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# CITY OF CHICAGO

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012



Rahm Emanuel, Mayor

Lois A. Scott, Chief Financial Officer

Amer Ahmad, City Comptroller

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**OFFICE OF THE MAYOR**  
**CITY OF CHICAGO**

**RAHM EMANUEL**  
MAYOR

June 29, 2013

Dear Chicagoans:

Thank you for your interest in the Comprehensive Annual Financial Report (CAFR) of the City of Chicago for the 2012 fiscal year.

In 2012, the City of Chicago took on the challenging task of improving the City's finances by working to bring expenditures in line with revenues, tightly managing department budgets and cutting Citywide costs. At the same time, the City engaged in dynamic and efficiency-promoting reforms that ensure Chicago residents receive high quality programming and exceptional City services at the lowest cost now, and in the future. Additionally, the City enhanced its long-term financial outlook by contributing \$20 million to its long-term reserves.

While significant progress was made in 2012, we continue to seek additional ways to improve the City's financial health. At the same time, we strategically invest to promote the city's growth which will undoubtedly foster an environment that makes Chicago an ideal place to do business, work, live and raise a family.

By investing in the future, reforming city government, and reducing inefficiencies, we can ensure the City of Chicago and the programs and services it offers will continue to thrive and benefit all of our residents and taxpayers while attracting new companies, ventures and visitors for decades to come.

Sincerely,

Mayor

**CITY OF CHICAGO  
THE CITY COUNCIL  
As of December 31, 2012  
RAHM EMANUEL, Mayor**

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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



**2012 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, 2013

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 for the fiscal year ended December 31, 2012. 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 that the City's basic financial statements are 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 a 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.

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**Profile of the Government.** The City of Chicago, incorporated in 1837, currently occupies a land area of approximately 228 square miles and serves a population of approximately 2,696,000. The City is a "home rule" unit of local government under Illinois law and 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 that 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 to residents by the Chicago Public Schools, Chicago Park District, Chicago Transit Authority, City Colleges of Chicago and the Chicago Housing Authority. However, these component units are not included in the City's reporting entity.

Annual budgets are adopted for the City's general fund and certain special revenue funds. Prior to October 15, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year. The City Council is required to hold at least one public hearing regarding the proposed budget, and the budget document must be made available for public inspection at least ten days prior to the passage of the annual appropriation ordinance. Not later than December 31, 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.

**Local Economy.** Chicago continues to enjoy one of the most diverse economies in the nation, comprised of mature and emerging industries, including business and financial services, manufacturing, aviation, transportation and warehousing, biotech and life sciences, education and healthcare. Long-standing components of the local economy, such as derivatives trading, remain strong - Chicago futures and options exchanges collectively conduct 50% of the exchange-based derivatives trading in the U.S. - while new sectors continuously emerge - the City is now home to 20 wind energy companies.

Chicago's large and diverse economy contributes to a gross regional product of more than \$500 billion. Total trade reached \$188 billion in 2012, up from \$154 billion in 2008. With 4.3 million employees and over 260,000 businesses, the Chicago metropolitan area is home to more than 400 major corporate headquarters, including 29 Fortune 500 headquarters. Chicago has long been a center for international business and is currently home to over 1,500 foreign-based companies and receives more than \$40 billion in direct foreign investment. Chicago-based companies, in turn, have a strong presence abroad, with over 4,100 locations in 170 countries.

Business expansion and investment in Chicago continue to grow. Throughout 2012, Chicago placed in the top three cities across the country for monthly employment growth and unemployment declines, due in part to 33,667 new and retained jobs. Companies such as Motorola Mobility relocated headquarters to the city, bringing over \$300 million and 2,000 jobs. Mayor Emanuel announced more than 12,000 new jobs in 2012 in fields such as consumer products, energy, professional and financial services, healthcare, manufacturing, technology, transportation and logistics. More than 600 new or expanding facilities were also announced, commenced, or completed in the Chicago metropolitan area in 2012, representing a total of 35 million square feet and \$10.5 billion in economic development activity.

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In addition, Chicago continues to be a destination for both business and leisure travelers, drawn by the City's numerous cultural and recreational attractions, professional sports teams, festivals, museums, parks and more. Tourism, business and convention travel to Chicago reached near-record levels in 2012, with 46.2 million visitors to the City, an increase of 6% over 2011. This activity continues to be a significant part of the local economy, helping to strengthen small businesses and provide jobs.

**Financial Planning and Policies.** Each year, the City completes an Annual Financial Analysis based on the critical understanding that to protect the health and safety of all Chicagoans, strengthen communities and neighborhoods, maintain infrastructure and public spaces, and foster a vibrant local economy, the City must take an informed and long-term approach to financial planning. The Annual Financial Analysis, which is available on the City's website, provides a review of the City's revenues and expenditures over the past 10 years, a forecast of the City's finances for the next three years, and analyses of the City's reserves, pension contributions, debt obligations, and capital improvement program.

The City bases its annual budget on an assessment of the available resources for that year and an understanding of the City's service priorities, adopting a balanced budget each year in accordance with the Illinois Municipal Code. As part of the annual budget process, the City evaluates each department's direct and indirect costs in order to accurately assess expenses across City government and strives to maintain a diversified revenue system that is responsive to the changing economy and designed to protect the City from short-term fluctuations in any individual revenue source. The City's financial policies are intended to secure the City's fiscal integrity and health, encourage equitable allocation of costs and resources, identify potential financial risks and options to mitigate them, maximize economic efficiency, and allow sufficient flexibility to consider new fiscal and budgetary strategies.

**2012 Budget and Major Initiatives.** In 2012, the City closed a \$635.7 million budget shortfall through targeted cuts, strategic reforms, and select revenue increases. The 2012 budget made difficult decisions about cutting expenses and incorporated innovative initiatives that generated savings while improving the quality of City services:

- The City transitioned to a grid-based garbage collection system, shifting from a non-linear ward-based scheme to a system of routes bordered by main streets and natural boundaries, saving millions each year.
- Competitive bidding was introduced to City services such as recycling and tree trimming, reducing the cost of providing these services and generating savings for reinvestment in service expansion.
- The City worked closely with labor unions to implement a groundbreaking employee wellness program to promote a healthier workforce and counter rising health insurance costs.
- The police and fire departments consolidated into a single public safety headquarters, generating administrative and real estate savings and increasing opportunities for beneficial coordination.
- The City commenced an ambitious and much-needed rehabilitation program for its aging water and sewer systems, which will save millions spent each year to repair damage caused by outdated water and sewer infrastructure and help to secure a clean and safe water supply for future generations.

All of this and much more was done without increasing sales, utility, or property taxes, and while cutting taxes on employers in order to foster job growth. The 2012 budget also phased out the heavy reliance on nonrecurring revenue sources seen prior to 2012 and deposited \$20 million into the City's long-term reserves.



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**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, 2011. This was the nineteenth 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, 2011

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.



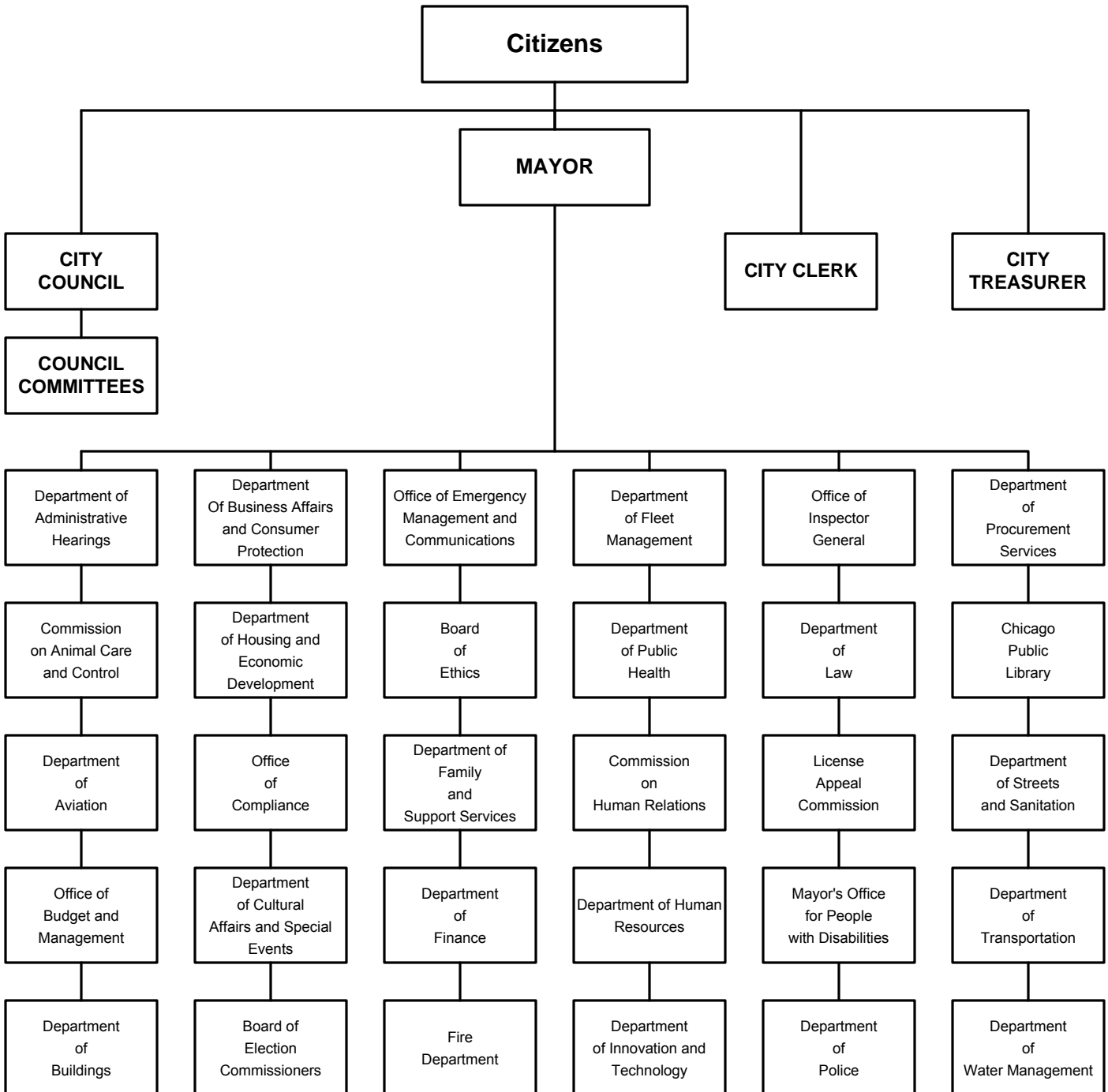
*Christopher P. Mouill*

President

*Jeffrey R. Emer*

Executive Director

**CITY OF CHICAGO  
ORGANIZATION CHART  
AS OF 12/31/2012**



**PART II**

**FINANCIAL SECTION**

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



## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 statements were audited by other auditors whose reports 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we and other auditors have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois, as of December 31, 2012, 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 accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

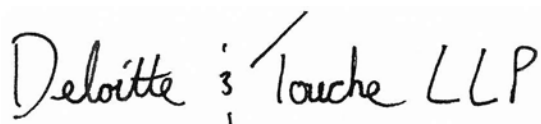
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Other Postemployment Benefits Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining, Individual Fund Financial Statements, introductory section and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the Combining and Individual Fund Financial Statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The image shows a handwritten signature in black ink. The signature reads "Deloitte" followed by a vertical separator line, then "Touche LLP". The handwriting is cursive and somewhat stylized.

Chicago, Illinois  
June 29, 2013

## 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, 2012. 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.

### 2012 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 \$3,828.3 million (*net deficit*). Of this amount, \$8,891.6 million is an unrestricted deficit, while \$2,172.3 million is net investment in capital assets and \$2,891.0 million is restricted for specific purposes.
- The City's total assets increased by \$631.7 million. The increase primarily relates to a \$1,004.0 million increase in capital assets as a result of the City's capital improvement program, offset by a \$319.7 million decrease in cash and cash equivalents and investments primarily as a result of the City's financing of its operations.
- Revenues and Other Financing Sources, in the fund financial statements, available for general governmental operations during 2012 were \$6,751.5 million, a decrease of \$889.7 million (11.6 percent) from 2011 due to a decrease in the amount of bonds issued.
- The General Fund, also in the fund financial statements, ended 2012 with a total Fund Balance of \$231.3 million. Total Fund Balance decreased from 2011 primarily because Revenues and Other Financing Sources were less than Expenditures and Other Financing Uses by \$101.1 million. Fund Balance at December 31, 2012 of \$177.0 million was assigned. Unassigned Fund Balance was \$33.4 million at December 31, 2012.
- The City's general obligation bonds and notes outstanding increased by \$234.1 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 Basic 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 position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (for example, uncollected taxes, and earned but unused

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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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 19 individual governmental funds. Information for the six 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 six major governmental funds are as follows: the General Fund, the Federal, State and Local Grants Fund, the Special Taxing Areas Fund, Service Concession and 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 Fund. All the proprietary funds are considered to be major funds of the City. The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.



**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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**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 position and a statement of changes in fiduciary net position. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund basic 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 for 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 basic 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 basic financial statements.

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

**Net Position.** As noted earlier, net position 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 \$3,828.2 million at December 31, 2012.

A large portion of the City's net position, \$2,172.3 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, 2012**

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets .....	\$ 5,789.0	\$ 6,125.2	\$ 4,444.1	\$ 4,480.3	\$ 10,233.1	\$ 10,605.5
Capital assets .....	7,869.7	7,579.9	12,515.5	11,801.2	20,385.2	19,381.1
Total Assets .....	13,658.7	13,705.1	16,959.6	16,281.5	30,618.3	29,986.6
Deferred outflows .....	224.2	236.0	253.1	255.1	477.3	491.1
Total .....	13,882.9	13,941.1	17,212.7	16,536.6	31,095.6	30,477.7
Long-term liabilities outstanding .....	16,863.2	15,212.4	12,496.0	11,827.3	29,359.2	27,039.7
Other liabilities .....	1,245.8	1,484.0	1,018.4	1,223.6	2,264.2	2,707.6
Total Liabilities .....	18,109.0	16,696.4	13,514.4	13,050.9	31,623.4	29,747.3
Deferred Inflows .....	1,618.4	1,639.4	1,682.1	1,700.6	3,300.5	3,340.0
Net Position:						
Net investment in capital assets .....	(216.0)	(299.9)	2,388.3	2,451.8	2,172.3	2,151.9
Restricted .....	1,908.5	1,596.4	982.5	874.8	2,891.0	2,471.3
Unrestricted .....	(7,537.0)	(5,691.2)	(1,354.6)	(1,541.5)	(8,891.6)	(7,232.7)
Total net (deficit) position .....	\$ (5,844.5)	\$ (4,394.7)	\$ 2,016.2	\$ 1,785.1	\$ (3,828.3)	\$ (2,609.5)

An additional portion of the City's net position (\$2,891.0 million) represents resources that are subject to external restrictions on how they may be used.

**Governmental Activities.** Net position of the City's governmental activities decreased \$1,449.8 million to a deficit of \$5,844.5 million. However, a significant portion of net position is either restricted as to the purpose they can be used for or they are net investment in capital assets (buildings, roads, bridges, etc.) Consequently, unrestricted net position showed a \$7,537.0 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 (\$888.6 million) and Municipal employees, Policemen's and Firemen's net pension obligation and post-employment benefits (\$6,364.9 million). The City will include these amounts in future years' budgets as they come due. In addition, the remaining deferred inflow of \$1,618.4 million will be amortized into income over the life of the concession service agreements.

Revenues for all governmental activities in 2012 were \$5,554.5 million, with over half of the City's revenue derived from taxes. Total tax receipts decreased slightly. Total tax revenue includes a decrease in property taxes received of \$38.5 million (4.1 percent). Other taxes decreased by \$115.8 million (5.3 percent) as a result of decreases 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 2012 were \$7,004.3 million. This reflects an increase of \$195.5 million (2.9 percent) over 2011. Public Safety accounted for approximately 41.5 percent of total expenses.

The cost of all governmental activities was \$7,004.3 million. The amount that taxpayers paid for these activities through City taxes was only \$2,963.7 million. Some of the cost was paid by those who directly benefited from the programs (\$750.2 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$920.8 million).

The City paid \$919.8 million for the "public benefit" portion with other revenues such as state aid, interest and miscellaneous income.

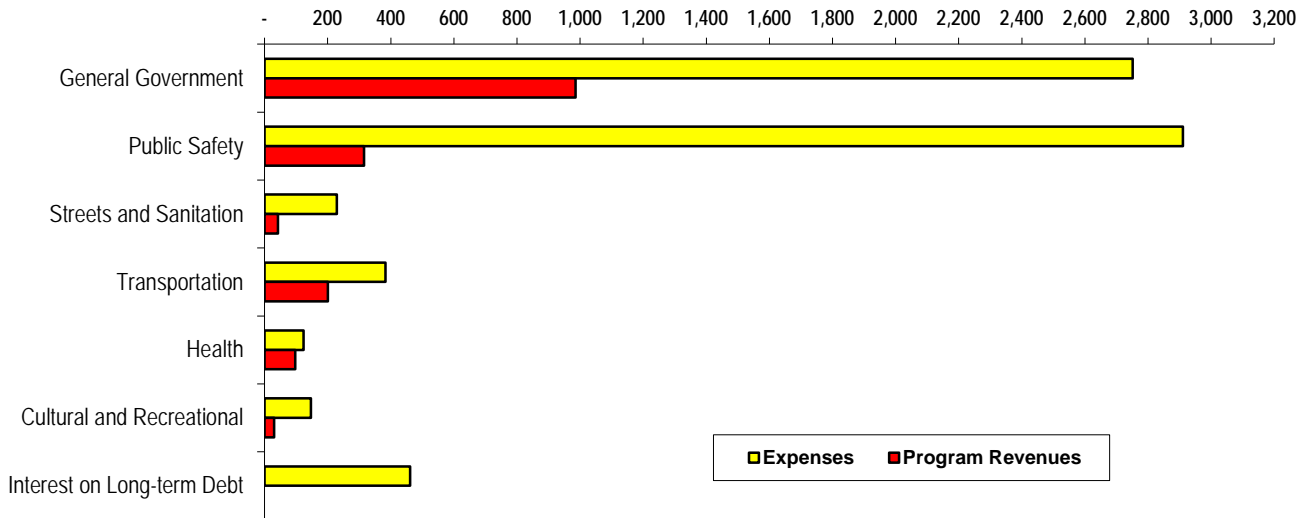
**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

Although total net position of business-types activities was \$2,016.2 million, these resources cannot be used to make up for the deficit in net position in governmental activities. The City generally can only use this net position to finance the continuing operations of the water, sewer, tollway, and airports activities.

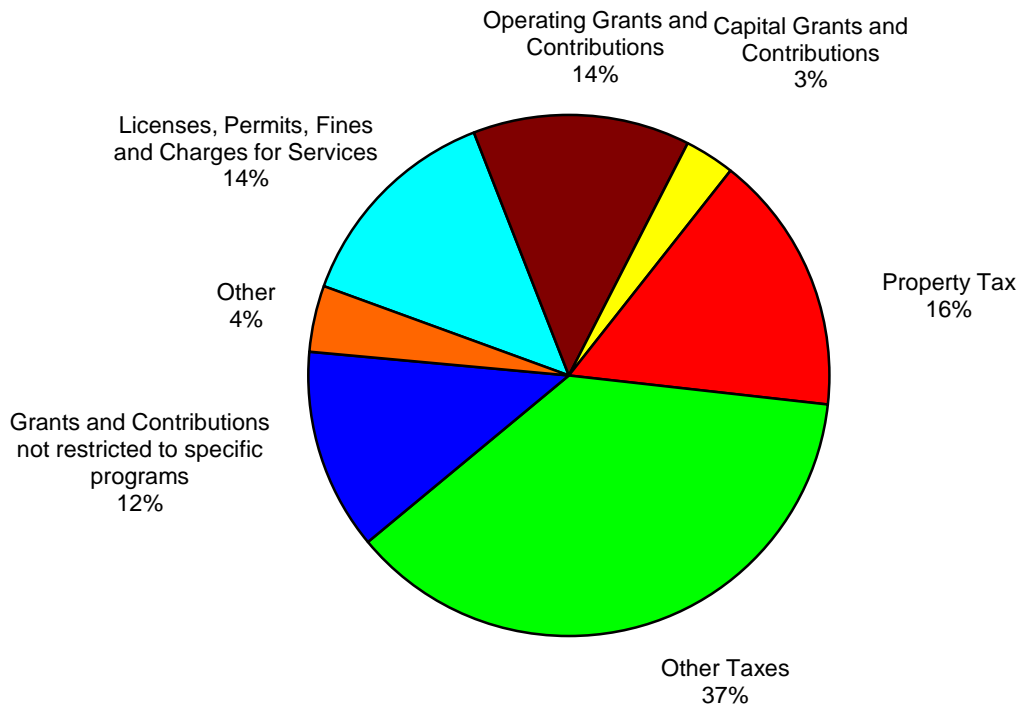
**City of Chicago, Illinois  
Changes in Net Position  
Years Ended December 31,  
(in millions of dollars)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Revenues:						
Program Revenues:						
Licenses, Permits, Fines and Charges for Services .....	\$ 750.2	\$ 680.9	\$ 1,889.1	\$ 1,494.3	\$ 2,639.3	\$ 2,175.2
Operating Grants and Contributions .....	748.3	788.8	-	-	748.3	788.8
Capital Grants and Contributions .....	172.5	282.0	83.2	257.4	255.7	539.4
General Revenues:						
Property Taxes .....	896.3	934.8	-	-	896.3	934.8
Other Taxes .....	2,067.4	2,183.2	-	-	2,067.4	2,183.2
Grants and Contributions not Restricted to Specific Programs .....	692.2	598.4	-	-	692.2	598.4
Other .....	227.6	240.3	64.0	83.2	291.6	323.5
Total Revenues .....	<u>5,554.5</u>	<u>5,708.4</u>	<u>2,036.3</u>	<u>1,834.9</u>	<u>7,590.8</u>	<u>7,543.3</u>
Expenses:						
General Government .....	2,751.9	2,734.4	-	-	2,751.9	2,734.4
Public Safety .....	2,910.2	2,689.4	-	-	2,910.2	2,689.4
Streets and Sanitation .....	228.6	245.9	-	-	228.6	245.9
Transportation .....	383.5	410.8	-	-	383.5	410.8
Health .....	123.1	151.2	-	-	123.1	151.2
Cultural and Recreational .....	146.3	102.8	-	-	146.3	102.8
Interest on Long-term Debt .....	460.7	474.3	-	-	460.7	474.3
Water .....	-	-	417.5	416.3	417.5	416.3
Sewer .....	-	-	195.9	194.8	195.9	194.8
Midway International Airport .....	-	-	225.9	218.1	225.9	218.1
Chicago-O'Hare International Airport .....	-	-	955.3	879.3	955.3	879.3
Chicago Skyway .....	-	-	10.6	10.9	10.6	10.9
Total Expenses .....	<u>7,004.3</u>	<u>6,808.8</u>	<u>1,805.2</u>	<u>1,719.4</u>	<u>8,809.5</u>	<u>8,528.2</u>
Change in Net Position Before Transfers ....	<u>(1,449.8)</u>	<u>(1,100.4)</u>	<u>231.1</u>	<u>115.5</u>	<u>(1,218.7)</u>	<u>(984.9)</u>
Special Item .....				(53.9)		
Transfers .....	-	1.0	-	(1.0)	-	-
Change in Net Position .....	<u>(1,449.8)</u>	<u>(1,099.4)</u>	<u>231.1</u>	<u>60.6</u>	<u>(1,218.7)</u>	<u>(1,038.8)</u>
Net (Deficit) Position, Beginning of Year .....	<u>(4,394.7)</u>	<u>(3,295.3)</u>	<u>1,785.1</u>	<u>1,724.5</u>	<u>(2,609.6)</u>	<u>(1,570.8)</u>
Net (Deficit) Position, End of Year .....	<u>\$ (5,844.5)</u>	<u>\$ (4,394.7)</u>	<u>\$ 2,016.2</u>	<u>\$ 1,785.1</u>	<u>\$ (3,828.3)</u>	<u>\$ (2,609.6)</u>

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



**Revenues by Source - Governmental Activities**



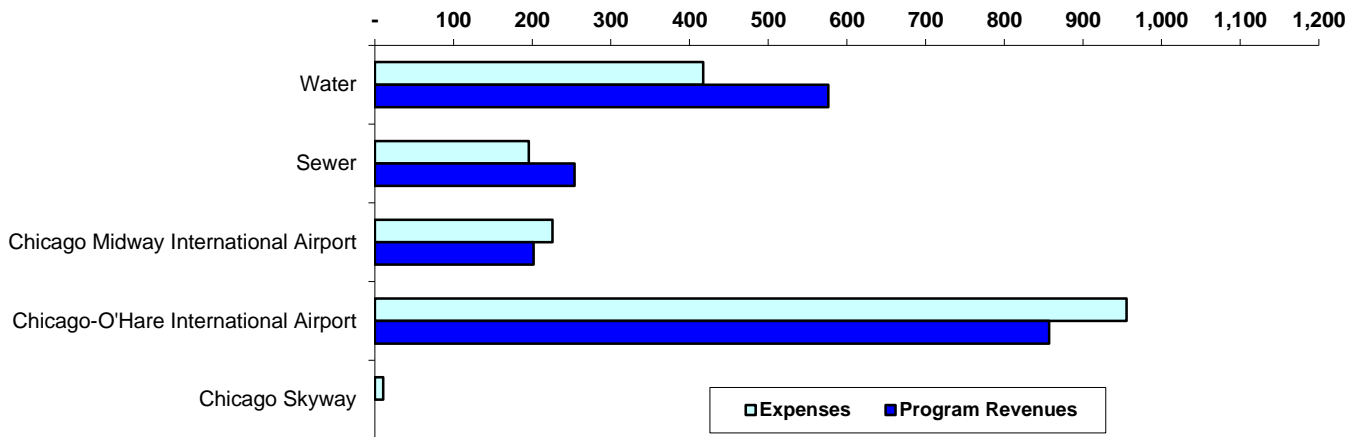
**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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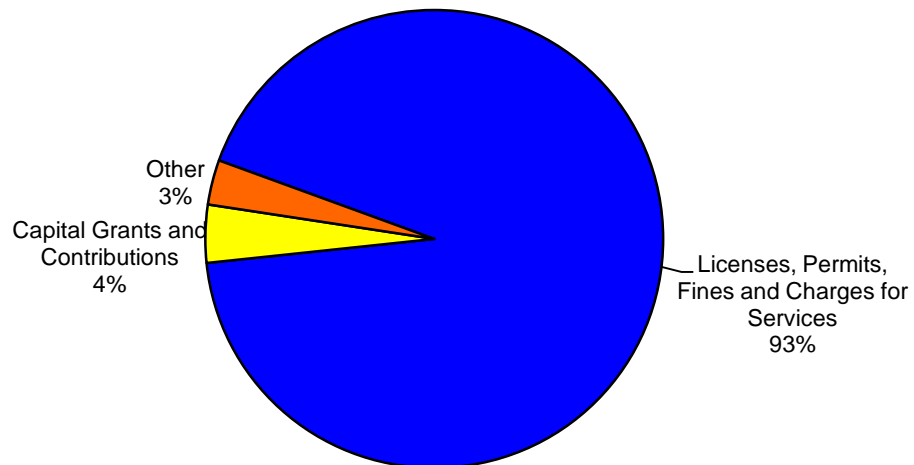
**Business-type Activities.** Revenues of the City's business-type activities increased by \$231.1 million in 2012 mostly from an increase in the charges for services and rental income revenues. All Funds met debt service coverage ratios set forth in the applicable bond indentures.

