and Refunding Series 1998 - 3.85% to 5.5%	426,600	54,945
Project and Refunding Series 1999 A - 4.0% to 5.375%	300,000	4,995
Emergency Telephone System Refunding Series 1999 - 4.5% to 5.5%	213,110	142,465
City Colleges of Chicago Capital Improvement Project Series 1999 - 6.0%	308,964	222,289
Project Series 2000 A - 4.85% to 6.75%	254,293	7,403
Neighborhoods Alive 21 Program Series 2000 A and B - 5.75% to 7.82%	199,685	2,595
Project and Refunding Series 2000 C - 5.25% to 5.75%	182,700	64,760
Project and Refunding Series 2001 A - 4.0% to 5.65%	580,338	141,093
Project and Refunding Series 2002 A - 4.0% to 5.65%	169,765	3,525
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	9,650
Project and Refunding Series 2003 A - 4.625% to 5.25%	157,990	66,885
Project and Refunding Series 2003 B - 4.052%	202,500	201,965
Project Series 2003 C and D - 2.0% to 5.25%	198,265	82,195
Emergency Telephone System Series 2004 - 3.0% to 6.9%	64,665	49,335
Project and Refunding Series 2004 - 1.92% to 5.5%	489,455	206,485
Refunding Series 2005 A - 2.5% to 5.0%	441,090	431,575
Project and Refunding Series 2005 B and C - 3.5% to 5.0%	339,275	312,385
Variable Rate Demand Bonds Series 2005 D - 4.104%	222,790	222,790
Direct Access Bonds, Series 2005 - 2.876% to 4.5%	114,695	73,737
Direct Access Bonds, Series 2006 - 3.5% to 4.4%	35,753	30,743
Project and Refunding Series 2006 A and B - 3.5% to 5.375%	649,995	597,275
Project and Refunding Series 2007 A and B - 3.75% to 5.462%	589,590	560,415
City Colleges of Chicago Capital Improvement Project Series 2007 - 4.0% to 5.0%	39,110	37,275
Project and Refunding Series 2007 C and D - 4.0% to 5.44%	330,890	330,890
Project and Refunding Series 2007 E through G - 3.998%	200,000	200,000
Project and Refunding Series 2008 A and B - 3.0% to 5.765%	473,705	468,805
Project and Refunding Series 2008 C through E - 1.0% to 6.05%	611,017	608,282
Project and Refunding Series 2009 A through D - 4.0% to 6.257%	793,275	793,275
Project Series 2010B - 7.517%	213,555	213,555
Total General Obligation Bonds	<u>9,675,583</u>	<u>6,536,596</u>