- The Water Fund's operating revenue increased by \$122.1 million (26.9%) from 2011 due to a 25% increase in water rates and increase in usage resulting from a drought summer in 2012. Operating expenses before depreciation and amortization for the year ended 2012 increased by \$7.3 million (2.6%) from the year ended 2011 due to an increase in central services and General Fund reimbursements, increase in power and pumping and increase in administrative and general offset by a decrease in purification resulting from a decrease in costs of sediment disposals.
- The Sewer Fund's operating revenue increased in 2012 by \$50.6 million (24.9%) primarily due to an increase in water and sewer rates. Operating expenses before depreciation and amortization for 2012 remained consistent with 2011. Depreciation and amortization increased slightly due to an increase in utility plant.
- Chicago Midway International Airport Fund's operating revenues for 2012 increased by \$0.462 million (0.3%) from 2011 primarily due to increased other rentals and fueling fees, offset by decreased landings fees and terminal area use charges. Concessions increased by \$1.8 million primarily due to an increase in auto parking, restaurants, and auto rental offset by a decrease in other concessions. Operating expenses before depreciation and amortization increased by \$4.2 million (3.8%) million primarily due to an increase in salary and wages, adjustments to a capital lease and an increase in provision for doubtful accounts, offset by a decrease in repairs and maintenance expenses.
- Chicago O'Hare International Airport Fund's operating revenues for 2012 increased by \$23.2 million (3.3%) compared to 2011 primarily due to an increased terminal rental and usage charges. Operating expenses before depreciation and amortization increased by \$19.1 million (4.4%) primarily due to an increase in salaries and wages, employee benefits, professional and engineering services and capital asset impairment, offset by a decrease in repairs and maintenance expense.
- 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, 2012**

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

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned 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, 2012, the City's governmental funds reported combined ending fund balances of \$1,593.4 million, a decrease of \$262.6 million in comparison with the prior year. Of this total amount \$882.1 million was committed to specific expenditures, \$177.0 million was assigned to anticipated uses, a deficit of \$1,819.5 million was unassigned, \$2,332.9 million was of restricted in use by legislation, and \$20.9 million was nonspendable.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$33.4 million with a total fund balance of \$231.3 million. As a measure of the General Fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total General Fund balance represents 7.5 percent of total General Fund expenditures. The fund balance of the City's General Fund decreased by approximately \$104.2 million during the current fiscal year.

The Federal, State and Local Grants Fund has a total deficit fund balance of \$206.1 million. This is \$84.4 million lower than 2011 primarily due to slower reimbursement of expenditures.

The Special Taxing Areas Fund has a total fund balance of \$1,499.4 million, which is all restricted to specific expenditures.

The Service Concession and Reserve Fund accounts for deferred inflows from non-business type long-term concession and lease transactions and has \$624.9 million committed to specific expenditures. The unassigned amount of \$1,618.4 million results from the deferred inflows from long-term asset leases.

The Bond, Note Redemption and Interest Fund has a total fund balance of \$346.7 million. This is \$65.6 million lower than 2011.

The Community Development and Improvement Projects Fund has a total fund balance of \$400.4 million. This is \$85.4 million lower than 2011 due to increase capital improvement efforts.

**Changes in fund balance.** The fund balance for the City's governmental funds decreased by \$262.6 million in 2012. This includes an decrease in inventory of \$3.2 million.

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

Unrestricted net position 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 \$1,354.6 million. The unrestricted net position deficit decreased by \$186.9 million due to an increase in the unrestricted net position in Chicago O'Hare International Airport, Chicago Midway International Airport, Water, and Sewer Funds. 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 2012 Original General Fund Budget was \$3,104.3 million. This budget reflects a decrease of \$159.4 million (4.9 percent) over the 2011 Budget. The City's 2012 General Fund Budget was approved by the City Council on November 16, 2011. The General Fund revenues on a budgetary basis were \$27.4 million less than the final budget as a result of lower transfers in and lower than expected use of budgeted prior years' surplus, offset by higher



**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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than expected taxes. Expenditures were \$27.4 million more than budgeted as a result of unfavorable variances in public safety, primarily as a result of higher than expected 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 2012 ended the current fiscal year with an unassigned fund balance of \$33.4 million.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's capital assets for its governmental and business-type activities as of December 31, 2012 amount to \$20,385.2 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 continues its commitment to sustainable design in new construction projects utilizing the Leadership in Energy & Environmental Design (LEED) strategy. Completed construction in 2012 included a new fire house for Engine Company 16 totaling \$16.8 million, Police District 12 totaling \$3.4 million and the Grand Crossing Reading Garden totaling \$0.6 million
- During 2012 the City completed \$116.4 million in bridge and viaduct reconstruction projects, \$90.3 million street construction projects and \$3.5 million in street lighting projects. At year end, Infrastructure projects still in process had expenses totaling nearly \$606.8 million.
- At the end of 2012 the Water Fund had \$2,861.3 million invested in utility plant, net of accumulated depreciation. During 2012, the Water Fund expended \$318.9 million on capital activities. This included \$2.2 million for structures and improvements, \$133.9 million for distribution plant, \$5.8 million for equipment, and \$177.2 million for construction in progress.  
During 2012, net completed projects totaling \$63.7 million were transferred from construction in progress to applicable capital accounts. The major completed projects were related to installation and replacements of water mains (\$63.4 million). The 2012 Water Main Replacement Program completed 79.7 miles of water mains of which approximately 31.0 miles were completed by in-house crews.
- At the end of 2012, the Sewer Fund totaled capital assets of \$1,671.3 million. During 2012, the Sewer Fund had capital additions being depreciated of \$246.6 million, and completed projects totaling \$79.2 million were transferred from construction in progress to applicable facilities and structures capital accounts. The 2012 Sewer Main Replacement Program completed 17.4 miles of sewer mains and 51.4 miles of relining of existing sewer mains at a cost of \$246.6 million.
- At the end of 2012, Chicago-Midway International Airport totaled \$1,167.3 million, invested in net capital assets. During 2011, the Airport had additions of \$64.8 million related to capital activities. This included \$3.4 million for land acquisition and the balance of \$61.4 million for construction projects relating to terminal improvements, parking and roadway enhancements, and runway improvements.
- At the end of 2012 Chicago-O'Hare International Airport totaled \$6.5 billion, invested in net capital assets. During 2012, the Airport had additions of \$476.5 million related to capital activities. This included \$8.6 million for land acquisition and the balance of \$467.9 million for terminal improvements, road and sidewalk enhancement, runway and taxiway improvements, along with general parking enhancements. During 2012, completed projects totaling \$314.8 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway improvements, heating and refrigeration, road and sidewalk enhancements, electrical, water drainage, fuel system enhancements and terminal improvements.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land .....	\$ 1,404.5	\$ 1,401.0	\$ 1,024.7	\$ 1,012.6	\$ 2,429.2	\$ 2,413.6
Works of Art and Historical Collections .....	13.2	13.1	-	-	13.2	13.1
Construction in Progress .....	644.3	466.3	1,548.3	1,310.4	2,192.6	1,776.7
Buildings and Other Improvements .....	1,677.7	1,699.0	9,618.2	9,141.0	11,295.9	10,840.0
Machinery and Equipment .....	255.6	313.6	324.3	337.3	579.9	650.9
Infrastructure .....	3,874.4	3,686.9	-	-	3,874.4	3,686.9
<b>Total .....</b>	<b>\$ 7,869.7</b>	<b>\$ 7,579.9</b>	<b>\$ 12,515.5</b>	<b>\$ 11,801.3</b>	<b>\$ 20,385.2</b>	<b>\$ 19,381.2</b>

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

**Debt.** At the end of the current fiscal year, the City had \$7,315.4 million in General Obligation Bonds and \$696.4 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$193.0 million in Motor Fuel Tax Revenue Bonds; \$577.3 million of Sales Tax Revenue Bonds; \$112.2 million in Tax Increment Financing Bonds; and \$11,967.8 million in Enterprise Fund Bonds and long-term obligations. For more detail, refer to Note 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	
	2012	2011	2012	2011	2012	2011
General Obligation .....	\$ 8,011.8	\$ 7,777.7	\$ -	\$ -	\$ 8,011.8	\$ 7,777.7
Installment Purchase Agreement .....	-	-	-	-	-	-
Tax Increment .....	112.2	131.6	-	-	112.2	131.6
Revenue Bonds .....	770.3	776.0	11,967.8	11,715.0	12,738.1	12,491.0
<b>Total .....</b>	<b>\$ 8,894.3</b>	<b>\$ 8,685.3</b>	<b>\$ 11,967.8</b>	<b>\$ 11,715.0</b>	<b>\$ 20,862.1</b>	<b>\$ 20,400.3</b>

During 2012, the City issued the following:

**General Obligation Bonds:**

- General Obligation Bonds, Project Series 2012A, Taxable Project Series 2012B, and Refunding Series 2012C (\$594.9 million)
- General Obligation Commercial Paper Notes (\$133.8 million)

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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**Enterprise Fund Revenue Bonds and Notes:**

- Chicago-O'Hare International Airport Third Lien Revenue Refunding Bonds, Series 2012A (Alternative Minimum Tax - AMT), Series 2012B (AMT) and Series 2012C (Non-AMT) (\$728.9 million)
- Chicago-O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2012A (Non-AMT) and 2012B (AMT) (\$452.1 million)
- Chicago-O'Hare International Airport General Commercial Paper Notes (\$50.6 million)
- Second Lien Water Revenue Bonds, Project Series 2012 (\$399.4 million)
- Second Lien Wastewater Transmission Revenue Bonds, Project and Refunding Series 2012 (\$276.5 million)

At December 31, 2012 the City had credit ratings with each of the three major rating agencies as follows:

<b>Rating Agency</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>
General Obligation:			
City	Aa3	A+	AA-
Revenue Bonds:			
O'Hare Airport:			
First Lien General Airport Revenue Bonds	A2	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-	NR
Junior Lien	Aa3	A+	AA
Sales Tax	Aa3	AAA	AA-
Motor Fuel Tax	Aa3	AA+	A-

In 2012, the City closed and extinguished the First and Second General Airport Revenue (GAR) bonds. The third Lien bonds became the First Lien bonds.

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

The City's finances are closely tied with the local, national, and global economies. Throughout 2012, the local and national economies experienced moderate growth, continuing the recovery from the economic downturn. The strong commercial real estate market seen throughout 2011 continued into 2012, and 2012 also saw the housing market join in this recovery. Home sales increased by 22 percent over 2011, and home prices, which had been slower to recover, ticked up 5.7 percent over 2011. Nationwide, retail sales grew 5 percent over 2011 in 2012, and consumer confidence surged during the holiday season. The average national unemployment rate decreased from 8.9 percent in 2011 to 8.1 percent in 2012, and Chicago's unemployment rate fell from 11.3 percent in 2011 to 10.1 percent in 2012. Tourism and business and convention travel to Chicago reached near-record levels in 2012, with 46.2 million visitors to the City, an increase of 6 percent over 2011. This growth was evident in local hotel occupancy, which was up 4 percent in 2012 from 2011, and revenue per available room, which was up 10 percent in 2012 from 2011.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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The City's 2013 General Fund budget, totaling \$3,159 million, was approved by a 46 to 3 vote of City Council on November 15, 2012. The 2013 budget balanced a preliminary budget shortfall of \$369 million by cutting spending and increasing efficiencies without raising any taxes or introducing any new fees. The 2013 Corporate Fund shortfall was the smallest preliminary budget deficit since the recession, demonstrating the progress and reforms made in the 2012 budget and throughout the year. The 2013 budget built on that progress, investing in youth, public safety, and critical infrastructure while continuing to phase out the heavy reliance on nonrecurring revenue sources, including funds from the City's asset concession reserves, seen prior to 2012. In 2012, the City returned \$20 million to its long-term reserves, and the 2013 budget commits an additional \$15 million to those reserves.

**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 POSITION**  
**December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
Cash and Cash Equivalents .....	\$ 729,095	\$ 152,999	\$ 882,094
Investments .....	1,626,647	170,373	1,797,020
Cash and Investments with Escrow Agent .....	499,754	-	499,754
Receivables (Net of Allowances):			
Property Tax .....	1,258,648	-	1,258,648
Accounts .....	929,230	336,613	1,265,843
Internal Balances .....	(35,190)	35,190	-
Inventories .....	20,885	18,819	39,704
Restricted Assets:			
Cash and Cash Equivalents .....	4,495	997,524	1,002,019
Investments .....	622,628	2,218,063	2,840,691
Other Assets .....	132,814	514,477	647,291
Capital Assets:			
Land, Art, and Construction in Progress .....	2,062,009	2,572,971	4,634,980
Other Capital Assets, Net of Accumulated Depreciation .....	5,807,660	9,942,547	15,750,207
Total Capital Assets .....	7,869,669	12,515,518	20,385,187
Total Assets .....	13,658,675	16,959,576	30,618,251
Deferred Outflows .....	224,236	253,120	477,356
Total Assets and Deferred Outflows .....	<u>\$ 13,882,911</u>	<u>\$ 17,212,696</u>	<u>\$ 31,095,607</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
Voucher Warrants Payable .....	\$ 601,946	\$ 420,261	\$ 1,022,207
Short-term Debt .....	672	-	672
Accrued Interest .....	210,413	236,915	447,328
Accrued and Other Liabilities .....	335,930	177,937	513,867
Unearned Revenue .....	96,867	183,206	280,073
Long-term Liabilities:			
Due Within One Year .....	280,720	215,231	495,951
Derivative Instrument Liability .....	255,376	253,120	508,496
Due in More Than One Year .....	16,327,129	12,027,650	28,354,779
Total Liabilities .....	18,109,053	13,514,320	31,623,373
Deferred Inflows .....	1,618,360	1,682,121	3,300,481
<b>NET POSITION</b>			
Net Investment in Capital Assets .....	(215,961)	2,388,310	2,172,349
Restricted for:			
Capital Projects .....	-	173,130	173,130
Debt Service .....	409,102	11,624	420,726
Special Taxing Areas .....	1,499,414	-	1,499,414
Passenger Facility Charges .....	-	140,142	140,142
Contractual Use Agreement .....	-	141,566	141,566
Noise Mitigation Program .....	-	245,200	245,200
Airport Purposes .....	-	270,855	270,855
Unrestricted (Deficit) .....	(7,537,057)	(1,354,572)	(8,891,629)
Total Net Position .....	<u>\$ (5,844,502)</u>	<u>\$ 2,016,255</u>	<u>\$ (3,828,247)</u>

See notes to basic financial statements.

**Exhibit 2**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government .....	\$ 2,751,944	\$ 452,892
Public Safety .....	2,910,160	199,572
Streets and Sanitation .....	228,622	42,138
Transportation .....	383,510	39,343
Health .....	123,055	1,751
Cultural and Recreational .....	146,283	14,454
Interest on Long-term Debt .....	460,660	-
Total Governmental Activities .....	7,004,234	750,150
Business-type Activities:		
Water .....	417,499	576,287
Sewer .....	195,911	253,912
Chicago Midway International Airport .....	225,867	201,749
Chicago-O'Hare International Airport .....	955,276	857,114
Chicago Skyway .....	10,621	-
Total Business-type Activities .....	1,805,174	1,889,062
Total Primary Government .....	\$ 8,809,408	\$ 2,639,212

See notes to basic financial statements.



Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 521,362	\$ 11,615	\$ (1,766,075)	\$ -	\$ (1,766,075)
115,976	-	(2,594,612)	-	(2,594,612)
-	-	(186,484)	-	(186,484)
-	160,841	(183,326)	-	(183,326)
95,675	-	(25,629)	-	(25,629)
15,243	-	(116,586)	-	(116,586)
-	-	(460,660)	-	(460,660)
<u>748,256</u>	<u>172,456</u>	<u>(5,333,372)</u>	<u>-</u>	<u>(5,333,372)</u>
-	2,500	-	161,288	161,288
-	2,500	-	60,501	60,501
-	4,681	-	(19,437)	(19,437)
-	73,538	-	(24,624)	(24,624)
-	-	-	(10,621)	(10,621)
<u>-</u>	<u>83,219</u>	<u>-</u>	<u>167,107</u>	<u>167,107</u>
<u>\$ 748,256</u>	<u>\$ 255,675</u>	<u>(5,333,372)</u>	<u>167,107</u>	<u>(5,166,265)</u>
General Revenues				
Taxes:				
Property Tax .....		896,246	-	896,246
Utility Tax .....		548,682	-	548,682
Sales Tax .....		294,417	-	294,417
Transportation Tax .....		373,544	-	373,544
Transaction Tax .....		281,957	-	281,957
Special Area Tax .....		274,617	-	274,617
Recreation Tax .....		163,194	-	163,194
Other Taxes .....		131,086	-	131,086
Grants and Contributions not Restricted to Specific Programs .....		692,232	-	692,232
Unrestricted Investment Earnings .....		92,050	25,197	117,247
Miscellaneous .....		135,511	38,842	174,353
Total General Revenues .....		<u>3,883,536</u>	<u>64,039</u>	<u>3,947,575</u>
Change in Net Assets .....		(1,449,836)	231,146	(1,218,690)
Net Position - Beginning .....		(4,394,666)	1,785,109	(2,609,557)
Net Position - Ending .....		<u>\$ (5,844,502)</u>	<u>\$ 2,016,255</u>	<u>\$ (3,828,247)</u>

**Exhibit 3**  
**CITY OF CHICAGO, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 745	\$ 20,931	\$ 623,433
Investments .....	72,702	52,705	620,267
Cash and Investments with Escrow Agent .....	-	-	-
Receivables (Net of Allowances):			
Property Tax .....	-	-	350,032
Accounts .....	219,300	10,809	3,732
Due From Other Funds .....	165,078	29,694	258,238
Due From Other Governments .....	222,604	362,651	-
Inventories .....	20,885	-	-
Restricted Cash and Cash Equivalents .....	389	3,220	1
Restricted Investments .....	-	-	-
Other Assets .....	-	5,362	-
<b>Total Assets .....</b>	<b><u>\$ 701,703</u></b>	<b><u>\$ 485,372</u></b>	<b><u>\$ 1,855,703</u></b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Voucher Warrants Payable .....	\$ 181,998	\$ 157,322	\$ 49,612
Bonds, Notes and Other Obligations Payable - Current .....	-	271	-
Accrued Interest .....	-	-	-
Due To Other Funds .....	139,397	281,434	11,534
Accrued and Other Liabilities .....	110,177	9,467	3,872
Claims Payable .....	37,685	-	-
Deferred Revenue .....	1,144	242,966	291,271
<b>Total Liabilities .....</b>	<b><u>470,401</u></b>	<b><u>691,460</u></b>	<b><u>356,289</u></b>
Deferred Inflows .....	-	-	-
<b>Fund Balance:</b>			
Nonspendable .....	20,885	-	-
Restricted .....	-	27,821	1,499,414
Committed .....	-	-	-
Assigned .....	177,000	-	-
Unassigned .....	33,417	(233,909)	-
<b>Total Fund Balance .....</b>	<b><u>231,302</u></b>	<b><u>(206,088)</u></b>	<b><u>1,499,414</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balance .....</b>	<b><u>\$ 701,703</u></b>	<b><u>\$ 485,372</u></b>	<b><u>\$ 1,855,703</u></b>

See notes to basic financial statements.

Service Concession and Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$ 202	\$ 10,922	\$ 442	\$ 72,420	\$ 729,095
40	128,886	528,111	223,936	1,626,647
-	399,260	1,781	98,713	499,754
-	470,746	-	437,870	1,258,648
1,305	37,658	2,204	10,910	285,918
-	30,068	67,799	93,854	644,731
-	3,017	-	51,040	639,312
-	-	-	-	20,885
674	-	211	-	4,495
622,628	-	-	-	622,628
-	-	-	-	5,362
<u>\$ 624,849</u>	<u>\$ 1,080,557</u>	<u>\$ 600,548</u>	<u>\$ 988,743</u>	<u>\$ 6,337,475</u>
\$ -	\$ -	\$ 99,249	\$ 76,771	\$ 564,952
-	89,970	-	5,910	96,151
-	208,254	-	2,159	210,413
-	-	97,857	205,273	735,495
-	-	3,032	19,255	145,803
-	-	-	-	37,685
-	435,614	-	364,254	1,335,249
<u>-</u>	<u>733,838</u>	<u>200,138</u>	<u>673,622</u>	<u>3,125,748</u>
<u>1,618,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,618,360</u>
-	-	-	-	20,885
-	189,883	400,410	215,383	2,332,911
624,849	156,836	-	100,442	882,127
-	-	-	-	177,000
<u>(1,618,360)</u>	<u>-</u>	<u>-</u>	<u>(704)</u>	<u>(1,819,556)</u>
<u>(993,511)</u>	<u>346,719</u>	<u>400,410</u>	<u>315,121</u>	<u>1,593,367</u>
<u>\$ 624,849</u>	<u>\$ 1,080,557</u>	<u>\$ 600,548</u>	<u>\$ 988,743</u>	<u>\$ 6,337,475</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds .....	7,869,669
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds ....	1,259,145
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds .....	(16,566,683)
Net position of governmental activities	<u>\$ (5,844,502)</u>

Exhibit 4

CITY OF CHICAGO, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended December 31, 2012

(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
Revenues:			
Property Tax .....	\$ -	\$ -	\$ -
Utility Tax .....	462,475	-	-
Sales Tax (Local and State) .....	572,185	-	-
Transportation Tax .....	177,890	-	-
State Income Tax .....	282,779	-	-
Transaction Tax .....	241,111	-	-
Special Area Tax .....	-	-	370,454
Recreation Tax .....	163,194	-	-
Other Taxes .....	112,188	-	-
Federal/State Grants .....	1,074	876,790	-
Internal Service .....	302,924	-	-
Licenses and Permits .....	117,568	-	-
Fines .....	290,799	-	-
Investment Income .....	5,439	-	29,771
Charges for Services .....	133,021	-	406
Miscellaneous .....	58,009	-	5,130
<b>Total Revenues .....</b>	<b>2,920,656</b>	<b>876,790</b>	<b>405,761</b>
Expenditures:			
Current:			
General Government .....	864,556	391,817	305,952
Health .....	24,371	101,558	38
Public Safety .....	1,956,152	112,429	954
Streets and Sanitation .....	178,065	-	116
Transportation .....	53,815	325,491	66,773
Cultural and Recreational .....	13	16,076	8,557
Employee Pensions .....	-	-	-
Other .....	2,237	8,564	-
Capital Outlay .....	-	5,259	-
Debt Service:			
Principal Retirement .....	1,645	-	-
Interest and Other Fiscal Charges .....	515	-	3
<b>Total Expenditures .....</b>	<b>3,081,369</b>	<b>961,194</b>	<b>382,393</b>
<b>Revenues (Under) Over Expenditures ..</b>	<b>(160,713)</b>	<b>(84,404)</b>	<b>23,368</b>

Continued on following pages.

<u>Service Concession and 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>
\$ -	\$ 487,714	\$ -	\$ 453,684	\$ 941,398
-	22,324	-	63,883	548,682
-	22,105	-	-	594,290
-	18,635	-	177,019	373,544
-	-	-	108,506	391,285
-	-	-	40,846	281,957
-	-	-	-	370,454
-	-	-	-	163,194
-	82	-	18,816	131,086
-	-	-	-	877,864
-	-	-	16,361	319,285
-	-	-	-	117,568
-	-	-	15,711	306,510
18,084	29,153	4,812	3,626	90,885
-	-	-	37,297	170,724
<u>21,033</u>	<u>23,160</u>	<u>4,422</u>	<u>23,757</u>	<u>135,511</u>
<u>39,117</u>	<u>603,173</u>	<u>9,234</u>	<u>959,506</u>	<u>5,814,237</u>
100	-	-	244,116	1,806,541
-	-	-	1,600	127,567
-	-	-	6,424	2,075,959
-	-	-	49,919	228,100
-	-	-	68,224	514,303
-	-	-	77,738	102,384
-	-	-	458,951	458,951
-	-	-	924	11,725
-	-	339,912	90,429	435,600
-	296,084	-	43,025	340,754
-	431,588	-	29,856	461,962
<u>100</u>	<u>727,672</u>	<u>339,912</u>	<u>1,071,206</u>	<u>6,563,846</u>
<u>39,017</u>	<u>(124,499)</u>	<u>(330,678)</u>	<u>(111,700)</u>	<u>(749,609)</u>

**Exhibit 4 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
Other Financing Sources (Uses):			
Issuance of Debt .....	\$ 55,000	\$ -	\$ -
Premium .....	-	-	-
Payment to Refunded Bond Escrow Agent .....	-	-	-
Transfers In .....	31,617	-	68,675
Transfers Out .....	(26,965)	-	(44,264)
Total Other Financing Sources (Uses) .....	<u>59,652</u>	<u>-</u>	<u>24,411</u>
Net Changes in Fund Balance .....	(101,061)	(84,404)	47,779
Fund Balance, Beginning of Year .....	335,533	(121,684)	1,451,635
Change in Inventory .....	(3,170)	-	-
Fund Balance, End of Year .....	<u>\$ 231,302</u>	<u>\$ (206,088)</u>	<u>\$ 1,499,414</u>

See notes to basic financial statements.

<u>Service Concession Agreements and 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>
\$ -	\$ 337,410	\$ 207,566	\$ 122,415	\$ 722,391
-	-	36,166	-	36,166
-	(268,397)	-	-	(268,397)
328	-	3,843	74,287	178,750
<u>(12,358)</u>	<u>(10,105)</u>	<u>(2,322)</u>	<u>(82,736)</u>	<u>(178,750)</u>
<u>(12,030)</u>	<u>58,908</u>	<u>245,253</u>	<u>113,966</u>	<u>490,160</u>
26,987	(65,591)	(85,425)	2,266	(259,449)
(1,020,498)	412,310	485,835	312,855	1,855,986
-	-	-	-	(3,170)
<u>\$ (993,511)</u>	<u>\$ 346,719</u>	<u>\$ 400,410</u>	<u>\$ 315,121</u>	<u>\$ 1,593,367</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, 2012**  
**(Amounts are in Thousands of Dollars)**

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

Net change in fund balances - total governmental funds .....	\$	(259,449)
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 .....		278,635
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....		(63,855)
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 .....		(150,751)
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>(1,254,416)</u>
Change in the net position of governmental activities .....	\$	<u><u>(1,449,836)</u></u>



**Exhibit 6**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND (BUDGETARY BASIS)**  
**Year Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>Revenues:</b>				
Utility Tax .....	\$ 475,306	\$ 475,306	\$ 462,475	\$ (12,831)
Sales Tax .....	250,748	250,748	272,312	21,564
Transportation Tax .....	174,271	174,271	177,890	3,619
Transaction Tax .....	192,167	192,367	241,111	48,744
Recreation Tax .....	160,956	160,956	163,194	2,238
Business Tax .....	94,146	94,146	108,278	14,132
State Income Tax .....	209,401	209,401	282,779	73,378
State Sales Tax .....	284,421	284,421	299,873	15,452
State Auto Rental .....	3,354	3,354	3,910	556
Federal/State Grants .....	1,568	1,568	1,074	(494)
Internal Service .....	362,398	362,398	302,924	(59,474)
Licenses and Permits * .....	135,110	135,110	117,568	(17,542)
Fines .....	290,131	292,631	290,799	(1,832)
Investment Income .....	4,200	4,200	5,439	1,239
Charges for Services .....	125,141	125,141	124,606	(535)
Municipal Utilities .....	8,667	8,667	8,415	(252)
Leases, Rentals and Sales .....	9,680	9,680	14,747	5,067
Miscellaneous .....	57,100	57,100	43,262	(13,838)
Issuance of Debt, Net of Original Discount .....	50,000	50,000	55,000	5,000
Budgeted Prior Years' Surplus and Reappropriations .....	143,549	143,549	72,347	(71,202)
Transfers In/Out .....	72,000	72,000	31,617	(40,383)
<b>Total Revenues .....</b>	<b>3,104,314</b>	<b>3,107,014</b>	<b>3,079,620</b>	<b>(27,394)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government * .....	960,820	963,520	882,437	81,083
Health .....	25,407	25,407	25,896	(489)
Public Safety .....	1,881,453	1,881,453	1,938,657	(57,204)
Streets and Sanitation .....	178,644	178,644	178,338	306
Transportation .....	55,610	55,610	51,914	3,696
<b>Debt Service:</b>				
Principal Retirement .....	1,645	1,645	1,645	-
Interest and Other Fiscal Charges .....	735	735	733	2
<b>Total Expenditures .....</b>	<b>3,104,314</b>	<b>3,107,014</b>	<b>3,079,620</b>	<b>27,394</b>
<b>Revenues Over (Under) Expenditures ...</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See notes to basic financial statements.