Table 25 - Continued
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2010

	Original Principal	Outstanding at December 31, 2010
General Obligation Notes:		
Commercial Paper Notes - Variable Rate (.32% to .42% at December 31, 2010)	\$ 198,101	\$ 198,101
Tender Notes Series 2010 - 1.625%	70,425	70,425
Total General Obligation Notes	<u>268,526</u>	<u>268,526</u>
Total General Obligation Bonds and Notes	<u>9,944,109</u>	<u>6,805,122</u>
General Obligation Certificates and Other Obligations:		
Building Acquisition Certificates (Limited Tax) Series 1997 - 4.4% to 5.4%	28,800	15,135
Modern Schools Across Chicago Program - Series 2007 A through K - 3.6% to 5.0%	356,005	318,505
Modern Schools Across Chicago Program - Series 2010 A and B - 3.0% to 5.364%	150,115	150,115
MRL Financing LLC Promissory Note - 5.0% to 7.5%	91,000	91,000
Total General Obligation Certificates and Other Obligations	<u>625,920</u>	<u>574,755</u>
Total General Obligation Debt	<u>10,570,029</u>	<u>7,379,877</u>
Installment Purchase Agreement - 7.75%	<u>24,700</u>	<u>1,200</u>
Tax Increment Allocation Bonds and Notes:		
Read-Dunning Redevelopment Project Tax Increment - Series 1996 B - 7.25%	7,035	2,680
Stockyards Industrial Tax Increment - Series 1996 A - 5.375%	14,800	1,755
Stockyards Southeast Tax Increment - Series 1996 B - 5.375%	20,000	2,220
Sanitary Drainage Tax Increment - Series 1997 A - 7.375% to 7.75%	5,530	2,270
95th and Western Avenue Tax Increment - Series 1998 - 8.5%	2,600	590
Lincoln/Belmont/Ashland Tax Increment - Series 1998 - 4.0% to 11.0%	12,375	7,125
Irving/Cicero Tax Increment - Series 1998 - 7.0%	4,470	1,905
Near South Tax Increment - Series 1999 A and B - 4.0% to 5.65%	50,000	15,780
Near North Tax Increment - Series 1999 A and B - 5.084% to 6.89%	55,000	42,000
Neighborhood Improvement Fund Tax Increment Notes - 7.0% to 9.5%	17,420	2,954
Goose Island Redevelopment Tax Increment - Series 2000 - 7.45%	16,800	14,280
Near West Redevelopment Tax Increment - Series 2000 - 4.625% to 6.0%	11,560	1,290
Near South Tax Increment - Series 2001 A and B - 4.75% to 6.25%	46,242	20,712
Chatham Ridge Redevelopment Project, Series 2002 - 3.3% to 6.05%	17,935	6,565
Pilsen Redevelopment Project - 4.35% to 6.75% - Series 2004	49,520	34,755
Total Tax Increment Allocation Bonds and Notes	<u>331,287</u>	<u>156,881</u>

Table 25 - Continued
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2010

	Original Principal	Outstanding at December 31, 2010
Motor Fuel Tax and Sales Tax Revenue Bonds:		
Motor Fuel Tax Revenue Bonds - Refunding Series 1993 - 4.05% to 6.125%	\$ 70,175	\$ 17,565
Motor Fuel Tax Revenue Bonds - Series 2003 - 2.25% to 5.25%	115,645	114,390
Motor Fuel Tax Revenue Bonds - Series 2008 A and B - 4.0% to 5.0%	66,635	66,635
Sales Tax Revenue Bonds - Series 1998 - 4.5% to 5.5%	125,000	24,045
Sales Tax Revenue Bonds - Series 2002 - 4.23%	116,595	113,705
Sales Tax Revenue Refunding Bonds - Series 2005 - 3.25% to 5.0%	142,825	126,470
Sales Tax Revenue Refunding Bonds - Series 2009 - 4.25% to 6.0%	90,892	90,892
Total Motor Fuel Tax and Sales Tax Revenue Bonds	<u>727,767</u>	<u>553,702</u>
 Total General Long-term Debt	 <u>\$ 11,653,783</u>	 <u>\$ 8,091,660</u>
 Proprietary Fund Revenue Bonds:		
Water Revenue Bonds:		
Refunding Series 1993 - 4.125% to 6.5%	\$ 49,880	\$ 25,265
Series 1997 - 3.9% to 5.25%	277,911	20,976
Series 2000 - 2nd Lien - 3.87%	100,000	100,000
Series 2000 - 4.375% to 5.875%	156,819	22,664
Series 2001 - 3.0% to 5.75%	353,905	80,990
Series 2004 - 2nd Lien - 3.867%	500,000	386,500
Series 2006A - 2nd Lien - 4.5% to 5.0%	215,400	197,470
Series 2008 - 2nd Lien - 4.0% to 5.25%	549,915	515,105
Series 2010 - 2nd Lien - 2.0% to 6.742%	313,580	306,810
Commercial Paper Notes - Variable Rate (.30% at December 31, 2010)	51,513	51,513
Illinois Environmental Protection Agency Loan - 2.905%	3,605	2,273
Illinois Environmental Protection Agency Loan - 2.57%	2,641	2,049
Chicago-O'Hare International Airport Revenue Bonds:		
Series of 1984 - 2nd Lien - Variable Rate (.32% at December 31, 2010)	100,000	13,650
Series of 1988 - 2nd Lien - Variable Rate (.31% at December 31, 2010)	150,000	12,200
Refunding Series of 1993 A - 4.8% to 5.0%	324,270	72,795
Series of 1994 B - 2nd Lien - Variable Rate (.38% at December 31, 2010)	68,700	32,500
Series of 1994 C - 2nd Lien - Variable Rate (.35% at December 31, 2010)	83,800	39,800
Series of 1996 A and B - 2nd Lien - 4.7% to 7.1%	216,075	20,930
Refunding Series of 1999 - 2nd Lien - 5.5%	409,850	250,250
Refunding Series of 2002 A - 3rd Lien - 5.25% to 5.75%	490,515	490,515
Refunding Series of 2003 A through C - 3rd Lien - 4.5% to 6.0%	986,310	986,310
Series of 2003 D through F - 3rd Lien - 2.125% to 5.5%	149,330	129,120
Series of 2004 A through H - 3rd Lien - 3.49% to 5.35%	385,045	214,930
Series of 2005 A and B - 3rd Lien - 5.0% to 5.25%	1,200,000	1,200,000
Series of 2005 C and D - 3rd Lien - Variable Rate (.332% to .36% at December 31, 2010)	300,000	300,000
Series of 2006 A through D - 3rd Lien - 4.55% to 5.5%	156,150	73,800
Series of 2008 A through D - 3rd Lien - 4.0% to 5.0%	779,915	778,150