\* Housing Revenue Fund is included.

**Exhibit 7**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2012**  
**(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
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
<b>CURRENT ASSETS:</b>						
Cash and Cash Equivalents .....	\$ 84,429	\$ 17,722	\$ 11,785	\$ 38,226	\$ 837	\$ 152,999
Investments .....	44,188	16,952	36,079	72,758	396	170,373
Accounts Receivable (Net of Allowances) .....	128,805	74,328	13,663	91,589	58	308,443
Due from Other Funds .....	20,607	18,840	14,437	28,482	-	82,366
Due from Other Governments .....	-	-	-	28,170	-	28,170
Inventories .....	17,356	1,463	-	-	-	18,819
<b>Total Current Assets .....</b>	<b>295,385</b>	<b>129,305</b>	<b>75,964</b>	<b>259,225</b>	<b>1,291</b>	<b>761,170</b>
<b>RESTRICTED ASSETS:</b>						
Cash and Cash Equivalents .....	39,102	71,216	122,523	764,683	-	997,524
Investments .....	395,439	270,573	197,960	1,354,091	-	2,218,063
<b>Total Restricted Assets .....</b>	<b>434,541</b>	<b>341,789</b>	<b>320,483</b>	<b>2,118,774</b>	<b>-</b>	<b>3,215,587</b>
<b>NONCURRENT ASSETS:</b>						
Other Assets .....	16,446	11,694	134,927	341,223	10,187	514,477
<b>Property, plant, and equipment:</b>						
Land .....	5,083	560	112,840	893,588	12,609	1,024,680
Structures, Equipment and Improvements .....	3,462,288	2,072,542	1,415,216	7,014,287	490,818	14,455,151
Accumulated Depreciation .....	(868,311)	(434,774)	(430,549)	(2,566,099)	(212,871)	(4,512,604)
Construction Work in Progress .....	262,280	33,011	69,847	1,183,153	-	1,548,291
<b>Total Property, Plant and Equipment ....</b>	<b>2,861,340</b>	<b>1,671,339</b>	<b>1,167,354</b>	<b>6,524,929</b>	<b>290,556</b>	<b>12,515,518</b>
<b>Total Noncurrent Assets .....</b>	<b>2,877,786</b>	<b>1,683,033</b>	<b>1,302,281</b>	<b>6,866,152</b>	<b>300,743</b>	<b>13,029,995</b>
<b>Total Assets .....</b>	<b>3,607,712</b>	<b>2,154,127</b>	<b>1,698,728</b>	<b>9,244,151</b>	<b>302,034</b>	<b>17,006,752</b>
<b>DEFERRED OUTFLOWS .....</b>	<b>126,371</b>	<b>89,955</b>	<b>36,794</b>	<b>-</b>	<b>-</b>	<b>253,120</b>
<b>Total Assets and Deferred Outflows .....</b>	<b>\$ 3,734,083</b>	<b>\$ 2,244,082</b>	<b>\$ 1,735,522</b>	<b>\$ 9,244,151</b>	<b>\$ 302,034</b>	<b>\$ 17,259,872</b>

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
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES:</b>						
Voucher Warrants Payable .....	\$ 31,875	\$ 4,639	\$ 21,738	\$ 62,408	\$ 265	\$ 120,925
Due to Other Funds .....	11,196	12,113	20,142	3,710	15	47,176
Accrued and Other Liabilities .....	82,296	26,869	774	7,190	-	117,129
Unearned Revenue .....	26,746	20,386	9,836	126,238	-	183,206
<b>Total Current Liabilities .....</b>	<b>152,113</b>	<b>64,007</b>	<b>52,490</b>	<b>199,546</b>	<b>280</b>	<b>468,436</b>
<b>PAYABLE FROM RESTRICTED ASSETS:</b>						
Current Liabilities Payable From						
Restricted Assets .....	130,427	138,032	74,793	468,011	-	811,263
<b>Total payable from restricted assets ..</b>	<b>130,427</b>	<b>138,032</b>	<b>74,793</b>	<b>468,011</b>	<b>-</b>	<b>811,263</b>
<b>NONCURRENT LIABILITIES:</b>						
Revenue Bonds Payable .....	2,061,696	1,386,443	1,412,016	7,167,495	-	12,027,650
Derivative Instrument Liability .....	126,371	89,955	36,794	-	-	253,120
Long-term Purchase Obligation .....	1,027	-	-	-	-	1,027
<b>Total Noncurrent Liabilities .....</b>	<b>2,189,094</b>	<b>1,476,398</b>	<b>1,448,810</b>	<b>7,167,495</b>	<b>-</b>	<b>12,281,797</b>
<b>Total Liabilities .....</b>	<b>2,471,634</b>	<b>1,678,437</b>	<b>1,576,093</b>	<b>7,835,052</b>	<b>280</b>	<b>13,561,496</b>
DEFERRED INFLOWS .....	-	-	-	-	1,682,121	1,682,121
<b>NET POSITION:</b>						
Net Investment						
in Capital Assets .....	1,073,309	455,195	(82,226)	651,476	290,556	2,388,310
Restricted Net Position:						
Debt Service .....	-	-	11,624	-	-	11,624
Capital Projects .....	1,308	50,014	807	121,001	-	173,130
Passenger Facility Charges .....	-	-	5,117	135,025	-	140,142
Contractual Use Agreement .....	-	-	26,234	115,332	-	141,566
Noise Mitigation Program .....	-	-	124,576	120,624	-	245,200
Other .....	-	-	36,725	234,130	-	270,855
Unrestricted Net Position .....	187,832	60,436	36,572	31,511	(1,670,923)	(1,354,572)
<b>Total Net Position .....</b>	<b>\$ 1,262,449</b>	<b>\$ 565,645</b>	<b>\$ 159,429</b>	<b>\$ 1,409,099</b>	<b>\$ (1,380,367)</b>	<b>\$ 2,016,255</b>

See notes to basic financial statements.

**Exhibit 8**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2012**  
**(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
<b>Operating Revenues:</b>						
Charges for Services .....	\$ 562,572	\$ 252,943	\$ 70,912	\$ 436,909	\$ -	\$ 1,323,336
Rent .....	-	-	86,921	265,655	-	352,576
Other .....	13,715	969	-	-	-	14,684
<b>Total Operating Revenues .....</b>	<b>576,287</b>	<b>253,912</b>	<b>157,833</b>	<b>702,564</b>	<b>-</b>	<b>1,690,596</b>
<b>Operating Expenses:</b>						
Personal Services .....	109,525	21,254	44,463	163,542	-	338,784
Contractual Services .....	49,104	3,085	15,011	74,307	-	141,507
Repairs and Maintenance .....	1,671	57,527	37,990	88,784	-	185,972
Commodities and Materials .....	29,137	-	-	-	-	29,137
Depreciation and Amortization .....	48,887	27,735	55,119	216,762	10,621	359,124
Capital Asset Impairment .....	-	-	-	21,601	-	21,601
General Fund Reimbursements .....	68,183	31,709	-	-	-	99,892
Other .....	31,845	-	16,833	123,546	-	172,224
<b>Total Operating Expenses .....</b>	<b>338,352</b>	<b>141,310</b>	<b>169,416</b>	<b>688,542</b>	<b>10,621</b>	<b>1,348,241</b>
<b>Operating Income (Loss) .....</b>	<b>237,935</b>	<b>112,602</b>	<b>(11,583)</b>	<b>14,022</b>	<b>(10,621)</b>	<b>342,355</b>
<b>Nonoperating Revenues (Expenses):</b>						
Investment Income (Loss) .....	270	1,021	2,292	21,612	2	25,197
Interest Expense .....	(79,147)	(54,601)	(56,451)	(266,734)	-	(456,933)
Passenger Facility Charges .....	-	-	43,916	154,550	-	198,466
Other .....	(1,341)	(154)	2,126	19,565	18,646	38,842
<b>Total Nonoperating Revenues (Expenses) .....</b>	<b>(80,218)</b>	<b>(53,734)</b>	<b>(8,117)</b>	<b>(71,007)</b>	<b>18,648</b>	<b>(194,428)</b>
Capital Grants .....	2,500	2,500	4,681	73,538	-	83,219
<b>Net Income (Loss) .....</b>	<b>160,217</b>	<b>61,368</b>	<b>(15,019)</b>	<b>16,553</b>	<b>8,027</b>	<b>231,146</b>
Net Position (Deficit) - Beginning of Year ....	1,102,232	504,277	174,448	1,392,546	(1,388,394)	1,785,109
<b>Net Position (Deficit) - End of Year .....</b>	<b>\$ 1,262,449</b>	<b>\$ 565,645</b>	<b>\$ 159,429</b>	<b>\$ 1,409,099</b>	<b>\$ (1,380,367)</b>	<b>\$ 2,016,255</b>

See notes to basic financial statements.

**Exhibit 9**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2012**  
**(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
<b>Cash Flows from Operating Activities:</b>						
Received from Customers .....	\$ 546,056	\$ 242,313	\$ 147,683	\$ 621,441	\$ -	\$ 1,557,493
Payments to Vendors .....	(84,738)	(28,740)	(65,722)	(224,786)	-	(403,986)
Payments to Employees .....	(109,525)	(43,280)	(36,136)	(143,905)	-	(332,846)
Transactions with Other City Funds .....	(80,972)	(26,720)	(8,510)	(58,987)	-	(175,189)
Cash Flows Provided By						
Operating Activities .....	270,821	143,573	37,315	193,763	-	645,472
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Proceeds from Issuance of Bonds .....	447,538	309,488	34,639	1,327,899	-	2,119,564
Proceeds from Federal Government .....	-	-	-	28,500	-	28,500
<b>Acquisition and Construction of</b>						
Capital Assets .....	(253,684)	(149,442)	(65,684)	(366,583)	-	(835,393)
Capital Grant Receipts .....	-	2,500	7,413	71,074	-	80,987
Bond Issuance Costs .....	(2,604)	(1,973)	-	(6,981)	-	(11,558)
Payment to Refund Bonds .....	(35,595)	-	(31,876)	(1,372,342)	-	(1,439,813)
Principal Paid on Debt .....	(59,859)	(28,429)	(23,366)	(140,620)	-	(252,274)
Interest Paid .....	(91,514)	(55,427)	(65,227)	(381,764)	-	(593,932)
Passenger Facility Charges .....	-	-	46,542	173,648	-	220,190
Noise Mitigation Program .....	-	-	(23,591)	(32,385)	-	(55,976)
Termination of Swaption .....	-	-	(8,250)	-	-	(8,250)
Deposit .....	-	-	-	-	15	15
Other .....	-	38	2,126	-	-	2,164
Cash Flows (Used in) Provided By Capital and Related Financing Activities .....	4,282	76,755	(127,274)	(699,554)	15	(745,776)
<b>Cash Flows from Investing Activities:</b>						
Sale (Purchases) of Investments, Net .....	(212,113)	(162,467)	79,541	457,313	(403)	161,871
Investment Interest .....	2,457	1,512	3,080	25,320	2	32,371
Cash Flows (Used in) Provided By Investing Activities .....	(209,656)	(160,955)	82,621	482,633	(401)	194,242
Net Increase (Decrease) in Cash and Cash Equivalents .....	65,447	59,373	(7,338)	(23,158)	(386)	93,938
Cash and Cash Equivalents, Beginning of Year .....	58,084	29,565	141,646	826,067	1,223	1,056,585
Cash and Cash Equivalents, End of Year .....	\$ 123,531	\$ 88,938	\$ 134,308	\$ 802,909	\$ 837	\$ 1,150,523

See notes to basic financial statements.

**Exhibit 9 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2012**  
**(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
Reconciliation of Operating Income to Cash Flows from Operating Activities:						
Operating Income (Loss) .....	\$ 237,935	\$ 112,602	\$ (11,583)	\$ 14,022	\$ (10,621)	\$ 342,355
Adjustments to Reconcile:						
Depreciation and Amortization .....	48,887	27,735	55,119	238,363	10,621	380,725
Provision for Uncollectible Accounts .....	15,714	8,842	371	14,980	-	39,907
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables .....	(42,570)	(22,658)	3,289	(5,716)	-	(67,655)
(Increase) Decrease in Due From Other Funds .....	(3,100)	4,305	(12,790)	(3,275)	-	(14,860)
Increase (Decrease) in Voucher Warrants Payable and Due to Other Funds .....	(8,549)	1,820	16,648	9,015	-	18,934
Increase (Decrease) in Deferred Revenue and Other Liabilities .....	23,515	10,068	(14,182)	(75,409)	-	(56,008)
(Increase) Decrease in Inventories and Other Assets .....	(1,011)	859	443	1,783	-	2,074
Cash Flows from Operating Activities .....	<u>\$ 270,821</u>	<u>\$ 143,573</u>	<u>\$ 37,315</u>	<u>\$ 193,763</u>	<u>\$ -</u>	<u>\$ 645,472</u>
<b>Supplemental Disclosure of Noncash Items:</b>						
Capital asset additions in 2012 have outstanding accounts payable and accrued and other liabilities .....	<u>\$ 65,787</u>	<u>\$ 63,913</u>	<u>\$ 33,248</u>	<u>\$ 148,476</u>	<u>\$ -</u>	<u>\$ 311,424</u>

See notes to basic financial statements.

**Exhibit 10**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents .....	\$ 185,408	\$ 118,148
Investments .....	-	92,504
Investments, at Fair Value		
Bonds and U.S. Government		
Obligations .....	2,336,591	-
Stocks .....	5,343,390	-
Mortgages and Real Estate .....	664,762	-
Other .....	1,906,928	-
Cash and Investments with		
Escrow Agent .....	-	10,046
Property Tax Receivable .....	-	91,534
Accounts Receivable, Net .....	663,429	57,380
Due From City .....	55,574	-
Invested Securities Lending Collateral .....	1,126,065	-
Total Assets .....	<u>\$ 12,282,147</u>	<u>\$ 369,612</u>
Deferred Outflows .....	301	
Total Assets and Deferred Outflows .....	<u>12,282,448</u>	
<b>LIABILITIES</b>		
Voucher Warrants Payable .....	\$ 356,780	\$ 35,481
Accrued and Other Liabilities .....	-	334,131
Deferred Revenue .....	-	-
Securities Lending Collateral .....	1,126,065	-
Total Liabilities .....	<u>1,482,845</u>	<u>\$ 369,612</u>
<b>NET POSITION</b>		
Held in Trust for Employees .....	<u>10,799,603</u>	
Total Net Position .....	<u>\$ 10,799,603</u>	

See notes to basic financial statements.

**Exhibit 11**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**Year Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	<u>Total</u>
<b>ADDITIONS</b>	
Contributions:	
Employees .....	\$ 295,990
City .....	464,168
Total Contributions .....	<u>760,158</u>
Investment Income:	
Net Appreciation in	
Fair Value of Investments .....	1,057,568
Interest, Dividends and Other .....	241,995
Investment Expense .....	<u>(49,831)</u>
Net Investment Income .....	<u>1,249,732</u>
Securities Lending Transactions:	
Securities Lending Income .....	3,741
Securities Lending Expense .....	<u>1,440</u>
Net Securities Lending Transactions .....	<u>5,181</u>
Total Additions .....	<u>2,015,071</u>
<b>DEDUCTIONS</b>	
Benefits and Refunds of Deductions .....	1,731,545
Administrative and General .....	<u>20,059</u>
Total Deductions .....	<u>1,751,604</u>
Net Increase in Net Position .....	263,467
Net Position:	
Beginning of Year .....	<u>10,536,136</u>
End of Year .....	<u><u>\$ 10,799,603</u></u>

See notes to basic financial statements.



**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

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**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). Effective January 1, 2012, the City adopted the following GASB Statements:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing uses related to service concession and reserve fund (SCAs), which are a type of public-private or public-public partnership. There was no impact on the City’s Financial Statements as a result of the implementation of Statement No. 60.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants’ Committee on Accounting Procedure

The Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Those entities who chose to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements can continue to apply those pronouncements as other accounting literature. The financial reporting impact resulting from the implementation of GASB Statement No. 62 was not material.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows or Resources, and Net Position*. Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government’s net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The financial reporting impact resulting from the implementation of GASB Statement No. 63 is primarily the change in terminology from Net Assets to Net Position.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment to GASB Statement No. 53*. Statement No. 64 clarifies whether an effective hedge relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. There was no impact on the City’s Financial Statements as a result of the implementation of Statement No. 64.

Other accounting standards that the City is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, will be effective for the City beginning with its year ending December 31, 2013. The objective of this statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

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GASB Statement No. 66, *Technical Corrections -2012- an amendment of GASB Statements No. 10 and No. 62*, will be effective for the City beginning with its year ending December 31, 2013. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new financial reporting requirements for most governments that provide their employees with pension benefits through these types of plans. Statement No. 68 will be effective for the City beginning with its year ending December 31, 2015. GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Statement No. 69 will be effective for the City beginning with its year ending December 31, 2014. GASB Statement No. 69 requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, establishes accounting and financial reporting standards for financial guarantees that are nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. Statement No. 70 will be effective for the City beginning with its year ending December 31, 2014. GASB Statement No. 70 requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units and requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

- 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 include the following legal entities as fiduciary trust funds:

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.

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

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

Related Organizations - City officials are responsible for appointing a voting majority of the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making appointments and no fiscal dependency exists between the City and these organizations. 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 position 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.

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The City reports the following major governmental funds:

**The General Fund** is the City's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in 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.

**Service Concession and Reserve Fund** accounts for monies committed for mid and long term uses. The Mid-term portion is subject to appropriation for neighborhood human infrastructure programs, health, and other initiatives. Whereas the Long-term portion is committed for future budgetary and credit rating stabilization. These reserves were created as a result of the Skyway Lease and Parking Meter System transactions. The deferred inflows result from long-term concession and lease transactions whose proceeds are recognized as revenue over the term of the leases.

**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.

Within the governmental fund types, fund balances are reported in one of the following classifications:

**Nonspendable** – includes amounts that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

**Restricted** - includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority (i.e, City Council); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

**Assigned** - includes amounts that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. Residual fund balances in these fund types that are not restricted or committed are reported as assigned.

**Unassigned** – includes the residual fund balance that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

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.

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**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 services. Midway Airport is conveniently located 10 miles from downtown 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 funds:

**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.

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 non-operating 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 and sewer funds are charges to customers for sales and services. The airport funds principal operating revenues are derived from landing fees and terminal use charges as well as rents and concessions. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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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, deferred outflows, and net position 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 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 fair 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

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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 expenses when used (consumption method). Governmental fund inventories are accounted for using the purchases method and represent nonspendable resources because they do not represent expendable available financial resources.
- iv) **Assets Held for Resale** includes land and buildings of \$5.4 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 or committed in the basic financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants or specific City Council action.

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 \$918.9 million, of which \$126.4 million was capitalized as part of the capital assets under construction projects in proprietary funds.

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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.....	15 - 40 years
Airport runways, aprons, tunnels, taxiways, and paved roads.....	5 - 40 years
Bridge infrastructure.....	10 - 40 years
Lighting infrastructure.....	25 years
Street infrastructure.....	10 - 25 years
Transit infrastructure.....	40 years
Equipment (vehicle, office, and computer) .....	5 - 20 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 hedges.

**viii) Employee Benefits** are granted for vacation and sick leave, workers' compensation and health care. Unused vacation leave is accrued and may be partially 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.

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. 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



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statement of net position. 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 and/or cash flows 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 position and displayed in three components:

- (1) Net investment in capital assets - 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 position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or are legally restricted through constitutional provisions or enabling legislation.

Restricted net position for business activities are provided in Exhibit #7, Statement of Net Position, Proprietary Funds.

- (3) Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**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 position.**

- i)** The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. 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 \$1,259.1 million are as follows (dollars in thousands):

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Deferred revenue - property tax and grants.....	\$ 1,238,382
Other assets - pension excess .....	57,757
Accounts payable - infrastructure retainage .....	<u>(36,994)</u>
Net adjustment to increase fund balance - total governmental funds - to arrive at net assets - governmental activities .....	<u>\$ 1,259,145</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 \$16,566.7 million are as follows (dollars in thousands):

Long-term liabilities:	
Total bonds, notes and certificates payable .....	\$ 9,182,943
Pension and other postemployment benefits .....	6,364,927
Lease obligation .....	163,013
Pollution remediation.....	8,373
Claims and judgments .....	<u>888,593</u>
Total Long-term liabilities .....	16,607,849
Bonds, notes and other obligations payable current .....	(95,479)
Other assets - issuance costs .....	(74,603)
Accrued interest .....	4,908
Derivative instruments .....	31,140
Accrued and other liabilities - compensated absences .....	<u>92,868</u>
Net adjustment to reduce fund balance - total governmental funds - to arrive at net assets - governmental activities .....	<u>\$ 16,566,683</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 position - 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 \$278.6 million are as follows (dollars in thousands):

Capitalized asset expenditures .....	\$ 682,382
Depreciation expense .....	<u>(403,747)</u>
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities .....	<u>\$ 278,635</u>

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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 position.” The details of this decrease of \$150.8 million are as follows (dollars in thousands):

Proceeds of debt .....	\$	(728,638)
Premium .....		(36,166)
Payment of refunded bond escrow agent .....		268,397
Principal retirement .....		340,754
Payment of cost of issuance .....		6,035
Interest expense .....		<u>(1,133)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities .....	\$	<u><u>(150,751)</u></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 decrease of \$1,254.4 million are as follows (dollars in thousands):

Claims and judgments .....	\$	(220,943)
Pension and other post employment benefit liabilities.....		(1,049,315)
Pollution remediation .....		2,862
Vacation .....		12,376
Lease obligations .....		3,774
Inventory .....		<u>(3,170)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities .....	\$	<u><u>(1,254,416)</u></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.

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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 included in "Unassigned" fund balance 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, 2012 is as follows (dollars in thousands):

	<b>General Fund</b>
Revenues, GAAP Basis .....	\$ 2,920,656
Add:	
Proceeds of Debt .....	55,000
Transfers In .....	31,617
Prior Year's Surplus Utilized .....	72,347
Revenues, Budgetary Basis .....	<u>\$ 3,079,620</u>
Expenditures, GAAP Basis .....	\$ 3,081,369
Add:	
Transfers Out .....	26,965
Encumbered in 2012 .....	16,605
Deduct:	
Payments on Prior Years' Encumbrances .....	(39,045)
Provision for Doubtful Accounts and Other.....	(6,274)
Expenditures, Budgetary Basis .....	<u>\$ 3,079,620</u>

c) **Individual Fund Deficits** includes the Chicago Skyway Fund, an Enterprise Fund, has a fund deficit of \$1,380.4 million which management anticipates will be funded through recognition of deferred inflows. Federal State and Local Grants, a governmental fund, has a deficit of \$206.1 million and will be funded by the recognition of deferred grant revenues. Also, the Service Concession and Reserve Fund, a Special Revenue Fund, has a deficit fund balance of \$993.5 million which will be funded through the recognition of deferred inflows.

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**4) Restricted and Unrestricted Cash, Cash Equivalents and Investments**

a) **Investments** As of December 31, 2012, the City had the following Investments (dollars in thousands):

Investment Type	Investment Maturities (in Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
<b>City Funds</b>					
U.S. Treasuries.....	\$ -	\$ -	\$ 2,490	\$ 42,232	\$ 44,722
U.S. Agencies*.....	345,580	2,621,259	857,328	145,684	3,969,851
Commercial Paper.....	284,644	-	-	-	284,644
Corporate Bonds.....	44,151	232,284	39,904	104,812	421,151
Corporate Equities.....	881	26	-	-	907
Municipal Bonds.....	24,465	245,260	183,334	20,715	473,774
Supra national Bonds.....	10,024	-	-	-	10,024
Certificates of Deposit and Other Short-term .....	1,464,492	4,590	-	-	1,469,082
<b>Total City Funds.....</b>	<b>\$ 2,174,237</b>	<b>\$ 3,103,419</b>	<b>\$ 1,083,056</b>	<b>\$ 313,443</b>	<b>\$ 6,674,155</b>

\*U.S. Agencies include investments in government-sponsored enterprises such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp.

<b>Pension Trust Funds</b>					
<b>U.S. and Foreign</b>					
Government Agencies.....	\$ 280,778	\$ 351,620	\$ 172,501	\$ 441,450	\$ 1,246,349
Corporate Bonds.....	916,831	477,231	360,518	263,354	2,017,934
Corporate Equities.....	5,835,602	-	-	-	5,835,602
Pooled Funds.....	73,104	25,950	-	-	99,054
Real Estate.....	615,379	-	-	-	615,379
Securities Received from Securities Lending.....	1,126,065	-	-	-	1,126,065
Venture Capital.....	455,757	-	-	-	455,757
Certificates of Deposit and Other Short-term .....	125,245	-	-	-	125,245
Other .....	39,610	-	-	-	39,610
<b>Total Pension Trust Funds.....</b>	<b>\$ 9,468,371</b>	<b>\$ 854,801</b>	<b>\$ 533,019</b>	<b>\$ 704,804</b>	<b>\$ 11,560,995</b>
<b>Total.....</b>	<b>\$ 11,642,608</b>	<b>\$ 3,958,220</b>	<b>\$ 1,616,075</b>	<b>\$ 1,018,247</b>	<b>\$ 18,235,150</b>

- 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

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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 (in thousands):

<u>Quality Rating</u>	<u>City</u>	<u>Quality Rating</u>	<u>Pension Trust Funds</u>
Aaa/AAA.....	\$ 163,532	Aaa/AAA.....	\$ 134,000
Aa/AA.....	4,230,548	Aa/AA.....	173,641
A/A.....	259,846	A/A.....	300,095
Baa/BBB.....	10,007	Baa/BBB.....	308,998
Ba/BB.....	-	Ba/BB.....	127,983
B/B.....	-	B/B.....	149,359
Caa/CCC.....	30,666	Caa/CCC.....	29,880
Ca.....	-	Ca.....	1,573
C/CC.....	-	C/CC.....	999
D/D.....	-	D/D.....	3,471
P1/A1.....	445,518	Not Rated.....	313,968
Not Rated*.....	1,534,038	Other.....	867,806
Total Funds.....	<u>\$ 6,674,155</u>		<u>\$ 2,411,773</u>

\* Not rated is primarily composed of money market mutual funds

- 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 102 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 \$532.3 million. 100 percent of the bank balance was either insured or collateralized with securities held by City agents in the City's name.
- 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. The City has no custodial credit risk exposure because investment securities are insured, registered and held by the City.

**CITY OF CHICAGO, ILLINOIS**  
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- 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 (in thousands):

<b>Foreign Currency Risk</b>	
Australian dollar.....	\$ 89,116
Brazilian real.....	41,595
British pound.....	353,039
Canadian dollar.....	103,772
Chilean peso.....	5,333
Chinese yuan.....	(605)
Columbian peso.....	5,120
Czech Republic koruna.....	1,421
Danish krone.....	25,158
Egyptian pound.....	420
European euro.....	452,912
Hong Kong dollar.....	172,221
Hungarian forint.....	472
Indian rupee.....	32,856
Indonesian rupiah.....	19,054
Japanese yen.....	307,725
Malaysian ringgit.....	13,056
Mexican peso.....	25,976
Moroccan dirham.....	143
New Israeli shekel.....	8,696
New Taiwan dollar.....	23,085
New Zealand dollar.....	3,218
Nigeria Naira.....	1,555
Norwegian krone.....	21,313
Pakistan rupee.....	269
Peruvian Nuevo Sol.....	1
Philippines peso.....	3,503
Polish zloty.....	3,604
Qatari riyal.....	2,259
Singapore dollar.....	31,025
South African rand.....	37,723
South Korean won.....	51,593
Swedish krona.....	44,158
Swiss franc.....	106,680
Taiwan dollar.....	3,774
Thailand baht.....	21,703
Turkish lira.....	12,230
United Arab Emirates dirham.....	1,039
 Total Pension Trust Funds.....	 <u>\$ 2,026,212</u>

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

Per Note 4:	
Investments - City.....	\$ 6,674,155
Investments - Pension Trust Funds.....	11,560,995
	<u>\$ 18,235,150</u>
Per Financial Statements:	
Restricted Investments.....	\$ 2,840,691
Unrestricted Investments.....	1,797,020
Investments with Fiduciary Funds.....	10,344,175
Investments with Escrow Agent.....	509,800
Invested Securities Lending Collateral.....	1,126,065
Investments Included as Cash and Cash Equivalents on the Statements of Net Position.....	1,617,399
	<u>\$ 18,235,150</u>

**5) Property Tax**

The City’s property tax becomes 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.

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



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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, 2012 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 Funds:		
General.....	\$ 165,078	\$ 139,397
Federal, State and Local Grants.....	29,694	281,434
Special Taxing Areas.....	258,238	11,534
Service Concession and Reserve.....	-	-
Bond, Note Redemption and Interest.....	30,068	-
Community Development and Improvement Projects....	67,799	97,857
Nonmajor Governmental Funds.....	<u>93,854</u>	<u>205,273</u>
 Total Governmental Funds.....	 644,731	 735,495
Enterprise Funds:		
Water.....	20,607	11,196
Sewer.....	18,840	12,113
Chicago Midway International Airport.....	14,437	20,142
Chicago-O'Hare International Airport.....	28,482	3,710
Chicago Skyway.....	<u>-</u>	<u>15</u>
 Total Enterprise Funds.....	 82,366	 47,176
Fiduciary activities:		
Pension Trust.....	<u>55,574</u>	<u>-</u>
 Total Fiduciary activities.....	 <u>55,574</u>	 <u>-</u>
 Total.....	 <u>\$ 782,671</u>	 <u>\$ 782,671</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  
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b) The following balances at December 31, 2012 represent interfund transfers among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General.....	\$ 31,617	\$ 26,965
Federal, State and Local Grants.....	-	-
Special Taxing Areas.....	68,675	44,264
Service Concession and Reserve.....	328	12,358
Reserve.....		
Bond, Note Redemption and Interest.....	-	10,105
Community Development and Improvement Projects....	3,843	2,322
Nonmajor Governmental Funds.....	<u>74,287</u>	<u>82,736</u>
Total Governmental Funds.....	<u>\$ 178,750</u>	<u>\$ 178,750</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.

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**7) Capital Assets**

a) **Capital Assets** activity for the year ended December 31, 2012 was as follows (dollars in thousands):

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Disposals and Transfers</u>	<u>Balance December 31, 2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,400,977	\$ 3,524	\$ -	\$ 1,404,501
Works of Art and Historical Collections.....	13,132	51	-	13,183
Construction in Progress.....	466,267	614,211	(436,153)	644,325
Total capital assets, not being depreciated.....	<u>1,880,376</u>	<u>617,786</u>	<u>(436,153)</u>	<u>2,062,009</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	2,446,349	43,497	-	2,489,846
Machinery and Equipment.....	1,339,484	54,347	(28,186)	1,365,645
Infrastructure.....	6,965,900	413,971	-	7,379,871
Total capital assets, being depreciated.....	<u>10,751,733</u>	<u>511,815</u>	<u>(28,186)</u>	<u>11,235,362</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	747,256	64,955	-	812,211
Machinery and Equipment.....	1,025,874	112,317	(28,186)	1,110,005
Infrastructure.....	3,279,011	226,475	-	3,505,486
Total accumulated depreciation.....	<u>5,052,141</u>	<u>403,747</u>	<u>(28,186)</u>	<u>5,427,702</u>
Total capital assets, being depreciated, net.....	<u>5,699,592</u>	<u>108,068</u>	<u>-</u>	<u>5,807,660</u>
Total governmental activities.....	<u>\$ 7,579,968</u>	<u>\$ 725,854</u>	<u>\$ (436,153)</u>	<u>\$ 7,869,669</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,012,637	\$ 12,043	\$ -	\$ 1,024,680
Construction in Progress.....	1,310,364	739,488	(501,561)	1,548,291
Total capital assets, not being depreciated.....	<u>2,323,001</u>	<u>751,531</u>	<u>(501,561)</u>	<u>2,572,971</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	13,069,921	751,994	(20,564)	13,801,351
Machinery and Equipment.....	651,105	8,654	(5,959)	653,800
Total capital assets, being depreciated.....	<u>13,721,026</u>	<u>760,648</u>	<u>(26,523)</u>	<u>14,455,151</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	3,928,965	250,195	3,943	4,183,103
Machinery and Equipment.....	313,807	20,459	(4,765)	329,501
Total accumulated depreciation.....	<u>4,242,772</u>	<u>270,654</u>	<u>(822)</u>	<u>4,512,604</u>
Total capital assets, being depreciated, net.....	<u>9,478,254</u>	<u>489,994</u>	<u>(25,701)</u>	<u>9,942,547</u>
Total business-type activities.....	<u>\$ 11,801,255</u>	<u>\$ 1,241,525</u>	<u>\$ (527,262)</u>	<u>\$ 12,515,518</u>
Total Capital Assets.....	<u>\$ 19,381,223</u>	<u>\$ 1,967,379</u>	<u>\$ (963,415)</u>	<u>\$ 20,385,187</u>

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

Governmental activities:	
General Government.....	\$ 86,528
Public Safety.....	21,776
Streets and Sanitation.....	13,981
Transportation.....	235,258
Health.....	1,694
Cultural and Recreational.....	44,510
	<hr/>
Total Depreciation Expense - Governmental Activities.....	<u>\$ 403,747</u>
Business-type Activities:	
Water.....	\$ 48,275
Sewer.....	26,600
Chicago Midway International Airport.....	45,011
Chicago-O'Hare International Airport.....	140,258
Chicago Skyway.....	10,510
	<hr/>
Total Depreciation Expense - Business-type Activities.....	<u>\$ 270,654</u>

8) **Leases**

a) **Operating Leases**

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$18.4 million for the year ended December 31, 2012.

The future minimum lease payments for these leases are as follows (dollars in thousands):

2013.....	\$ 18,093
2014.....	12,231
2015.....	7,322
2016.....	2,950
2017.....	2,288
2018 - 2022.....	9,141
2023 - 2027.....	1,959
2028 - 2032.....	312
2033 - 2037.....	216
2038 - 2042.....	152
	<hr/>
Total Future Rental Expense.....	<u>\$ 54,664</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.

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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>
2013.....	\$ 104
2014.....	9,000
2015.....	9,000
2016.....	9,000
2017.....	9,000
2018 - 2022.....	35,631
2023 - 2027.....	76,370
2028 - 2032.....	<u>167,164</u>
 Total Minimum Future Lease Payments.....	 315,269
Less Interest.....	<u>152,256</u>
 Present Value of Minimum Future Lease Payments.....	 <u>\$ 163,013</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, 2012 (dollars in thousands):

2013.....	\$ 84,203
2014.....	83,796
2015.....	66,513
2016.....	66,510
2017.....	66,789
2018 - 2022.....	133,707
2023 - 2027.....	8,867
2028 - 2032.....	9,656
2033 - 2036.....	<u>5,738</u>
 Total Minimum Future Rental Income.....	 <u>\$ 525,779</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 \$365.8 million, including contingent rentals of \$86.0 million.

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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, 2012 (dollars in thousands):

2013.....	\$	30,900
2014.....		29,803
2015.....		27,282
2016.....		26,529
2017.....		<u>26,529</u>
 Total Minimum Future Rental Income.....	 \$	 <u><u>141,043</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 \$101.0 million, including contingent rentals of \$40.4 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, 2012, there was minor activity; the balance remained at \$0.7 million.

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**10) Long-term Obligations**

a) **Long-term Debt** activity for the year ended December 31, 2012 was as follows (in thousands):

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2012</u>	<u>Amounts Due within One Year</u>
Governmental activities:					
Bonds, notes and commercial paper payable:					
General obligation debt and commercial paper.....	\$ 7,777,667	\$ 728,638	\$ 494,475	8,011,830	\$ 97,228
Tax increment .....	131,561	-	19,410	112,151	23,200
Revenue .....	<u>776,027</u>	<u>-</u>	<u>5,715</u>	<u>770,312</u>	<u>17,150</u>
	8,685,255	728,638	519,600	8,894,293	137,578
Less unamortized debt refunding transactions .....	166,065	19,931	15,816	170,180	-
Add unamortized premium .....	196,637	36,166	56,983	175,820	-
Add accretion of capital appreciation bonds .....	<u>264,402</u>	<u>33,148</u>	<u>14,540</u>	<u>283,010</u>	<u>22,042</u>
Total bonds, notes and certificates payable .....	8,980,229	778,021	575,307	9,182,943	159,620
Other liabilities:					
Pension and other postemployment					
benefits obligations .....	5,386,668	1,017,243	38,984	6,364,927	
Lease obligations .....	166,787	8,957	12,731	163,013	9,104
Pollution Remediation .....	11,235	-	2,862	8,373	-
Claims and judgments .....	<u>667,650</u>	<u>363,348</u>	<u>142,405</u>	<u>888,593</u>	<u>111,996</u>
Total other liabilities .....	<u>6,232,340</u>	<u>1,389,548</u>	<u>196,982</u>	<u>7,424,906</u>	<u>121,100</u>
Total governmental activities .....	<u>\$ 15,212,569</u>	<u>\$ 2,167,569</u>	<u>\$ 772,289</u>	<u>\$ 16,607,849</u>	<u>\$ 280,720</u>
Business-type activities:					
Revenue bonds and notes payable:					
Water .....	\$ 1,721,187	\$ 399,950	\$ 90,960	\$ 2,030,177	\$ 42,232
Sewer .....	1,112,022	280,249	28,497	1,363,774	29,690
Chicago-O'Hare International Airport .....	7,420,349	1,211,687	1,499,475	7,132,561	111,085
Chicago Midway International Airport .....	<u>1,461,490</u>	<u>34,639</u>	<u>54,800</u>	<u>1,441,329</u>	<u>23,475</u>
	11,715,048	1,926,525	1,673,732	11,967,841	206,482
Less unamortized debt refunding transactions .....	110,535	29,597	17,080	123,052	
Add unamortized premium .....	141,020	58,550	(109,714)	309,284	
Add accretion of capital appreciation bonds .....	<u>84,188</u>	<u>9,114</u>	<u>4,493</u>	<u>88,809</u>	<u>8,750</u>
Total business-type activities .....	<u>\$ 11,829,721</u>	<u>\$ 1,964,592</u>	<u>\$ 1,551,431</u>	<u>\$ 12,242,882</u>	<u>\$ 215,232</u>
Total long-term obligations .....	<u>\$ 27,042,290</u>	<u>\$ 4,132,161</u>	<u>\$ 2,323,720</u>	<u>\$ 28,850,731</u>	<u>\$ 495,952</u>

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

**b) Issuance of New Debt**

**i) Commercial Paper Notes**

During 2012, the City issued \$133.8 million in commercial paper notes for certain capital and operating uses. The City has excluded commercial paper from current liabilities, as it intends and has the ability to refinance the obligation on a long-term basis.

**ii) General Obligation Bonds**

General Obligation Bonds, Project Series 2012A (\$179.9 million), Taxable Project and Refunding Series 2012B (\$308.0 million), and Refunding Series 2012C (\$107.0 million) were sold at a premium in May 2012. The bonds have interest rates ranging from 4.0 percent to 5.432 percent and maturity dates from January 1, 2020 to January 1, 2042. Net proceeds of \$627.1 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 settlements agreements involving the City, including escrow accounts or other reserves needed for such purposes; payments of certain pension contributions; providing for facilities, services and equipment to protect and enhance public safety, and other uses permitted by the Ordinance (\$292.4 million), to refund certain maturities of bonds outstanding (\$268.2 million), and to fund capitalized interest (\$66.5 million). The current refunding of the bonds increased the City's total debt service payments by \$242.7 million, resulted in a net economic gain of approximately \$.8 million and a book loss of approximately \$19.9 million.

In February 2012, the City entered into a swap overlay agreement (i.e., basis trade) associated with the General Obligation Series 2005D variable rate bonds with PNC Bank, N.A. for a notional amount of \$207.9 million. The agreement is effective January 1, 2031 through January 1, 2040, and the City will pay SIFMA and receive 72.5 percent of one month LIBOR. The City received an upfront payment of \$4.0 million.

In February 2012, the City entered into a swap overlay agreement (i.e., Constant Maturity Swap (CMS) reversal) associated with the General Obligation Series 2003B variable rate bonds with PNC Bank, N.A. for a notional amount of \$144.6 million. The agreement is effective March 1, 2014 through November 1, 2014 and the City will pay 66.91 percent of 10 year LIBOR and receive 75 percent of one month LIBOR. 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 November 1, 2014, after which time the City will receive 66.91 percent of 10 year LIBOR through expiration (January 1, 2034). The City received an upfront payment of \$1.3 million.

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

Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2012A-C (\$728.9 million) were sold at a premium in August 2012. The bonds have interest rates ranging from 1.0 percent to 5.0 percent and maturity dates from January 1, 2013 to January 1, 2032. Net proceeds of \$796.3 million and other monies \$155.3 million will be used to refund certain General Airport Revenue Bonds maturities of bonds outstanding (\$837.2 million), to fund debt service reserves (\$114.2 million), and to fund capitalized interest (\$.2 million). The current refunding of the bonds decreased the City's total debt service payments by \$156.2 million, resulted in a net economic gain of approximately \$118.2 million and a book loss of approximately \$19.7 million.



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Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2012 (\$452.1 million) were sold at a premium in September 2012. The bonds have interest rates ranging from 2.5 percent to 5.0 percent and maturity dates from January 1, 2014 to January 1, 2032. Net proceeds of \$493.7 million and other monies \$55.9 million will be used to refund certain PFC maturities of bonds outstanding (\$511.1 million) and to fund debt service reserves (\$38.5 million). The current refunding of the bonds decreased the City's total debt service payments by \$100.3 million, resulted in a net economic gain of approximately \$73.5 million and a book loss of approximately \$9.0 million.

Second Lien Water Revenue Project Bonds, Series 2012 (\$399.4 million) were sold at a premium in May 2012. The bonds have interest rates ranging from 4.0 percent to 5.0 percent and maturity dates from November 1, 2016 to November 1, 2042. Net proceeds of \$444.4 million will be used to finance certain costs of improvements and extensions to the water system (\$400.0 million), to retire water commercial paper notes outstanding (\$35.9 million), and fund certain capitalized interest (\$8.5 million).

In 2012, the Water Fund drew \$0.5 million from the Illinois Environment Protection Agency loan agreement. The loan has no interest and has principal maturity dates from June 2, 2012 to December 2, 2031.

Second Lien Wastewater Revenue Project, Series 2012 (\$276.5 million) were sold at a premium in September, 2012. The bonds have interest rates ranging from 3.0 percent to 5.0 percent and maturity dates from January 1, 2014 to January 1, 2042. Net proceeds of \$303.8 million will be used to finance certain costs of improvements and extensions to the wastewater system (\$300.0 million), and fund certain capitalized interest (\$3.8 million).

In 2012, the Sewer Fund drew \$3.7 million from the Illinois Environment Protection Agency loan agreement. The loan has an interest rate of 2.5% with maturity dates from June 21, 2013 to June 21, 2031.

In 2012, \$30.6 million of Chicago O'Hare International Airport Commercial Paper Notes Series 2005 were issued. The proceeds were used to finance portions of the costs of authorized airport projects.

In 2012, \$34.6 million of Chicago Midway International Airport Commercial Paper Notes Series A, B, C & D were issued. The proceeds were used to finance portions of the costs of authorized airport projects.

- c) **Annual requirements** listed below for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2013 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2012 are as follows (dollars in thousands):

Year Ending December 31,	General Obligation		Tax Increment	
	Principal	Interest	Principal	Interest
2013.....	\$ 112,132	\$ 408,456	\$ 26,114	\$ 5,931
2014.....	214,375	409,006	14,602	11,819
2015.....	236,206	403,012	8,965	3,951
2016.....	251,617	392,344	11,160	3,400
2017.....	274,802	380,870	11,685	2,666
2018-2022.....	1,534,410	1,711,157	33,715	4,737
2023-2027.....	1,475,610	1,371,842	-	-
2028-2032.....	1,568,684	1,023,299	-	-
2033-2037.....	1,186,826	577,348	-	-
2038-2041.....	918,641	163,143	-	-
	<u>\$ 7,773,303</u>	<u>\$ 6,840,477</u>	<u>\$ 106,241</u>	<u>\$ 32,504</u>

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Year Ending December 31,	Revenue		Business-type Activities	
	Principal	Interest	Principal	Interest
2013.....	\$ 18,040	\$ 36,140	\$ 263,342	\$ 582,754
2014.....	18,980	35,200	378,095	571,111
2015.....	18,400	34,228	381,052	553,539
2016.....	18,135	33,289	370,679	536,765
2017.....	18,525	32,355	423,016	519,332
2018-2022.....	107,075	147,318	1,951,670	2,312,220
2023-2027.....	132,903	121,499	2,181,607	1,845,583
2028-2032.....	119,841	135,032	2,708,989	1,204,226
2033-2037.....	191,334	71,914	2,194,130	582,979
2038-2041.....	109,930	11,172	866,590	100,285
	<u>\$ 753,163</u>	<u>\$ 658,147</u>	<u>\$ 11,719,170</u>	<u>\$ 8,808,794</u>

Debt service requirements above exclude commercial paper issues as the timing of payments is not certain. For the requirements calculated above, interest on variable rate debt was calculated at the rate in effect or the effective rate of a related swap agreement, if applicable, as of December 31, 2012. Standby bond purchase agreements or letters of credit were issued by third party financial institutions that are expected to be financially capable of honoring their agreements.

The City's variable rate bonds may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, an adjustable long rate, or the fixed rate as determined by the remarketing agent, in consultation with the City. An irrevocable letter of credit provides for the timely payment of principal and interest. In the event the bonds are put back to the bank and not successfully remarketed, or if the letter of credit agreements expire without an extension or substitution, the bank bonds will convert to a term loan. There is no principal due on the potential term loans within the next fiscal year.

**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 and/or changes in cash flows, 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. The notional amounts related to bonds maturing on January 1, 2013 have been excluded below because funds for their payment have been provided for.

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	<u>Changes in Fair Value</u>		<u>Fair Value at December 31, 2012</u>		<u>Notional Amount</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
<b>Governmental Activities</b>					
Hedges:					
Pay-fixed Interest Rate SWAPS....	Deferred Outflow of Resources	\$ 7,777	Deferred Outflow of Resources	\$ (260,496)	\$ 781,630
Investment Derivative Instruments:					
Pay-fixed Interest Rate SWAPS....	Investment Income	3,167	Investment Revenue	(36,313)	199,040
<b>Business-type Activities</b>					
Hedges:					
Pay-fixed Interest Rate SWAPS....	Deferred Outflow of Resources	1,979	Deferred Outflow of Resources	(253,120)	957,030
Total.....				<u>\$ (549,929)</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, 2012, 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. The notional amounts related to bonds maturing on January 1, 2013 have been excluded below because funds for their payment have been provided for. 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. The terms, including fair values of the swaptions as of December 31, 2012, are as follows (dollars in thousands):

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Associated Bond Issue	Notional Amounts	Effective Date	Terms	Fair Values	Termination Date	Counterparty Credit Rating
<b>Hedging Instruments</b>						
<b>Governmental Activities:</b>						
						A2/A+
GO VRDB (Series 2007EFG).....	\$ 200,000	11/8/2007	Pay 3.998%; receive SIFMA	\$ (60,127)	1/1/2042	Baa1/A-
		1/1/2014	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(19,839)	1/1/2042	Aa3/AA-
		8/17/2005	Pay 4.104%; receive SIFMA	(69,632)	1/1/2040	A3/A- A2/A+ Aa1/AA- A2/A+
GO VRDB (Series 2005D).....	222,790	1/1/2014	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(14,089)	1/1/2031	A2/A+
		1/1/2030	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(5,918)	1/1/2040	A2/A
GO VRDB (Neighborhoods Alive 21 Program, Series 2002B).....	206,700	10/3/2002	Pay 3.575%; receive 70% of 1 Mo. LIBOR	(51,858)	1/1/2037	Aa3/A+ A3/A
Sales Tax Revenue Refunding Bonds (VRDB Series 2002).....	113,240	6/27/2002	Pay 4.23%; receive 75.25% of 3 Mo. LIBOR	(32,559)	1/1/2034	Aa3/A+
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	38,900	9/1/1999	Pay 5.084%; receive 67% of 1 Mo. LIBOR	(6,474)	1/1/2019	A3/A
<b>Business-type Activities:</b>						
Chicago Midway International Airport Revenue Bonds (Series 2004C&D).....	148,500	12/14/2004	Pay 4.174%; receive SIFMA Plus .05%	(21,552)	1/1/2035	A3/A-
		4/21/2011	Pay 4.247%; receive SIFMA Plus .05%	(15,242)	1/1/2035	Aa3/AA-
Wastewater Transmission Variable Rate Revenue Bonds (Series 2008C).....	99,670	7/29/2004	Pay 3.886%; receive 95% of 3 Mo. LIBOR (if LIBOR is < 3%) or 67% of 3 Mo. LIBOR (if LIBOR is > 3%) Pay 3.886%; receive SIFMA (if LIBOR is < 3%) or 67% of 1 Mo. LIBOR (if LIBOR is > 3%)	(62,760) (27,195)	1/1/2039	A2/A+ Aa3/A+ A3/A
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	185,780	4/16/2008	Pay 3.8694%; receive SIFMA	(42,949)	11/1/2025	A2/A
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	190,520	8/5/2004	Pay 3.8669%; receive SIFMA	(49,862)	11/1/2031	Aa3/AA-
Second Lien Water Revenue Refunding Bonds (Series 2000).....	100,000	4/16/2008	Pay 3.8694%; receive SIFMA	(33,560)	11/1/2030	A2/A
<b>Investment Instruments</b>						
<b>Governmental Activities:</b>						
GO VRDB (Series 2003B).....	199,040	8/7/2003	Pay 4.052%; receive 66.91% of 10 Yr LIBOR	(32,986)	1/1/2034	Aa3/AA- Aa3/A+
		3/1/2011	Pay 66.91% of 10 Yr LIBOR; receive 75% of 1 Mo. LIBOR *	(2,070)	3/1/2014	Aa1/AA-
		3/1/2014	receive 75% of 1 Mo. LIBOR *	(1,257)	11/1/2014	A2/A
Total.....	<u>\$ 1,937,700</u>			<u>\$ (549,929)</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.  
VRDB means variable rate demand bonds.

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- (3) *Fair Value.* As of December 31, 2012, the swaps had a negative fair value of \$549.9 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 the combination of the negative fair value of \$549.9 million and the unamortized interest rate swap premium balance of \$5.1 million related to investment derivative instruments and \$36.3 million related to governmental cash flow hedges represent the total fair value of the derivative liability in the statement of net position.
- (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, 2013 have been excluded because funds for their payment have been provided for. As of December 31, 2012, 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):

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Year Ending December 31,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2013.....	\$ 22,070	\$ 4,844	\$ 71,650	\$ 98,564
2014.....	36,320	4,866	70,701	111,887
2015.....	37,865	4,818	69,379	112,062
2016.....	57,465	4,759	67,786	130,010
2017.....	60,150	4,563	65,663	130,376
2018 - 2022.....	390,265	19,706	291,232	701,203
2023 - 2027.....	383,250	13,566	213,664	610,480
2028 - 2032.....	445,040	9,035	144,946	599,021
2033 - 2037.....	360,745	3,754	60,522	425,021
2038 - 2042.....	133,855	441	10,943	145,239
	<u>\$ 1,927,025</u>	<u>\$ 70,352</u>	<u>\$ 1,066,486</u>	<u>\$ 3,063,863</u>

**ii) Swaptions**

During 2012, the City terminated all outstanding swaptions, as noted below.

In April 2012, the City terminated the swaption transaction with J.P. Morgan in relation to Chicago Midway International Airport bonds with an original notional amount of \$397.7 million and a trade date of October 27, 1999. The City paid \$8.2 million to terminate the swaption. Note that \$8.3 million of Chicago Midway Airport Commercial Paper Notes Series 2003 were issued to fund the swaption termination payment.

In May 2012, the City terminated three swaption transactions with J.P. Morgan in relation to Chicago Sales Tax Revenue bonds with notional amounts of \$69.3 million, \$60.6 million and \$23.3 million and a trade date of June 21, 2002. The City paid \$0.54 million, \$0.365 million and \$0.02 million respectively to terminate the swaptions. Note that \$1.0 million of General Obligation Commercial Paper Notes Series 2002 were issued to fund the Sales Tax Revenue Bonds swaptions termination payments.

In July 2012, the City terminated the swaption transaction with Goldman Sachs in relation to General Obligation bonds with a total notional amount of \$318.7 million and a trade date of December 18, 2003. The City paid a total of \$4.9 million to terminate the swaption. Note that \$4.9 million of General Obligation Commercial Paper Notes Series 2003 were issued to fund the swaption termination payment.

**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, 2012. The Water Rate Stabilization account had a balance in restricted assets of \$74.9 million at December 31, 2012.

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

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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, 2012.

- 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, 2012. The Sewer Rate Stabilization account had a balance in restricted assets of \$29.6 million at December 31, 2012.

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, 2012.

- 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 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, 2012.

- 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, 2012. 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

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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, 2012.