Table 25 - Concluded
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2010

	Original Principal	Outstanding at December 31, 2010
Proprietary Fund Revenue Bonds - Concluded:		
Chicago-O'Hare International Airport Revenue Bonds - Concluded:		
Series of 2010 A through F - 3rd Lien - 1.75% to 6.845%	\$ 1,039,985	\$ 1,032,165
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds:		
Series of 2001 A through E - 2nd Lien - 3.4% to 5.75%	700,000	567,300
Refunding Series of 2008 A - 4.0% to 5.0%	111,425	111,425
Refunding Series of 2010 A through D - 2.0% to 6.322%	137,665	137,385
Chicago Midway Airport Revenue Bonds:		
Series 1996 A and B - 4.8% to 6.5%	254,040	140,535
Series 1998 A, B and C - 4.3% to 5.5%	397,715	376,925
Series 1998 - 2nd Lien A and B - Variable Rate (.31% at December 31, 2010)	171,000	132,525
Series 2001 A and B - 5.0% to 5.5%	295,855	262,745
Refunding Series 2004 A and B - 2nd Lien - 3.2% to 5.5%	77,565	69,595
Series 2004 C and D - 2nd Lien - 4.174%	152,150	152,150
Series 2010 A - 2nd Lien - Variable Rate (.35% at December 31, 2010)	80,475	80,475
Series 2010 B through D - 2nd Lien - 3.532% to 7.168%	246,540	246,540
Commercial Paper Notes - Variable Rate (.29% at December 31, 2010)	4,005	4,005
Wastewater Transmission Revenue Bonds:		
Refunding Series 1993 - 5.125% to 6.5%	232,880	22,820
Refunding Series 1998 A - 4.55% to 5.0%	62,423	35,168
Series 2001 - 2nd Lien - 3.5% to 5.5%	187,685	73,505
Refunding Series 2004 B - 2nd Lien - 3.0% to 5.25%	61,925	48,190
Series 2006 A and B - 2nd Lien - 4.5% to 5.0%	155,030	148,555
Series 2008 A - 2nd Lien - 4.0% to 5.5%	167,635	163,090
Series 2008 C1 through C3 - 2nd Lien - 3.886%	332,230	332,230
Series 2010 - 2nd Lien - 2.0% to 6.9%	275,865	275,865
Illinois Environmental Protection Agency Loan - 2.5%	1,546	1,377
Total Proprietary Fund Revenue Bonds	\$ 12,480,783	\$ 9,708,970

NOTE:

The balance outstanding at December 31, 2010 listed above for each year excluded amounts payable January 1, 2011. In addition, the balance outstanding of water revenue bonds at December 31, 2010 excludes payments due on November 1, 2011.

Table 26
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>Unemployment Rate (3)</u>	<u>Per Capita Income (4)</u>	<u>Total Income</u>
2001	2,896,016	34.8	1,074,200	7.2 %	\$ 35,157	\$ 101,815,234,512
2002	2,896,016	31.9	1,059,960	8.5	35,085	101,606,721,360
2003	2,896,016	32.6	1,067,823	8.2	35,464	102,704,311,424
2004	2,896,016	32.6	1,051,018	7.2	37,169	107,642,018,704
2005	2,896,016	33.0	1,045,282	7.0	38,439	111,319,959,024
2006	2,896,016	33.5	1,040,000	5.2	41,887	121,305,422,192
2007	2,896,016	33.7	1,033,328	5.7	43,714	126,596,443,424
2008	2,896,016	34.1	1,032,746	6.4	45,328	131,270,613,248
2009	2,896,016	34.5	1,037,069	10.0	43,727	126,634,091,632
2010	2,695,598	34.8	1,045,666	10.1	N/A (5)	N/A (5)

NOTES:

- (1) Source: U.S. Census Bureau.
- (2) Source: World Business Chicago Website, Claritas data estimates; Cook County's Website.
- (3) Source: Bureau of Labor Statistics 2010, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.
- (4) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area (in 2010 dollars).
- (5) N/A means not available at time of publication.

Table 27
CITY OF CHICAGO, ILLINOIS
PRINCIPAL EMPLOYERS (NON-GOVERNMENT)
Current Year and Nine Years Ago (See Note at the End of this Page)

Employer	2010 (1)			2001 (1)		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
J. P. Morgan Chase (2)	8,094	1	0.81 %			%
United Airlines	5,585	2	0.58	9,282	1	0.81
Northern Trust	5,833	3	0.56	5,769	2	0.51
Jewel Food Stores, Inc.	5,307	4	0.52			
Bank of America NT	4,668	5	0.44			
Walgreen's Co.	4,552	6	0.33			
Accenture LLP	4,224	7	0.32			
CVS Corporation	4,067	8	0.30			
ABM Janitorial Midwest, INC.	3,840	9	0.30			
American Airlines	3,153	10	0.27	5,317	4	0.46
First National Bank of Chicago				5,565	3	0.49
Ameritech (3)				5,303	5	0.46
Arthur Andersen, LLP				4,972	6	0.44
M O Hill & Robert Prince				4,686	7	0.41
Ford Motor Company				3,197	8	0.28
Dominick's Finer Foods, LLC				3,167	9	0.28
Commonwealth Edison Company				3,146	10	0.28

NOTES:

(1) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.

(2) J. P. Morgan Chase formerly known as Banc One.

(3) Ameritech currently known as SBC/AT&T.

Table 28
CITY OF CHICAGO, ILLINOIS
FULL TIME EQUIVALENT CITY OF CHICAGO EMPLOYEES BY FUNCTION
Last Five Years (See Note at the End of this Page)

Function	Budgeted Full Time Equivalent Positions				
	2010	2009	2008	2007	2006
General Government	4,401	4,419	5,112	5,195	5,214
Public Safety	22,912	22,954	23,313	23,397	23,345
Streets and Sanitation	2,605	3,087	3,648	3,609	3,578
Transportation	1,022	718	819	829	862
Health	1,117	1,257	1,535	1,554	1,570
Cultural and Recreational	1,213	1,318	1,596	1,608	1,620
Business-type Activities	3,619	3,666	3,898	4,015	4,108
Total	<u>36,889</u>	<u>37,419</u>	<u>39,921</u>	<u>40,207</u>	<u>40,297</u>

NOTES:

(1) Source: City of Chicago 2011 Program and Budget Summary, 2010 figures.

Includes full time equivalent positions in grant related programs.