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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g) **Defeased Bonds** have been removed from the Statement of Net Position 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, 2012, not including principal payments due January 1, 2013, are as follows (dollars in thousands):

	<u>Amount</u> <u>Defeased</u>	<u>Outstanding</u>
Emergency Telephone System - Series 1993 .....	\$ 213,730	\$ 123,115
General Obligation Refunding Bonds - Series 1993B .....	27,515	6,000
General Obligation Project and Refunding Bonds - Series 1998 .....	345,770	14,005
General Obligation Bonds - Series 2001A .....	404,131	131,515
General Obligation Project and Refunding Bonds - Series 2003A .....	108,000	67,690
General Obligation Project Bonds - Series 2003C .....	126,960	116,710
General Obligation Project Bonds - Series 2004A .....	276,620	256,060
General Obligation Project and Refunding Bonds - Series 2005A .....	72,690	59,630
General Obligation Project and Refunding Bonds - Series 2005B .....	8,725	4,465
General Obligation Direct Access Bonds - Series 2005E .....	22,186	10,835
General Obligation Project and Refunding Bonds - Series 2006A .....	23,775	13,285
General Obligation Direct Access Bonds - Series 2006 .....	4,755	2,635
General Obligation Project and Refunding Bonds - Series 2007A .....	10,505	9,710
General Obligation Project and Refunding Bonds - Series 2007C .....	23,805	11,530
General Obligation Project and Refunding Bonds - Series 2008 .....	210	105
Neighborhoods Alive 21 Program - Series 2001A .....	213,825	60,170
Neighborhoods Alive 21 Program - Series 2003 .....	90,600	83,440
Lake Millenium Project Parking Facilities Bonds - Series 1998 .....	149,880	43,880
Near South Redevelopment Project Tax Increment - Series 1994A .....	23,000	3,825
Chatham Ridge Redevelopment Project Tax Increment - Series 2002 .....	6,565	3,575
Special Transportation Revenue Bonds - Series 2001 .....	118,715	97,290
Midway 2nd Lien Series 2010D-1.....	4,435	4,435
Midway 2nd Lien Series 2010D-2.....	16,460	16,460
Total .....	<u>\$ 2,292,857</u>	<u>\$ 1,140,365</u>

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 131 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 81 days. The Plans cannot pledge to sell collateral securities received unless the borrower defaults. Loans outstanding as of December 31, 2012 are as follows: market value of securities loaned \$1,122.8 million, market value of cash collateral from borrowers \$1,126.1 million and market value of non-cash collateral from borrowers \$17.3 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, 2012**

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

	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>	<b>Total</b>
Contribution rates:					
City (a).....	(a)	(a)	(a)	(a)	n/a
Plan members.....	8.5%	8.5%	9%	9.125%	n/a
Annual required contribution.....	\$ 690,823	\$ 77,566	\$ 431,010	\$ 271,506	\$ 1,470,905
Interest on net pension obligation.....	117,591	(10,377)	165,221	120,807	393,242
Adjustment to annual required contribution.....	<u>(120,895)</u>	<u>10,668</u>	<u>(112,872)</u>	<u>(124,201)</u>	<u>(347,300)</u>
Annual pension cost.....	687,519	77,857	483,359	268,112	1,516,847
Contributions made.....	<u>148,859</u>	<u>11,853</u>	<u>197,886</u>	<u>81,522</u>	<u>440,120</u>
Increase in net pension obligation....	538,660	66,004	285,473	186,590	1,076,727
Net pension obligation (excess), beginning of year.....	<u>1,469,886</u>	<u>(129,712)</u>	<u>2,065,266</u>	<u>1,510,089</u>	<u>4,915,529</u>
Net pension obligation (excess), end of year.....	<u>\$ 2,008,546</u>	<u>\$ (63,708) *</u>	<u>\$ 2,350,739</u>	<u>\$ 1,696,679</u>	<u>\$ 5,992,256</u>

\* Laborers' net pension excess is recorded in other assets in the statement of net position.

	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>
Actuarial valuation date.....	12/31/2012	12/31/2012	12/31/2012	12/31/2012
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).....	7.5%	7.5%	7.75%	8.0%
Projected salary increases (a):				
Inflation.....	3.0	3.0	3.0	3.0
Seniority/Merit.....	(b)	(c)	(d)	(e)
Postretirement benefit increases.....	(f)	(f)	(g)	(g)

- (a) Proceeds from a tax levy not more than the amount equal to the total amount of contributions by the employees to the Fund made in the calendar year, two years prior to the year for which the annual applicable tax is levied multiplied by 1.25 for Municipal, 1.00 for Laborers', 2.00 Policemen's and 2.26 for Firemen's
- (b) Service-based increases equivalent to a level annual rate increase of 1.4 percent over a full career.
- (c) Service-based increases equivalent to a level annual rate increase of 1.2 percent over a full career.
- (d) Service-based increases equivalent to a level annual rate increase of 2.8 percent over a full career.
- (e) Service-based increases equivalent to a level annual rate increase of 3.0 percent over a full career.
- (f) 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.
- (g) 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, 2012**

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 (Asset) / Obligation
<b>Municipal Employees':</b>			
2010.....	\$ 482,420	32.08 %	\$ 1,007,406
2011.....	609,491	24.12	1,469,886
2012.....	687,519	21.65	2,008,546
<b>Laborers':</b>			
2010.....	47,129	32.57	(174,585)
2011.....	57,651	22.17	(129,712)
2012.....	77,857	15.22	(63,707)
<b>Policemen's:</b>			
2010.....	403,228	43.28	1,791,146
2011.....	448,153	38.83	2,065,266
2012.....	483,359	40.94	2,350,739
<b>Firemen's:</b>			
2010.....	215,666	37.53	1,345,927
2011.....	247,031	33.55	1,510,089
2012.....	268,112	30.41	1,696,679

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

Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded (Surplus) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)
<b>Municipal Employees':</b>							
2010.....	12/31/10	\$ 6,003,390	\$ 11,828,666	\$ 5,825,276	51 %	\$ 1,541,388	378 %
2011.....	12/31/11	5,552,291	12,292,930	6,740,639	45	1,605,993	420
2012.....	12/31/12	5,073,320	13,475,377	8,402,057	38	1,590,794	528
<b>Laborers':</b>							
2010.....	12/31/10	1,529,404	2,030,025	500,621	75	199,863	250
2011.....	12/31/11	1,422,414	2,152,854	730,440	66	195,238	374
2012.....	12/31/12	1,315,914	2,336,189	1,020,275	56	198,790	513
<b>Policemen's:</b>							
2010.....	12/31/10	3,718,955	9,210,056	5,491,101	40	1,048,084	524
2011.....	12/31/11	3,444,690	9,522,395	6,077,705	36	1,034,403	588
2012.....	12/31/12	3,148,930	10,051,827	6,902,897	31	1,015,171	680
<b>Firemen's:</b>							
2010.....	12/31/10	1,198,114	3,655,026	2,456,912	33	400,404	614
2011.....	12/31/11	1,101,742	3,851,919	2,750,177	29	425,385	647
2012.....	12/31/12	993,284	4,020,138	3,026,854	25	418,965	722

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

The unfunded liability to the Plans poses significant financial challenges. The unfunded liability has consistently increased in recent years, and actuaries for the Municipal Employees' Plan and the Laborers' Plan indicate that the unfunded liability of those plans will continue to increase for the foreseeable future. Although the actuaries for the Policemen's and the Firemen's Plans project that the unfunded liabilities of those Plans will decrease in the future, such a decrease will result from significantly increased contributions to those Plans as a result of State Law. Furthermore, the contributions made by the City to the Plans have been lower than the cash outlays of the Plans in recent years. As a result, the Plans have used investment earnings or assets of the Plans to satisfy these cash outlays. The use of investment earnings or assets of the Plans for these purposes reduces the amount of assets on hand to pay benefits in the future and prevents the Plans from recognizing the full benefits of compounding investment returns. Since 2001, the City has contributed to the Plans as required by State Law. However, this amount has not been sufficient to fully fund the Normal Cost plus an amortized portion of the UAAL in each year as a result of a contribution limitation which has had the effect, and may have the effect in the future, of limiting the Pension Levy to an amount insufficient to fully fund the Plans to the amount of the Actuarially Required Contribution. No assurance can be made that the State Law applicable to the Plans will not be amended in the future.

- b) **Other Post Employment 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 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, 2012**

	<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	\$ 14,632	\$ 3,070	\$ 10,474	\$ 4,276	\$ 32,452
Interest on Net OPEB Obligation	3,041	248	479	398	4,166
Adjustment to Annual - Required Contribution	<u>(3,970)</u>	<u>(324)</u>	<u>(380)</u>	<u>(520)</u>	<u>(5,194)</u>
Annual OPEB Cost	13,703	2,994	10,573	4,154	31,424
Contributions Made	<u>9,522</u>	<u>2,562</u>	<u>9,766</u>	<u>2,622</u>	<u>24,472</u>
Increase in Net OPEB Obligation	4,181	432	807	1,532	6,952
Net OPEB Obligation, Beginning of Year	<u>67,575</u>	<u>5,519</u>	<u>10,654</u>	<u>8,850</u>	<u>92,598</u>
Net OPEB Obligation, End of Year	<u>\$ 71,756</u>	<u>\$ 5,951</u>	<u>\$ 11,461</u>	<u>\$ 10,382</u>	<u>\$ 99,550</u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

**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.

	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>
Actuarial Valuation Date	12/31/2012	12/31/2012	12/31/2012	12/31/2012
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 1.4 percent over a full career
- ( c ) Service-based increases equivalent to a level annual rate of increase of 1.2 percent over a full career
- ( d ) Service-based increases equivalent to a level annual rate of increase of 1.8 percent over a full career
- ( e ) Service-based increases equivalent to a level annual rate of increase of 1.8 percent over a full career
- ( f ) Trend not applicable - fixed dollar subsidy

**OPEB COST SUMMARY**  
(dollars in thousands)

	<b>Year</b>	<b>Annual OPEB Cost</b>	<b>% of Annual OPEB Obligation</b>	<b>Net OPEB Obligation</b>
Municipal Employees'	2010	\$ 22,375	42.68 %	\$ 55,045
	2011	22,047	43.16	67,575
	2012	13,703	69.49	71,756
Laborers'	2010	3,559	72.68	4,619
	2011	3,479	74.15	5,519
	2012	2,994	85.56	5,951
Policemen's	2010	10,736	87.13	9,619
	2011	10,627	90.25	10,654
	2012	10,573	92.37	11,461
Firemen's	2010	4,354	60.74	7,107
	2011	4,372	60.12	8,850
	2012	4,154	63.13	10,382

**CITY OF CHICAGO, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012**

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'	12/31/2012	\$ -	\$ 162,083	\$ 162,083	-	\$ 1,590,794	10.19 %
Laborers'	12/31/2012	-	38,653	38,653	-	198,790	19.44
Policemen's	12/31/2012	-	168,811	168,811	-	1,015,171	16.63
Firemen's	12/31/2012	-	46,206	46,206	-	418,965	11.03

**12) Other Post Employment 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 per month for each Medicare eligible annuitant and \$95 per month for each Non-Medicare eligible annuitant to their gross cost. The annuitants contributed a total of \$67.8 million in 2012 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 2012, the net expense to the City for providing these benefits to approximately 24,408 annuitants plus their dependents was approximately \$97.5 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 (see Note 17 for subsequent update).

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.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

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 NPO valuation reports of the respective four Pension Funds (see Note 11).

**Special Benefits under the Collective Bargaining Agreements (CBA)** - Under the terms of the latest collective bargaining agreements for the Fraternal Order of Police and the International Association of Fire Fighters, certain employees who retire after attaining age 55 with the required years of service are permitted to enroll themselves and their dependents in the healthcare benefit program offered to actively employed members. They may keep this coverage until they reach the age of Medicare eligibility. These retirees do not contribute towards the cost of coverage, but the Police pension fund contributes \$95 per month towards coverage for police officers (which is assumed to continue); the Fire Pension Fund does not contribute. Once CBA early retirees reach Medicare eligibility age, their healthcare benefits are provided under the provisions of the Settlement Plan.

No extension of the CBA has been negotiated as of the end of the governing contract period (June 30, 2012), and therefore this valuation assumes the expiration of the early retirement special benefits as of December 31, 2012, but includes the liabilities for continuation of payments to those members already retired under the CBA as of December 31, 2012.

**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 one year (the remaining year of coverage under the Settlement agreement).

The following table shows the components of the City's annual OPEB costs for the year for the Health Plan and CBA Special Benefits, the amount actually contributed to the plan and changes in the City's net OPEB obligation. The *Net OPEB Obligation* is the amount entered upon the City's Statement of Net Position as of year end as the net liability for the other postemployment benefits – the retiree health plan. The amount of the annual cost that is recorded in the Statement of Changes in Net Position for 2012 is the *Annual OPEB Cost (expense)*.

**Annual OPEB Cost and Contributions Made**  
(dollars in thousands)

	Retiree Settlement Health Plan	CBA Special Benefits	Total
Contribution Rates:			
City	Pay As You Go	Pay As You Go	Pay As You Go
Plan Members	N/A	N/A	N/A
Annual Required Contribution	\$ 194,291	58,456	\$ 252,747
Interest on Net OPEB Obligation	2,353	1,463	3,816
Adjustment to Annual Required Contribution	<u>(159,200)</u>	<u>(20,386)</u>	<u>(179,586)</u>
Annual OPEB Cost	37,444	39,533	76,977
Contributions Made	<u>97,531</u>	<u>18,430</u>	<u>115,961</u>
Decrease in Net OPEB Obligation	(60,087)	21,103	(38,984)
Net OPEB Obligation, Beginning of Year	<u>156,847</u>	<u>97,498</u>	<u>254,345</u>
Net OPEB Obligation, End of Year	<u><u>\$ 96,760</u></u>	<u><u>118,601</u></u>	<u><u>\$ 215,361</u></u>



**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 is as follows (dollars in thousands):

<b>Schedule of Contributions, OPEB Costs and Net Obligations</b>			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
<b>Settlement Plan</b>			
12/31/2012	\$ 37,444	260.5%	\$ 96,760
12/31/2011	48,954	202.4	254,345
12/31/2010	82,874	129.6	304,483
<b>CBA Special Benefits</b>			
12/31/2012	\$ 39,533	46.6%	\$ 118,601
<b>Total</b>			
12/31/2012	\$ 76,977	150.6%	\$ 215,361
12/31/2011	48,954	202.4	254,345
12/31/2010	82,874	129.6	304,483

**Funded Status and Funding Progress** - As of January 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$471.0 million all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,518.7 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 18.7 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	UAAL as a Percentage of Covered Payroll
<b>Settlement Plan</b>						
12/31/2011	\$ -	\$ 191,378	\$ 191,378	0%	\$ 2,518,735	7.6 %
<b>CBA Special Benefits</b>						
12/31/2011	\$ -	\$ 279,574	\$ 279,574	0%	\$ 1,471,692	19.0 %
<b>Total</b>						
12/31/2011	\$ -	\$ 470,952	\$ 470,952	0%	\$ 2,518,735	18.7 %

**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, 2012**

For the Settlement Plan benefits (not provided by the Pension Funds) in the actuarial valuation for the fiscal year ended December 31, 2012, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 10.5 percent initially, reduced by decrements to an ultimate rate of 10.0 percent. Both rates included a 3.0 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 1.5 percent. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over one year.

For the Special Benefits under the CBA for Police and Fire, the contract expiration date of June 30, 2012 is reflected, such that liabilities are included only for payments beyond 2012 on behalf of early retirees already retired and in pay status as of December 31, 2012. Assumptions and methods were selected to reflect the expiring obligation. The projected unit credit method was selected. The actuarial assumptions included an annual healthcare cost trend rate of 10.5% in 2012, reduced by decrements to an ultimate rate of 5.0% in 2030. Rates included a 3% inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. The funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 1.50%. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over five years.

**Summary of Assumptions and Methods**

	Settlement Health Plan	CBA Special Benefits
Actuarial Valuation Date	December 31, 2011	December 31, 2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Dollar	Level Dollar
Remaining Amortization Period	1 year	5 years
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	1.50%	1.50%
Projected Salary Increases	3.0%	3.0%
Healthcare Inflation Rate	10.5% in 2012 to 10.0% in 2013	10.5% initial to 5.0% in 2030

**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 Position as claims payable along with amounts related to deferred compensatory time and estimated liabilities for questioned costs. As of December 31, 2012, the total amount of non-Enterprise Fund claims was \$556.5 million and Enterprise Fund was \$52.0 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):

**CITY OF CHICAGO, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012**

	<u>2012</u>	<u>2011</u>
Balance, January 1.....	\$ 554,797	\$ 555,285
Claims incurred and change in estimates.....	755,278	585,980
Claims paid on current and prior year events.....	<u>(701,590)</u>	<u>(586,468)</u>
Balance, December 31.....	<u>\$ 608,485</u>	<u>\$ 554,797</u>

**14) Expenditure of Funds and Appropriation of Fund Balances**

The City expends funds by classification as they become available, and “Restricted” funds are expended first. If/when City Council formally sets aside or designates funds for a specific purpose, they are considered “Committed”. The Mayor (or his/her designee) may in this capacity, also set aside or designate funds for specific purposes and all of these funds will be considered “Assigned”. Any remaining funds, which are not specifically allocated in one or more of the previous three categories, are considered “Unassigned” until such allocation is completed.

In addition to the categories above, any amounts which will be used to balance a subsequent year’s budget will be considered “Assigned” as Budgetary Stabilization funds. The amounts may vary from fiscal year to fiscal year or depending on the City’s budgetary condition, or may not be designated at all. The funds may be assigned by the Mayor or his designee, up to the amount of available “Unassigned” fund balance at the end of the previous fiscal year.

**a) Fund Balance Classifications**

On the fund financial statements, the Fund Balance consists of the following (dollars in thousands):

Nonspendable for Inventory .....	\$ 20,885
Restricted for Grants and Donations .....	27,821
Restricted for Debt Service .....	313,623
Restricted for TIF & Special Service Area Programs and Redevelopment .....	1,499,414
Restricted for Capital Projects .....	487,762
Committed for Debt Service .....	156,836
Committed for Budget and Credit Rating Stabilization .....	624,849
Committed for Repair, Maintenance and City Services .....	100,442
Assigned for Future Appropriated Fund Balance .....	160,395
Assigned for Encumbrances .....	16,605
Restricted for Special Events .....	4,291
Unassigned .....	<u>(1,819,556)</u>
Total Government Fund Balance .....	<u>\$ 1,593,367</u>

At the end of the fiscal year, total encumbrances for the General Operating Fund amounted to \$16.6 million, \$19.1 million for the Special Taxing Areas Fund, \$34.8 million for the Capital Projects Fund and \$10.8 million for the Non Major Special Revenue Fund.

**15) 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.

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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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, 2012, the Enterprise Funds have entered into contracts for approximately \$565.5 million for construction projects.

The City's pollution remediation obligation of \$8.4 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.

**16) Concession Agreements**

The major fund entitled Service Concession and Reserve Fund is used for the 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. The City recognizes \$15.3 million of revenue for each 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 agreement. 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. The City recognizes \$5.7 million of revenue for each 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 agreement. 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 agreement. The City recognizes \$18.5 million of revenue related to this transaction for each year through 2103. Skyway land, bridges, other facilities and equipment continue to be reported on the Statement of Net Position 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 Position.

**17) Subsequent Events**

As of December 31, 2012, the outstanding balance for Chicago General Obligation Commercial Paper Notes (G.O. CP) was \$166.5 million. As of the date of this report, the City has paid \$95.0 million of G.O. CP, issued \$69.1 million to fund various authorized capital projects, and had an outstanding balance of \$140.6 million.

Since January 2013, the City Motor Fuel Tax Revenue Bonds have been downgraded by Moody's Investors Service and Fitch Ratings. Moody's downgraded the rating from Aa3 to A3 in March and from A3 to Baa1 in June. Fitch downgraded the rating from A- to BBB+ in June. Moody's and Fitch currently have a negative outlook on the ratings. In January 2013, the City entered into two swap overlay agreements (i.e., Constant Maturity Swap (CMS) reversal) associated with the General Obligation Series 2003B variable rate bonds with PNC Bank, N.A. (PNC) for a notional amount of \$48.2 million and The Bank of New York Mellon (BNYM) for a notional amount of \$144.6 million. The

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

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agreement with PNC is effective March 1, 2014 through January 1, 2019 and the agreement with BNYM is effective November 1, 2014 through January 1, 2019. Under both agreements the City will pay 66.91 percent of 10 year LIBOR and receive 75 percent of one month LIBOR. 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 January 1, 2019, after which time the City will receive 66.91 percent of 10 year LIBOR through expiration (January 1, 2034). The City received a total upfront payment of \$7.5 million.

In February 2013, the City increased the Letter of Credit (LOC) support for the Chicago Midway International Airport Commercial Paper Program from \$85.0 million to \$150.0 million. The \$65.0 million LOC is provided by PNC Bank. While the City has City Council authorization to issue up to an aggregate principal of \$250.0 million of Chicago Midway International Airport Commercial Paper Notes (Midway CP Notes), the LOC support provides only for the issuance of up to \$150.0 million aggregate principal amount of Midway CP Notes. The Midway CP Notes are authorized to be issued by the City for the financing and refinancing of certain projects (which may include payments on certain related bonds and notes) at Chicago Midway International Airport.

In March 2013, the City entered into a Revolving Credit Agreement with Bank of America, N.A., which allows the City to draw on the line of credit in an aggregate amount not to exceed \$200.0 million. The City's repayment obligation under the line of credit is a general obligation of the City. The line of credit expires March 1, 2016.

In May 2013, the City issued \$23.0 million aggregate principal amount of Midway CP Notes. The proceeds will be used to finance a portion of the costs of authorized airport projects.

In May 2013, the City extended the OPEB benefits for retirees under the OPEB Settlement Health Care Plans from June 30, 2013 until December 31, 2013, with a commitment to provide reduced subsidies after 2013, with a complete phase out in five years. The liability associated with six additional months of payments for the remaining Settlement Plan retirees is approximately \$45 million. The liability associated with the five year phase out is unknown since the level of subsidy and plan provisions are not yet determined.

In June 2013, the City entered into a loan agreement with the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to complete the Wacker Drive Reconstruction Project. The loan amount of \$98.66 million will fund the Chicago Riverwalk along the main branch of the Chicago River. The interest rate is 3.33% and the final maturity of the loan is 1/1/2048.

The 1996 Reauthorization Act, Title 49 United States Code §47134, authorized the Federal Aviation Administration ("FAA") to establish the Airport Privatization Pilot Program (the "Pilot Program"), pursuant to which the FAA is authorized to permit public airport sponsors to sell or lease an airport. The 2012 Reauthorization Act increased the number of airports that could participate in the program from five to ten. Only one of the ten airports can be a "large hub" airport (having enplanements that equal or exceed one percent of the enplanements at all U.S. commercial airports). On September 2006, the City applied to the FAA under the Pilot Program with respect to Chicago Midway International Airport ("Midway") with extensions requested periodically and most recently in April 2012. The City is currently pursuing bids for a lease of Midway under the provisions of the Pilot Program. The City is not under any obligation to accept any bids, and it is not possible at this time to predict whether or not the City will enter into a lease of Midway pursuant to the Pilot Program or when such a transaction might occur.

**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 Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	Unfunded (Surplus) AAL as a Percentage of Covered Payroll (( b-a ) / c )
<b>Municipal Employees'</b>							
2010 .....	12/31/2010	\$ -	\$ 223,564	\$ 223,564	- %	\$ 1,541,388	14.50 %
2011 .....	12/31/2011	-	163,242	163,242	-	1,605,993	10.16
2012 .....	12/31/2012	-	162,083	162,083	-	1,590,794	10.19
<b>Laborers'</b>							
2010 .....	12/31/2010	-	41,361	41,361	- %	199,863	20.69 %
2011 .....	12/31/2011	-	38,328	38,328	-	195,238	19.63
2012 .....	12/31/2012	-	38,654	38,654	-	198,790	19.44
<b>Policemen's</b>							
2010 .....	12/31/2010	-	164,796	164,796	- %	1,048,084	15.72 %
2011 .....	12/31/2011	-	165,955	165,955	-	1,034,404	16.04
2012 .....	12/31/2012	-	168,811	168,811	-	1,015,171	16.63
<b>Firemen's</b>							
2010 .....	12/31/2010	-	48,222	48,222	- %	400,404	12.04 %
2011 .....	12/31/2011	-	46,980	46,980	-	425,385	11.04
2012 .....	12/31/2012	-	46,206	46,206	-	418,965	11.03
<b>City of Chicago</b>							
2010 .....	12/31/2009	-	533,387	533,387	- %	2,546,961	20.94 %
2011 .....	12/31/2010	-	390,611	390,611	-	2,475,080	15.78
2012 .....	12/31/2011	-	470,952	470,952	-	2,518,735	18.70

**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, 2012**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>LOCAL TAX REVENUE</b>				
<b>UTILITY TAX:</b>				
Gas .....	\$ 116,706	\$ 116,706	\$ 98,791	\$ (17,915)
Electric .....	101,431	101,431	98,015	(3,416)
Telecommunication .....	140,198	140,198	149,336	9,138
Commonwealth Edison .....	93,232	93,232	90,814	(2,418)
Infrastructure Maintenance .....	-	-	7	7
Cable Television .....	23,739	23,739	25,512	1,773
Total Utility Tax .....	<u>475,306</u>	<u>475,306</u>	<u>462,475</u>	<u>(12,831)</u>
<b>SALES TAX:</b>				
Home Rule Retailers' Occupation .....	250,748	250,748	272,312	21,564
<b>TRANSPORTATION TAX:</b>				
Parking .....	118,183	118,183	119,169	986
Vehicle Fuel .....	47,088	47,088	49,818	2,730
Ground Transportation .....	9,000	9,000	8,903	(97)
Total Transportation Tax .....	<u>174,271</u>	<u>174,271</u>	<u>177,890</u>	<u>3,619</u>
<b>TRANSACTION TAX:</b>				
Real Property .....	73,429	73,629	102,571	28,942
Personal Property Lease .....	113,105	113,105	132,503	19,398
Motor Vehicle Lessor .....	5,633	5,633	6,037	404
Total Transaction Tax .....	<u>192,167</u>	<u>192,367</u>	<u>241,111</u>	<u>48,744</u>
<b>RECREATION TAX:</b>				
Amusement .....	88,264	88,264	87,843	(421)
Automatic Amusement .....	1,014	1,014	869	(145)
Liquor .....	30,868	30,868	32,620	1,752
Boat Mooring .....	1,361	1,361	1,361	-
Cigarette .....	18,700	18,700	18,015	(685)
Off Track Betting .....	820	820	694	(126)
Soft Drink .....	19,929	19,929	21,792	1,863
Total Recreation Tax .....	<u>160,956</u>	<u>160,956</u>	<u>163,194</u>	<u>2,238</u>
<b>BUSINESS TAX:</b>				
Hotel .....	74,603	74,603	85,634	11,031
Employers' Expense .....	14,700	14,700	17,853	3,153
Foreign Fire Insurance .....	4,843	4,843	4,791	(52)
Total Business Tax .....	<u>94,146</u>	<u>94,146</u>	<u>108,278</u>	<u>14,132</u>
<b>TOTAL LOCAL TAX REVENUE .....</b>	<b><u>1,347,594</u></b>	<b><u>1,347,794</u></b>	<b><u>1,425,260</u></b>	<b><u>77,466</u></b>



**Schedule A-1 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

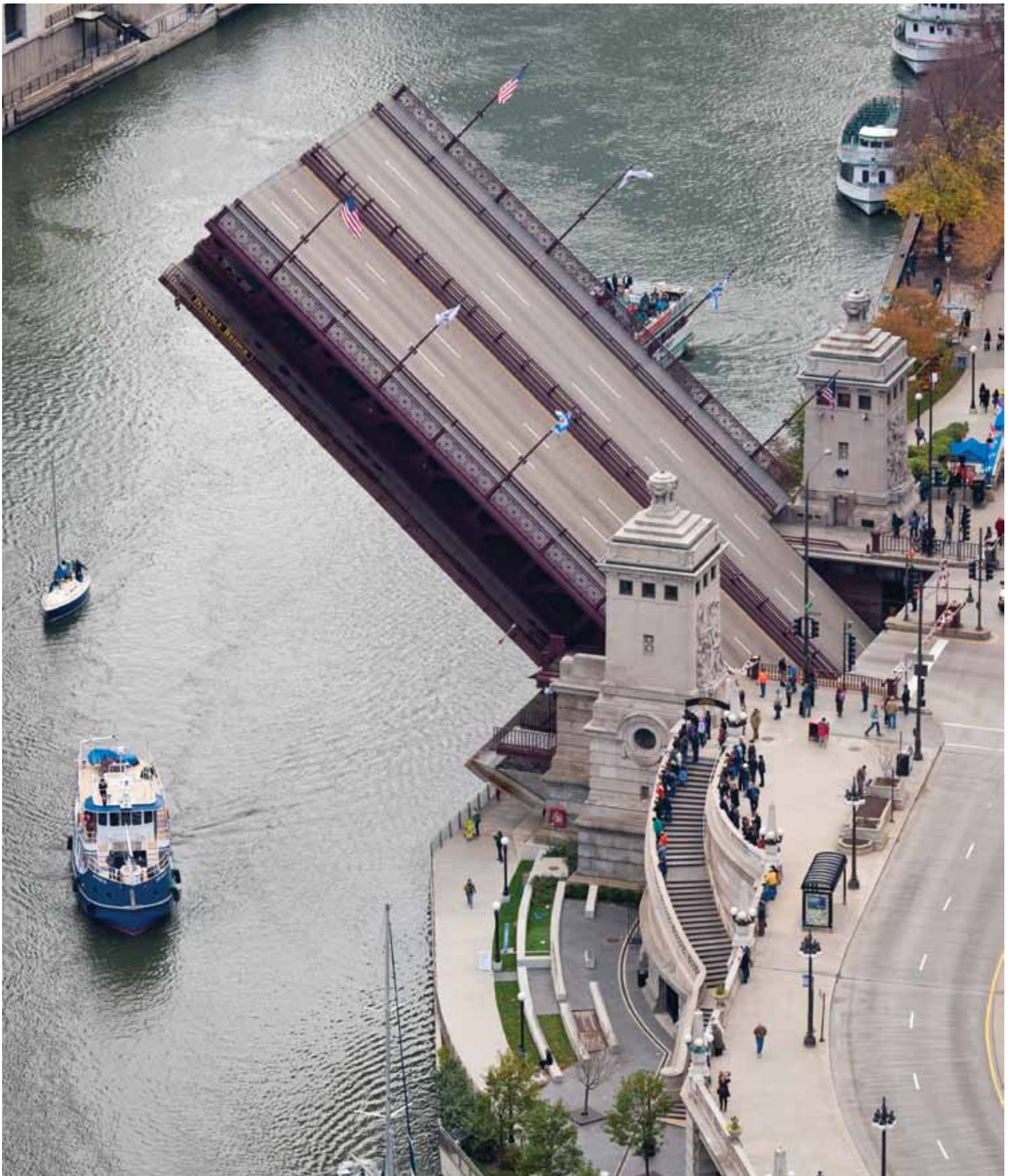
	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>INTERGOVERNMENTAL REVENUE</b>				
<b>STATE INCOME TAX:</b>				
Income .....	\$ 197,806	\$ 197,806	\$ 245,193	\$ 47,387
Personal Property Replacement .....	11,595	11,595	37,586	25,991
Total State Income Tax .....	<u>209,401</u>	<u>209,401</u>	<u>282,779</u>	<u>73,378</u>
<b>STATE SALES TAX:</b>				
State Retailers' Occupation .....	284,421	284,421	299,873	15,452
<b>STATE AUTO RENTAL TAX:</b>				
Municipal Auto Rental .....	3,354	3,354	3,910	556
<b>FEDERAL/STATE GRANTS:</b>				
Grants .....	1,568	1,568	1,074	(494)
TOTAL INTERGOVERNMENTAL REVENUE .....	<u>498,744</u>	<u>498,744</u>	<u>587,636</u>	<u>88,892</u>
<b>LOCAL NON-TAX REVENUE</b>				
<b>INTERNAL SERVICE:</b>				
Water Fund .....	68,162	68,162	68,162	-
Chicago-O'Hare International Airport Fund .....	34,866	34,866	34,714	(152)
Vehicle Tax Fund .....	19,733	19,733	20,395	662
Chicago Midway International Airport Fund .....	10,046	10,046	9,865	(181)
Federal Funds .....	32,240	32,240	21,539	(10,701)
Sewer Fund .....	30,674	30,674	30,674	-
Emergency Communication Fund .....	71,933	71,933	65,048	(6,885)
Federal Funds - Pensions .....	57,831	57,831	17,153	(40,678)
Department of Housing & Economic Development .	1,854	1,854	-	(1,854)
Transportation .....	10,838	10,838	16,911	6,073
Department of Fleet and Facility Management .....	16,833	16,833	10,640	(6,193)
Miscellaneous - Planning, Purchasing, etc. ....	7,388	7,388	6,505	(883)
Other .....	-	-	1,318	1,318
Total Internal Service .....	<u>362,398</u>	<u>362,398</u>	<u>302,924</u>	<u>(59,474)</u>
<b>LICENSES AND PERMITS:</b>				
Alcoholic Liquor Dealers' License .....	11,904	11,904	11,279	(625)
Building License .....	21,014	21,014	19,245	(1,769)
Building Permits * .....	33,074	33,074	36,608	3,534
Fines and Penalties .....	21,737	21,737	6,176	(15,561)
Other .....	47,381	47,381	44,260	(3,121)
Total Licenses and Permits .....	<u>135,110</u>	<u>135,110</u>	<u>117,568</u>	<u>(17,542)</u>

\* Note: Amount includes Density Bonus revenue from Housing Revenue Fund of Budget \$8,661 and Actual \$7,711.

**Schedule A-1 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2012**  
**(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 .....	\$ 290,131	\$ 292,631	\$ 290,799	\$ (1,832)
INVESTMENT INCOME:				
Interest on Investments .....	4,200	4,200	5,439	1,239
CHARGES FOR SERVICES:				
Inspection .....	12,399	12,399	10,731	(1,668)
Information .....	918	918	894	(24)
Safety .....	83,500	83,500	78,691	(4,809)
Reimbursement of Current Expense .....	9,091	9,091	13,100	4,009
Other .....	19,233	19,233	21,190	1,957
Total Charges for Services .....	125,141	125,141	124,606	(535)
MUNICIPAL UTILITIES:				
Parking .....	8,667	8,667	8,415	(252)
Total Municipal Utilities .....	8,667	8,667	8,415	(252)
LEASES, RENTALS AND SALES:				
Sale of Land and Buildings .....	2,000	2,000	3,678	1,678
Vacation of Streets and Alleys .....	1,200	1,200	1,270	70
Sale of Impounded Autos .....	142	142	49	(93)
Sale of Materials .....	1,683	1,683	3,518	1,835
Rentals and Leases .....	4,655	4,655	6,232	1,577
Total Leases, Rentals and Sales .....	9,680	9,680	14,747	5,067
MISCELLANEOUS:				
Property Damage .....	160	160	8	(152)
Other .....	56,940	56,940	43,254	(13,686)
Total Miscellaneous .....	57,100	57,100	43,262	(13,838)
TOTAL LOCAL NON-TAX REVENUE .....	992,427	994,927	907,760	(87,167)
Issuance of Debt, Net of Original				
Discount .....	50,000	50,000	55,000	5,000
Budgeted Prior Years' Surplus and Reappropriations .....				
	143,549	143,549	72,347	(71,202)
Transfers In .....	72,000	72,000	31,617	(40,383)
Total Revenues .....	<u>\$ 3,104,314</u>	<u>\$ 3,107,014</u>	<u>\$ 3,079,620</u>	<u>\$ (27,394)</u>

# NONMAJOR GOVERNMENTAL FUNDS



**Schedule B-1**  
**CITY OF CHICAGO, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 27,264	\$ 10,624	\$ 34,532	\$ 72,420
Investments .....	151,566	5,152	67,218	223,936
Cash and Investments with Escrow Agent .....	-	98,713	-	98,713
Receivables (Net of Allowances):				
Property Tax .....	339,412	98,458	-	437,870
Accounts .....	10,753	41	116	10,910
Due from Other Funds .....	77,274	-	16,580	93,854
Due from Other Governments .....	25,992	-	25,048	51,040
<b>Total Assets .....</b>	<b>\$ 632,261</b>	<b>\$ 212,988</b>	<b>\$ 143,494</b>	<b>\$ 988,743</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Voucher Warrants Payable .....	\$ 57,643	\$ -	\$ 19,128	\$ 76,771
Bonds, Notes and Other Obligations Payable - Current ...	-	5,910	-	5,910
Accrued Interest .....	-	2,159	-	2,159
Due to Other Funds .....	167,864	-	37,409	205,273
Accrued and Other Liabilities .....	18,182	764	309	19,255
Deferred Revenue .....	283,839	80,415	-	364,254
<b>Total Liabilities .....</b>	<b>527,528</b>	<b>89,248</b>	<b>56,846</b>	<b>673,622</b>
<b>Fund Balance:</b>				
Restricted .....	4,291	123,740	87,352	215,383
Committed .....	100,442	-	-	100,442
Unassigned .....	-	-	(704)	(704)
<b>Total Fund Balance .....</b>	<b>104,733</b>	<b>123,740</b>	<b>86,648</b>	<b>315,121</b>
<b>Total Liabilities and Fund Balance .....</b>	<b>\$ 632,261</b>	<b>\$ 212,988</b>	<b>\$ 143,494</b>	<b>\$ 988,743</b>

Schedule B-2

CITY OF CHICAGO, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended December 31, 2012

(Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property Tax .....	\$ 350,408	\$ 103,276	\$ -	\$ 453,684
Utility Tax .....	63,883	-	-	63,883
Sales Tax .....	-	-	-	-
Transportation Tax .....	177,019	-	-	177,019
State Income Tax .....	108,506	-	-	108,506
Transaction Tax .....	40,846	-	-	40,846
Special Area Tax .....	-	-	-	-
Other Taxes .....	18,816	-	-	18,816
Federal/State Grants .....	-	-	-	-
Internal Service .....	16,361	-	-	16,361
Fines .....	15,711	-	-	15,711
Investment Income .....	2,814	36	776	3,626
Charges for Services .....	37,297	-	-	37,297
Miscellaneous .....	21,433	991	1,333	23,757
Total Revenues .....	<u>853,094</u>	<u>104,303</u>	<u>2,109</u>	<u>959,506</u>
<b>EXPENDITURES</b>				
Current:				
General Government .....	244,116	-	-	244,116
Health .....	1,600	-	-	1,600
Public Safety .....	6,424	-	-	6,424
Streets and Sanitation .....	49,919	-	-	49,919
Transportation .....	68,224	-	-	68,224
Cultural and Recreational .....	77,738	-	-	77,738
Employee Pensions .....	458,951	-	-	458,951
Other .....	924	-	-	924
Capital Outlay .....	-	-	90,429	90,429
Debt Service:				
Principal Retirement .....	-	43,025	-	43,025
Interest and Other Fiscal Charges .....	720	29,136	-	29,856
Total Expenditures .....	<u>908,616</u>	<u>72,161</u>	<u>90,429</u>	<u>1,071,206</u>
Revenues Over (Under) Expenditures .....	<u>(55,522)</u>	<u>32,142</u>	<u>(88,320)</u>	<u>(111,700)</u>

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, 2012**  
**(Amounts are in Thousands of Dollars)**

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt .....	\$ 70,541	\$ -	\$ 51,874	\$ 122,415
Payment to Refunded Bond Escrow Agent .....	-	-	-	-
Transfers In .....	7,965	47,322	19,000	74,287
Transfers Out .....	-	(73,254)	(9,482)	(82,736)
Total Other Financing Sources (Uses) .....	<u>78,506</u>	<u>(25,932)</u>	<u>61,392</u>	<u>113,966</u>
Net Change in Fund Balances .....	22,984	6,210	(26,928)	2,266
Fund Balance - Beginning of Year .....	81,749	117,530	113,576	312,855
Fund Balance - End of Year .....	<u>\$ 104,733</u>	<u>\$ 123,740</u>	<u>\$ 86,648</u>	<u>\$ 315,121</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, 2012  
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 252	\$ 6,973	\$ 2,905
Investments .....	71,892	7,938	1,448
Receivables (Net of Allowances):			
Property Tax .....	-	-	339,412
Accounts .....	1,293	2,050	228
Due from Other Funds .....	56,528	-	-
Due from Other Governments .....	-	7,978	6,632
Total Assets .....	<u>\$ 129,965</u>	<u>\$ 24,939</u>	<u>\$ 350,625</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Voucher Warrants Payable .....	\$ 10,796	\$ 7,056	\$ 4,580
Due to Other Funds .....	95,795	3,808	55,574
Accrued and Other Liabilities .....	3,228	87	6,632
Deferred Revenue .....	-	-	283,839
Total Liabilities .....	<u>109,819</u>	<u>10,951</u>	<u>350,625</u>
Fund Balance (Deficit):			
Restricted .....	-	-	-
Committed .....	20,146	13,988	-
Total Fund Balance (Deficit) .....	<u>20,146</u>	<u>13,988</u>	<u>-</u>
Total Liabilities and Fund Balance .....	<u>\$ 129,965</u>	<u>\$ 24,939</u>	<u>\$ 350,625</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>Intrafund Activity Eliminations</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1	\$ 5,268	\$ 214	\$ 6,604	\$ 5,047	\$ -	\$ 27,264
-	50,482	-	4,502	15,304	-	151,566
-	-	-	-	-	-	339,412
-	6,883	142	157	-	-	10,753
-	4,859	13,646	2,080	5,000	(4,839)	77,274
5,976	-	-	5,406	-	-	25,992
<u>\$ 5,977</u>	<u>\$ 67,492</u>	<u>\$ 14,002</u>	<u>\$ 18,749</u>	<u>\$ 25,351</u>	<u>\$ (4,839)</u>	<u>\$ 632,261</u>
\$ -	\$ 26,048	\$ 3,797	\$ 3,720	\$ 1,646	\$ -	\$ 57,643
31	8,225	2,959	2,454	3,857	(4,839)	167,864
-	48	1,343	6,230	614	-	18,182
-	-	-	-	-	-	283,839
<u>31</u>	<u>34,321</u>	<u>8,099</u>	<u>12,404</u>	<u>6,117</u>	<u>(4,839)</u>	<u>527,528</u>
-	4,291	-	-	-	-	4,291
5,946	28,880	5,903	6,345	19,234	-	100,442
<u>5,946</u>	<u>33,171</u>	<u>5,903</u>	<u>6,345</u>	<u>19,234</u>	<u>-</u>	<u>104,733</u>
<u>\$ 5,977</u>	<u>\$ 67,492</u>	<u>\$ 14,002</u>	<u>\$ 18,749</u>	<u>\$ 25,351</u>	<u>\$ (4,839)</u>	<u>\$ 632,261</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, 2012  
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
Revenues:			
Property Tax .....	\$ -	\$ -	\$ 350,408
Utility Tax .....	-	-	-
Transportation Tax .....	110,337	65,093	-
State Income Tax .....	-	-	108,506
Transaction Tax .....	-	-	-
Other Taxes .....	-	-	-
Internal Service .....	16,359	-	-
Fines .....	13,651	-	-
Investment Income .....	91	40	36
Charges for Services .....	15,750	-	-
Miscellaneous .....	1,271	-	-
Total Revenues .....	<u>157,459</u>	<u>65,133</u>	<u>458,950</u>
Expenditures:			
Current:			
General Government .....	68,647	16,150	-
Health .....	-	-	-
Public Safety .....	349	-	-
Streets and Sanitation .....	37,358	12,561	-
Transportation .....	45,283	22,841	-
Cultural and Recreational .....	-	-	-
Employee Pensions .....	-	-	458,951
Other .....	-	-	-
Debt Service:			
Principal Retirement .....	-	-	-
Interest and Other Fiscal Charges .....	-	22	-
Total Expenditures .....	<u>151,637</u>	<u>51,574</u>	<u>458,951</u>
Revenues Over (Under) Expenditures .....	<u>5,822</u>	<u>13,559</u>	<u>(1)</u>
Other Financing Sources (Uses):			
Issuance of Debt .....	-	-	-
Transfers In .....	-	-	-
Transfers Out .....	-	-	-
Total Other Financing Sources (Uses) .....	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances .....	5,822	13,559	(1)
Fund Balance (Deficit) - Beginning of Year .....	14,324	429	1
Fund Balance (Deficit) - End of Year .....	<u>\$ 20,146</u>	<u>\$ 13,988</u>	<u>\$ -</u>

Public Building Commission	Miscellaneous	Chicago Public Library	Special Events, Tourism and Festivals	Health and Welfare	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,408
-	63,883	-	-	-	63,883
-	-	-	1,589	-	177,019
-	-	-	-	-	108,506
-	40,846	-	-	-	40,846
-	-	-	18,816	-	18,816
-	-	-	2	-	16,361
-	-	2,060	-	-	15,711
-	1,865	18	253	511	2,814
-	10,086	1	11,460	-	37,297
1,526	11,250	750	6,636	-	21,433
<u>1,526</u>	<u>127,930</u>	<u>2,829</u>	<u>38,756</u>	<u>511</u>	<u>853,094</u>
737	106,882	31,916	6,313	13,471	244,116
-	1,600	-	-	-	1,600
-	5,475	-	100	500	6,424
-	-	-	-	-	49,919
-	100	-	-	-	68,224
-	-	49,617	28,121	-	77,738
-	-	-	-	-	458,951
-	-	-	924	-	924
-	-	-	-	-	-
-	-	698	-	-	720
<u>737</u>	<u>114,057</u>	<u>82,231</u>	<u>35,458</u>	<u>13,971</u>	<u>908,616</u>
<u>789</u>	<u>13,873</u>	<u>(79,402)</u>	<u>3,298</u>	<u>(13,460)</u>	<u>(55,522)</u>
-	-	70,541	-	-	70,541
-	-	7,965	-	-	7,965
-	-	-	-	-	-
-	-	<u>78,506</u>	-	-	<u>78,506</u>
789	13,873	(896)	3,298	(13,460)	22,984
5,157	19,298	6,799	3,047	32,694	81,749
<u>\$ 5,946</u>	<u>\$ 33,171</u>	<u>\$ 5,903</u>	<u>\$ 6,345</u>	<u>\$ 19,234</u>	<u>\$ 104,733</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, 2012**  
**(Amounts are in Thousands of Dollars)**

FUND	Transaction and Property Tax	Special Area and Utility Taxes	Trans- portation Tax	State Taxes
<b>Original and Final Budgeted Revenues:</b>				
Vehicle Tax .....	\$ -	\$ -	\$ 116,585	\$ -
Motor Fuel Tax and Project .....	-	-	52,682	-
Pension .....	335,680	-	-	126,638
Miscellaneous .....	29,372	72,433	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	1,349	17,269
Health and Welfare .....	-	-	-	-
Special Taxing Areas .....	-	-	-	-
Total Original and Final Budgeted Revenues ....	<u>365,052</u>	<u>72,433</u>	<u>170,616</u>	<u>143,907</u>
<b>Actual Revenues:</b>				
Vehicle Tax .....	-	-	110,337	-
Motor Fuel Tax and Project .....	-	-	65,093	-
Pension .....	-	-	-	108,506
Miscellaneous .....	40,846	63,883	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	1,589	18,816
Health and Welfare .....	-	-	-	-
Special Taxing Areas .....	-	-	-	-
Total Actual Revenues .....	<u>40,846</u>	<u>63,883</u>	<u>177,019</u>	<u>127,322</u>
Variance Positive (Negative) .....	<u>\$ (324,206)</u>	<u>\$ (8,550)</u>	<u>\$ 6,403</u>	<u>\$ (16,585)</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>
\$ 19,822	\$ 13,500	\$ -	\$ 7,180	\$ 1,155	\$ -	\$ 1,716	\$ 159,958
-	-	6,000	-	-	-	6,689	65,371
-	-	-	-	-	-	-	462,318
-	-	-	-	13,879	-	4,412	120,096
-	2,300	30	750	3,150	70,540	10,770	87,540
-	-	5	11,090	6,500	-	1,135	37,348
-	-	-	-	-	-	11,165	11,165
-	-	-	-	7,504	-	-	7,504
<u>19,822</u>	<u>15,800</u>	<u>6,035</u>	<u>19,020</u>	<u>32,188</u>	<u>70,540</u>	<u>35,887</u>	<u>951,300</u>
16,359	13,651	91	15,750	1,271	-	-	157,459
-	-	40	-	-	-	-	65,133
-	-	36	-	-	-	-	108,542
-	16,359	1,865	10,086	-	-	-	133,039
-	2,060	18	1	750	70,541	7,965	81,335
2	-	253	11,460	6,636	-	-	38,756
-	-	511	-	-	-	-	511
-	-	-	-	-	-	-	-
<u>16,361</u>	<u>32,070</u>	<u>2,814</u>	<u>37,297</u>	<u>8,657</u>	<u>70,541</u>	<u>7,965</u>	<u>584,775</u>
<u>\$ (3,461)</u>	<u>\$ 16,270</u>	<u>\$ (3,221)</u>	<u>\$ 18,277</u>	<u>\$ (23,531)</u>	<u>\$ 1</u>	<u>\$ (27,922)</u>	<u>\$ (366,525)</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, 2012**  
**(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 .....	\$ 70,379	\$ -	\$ -	\$ 41,680
Motor Fuel Tax and Project .....	12,135	-	-	20,351
Pension .....	462,318	-	-	-
Miscellaneous .....	115,332	-	4,764	-
Chicago Public Library .....	86,924	-	-	-
Special Taxing Area .....	7,504	-	-	-
Special Events, Tourism and Festivals .....	7,572	-	100	-
Health and Welfare .....	11,165	-	-	-
Total Original and Final Budget .....	<u>773,329</u>	<u>-</u>	<u>4,864</u>	<u>62,031</u>
Actual Expenditures and Encumbrances:				
Vehicle Tax .....	68,977	-	-	37,200
Motor Fuel Tax and Project .....	13,150	-	-	18,688
Pension .....	458,951	-	-	-
Miscellaneous .....	107,256	-	1,658	-
Chicago Public Library .....	82,524	-	-	-
Special Taxing Area .....	28	-	-	-
Special Events, Tourism and Festivals .....	6,956	-	100	-
Health and Welfare .....	9,303	-	-	-
Total Actual Expenditures and Encumbrances ...	<u>747,145</u>	<u>-</u>	<u>1,758</u>	<u>55,888</u>
Variance Positive (Negative) .....	<u>\$ 26,184</u>	<u>\$ -</u>	<u>\$ 3,106</u>	<u>\$ 6,143</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>
\$ 47,899	\$ -	\$ -	\$ -	\$ -	\$ 159,958
32,885	-	-	-	-	65,371
-	-	-	-	-	462,318
-	-	-	-	-	120,096
-	450	-	-	166	87,540
-	-	-	-	-	7,504
-	29,676	-	-	-	37,348
-	-	-	-	-	11,165
<u>80,784</u>	<u>30,126</u>	<u>-</u>	<u>-</u>	<u>166</u>	<u>951,300</u>
45,203	-	-	-	-	151,380
22,533	-	-	-	-	54,371
-	-	-	-	-	458,951
-	-	-	-	-	108,914
-	311	-	-	42	82,877
-	-	-	-	-	28
-	28,652	-	-	-	35,708
-	-	-	-	-	9,303
<u>67,736</u>	<u>28,963</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>901,532</u>
<u>\$ 13,048</u>	<u>\$ 1,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124</u>	<u>\$ 49,768</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, 2012  
(Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 21	\$ 69	\$ 34,442	\$ -	\$ 34,532
Investments .....	-	29	67,189	-	67,218
Accounts Receivable (Net of Allowances) .....	-	-	116	-	116
Due from Other Funds .....	-	-	16,580	-	16,580
Due from Other Governments .....	-	-	-	25,048	25,048
Total Assets .....	<u>\$ 21</u>	<u>\$ 98</u>	<u>\$ 118,327</u>	<u>\$ 25,048</u>	<u>\$ 143,494</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Voucher Warrants Payable .....	\$ 122	\$ 1	\$ 19,005	\$ -	\$ 19,128
Due to Other Funds .....	-	700	11,661	25,048	37,409
Accrued and Other Liabilities .....	-	-	309	-	309
Total Liabilities .....	<u>122</u>	<u>701</u>	<u>30,975</u>	<u>25,048</u>	<u>56,846</u>
Fund Balance:					
Restricted .....	-	-	87,352	-	87,352
Unassigned .....	(101)	(603)	-	-	(704)
Total Fund Balance .....	<u>(101)</u>	<u>(603)</u>	<u>87,352</u>	<u>-</u>	<u>86,648</u>
Total Liabilities and Fund Balance .....	<u>\$ 21</u>	<u>\$ 98</u>	<u>\$ 118,327</u>	<u>\$ 25,048</u>	<u>\$ 143,494</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, 2012

(Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
<b>REVENUES</b>					
Investment Income .....	\$ (1)	\$ -	\$ 777	\$ -	\$ 776
Miscellaneous .....	-	-	1,333	-	1,333
Total Revenues .....	<u>(1)</u>	<u>-</u>	<u>2,110</u>	<u>-</u>	<u>2,109</u>
<b>EXPENDITURES</b>					
Capital Outlay .....	-	112	81,790	8,527	90,429
Total Expenditures .....	<u>-</u>	<u>112</u>	<u>81,790</u>	<u>8,527</u>	<u>90,429</u>
Revenues Over (Under) Expenditures .....	<u>(1)</u>	<u>(112)</u>	<u>(79,680)</u>	<u>(8,527)</u>	<u>(88,320)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt .....	-	-	51,874	-	51,874
Transfers In .....	-	-	19,000	-	19,000
Transfers Out .....	(3,482)	-	(6,000)	-	(9,482)
Total Other Financing Sources (Uses) .....	<u>(3,482)</u>	<u>-</u>	<u>64,874</u>	<u>-</u>	<u>61,392</u>
Net Change in Fund Balance .....	(3,483)	(112)	(14,806)	(8,527)	(26,928)
Fund Balance - Beginning of Year .....	3,382	(491)	102,158	8,527	113,576
Fund Balance - End of Year .....	<u>\$ (101)</u>	<u>\$ (603)</u>	<u>\$ 87,352</u>	<u>\$ -</u>	<u>\$ 86,648</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, 2012**  
**(Amounts are in Thousands of Dollars)**