(2) Beginning with fiscal year 2006, the City of Chicago will accumulate ten years of data.

Table 29
CITY OF CHICAGO, ILLINOIS
OPERATING INDICATORS BY FUNCTION/DEPARTMENT
Last Five Years (See Note at the End of this Page)

<u>Function/Program</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police					
Physical Arrests	167,355	181,254	196,621	221,915	227,576
Fire					
Emergency Responses	343,214	363,519	377,808	402,403	300,971
Refuse Collection					
Refuse Collected (Tons per Day)	3,931	3,974	4,240	4,320	4,451
Cultural					
Volumes in Library	5,769,587	5,743,002	5,721,334	5,891,306	5,700,000
Water					
Average Daily Consumption (Thousand of Gallons)	773,612	808,551	827,156	860,285	884,970

Table 30
CITY OF CHICAGO, ILLINOIS
CAPITAL ASSET STATISTICS BY FUNCTION
Last Five Years (See Note at the End of this Page)

<u>Function</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police Stations	25	25	25	25	25
Fire Stations	103	103	101	102	102
Other Public Works					
Streets (Miles)	3,775	3,775	3,775	3,775	3,775
Streetlights	261,019	259,699	285,989	192,511	190,000
Traffic Signals	2,960	2,960	2,960	2,727	2,795
Water Mains (Miles)	4,300	4,300	4,375	4,236	4,230
Sewers Mains (Miles)	4,400	4,400	4,500	4,500	4,500

NOTE:

(1) Beginning with fiscal year 2006, the City of Chicago will accumulate ten years of data.

Table 31
CITY OF CHICAGO, ILLINOIS
INTEREST RATE SWAP COUNTERPARTY ENTITIES
December 31, 2010

Associated Bond Issue	Current Notional Amounts	Counterparty Credit Rating Moody's/S&P	Counterparty Entity
	\$ 150,000	Aa3/A+*	Loop Financial Products I
	50,000	A1/A+	Morgan Stanley
GO VRDB (Series 2007EFG).....	200,000 **	Aa2/AA	Wells Fargo
	155,953	A1/A	Goldman Sachs
	66,837	Aa2/A+*	Loop Financial Products III
	100,000 **	Aaa/AA*	Rice Financial
	61,395 **	Aa3/A+*	Loop Financial Products I
GO VRDB (Series 2005D).....	61,395 **	Aa3/A+*	Jefferies & Co
Chicago Midway International Airport Revenue Bonds (Series 2004C&D).....	91,290 60,860	A1/A Aa1/AA-	Goldman Sachs JP Morgan
	232,260	Aa3/A+*	Loop Financial Products I
Wastewater Transmission Variable Rate Revenue Bonds (Series 2008C).....	49,835 49,835	Aa3/A+ Aa1/AA-	Bank of America JP Morgan
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	193,655	Aa3/A+	UBS
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	195,770	A1/A-	RBC
Second Lien Water Revenue Refunding Bonds (Series 2000).....	100,000	Aa3/A+	UBS
	151,475	Aa2/AA	Wells Fargo
	50,625	Aa1/AA-	JP Morgan
	50,625 **	Aa1/AA-	JP Morgan
	151,475 **	Aaa/AA*	Rice Financial
GO VRDB (Series 2003B).....	202,500 **	Aa1/AA-	JP Morgan
GO VRDB (Neighborhoods Alive 21 Program, Series 2002B).....	155,025 51,675	Aa1/AA- Aa3/A+	JP Morgan Bank of America
Sales Tax Revenue Refunding Bonds (VRDB Series 2002).....	114,150	Aa1/AA-	JP Morgan
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	44,900	Aa3/A+	Bank of America
Tax Increment Allocation Bonds (Stockyards TIF, Series 1996A&B).....	3,975	Aa3/A+	Bank of America
Total.....	<u>\$ 2,795,510</u>		

Source: Survey of Derivative Instruments - Notional amount as of 12/31/10.

* Reflects the rating of the credit support provider.

** Reflects Swap overlay agreement.