	<u>Payroll Clearing Fund</u>	<u>Payroll Deduction Fund</u>	<u>Other Clearing Fund</u>	<u>License and Special Deposit Fund</u>	<u>Special Assessment Fund</u>	<u>Total</u>
<b>ASSETS:</b>						
<b>Cash,</b>						
January 1, 2012.....	\$ -	\$ 28	\$ 3,862	\$ 12,723	\$ 9,395	\$ 26,008
Additions.....	3,393,507	17,372	555,733	73,849	12,980	4,053,441
Deductions.....	<u>3,376,070</u>	<u>5,596</u>	<u>499,278</u>	<u>58,760</u>	<u>21,597</u>	<u>3,961,301</u>
<b>Cash,</b>						
December 31, 2012.....	<u>17,437</u>	<u>11,804</u>	<u>60,317</u>	<u>27,812</u>	<u>778</u>	<u>118,148</u>
<b>Investments,</b>						
January 1, 2012.....	238	7,303	60,722	20,157	3,515	91,935
Additions.....	183	5,596	65,145	27,017	12,690	110,631
Deductions.....	<u>238</u>	<u>7,303</u>	<u>60,722</u>	<u>28,931</u>	<u>12,868</u>	<u>110,062</u>
<b>Investments,</b>						
December 31, 2012.....	<u>183</u>	<u>5,596</u>	<u>65,145</u>	<u>18,243</u>	<u>3,337</u>	<u>92,504</u>
<b>Cash and Investments with Escrow Agent,</b>						
January 1, 2012.....	-	-	13,796	122	-	13,918
Additions.....	-	-	89,988	-	-	89,988
Deductions.....	<u>-</u>	<u>-</u>	<u>93,860</u>	<u>-</u>	<u>-</u>	<u>93,860</u>
<b>Cash and Investments with Escrow Agent,</b>						
December 31, 2012.....	<u>-</u>	<u>-</u>	<u>9,924</u>	<u>122</u>	<u>-</u>	<u>10,046</u>
<b>Accounts Receivables,</b>						
January 1, 2012.....	19,405	13,915	144,651	60,468	1,063	239,502
Additions.....	1,060	-	102,574	53,285	-	156,919
Deductions.....	<u>19,934</u>	<u>10,069</u>	<u>154,191</u>	<u>63,294</u>	<u>19</u>	<u>247,507</u>
<b>Accounts Receivables,</b>						
December 31, 2012.....	<u>531</u>	<u>3,846</u>	<u>93,034</u>	<u>50,459</u>	<u>1,044</u>	<u>148,914</u>

**Schedule E-1 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
<b>ASSETS - Concluded:</b>						
<b>Total Assets,</b>						
January 1, 2012.....	\$ 19,643	\$ 21,246	\$ 223,031	\$ 93,470	\$ 13,973	\$ 371,363
Additions.....	3,394,750	22,968	813,440	154,151	25,670	4,410,979
Deductions.....	<u>3,396,242</u>	<u>22,968</u>	<u>808,051</u>	<u>150,985</u>	<u>34,484</u>	<u>4,412,730</u>
<b>Total Assets,</b>						
December 31, 2012.....	<u>\$ 18,151</u>	<u>\$ 21,246</u>	<u>\$ 228,420</u>	<u>\$ 96,636</u>	<u>\$ 5,159</u>	<u>\$ 369,612</u>
<b>LIABILITIES:</b>						
<b>Voucher Warrants Payable,</b>						
January 1, 2012.....	\$ (7,076)	\$ 34	\$ 22,499	\$ 3,103	\$ 4	\$ 18,564
Additions.....	7,595,807	-	276,107	16,300	31	7,888,245
Deductions.....	<u>7,586,826</u>	<u>-</u>	<u>268,739</u>	<u>15,732</u>	<u>31</u>	<u>7,871,328</u>
<b>Voucher Warrants Payable,</b>						
December 31, 2012.....	<u>1,905</u>	<u>34</u>	<u>29,867</u>	<u>3,671</u>	<u>4</u>	<u>35,481</u>
<b>Accrued Liabilities,</b>						
January 1, 2012.....	26,719	21,212	200,532	90,367	13,969	352,799
Additions.....	1,217,067	-	235,745	39,579	67	1,492,458
Deductions.....	<u>1,227,540</u>	<u>-</u>	<u>237,726</u>	<u>36,980</u>	<u>8,880</u>	<u>1,511,126</u>
<b>Accrued Liabilities,</b>						
December 31, 2012.....	<u>16,246</u>	<u>21,212</u>	<u>198,551</u>	<u>92,966</u>	<u>5,156</u>	<u>334,131</u>
<b>Total Liabilities,</b>						
January 1, 2012.....	19,643	21,246	223,031	93,470	13,973	371,363
Additions.....	8,812,874	-	511,852	55,879	98	9,380,703
Deductions.....	<u>8,814,366</u>	<u>-</u>	<u>506,465</u>	<u>52,712</u>	<u>8,911</u>	<u>9,382,454</u>
<b>Total Liabilities,</b>						
December 31, 2012.....	<u>\$ 18,151</u>	<u>\$ 21,246</u>	<u>\$ 228,418</u>	<u>\$ 96,637</u>	<u>\$ 5,160</u>	<u>\$ 369,612</u>

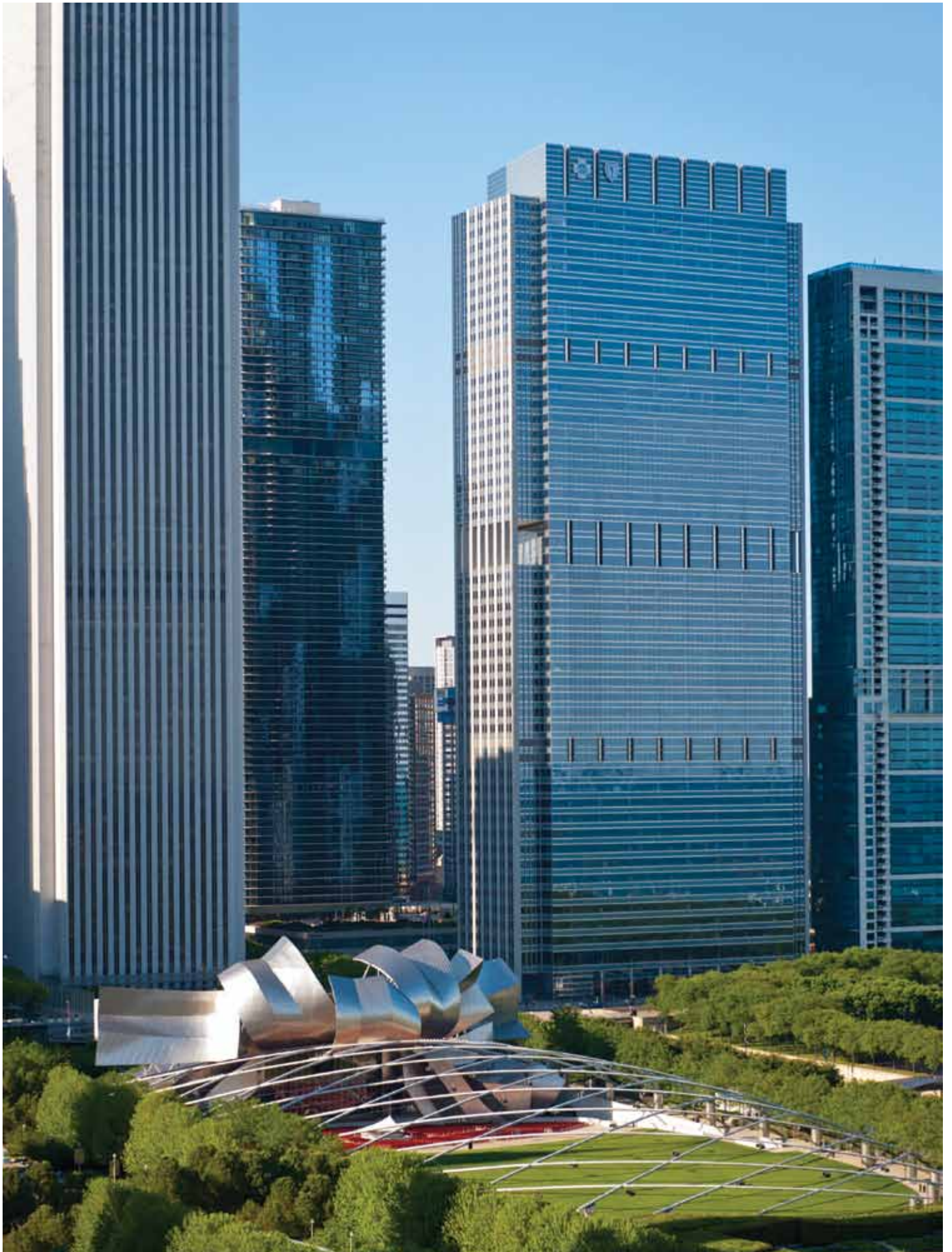
**Schedule E-2**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF PLAN NET POSITION**  
**December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 959	\$ 43,052	\$ 93,900	\$ 47,497	\$ 185,408
Receivables					
Employer and Other .....	191,426	13,732	350,511	76,109	631,778
Interest and Dividends .....	14,184	2,131	7,138	8,198	31,651
Total Receivables .....	205,610	15,863	357,649	84,307	663,429
Due from City .....	20,508	1,787	22,874	10,405	55,574
Investments, at Fair Value					
Bonds and U.S. Government					
Obligations .....	1,303,764	270,592	598,490	163,745	2,336,591
Stocks .....	2,367,716	755,218	1,579,337	641,119	5,343,390
Mortgages and Real Estate .....	450,296	39,160	125,923	49,383	664,762
Other .....	936,084	260,626	669,188	41,030	1,906,928
Total Investments .....	5,057,860	1,325,596	2,972,938	895,277	10,251,671
Invested Securities Lending					
Collateral .....	539,981	169,287	255,434	161,363	1,126,065
Total Assets .....	5,824,918	1,555,585	3,702,795	1,198,849	12,282,147
Deferred Outflows .....	-	301	-	-	301
Total Assets and Deferred Outflows .....	5,824,918	1,555,886	3,702,795	1,198,849	12,282,448
<b>LIABILITIES</b>					
Voucher Warrants Payable .....	102,267	15,521	233,928	5,064	356,780
Securities Lending Collateral .....	539,981	169,287	255,434	161,363	1,126,065
Total Liabilities .....	642,248	184,808	489,362	166,427	1,482,845
Net Position Held in Trust for Pension Benefits .....	<u>\$ 5,182,670</u>	<u>\$ 1,371,078</u>	<u>\$ 3,213,433</u>	<u>\$ 1,032,422</u>	<u>\$ 10,799,603</u>

**Schedule E-3**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION**  
**Year Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ADDITIONS</b>					
Contributions					
Employees .....	\$ 130,266	\$ 16,559	\$ 95,892	\$ 53,273	\$ 295,990
City .....	158,381	14,415	207,228	84,144	464,168
Total Contributions .....	<u>288,647</u>	<u>30,974</u>	<u>303,120</u>	<u>137,417</u>	<u>760,158</u>
Investment Income					
Net Appreciation in Fair					
Value of Investments .....	483,083	154,083	300,498	119,904	1,057,568
Interest, Dividends and Other ....	129,050	27,435	61,162	24,348	241,995
Investment Expense .....	(25,374)	(8,909)	(9,236)	(6,312)	(49,831)
Net Investment Income .....	<u>586,759</u>	<u>172,609</u>	<u>352,424</u>	<u>137,940</u>	<u>1,249,732</u>
Securities Lending Transactions					
Securities Lending Income .....	1,382	416	989	954	3,741
Securities Lending Expense .....	1,057	435	186	(238)	1,440
Net Securities Lending Transactions .....	<u>2,439</u>	<u>851</u>	<u>1,175</u>	<u>716</u>	<u>5,181</u>
Total Additions .....	<u>877,845</u>	<u>204,433</u>	<u>656,719</u>	<u>276,073</u>	<u>2,015,071</u>
<b>DEDUCTIONS</b>					
Benefits and Refunds of					
Deductions .....	741,583	142,215	613,907	233,840	1,731,545
Administrative and General .....	6,841	4,746	4,888	3,584	20,059
Total Deductions .....	<u>748,424</u>	<u>146,961</u>	<u>618,795</u>	<u>237,424</u>	<u>1,751,604</u>
Net Increase in Net Position .....	<u>129,421</u>	<u>57,472</u>	<u>37,924</u>	<u>38,649</u>	<u>263,467</u>
Net Position Held in Trust for					
Pension Benefits:					
Beginning of Year .....	5,053,249	1,313,604	3,175,509	993,774	10,536,136
End of Year .....	<u>\$ 5,182,670</u>	<u>\$ 1,371,076</u>	<u>\$ 3,213,433</u>	<u>\$ 1,032,423</u>	<u>\$ 10,799,603</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 POSITION BY COMPONENT**  
**Last Ten Fiscal Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities:</b>				
Invested in capital assets, net of related debt .....	\$ 1,091,893	\$ 813,964	\$ 514,271	\$ 574,393
Restricted .....	1,216,595	1,346,754	2,632,804	2,451,160
Unrestricted (deficit) .....	<u>(1,202,113)</u>	<u>(1,397,160)</u>	<u>(1,597,634)</u>	<u>(2,003,328)</u>
<b>Total governmental activities, net position .....</b>	<b>\$ 1,106,375</b>	<b>\$ 763,558</b>	<b>\$ 1,549,441</b>	<b>\$ 1,022,225</b>
<b>Business-type activities:</b>				
Invested in capital assets, net of related debt .....	\$ 1,560,539	\$ 1,610,788	\$ 1,879,343	\$ 1,940,069
Restricted .....	897,313	877,781	886,488	971,669
Unrestricted .....	<u>(16,955)</u>	<u>(117,238)</u>	<u>(1,603,766)</u>	<u>(1,587,939)</u>
<b>Total business type activities, net position .....</b>	<b>\$ 2,440,897</b>	<b>\$ 2,371,331</b>	<b>\$ 1,162,065</b>	<b>\$ 1,323,799</b>
<b>Primary Government:</b>				
Invested in capital assets, net of related debt .....	\$ 2,652,432	\$ 2,424,752	\$ 2,393,614	\$ 2,514,462
Restricted .....	2,113,908	2,224,535	3,519,292	3,422,829
Unrestricted .....	<u>(1,219,068)</u>	<u>(1,514,398)</u>	<u>(3,201,400)</u>	<u>(3,591,267)</u>
<b>Total primary government, net position .....</b>	<b>\$ 3,547,272</b>	<b>\$ 3,134,889</b>	<b>\$ 2,711,506</b>	<b>\$ 2,346,024</b>

**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>2007</u>	<u>2008</u>	<u>2009 (1)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 570,665	\$ 494,930	\$ 251,103	\$ (324,284)	\$ (299,859)	\$ (215,961)
2,980,207	2,842,149	3,735,128	3,611,533	1,596,408	1,908,516
<u>(3,435,506)</u>	<u>(4,092,388)</u>	<u>(5,840,026)</u>	<u>(6,582,562)</u>	<u>(5,691,215)</u>	<u>(7,537,057)</u>
<u>\$ 115,366</u>	<u>\$ (755,309)</u>	<u>\$ (1,853,795)</u>	<u>\$ (3,295,313)</u>	<u>\$ (4,394,666)</u>	<u>\$ (5,844,502)</u>
\$ 2,168,833	\$ 2,323,394	\$ 2,286,658	\$ 2,365,522	\$ 2,451,787	\$ 2,388,310
881,908	779,894	821,909	790,881	874,837	982,517
<u>(1,561,634)</u>	<u>(1,517,891)</u>	<u>(1,541,136)</u>	<u>(1,431,859)</u>	<u>(1,541,515)</u>	<u>(1,354,572)</u>
<u>\$ 1,489,107</u>	<u>\$ 1,585,397</u>	<u>\$ 1,567,431</u>	<u>\$ 1,724,544</u>	<u>\$ 1,785,109</u>	<u>\$ 2,016,255</u>
\$ 2,739,498	\$ 2,818,324	\$ 2,537,761	\$ 2,041,238	\$ 2,151,928	\$ 2,172,349
3,862,115	3,622,043	4,557,037	4,402,414	2,471,245	2,891,033
<u>(4,997,140)</u>	<u>(5,610,279)</u>	<u>(7,381,162)</u>	<u>(8,014,421)</u>	<u>(7,232,730)</u>	<u>(8,891,629)</u>
<u>\$ 1,604,473</u>	<u>\$ 830,088</u>	<u>\$ (286,364)</u>	<u>\$ (1,570,769)</u>	<u>\$ (2,609,557)</u>	<u>\$ (3,828,247)</u>

**Table 2**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
General Government .....	\$ 1,738,548	\$ 1,642,072	\$ 1,842,353	\$ 2,088,299
Public Safety .....	1,646,760	1,853,887	1,834,008	2,300,048
Employee Pensions .....	354,819	299,810	388,053	-
Streets and Sanitation .....	335,727	334,878	353,976	337,103
Transportation .....	304,580	275,536	285,598	292,679
Health .....	174,780	164,830	147,376	170,769
Cultural and Recreational .....	100,725	95,924	114,504	119,193
Other .....	10,771	10,581	9,892	-
Interest on Long-term Debt .....	301,181	352,119	335,373	371,523
Total Governmental Activities .....	<u>4,967,891</u>	<u>5,029,637</u>	<u>5,311,133</u>	<u>5,679,614</u>
Business-type Activities:				
Water .....	318,925	297,902	326,444	324,075
Sewer .....	144,420	135,013	132,727	130,471
Chicago Midway International Airport .....	128,550	138,404	170,959	188,092
Chicago-O'Hare International Airport .....	636,653	645,437	692,575	697,497
Chicago Skyway .....	37,544	42,373	16,915	12,752
Total Business-type Activities .....	<u>1,266,092</u>	<u>1,259,129</u>	<u>1,339,620</u>	<u>1,352,887</u>
Total Primary Government .....	<u>\$ 6,233,983</u>	<u>\$ 6,288,766</u>	<u>\$ 6,650,753</u>	<u>\$ 7,032,501</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	2,452,145	\$ 2,384,586	\$ 2,364,754	\$ 2,557,681	\$ 2,734,419	\$ 2,751,944
	2,435,437	2,434,842	2,521,151	2,824,028	2,689,471	2,910,160
	-	-	-	-	-	-
	367,222	371,112	297,156	235,863	245,898	228,622
	333,401	381,090	351,101	373,437	410,802	383,510
	175,577	170,838	166,914	142,352	151,152	123,055
	128,003	140,065	129,996	126,939	102,808	146,283
	-	-	-	-	-	-
	385,305	381,504	386,125	404,218	474,226	460,660
	<u>6,277,090</u>	<u>6,264,037</u>	<u>6,217,197</u>	<u>6,664,518</u>	<u>6,808,776</u>	<u>7,004,234</u>
	350,181	371,441	382,502	399,347	416,289	417,499
	136,961	158,292	169,982	184,888	194,838	195,911
	211,082	217,609	206,613	224,465	218,172	225,867
	751,351	803,404	811,710	834,487	879,281	955,276
	13,555	12,359	11,775	11,312	10,930	10,621
	<u>1,463,130</u>	<u>1,563,105</u>	<u>1,582,582</u>	<u>1,654,499</u>	<u>1,719,510</u>	<u>1,805,174</u>
\$	<u>7,740,220</u>	<u>7,827,142</u>	<u>7,799,779</u>	<u>8,319,017</u>	<u>8,528,286</u>	<u>8,809,408</u>

**Table 2 - Continued**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	2003	2004	2005	2006
<b>Program Revenues</b>				
Governmental Activities:				
Licenses, Permits, Fines and Charges for Services:				
General Government .....	\$ 350,643	\$ 362,973	\$ 363,196	\$ 385,082
Public Safety .....	99,907	112,721	120,853	151,835
Streets and Sanitation .....	24,420	31,494	36,980	36,058
Transportation .....	21,697	23,589	23,260	10,224
Health .....	6,083	12,333	4,165	5,529
Cultural and Recreational .....	20,217	21,423	24,288	23,127
Other .....	-	-	1	-
Operating Grants and Contributions ....	680,939	649,066	637,654	659,279
Capital Grants and Contributions .....	236,676	173,529	133,673	142,705
Total Governmental Activities .....	<u>1,440,582</u>	<u>1,387,128</u>	<u>1,344,070</u>	<u>1,413,839</u>
Business-type Activities:				
Licenses, Permits, Fines and Charges for Services:				
Water .....	317,455	327,514	344,267	330,439
Sewer .....	142,373	144,988	143,522	136,437
Chicago Midway International Airport .....	78,973	85,608	92,228	105,570
Chicago-O'Hare International Airport .....	481,957	442,569	532,877	545,916
Chicago Skyway .....	39,770	41,191	1,896	-
Capital Grants and Contributions .....	179,626	210,915	228,467	273,320
Total Business-type Activities and Program Revenues .....	<u>1,240,154</u>	<u>1,252,785</u>	<u>1,343,257</u>	<u>1,391,682</u>
Total Primary Government Program Revenues .....	<u>\$ 2,680,736</u>	<u>\$ 2,639,913</u>	<u>\$ 2,687,327</u>	<u>\$ 2,805,521</u>
<b>Net (Expenses)/Revenues</b>				
Governmental Activities .....	\$ (3,527,309)	\$ (3,642,509)	\$ (3,967,063)	\$ (4,265,775)
Business-type Activities .....	(25,938)	(6,344)	3,637	38,795
Total Primary Government Net Expense .....	<u>\$ (3,553,247)</u>	<u>\$ (3,648,853)</u>	<u>\$ (3,963,426)</u>	<u>\$ (4,226,980)</u>

	2007	2008	2009	2010	2011	2012
\$	422,363	\$ 440,023	\$ 382,617	\$ 370,028	\$ 388,886	\$ 452,892
	155,529	129,518	158,490	150,710	211,157	199,572
	41,467	40,578	30,990	38,092	37,291	42,138
	13,262	14,071	24,895	21,640	28,613	39,343
	2,795	3,157	2,504	8,332	7,796	1,751
	24,412	25,725	22,375	21,635	7,201	14,454
	-	-	-	-	-	-
	610,974	624,356	611,301	674,677	788,812	748,256
	137,613	139,949	115,261	114,871	282,008	172,456
	<u>1,408,415</u>	<u>1,417,377</u>	<u>1,348,433</u>	<u>1,399,985</u>	<u>1,751,764</u>	<u>1,670,862</u>
	334,377	370,244	410,213	458,395	454,221	576,287
	138,681	160,005	175,163	198,229	203,349	253,912
	107,253	124,985	122,301	149,056	157,371	201,749
	652,763	684,282	624,443	702,603	679,402	857,114
	-	-	-	-	-	-
	268,331	224,823	211,174	246,309	257,438	83,219
	<u>1,501,405</u>	<u>1,564,339</u>	<u>1,543,294</u>	<u>1,754,592</u>	<u>1,751,781</u>	<u>1,972,281</u>
\$	<u>2,909,820</u>	<u>2,981,716</u>	<u>2,891,727</u>	<u>3,154,577</u>	<u>3,503,545</u>	<u>3,643,143</u>
\$	(4,868,675)	\$ (4,846,660)	\$ (4,868,764)	\$ (5,264,533)	\$ (5,057,012)	\$ (5,333,372)
	38,275	1,234	(39,288)	100,093	32,271	167,107
\$	<u>(4,830,400)</u>	<u>(4,845,426)</u>	<u>(4,908,052)</u>	<u>(5,164,440)</u>	<u>(5,024,741)</u>	<u>(5,166,265)</u>

**Table 2 - Concluded**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	2003	2004	2005	2006
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental Activities:				
Taxes				
Property Tax .....	\$ 706,666	\$ 693,411	\$ 696,085	\$ 700,636
Utility Tax .....	512,567	504,800	539,325	522,089
Sales Tax .....	187,152	203,251	248,807	288,052
Transportation Tax .....	330,926	322,018	337,993	337,780
Transaction Tax .....	242,212	278,584	325,227	339,020
Special Area Tax .....	277,401	350,293	386,537	460,940
Other Taxes .....	166,671	165,607	205,811	233,620
Grants and Contributions Not				
Restricted to Specific Programs .....	498,205	522,951	606,509	654,017
Unrestricted Investment Earnings .....	24,414	27,377	80,728	148,631
Special Item .....	-	-	-	-
Transfers .....	-	96,000	1,236,099	2,000
Miscellaneous .....	98,474	135,400	89,825	51,774
Total Governmental Activities .....	<u>3,044,688</u>	<u>3,299,692</u>	<u>4,752,946</u>	<u>3,738,559</u>
Business-type Activities:				
Investment Earnings .....	28,093	27,109	57,916	97,556
Miscellaneous .....	1,248	5,669	(34,720)	27,383
Special Item .....	-	-	-	-
Transfers .....	-	(96,000)	(1,236,099)	(2,000)
Total Business-type Activities .....	<u>29,341</u>	<u>(63,222)</u>	<u>(1,212,903)</u>	<u>122,939</u>
Total Primary Government .....	<u>\$ 3,074,029</u>	<u>\$ 3,236,470</u>	<u>\$ 3,540,043</u>	<u>\$ 3,861,498</u>
<b>Change in Net Position</b>				
Governmental Activities .....	\$ (482,621)	\$ (342,817)	\$ 785,883	\$ (527,216)
Business-type Activities .....	3,403	(69,566)	(1,209,266)	161,734
Total Primary Government .....	<u>\$ (479,218)</u>	<u>\$ (412,383)</u>	<u>\$ (423,383)</u>	<u>\$ (365,482)</u>

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



2007	2008	2009 (1)	2010	2011	2012
\$ 732,415	\$ 799,878	\$ 797,026	\$ 796,928	\$ 934,870	\$ 896,246
552,179	629,497	579,101	561,936	564,236	548,682
293,078	273,951	252,282	260,364	310,626	294,417
332,459	321,362	333,199	335,235	331,441	373,544
304,715	275,434	205,026	227,772	250,486	281,957
533,260	531,314	501,042	477,241	457,192	274,617
245,408	262,734	250,982	259,325	269,258	294,280
714,661	712,360	601,198	654,043	598,498	692,232
182,700	90,176	12,296	100,269	64,294	92,050
-	-	-	-	-	-
1,000	-	-	-	1,000	-
69,941	79,279	238,126	149,902	175,758	135,511
<u>3,961,816</u>	<u>3,975,985</u>	<u>3,770,278</u>	<u>3,823,015</u>	<u>3,957,659</u>	<u>3,883,536</u>
100,720	57,451	12,381	6,831	48,517	25,197
27,313	37,605	8,941	50,190	34,687	38,842
-	-	-	-	(53,910)	-
(1,000)	-	-	-	(1,000)	-
<u>127,033</u>	<u>95,056</u>	<u>21,322</u>	<u>57,021</u>	<u>28,294</u>	<u>64,039</u>
<u>\$ 4,088,849</u>	<u>\$ 4,071,041</u>	<u>\$ 3,791,600</u>	<u>\$ 3,880,036</u>	<u>\$ 3,985,953</u>	<u>\$ 3,947,575</u>
\$ (906,859)	\$ (870,675)	\$ (1,098,486)	\$ (1,441,518)	\$ (1,099,353)	\$ (1,449,836)
165,308	96,290	(17,966)	157,114	60,565	231,146
<u>\$ (741,551)</u>	<u>\$ (774,385)</u>	<u>\$ (1,116,452)</u>	<u>\$ (1,284,404)</u>	<u>\$ (1,038,788)</u>	<u>\$ (1,218,690)</u>

**Table 3**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**Last Ten Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

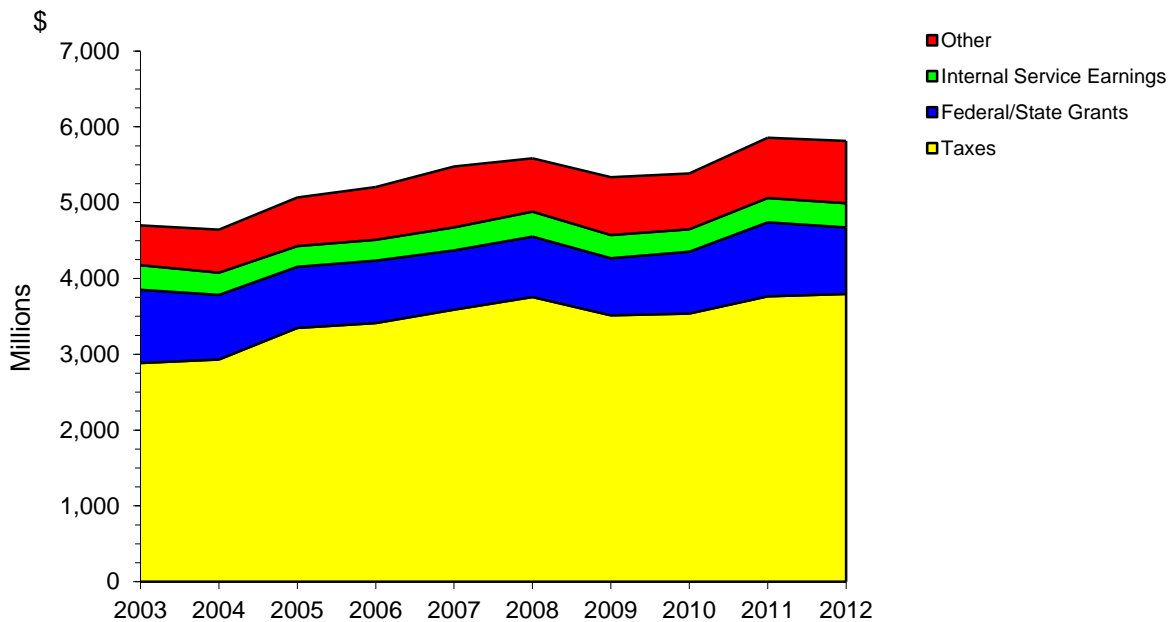
	2003	Percent of Total	2004	Percent of Total	2005	Percent of Total
Revenues:						
Property Tax .....	\$ 729,458	15.5 %	\$ 651,950	14.0 %	\$ 739,419	14.6 %
Utility Tax .....	512,567	10.9	504,800	10.9	539,325	10.6
Sales Tax .....	414,425	8.8	441,579	9.5	499,228	9.8
Transportation Tax .....	330,926	7.0	322,018	6.9	337,993	6.7
State Income Tax .....	266,512	5.7	282,676	6.1	354,022	7.0
Transaction Tax .....	242,212	5.2	278,584	6.0	325,227	6.4
Special Area Tax .....	222,263	4.7	284,127	6.1	346,580	6.8
Other Taxes .....	166,671	3.5	165,607	3.6	205,811	4.1
Total Taxes .....	<u>2,885,034</u>	<u>61.3</u>	<u>2,931,341</u>	<u>63.1</u>	<u>3,347,605</u>	<u>66.0</u>
Federal/State Grants .....	965,885	20.6	852,050	18.3	806,472	15.9
Internal Service .....	324,745	6.9	293,339	6.3	273,516	5.4
Licenses and Permits .....	96,678	2.1	104,627	2.3	120,904	2.4
Fines .....	192,746	4.1	202,536	4.4	210,850	4.2
Investment Income .....	24,414	0.5	27,377	0.6	80,728	1.6
Charges for Services .....	120,376	2.6	150,879	3.2	131,139	2.6
Miscellaneous .....	90,375	1.9	81,645	1.8	97,093	1.9
Total Revenues .....	<u>\$ 4,700,253</u>	<u>100.0 %</u>	<u>\$ 4,643,794</u>	<u>100.0 %</u>	<u>\$ 5,068,307</u>	<u>100.0 %</u>
	2010	Percent of Total	2011	Percent of Total	2012	Percent of Total
Revenues:						
Property Tax .....	\$ 754,081	14.0 %	\$ 888,531	15.2 %	\$ 941,398	16.2 %
Utility Tax .....	561,936	10.4	564,236	9.6	548,682	9.4
Sales Tax .....	527,004	9.8	563,156	9.6	594,290	10.2
Transportation Tax .....	335,235	6.2	331,441	5.7	373,544	6.4
State Income Tax .....	385,668	7.2	344,674	5.9	391,285	6.7
Transaction Tax .....	227,772	4.2	250,486	4.3	281,957	4.8
Special Area Tax .....	486,526	9.0	552,894	9.4	370,454	6.3
Other Taxes .....	259,325	4.8	269,258	4.5	294,280	5.0
Total Taxes .....	<u>3,537,547</u>	<u>65.6</u>	<u>3,764,676</u>	<u>64.2</u>	<u>3,795,890</u>	<u>65.2</u>
Federal/State Grants .....	815,879	15.2	976,051	16.7	877,864	15.1
Internal Service .....	295,765	5.5	321,138	5.5	319,285	5.5
Licenses and Permits .....	96,240	1.8	102,702	1.8	117,568	2.1
Fines .....	272,667	5.1	283,822	4.8	306,510	5.3
Investment Income .....	103,725	1.9	73,921	1.3	90,885	1.6
Charges for Services .....	113,565	2.1	160,649	2.7	170,724	2.9
Miscellaneous .....	149,902	2.8	173,768	3.0	135,511	2.3
Total Revenues .....	<u>\$ 5,385,290</u>	<u>100.0 %</u>	<u>\$ 5,856,727</u>	<u>100.0 %</u>	<u>\$ 5,814,237</u>	<u>100.0 %</u>

**NOTE:**

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

2006	Percent of Total	2007	Percent of Total	2008	Percent of Total	2009	Percent of Total
\$ 665,990	12.8 %	\$ 661,707	12.1 %	\$ 729,823	13.1 %	\$ 806,010	15.1 %
522,089	10.0	552,179	10.1	629,497	11.3	579,101	10.9
559,156	10.7	570,927	10.4	548,571	9.9	503,952	9.4
337,780	6.5	332,459	6.1	321,362	5.8	333,199	6.2
380,111	7.3	433,446	7.9	435,393	7.8	347,814	6.5
339,020	6.5	304,715	5.6	275,434	4.9	205,026	3.8
374,342	7.2	488,193	8.9	552,709	9.9	487,909	9.1
233,620	4.5	245,408	4.5	262,734	4.7	250,982	4.7
3,412,108	65.5	3,589,034	65.6	3,755,523	67.4	3,513,993	65.7
823,504	15.8	781,967	14.3	796,911	14.2	753,269	14.1
275,191	5.3	303,827	5.5	329,643	5.9	306,095	5.8
117,689	2.3	148,172	2.7	114,707	2.1	100,458	1.9
221,819	4.3	240,277	4.4	274,443	4.9	267,891	5.0
148,631	2.8	182,700	3.3	90,176	1.6	31,520	0.6
155,215	3.0	151,369	2.8	144,161	2.6	124,557	2.4
51,774	1.0	79,956	1.4	79,279	1.3	238,126	4.5
<b>\$ 5,205,931</b>	<b>100.0 %</b>	<b>\$ 5,477,302</b>	<b>100.0 %</b>	<b>\$ 5,584,843</b>	<b>100.0 %</b>	<b>\$ 5,335,909</b>	<b>100.0 %</b>

### REVENUE SOURCES



**Table 4**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**Last Ten Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	2003	Percent of Total	2004	Percent of Total	2005	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 1,594,333	28.0 %	\$ 1,579,014	29.5 %	\$ 1,611,923	28.0 %
General Government .....	1,474,984	25.9	1,358,469	25.4	1,620,307	28.2
Employee Pensions .....	354,819	6.2	299,810	5.6	388,053	6.7
Streets and Sanitation .....	356,512	6.2	353,020	6.6	339,760	5.9
Transportation .....	421,665	7.4	308,535	5.8	221,377	3.8
Health .....	174,412	3.1	179,531	3.4	166,580	2.9
Cultural and Recreational .....	81,637	1.4	77,661	1.4	95,153	1.7
Other .....	10,684	0.2	10,191	0.2	9,382	0.1
Capital Outlay .....	564,519	9.9	563,975	10.5	452,284	7.9
Debt Service:						
Principal Retirement .....	396,748	7.0	303,755	5.7	543,413	9.5
Interest and Other Fiscal Charges .....	267,734	4.7	315,916	5.9	301,662	5.3
<b>Total Expenditures .....</b>	<b>\$ 5,698,047</b>	<b>100.0 %</b>	<b>\$ 5,349,877</b>	<b>100.0 %</b>	<b>\$ 5,749,894</b>	<b>100.0 %</b>
Debt Service as a Percentage of Non Capital Expenditures (2) ....		12.8 %		12.7 %		15.8 %
	2010	Percent of Total	2011	Percent of Total	2012	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 1,909,728	30.1 %	\$ 1,984,312	30.0 %	\$ 2,075,959	31.6 %
General Government .....	1,786,450	28.2	2,057,524	31.1	1,806,541	27.5
Employee Pensions .....	435,432	6.9	481,407	7.3	458,951	7.0
Streets and Sanitation .....	232,426	3.7	236,591	3.6	228,100	3.5
Transportation .....	297,339	4.7	507,589	7.7	514,303	7.8
Health .....	153,877	2.4	148,449	2.2	127,567	1.9
Cultural and Recreational .....	104,297	1.6	90,905	1.4	102,384	1.6
Other .....	30,000	0.5	26,211	0.3	11,725	0.1
Capital Outlay .....	628,910	9.9	470,213	7.1	435,600	6.6
Debt Service:						
Principal Retirement .....	389,928	6.2	188,608	2.8	340,754	5.2
Interest and Other Fiscal Charges .....	366,035	5.8	429,822	6.5	461,962	7.0
<b>Total Expenditures .....</b>	<b>\$ 6,334,422</b>	<b>100.0 %</b>	<b>\$ 6,621,631</b>	<b>100.0 %</b>	<b>\$ 6,563,846</b>	<b>100.0 %</b>
Debt Service as a Percentage of Non Capital Expenditures (2) ....		12.6 %		10.3 %		13.7 %

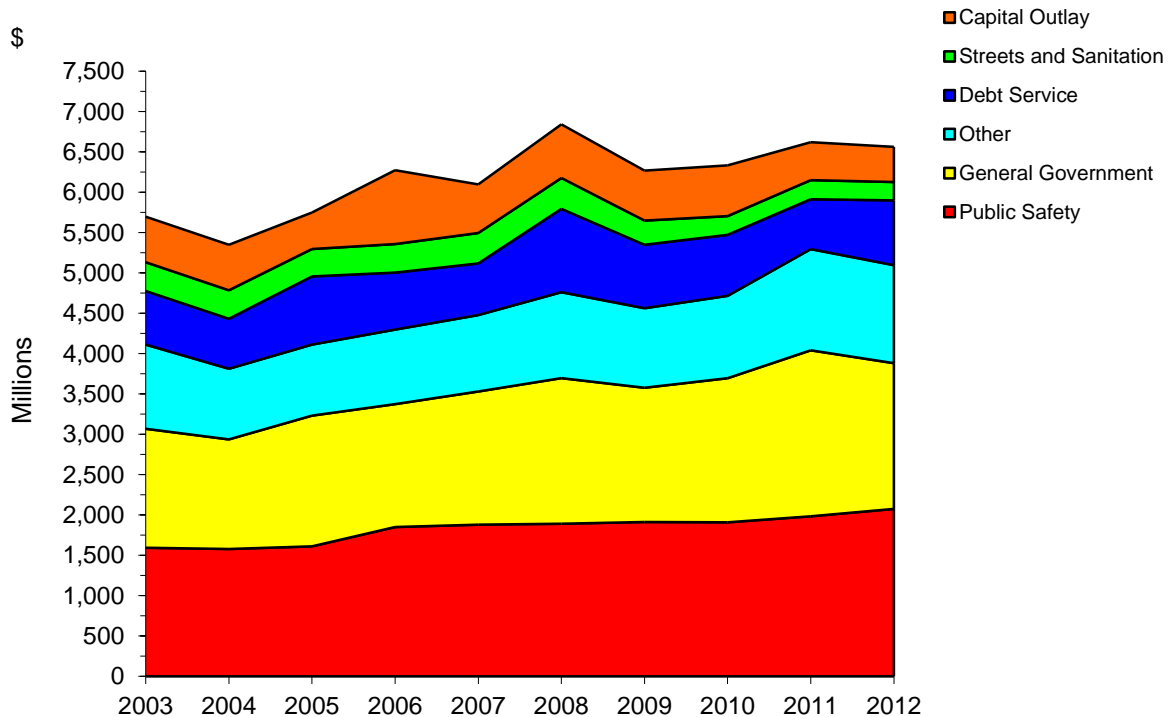
**NOTES:**

(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.

2006	Percent of Total	2007	Percent of Total	2008	Percent of Total	2009	Percent of Total
\$ 1,851,356	29.5 %	\$ 1,880,599	30.8 %	\$ 1,892,152	27.7 %	\$ 1,913,711	30.5 %
1,523,482	24.3	1,650,679	27.1	1,804,925	26.4	1,663,990	26.5
396,923	6.3	371,649	6.1	413,690	6.0	430,915	6.9
353,828	5.6	377,485	6.1	382,628	5.6	300,131	4.8
244,381	3.9	267,476	4.4	334,684	4.9	261,948	4.2
173,594	2.8	195,254	3.2	184,597	2.7	177,812	2.8
99,841	1.6	108,527	1.8	117,664	1.7	107,604	1.7
9,112	0.1	4,427	0.1	14,483	0.2	7,676	0.2
915,311	14.6	602,433	9.9	661,464	9.7	619,273	9.9
375,028	6.0	297,503	4.9	656,805	9.6	434,905	6.9
331,507	5.3	342,489	5.6	376,297	5.5	351,430	5.6
<b>\$ 6,274,363</b>	<b>100.0 %</b>	<b>\$ 6,098,521</b>	<b>100.0 %</b>	<b>\$ 6,839,389</b>	<b>100.0 %</b>	<b>\$ 6,269,395</b>	<b>100.0 %</b>
	<u>12.9 %</u>		<u>11.4 %</u>		<u>16.7 %</u>		<u>13.6 %</u>

### EXPENDITURES BY FUNCTION



**Table 4A**  
**CITY OF CHICAGO, ILLINOIS**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**  
**Modified Accrual Basis of Accounting**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Excess of revenues over (under) expenditures .....	\$ (997,794)	\$ (706,083)	\$ (681,587)	\$ (1,068,432)
Other Financing Sources (Uses):				
Issuance of Debt, including premium/discount .....	\$ 1,322,827	\$ 720,357	\$ 1,871,896	\$ 762,833
Payment to Refunded Bond Escrow Agent .....	(173,725)	(143,143)	(1,186,065)	(276,607)
Transfers in .....	166,798	200,780	1,469,857	670,035
Transfers out .....	(166,798)	(104,780)	(233,758)	(668,035)
Total other financing sources (uses) .....	<u>1,149,102</u>	<u>673,214</u>	<u>1,921,930</u>	<u>488,226</u>
Net change in fund balances .....	<u>\$ 151,308</u>	<u>\$ (32,869)</u>	<u>\$ 1,240,343</u>	<u>\$ (580,206)</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>\$ (621,219)</u>	<u>\$ (1,254,546)</u>	<u>\$ (933,486)</u>	<u>\$ (949,132)</u>	<u>\$ (764,110)</u>	<u>\$ (749,609)</u>
\$ 1,653,881	\$ 795,432	\$ 1,001,302	\$ 1,434,390	1,212,326	\$ 758,557
(951,419)	(186,421)	(213,435)	(412,184)	(476,787)	(268,397)
332,016	293,448	2,253,459	647,407	572,211	178,750
(331,016)	(293,448)	(2,253,459)	(647,407)	(571,210)	(178,750)
<u>703,462</u>	<u>609,011</u>	<u>787,867</u>	<u>1,022,206</u>	<u>736,540</u>	<u>490,160</u>
<u>\$ 82,243</u>	<u>\$ (645,535)</u>	<u>\$ (145,619)</u>	<u>\$ 73,074</u>	<u>\$ (27,570)</u>	<u>\$ (259,449)</u>

**Table 5**  
**CITY OF CHICAGO, ILLINOIS**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ended December 31, 2012**  
**(Amounts Are in Thousands of Dollars)**  
**(Modified Accrual Basis of Accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund:				
Reserved .....	\$ 40,897	\$ 30,981	\$ 53,171	\$ 35,557
Unreserved .....	<u>19,458</u>	<u>42,246</u>	<u>57,648</u>	<u>26,834</u>
Total General Fund .....	60,355	73,227	110,819	62,391
General Fund Balance: (2)				
Nonspendable .....	\$ -	\$ -	\$ -	\$ -
Assigned .....	-	-	-	-
Unassigned .....	-	-	-	-
Total Fund Balance .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Governmental Funds:				
Reserved .....	481,563	488,985	1,350,927	800,546
Unreserved, Reported in:				
Special Revenue Funds .....	200,175	294,690	525,769	723,353
Capital Projects Funds .....	1,149,095	999,816	832,129	696,630
Debt Service Funds .....	-	-	-	-
Permanent Fund (1) .....	<u>-</u>	<u>-</u>	<u>274,272</u>	<u>231,017</u>
Total All Other Governmental Funds .....	<u>1,830,833</u>	<u>1,783,491</u>	<u>2,983,097</u>	<u>2,451,546</u>
Total Governmental Funds .....	<u>\$ 1,891,188</u>	<u>\$ 1,856,718</u>	<u>\$ 3,093,916</u>	<u>\$ 2,513,937</u>
Other Governmental Fund Balance: (2)				
Restricted .....	\$ -	\$ -	\$ -	\$ -
Committed .....	-	-	-	-
Assigned .....	-	-	-	-
Unassigned .....	-	-	-	-
Total Fund Balance .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Funds .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE:**

- (1) This balance represents the Reserve Fund, Unreserved, Designated for Future Appropriations balance.
- (2) Beginning with 2011, GASB Statement No. 54 was implemented which changed the way fund balance is presented. All periods after 2011 will be presented in the same format.



<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 39,673	\$ 48,217	\$ 52,048	\$ 54,390	\$ -	\$ -
4,634	226	2,658	81,151	-	-
<u>44,307</u>	<u>48,443</u>	<u>54,706</u>	<u>135,541</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ -	\$ 24,055	\$ 20,885
-	-	-	-	143,549	177,000
-	-	-	-	167,929	33,417
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,533</u>	<u>231,302</u>
1,191,674	461,830	1,418,399	1,419,714	-	-
816,551	959,424	(409,796)	(349,517)	-	-
906,603	372,063	321,251	534,013	-	-
(556,819)	(551,137)	-	-	-	-
191,391	660,333	422,319	138,724	-	-
<u>2,549,400</u>	<u>1,902,513</u>	<u>1,752,173</u>	<u>1,742,934</u>	<u>-</u>	<u>-</u>
<u>\$ 2,593,707</u>	<u>\$ 1,950,956</u>	<u>\$ 1,806,879</u>	<u>\$ 1,878,475</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,317,734	\$ 2,332,911
-	-	-	-	961,246	882,127
-	-	-	-	2,550	-
-	-	-	-	(1,761,077)	(1,852,973)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,520,453</u>	<u>1,362,065</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,855,986</u>	<u>\$ 1,593,367</u>

**Table 6**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	2008 (3)	2009 (3)	2010 (3)	2011 (3)	2012 (3)
<b>Revenues:</b>					
Utility Tax .....	\$ 524,842	\$ 481,275	\$ 467,411	\$ 467,630	\$ 462,475
Sales Tax .....	518,131	476,557	495,842	536,281	572,185
State Income Tax .....	378,545	251,820	282,011	236,521	282,779
Other Taxes .....	637,923	572,472	590,575	618,385	694,383
Federal/State Grants .....	2,347	1,714	1,735	1,294	1,074
Other Revenues (1) .....	813,983	777,788	773,278	921,849	907,760
Total Revenues .....	<u>2,875,771</u>	<u>2,561,626</u>	<u>2,610,852</u>	<u>2,781,960</u>	<u>2,920,656</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	1,856,634	1,862,914	1,828,984	1,895,404	1,956,152
General Government .....	889,266	857,626	903,890	863,622	864,556
Other (2) .....	356,066	288,559	296,063	278,561	258,501
Debt Service .....	5,318	4,978	5,004	2,849	2,160
Total Expenditures .....	<u>3,107,284</u>	<u>3,014,077</u>	<u>3,033,941</u>	<u>3,040,436</u>	<u>3,081,369</u>
Revenues Under Expenditures .....	<u>(231,513)</u>	<u>(452,451)</u>	<u>(423,089)</u>	<u>(258,476)</u>	<u>(160,713)</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original Discount/Including Premium .....	164,000	58,500	16,500	95,000	55,000
Transfers In .....	94,058	416,135	502,502	372,744	31,617
Transfers Out .....	<u>(25,193)</u>	<u>(17,463)</u>	<u>(13,600)</u>	<u>(14,357)</u>	<u>(26,965)</u>
Total Other Financing Sources (Uses) ..	<u>232,865</u>	<u>457,172</u>	<u>505,402</u>	<u>453,387</u>	<u>59,652</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	1,352	4,721	82,313	194,911	(101,061)
Fund Balance - Beginning of Year .....	44,307	48,443	54,706	135,541	336,327
Change in Inventory .....	<u>2,784</u>	<u>1,542</u>	<u>(1,478)</u>	<u>5,875</u>	<u>(3,170)</u>
Fund Balance - End of Year .....	<u>\$ 48,443</u>	<u>\$ 54,706</u>	<u>\$ 135,541</u>	<u>\$ 336,327</u>	<u>\$ 232,096</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 Basic Financial Statements for years ended December 31, 2008-2012.

**Table 7**  
**CITY OF CHICAGO, ILLINOIS**  
**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	<u>2008 (3)</u>	<u>2009 (3)</u>	<u>2010 (3)</u>	<u>2011 (3)</u>	<u>2012 (3)</u>
<b>Revenues:</b>					
Property Tax .....	\$ 326,334	\$ 334,792	\$ 316,618	\$ 373,163	\$ 350,408
Utility Tax .....	82,373	75,688	72,201	83,317	63,883
State Income Tax .....	56,848	95,994	103,657	108,153	108,506
Other Taxes .....	554,096	572,651	588,717	217,188	607,135
Federal/State Grants .....	794,564	751,555	814,144	974,757	876,790
Other Revenues (1) .....	120,401	131,295	121,017	105,705	149,956
Total Revenues .....	<u>1,934,616</u>	<u>1,961,975</u>	<u>2,016,354</u>	<u>1,862,283</u>	<u>2,156,678</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	35,518	50,797	80,744	88,908	119,807
General Government .....	915,659	799,236	882,553	1,193,781	941,885
Employee Pensions .....	413,690	430,915	435,432	481,407	458,951
Other (2) .....	677,990	566,612	521,876	522,377	725,578
Capital Outlay .....	4,360	3,357	4,903	2,964	5,259.00
Debt Service .....	5,628	3,632	3,898	2,533	723
Total Expenditures .....	<u>2,052,845</u>	<u>1,854,549</u>	<u>1,929,406</u>	<u>2,291,970</u>	<u>2,252,203</u>
Revenues Under Expenditures .....	<u>(118,229)</u>	<u>107,426</u>	<u>86,948</u>	<u>(429,687)</u>	<u>(95,525)</u>
<b>Other Financing Sources (Uses):</b>					
<b>Issuance of Debt, Net of Original</b>					
Discount/Including Premium .....	163,628	72,925	88,018	72,925	70,541
Transfers In .....	155,637	185,358	94,424	149,574	76,640
Transfers Out .....	(48,604)	(1,746,126)	(65,807)	(380,543)	(56,622)
Total Other Financing Sources (Uses) ...	<u>270,661</u>	<u>(1,487,843)</u>	<u>116,635</u>	<u>(158,044)</u>	<u>90,559</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	152,432	(1,380,417)	203,583	(587,731)	(4,966)
Fund Balance - Beginning of Year .....	<u>883,097</u>	<u>1,035,529</u>	<u>(344,888)</u>	<u>(141,305)</u>	<u>(729,036)</u>
Fund Balance - End of Year .....	<u>\$ 1,035,529</u>	<u>\$ (344,888)</u>	<u>\$ (141,305)</u>	<u>\$ (729,036)</u>	<u>\$ (734,002)</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: Major and Nonmajor Special Revenue Funds for years ended December 31, 2008-2012.

**Table 8**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	<u>2008 (2)</u>	<u>2009 (2)</u>	<u>2010 (2)</u>	<u>2011 (2)</u>	<u>2012 (2)</u>
Revenues:					
Property Tax .....	\$ 403,489	\$ 471,218	\$ 437,463	\$ 515,368	\$ 590,990
Utility Tax .....	22,282	22,138	22,324	13,289	22,324
Sales Tax .....	30,440	27,395	31,162	26,875	22,105
Other Taxes .....	220,220	131,993	129,566	146,126	18,717
Other Revenues (1) .....	6,562	38,720	61,004	44,101	53,340
Total Revenues .....	<u>682,993</u>	<u>691,464</u>	<u>681,519</u>	<u>745,759</u>	<u>707,476</u>
Expenditures:					
Debt Service .....	<u>1,022,156</u>	<u>777,725</u>	<u>747,061</u>	<u>613,048</u>	<u>799,833</u>
Total Expenditures .....	<u>1,022,156</u>	<u>777,725</u>	<u>747,061</u>	<u>613,048</u>	<u>799,833</u>
Revenues Over (Under) Expenditures ....	<u>(339,163)</u>	<u>(86,261)</u>	<u>(65,542)</u>	<u>132,711</u>	<u>(92,357)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original					
Discount/Including Premium .....	405,311	340,324	560,524	580,015	337,410
Payment to Refunded Bond Escrow Agent ..	(186,421)	(213,435)	(412,184)	(476,787)	(268,397)
Transfers In .....	33,186	684,277	44,185	47,134	47,322
Transfers Out .....	(141,498)	(81,291)	(110,049)	(176,285)	(83,359)
Total Other Financing Sources (Uses) ...	<u>110,578</u>	<u>729,875</u>	<u>82,476</u>	<u>(25,923)</u>	<u>32,976</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	<u>(228,585)</u>	<u>643,614</u>	<u>16,934</u>	<u>106,788</u>	<u>(59,381)</u>
Fund Balance - Beginning of Year .....	<u>(8,911)</u>	<u>(237,496)</u>	<u>406,118</u>	<u>423,052</u>	<u>529,840</u>
Fund Balance - End of Year .....	<u>\$ (237,496)</u>	<u>\$ 406,118</u>	<u>\$ 423,052</u>	<u>\$ 529,840</u>	<u>\$ 470,459</u>

**NOTES:**

(1) Includes Investment Income and Miscellaneous Revenues.

(2) Source: Major (Bond, Note Redemption and Interest) and Nonmajor (Special Taxing Areas) Debt Service Funds for years ended December 31, 2008-2012.

**Table 9**  
**CITY OF CHICAGO, ILLINOIS**  
**CAPITAL PROJECT FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	<u>2008 (2)</u>	<u>2009 (2)</u>	<u>2010 (2)</u>	<u>2011 (2)</u>	<u>2012 (2)</u>
Revenues:					
Other Revenues (1) .....	\$ 44,464	\$ 18,240	\$ 43,135	\$ 16,243	\$ 11,343
Total Revenues .....	<u>44,464</u>	<u>18,240</u>	<u>43,135</u>	<u>16,243</u>	<u>11,343</u>
Expenditures:					
Capital Outlay .....	657,104	615,916	624,007	467,249	430,341
Total Expenditures .....	<u>657,104</u>	<u>615,916</u>	<u>624,007</u>	<u>467,249</u>	<u>430,341</u>
Revenues Under Expenditures .....	<u>(612,640)</u>	<u>(597,676)</u>	<u>(580,872)</u>	<u>(451,006)</u>	<u>(418,998)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original Discount/Including Premium .....	62,493	529,553	769,348	464,386	295,606
Transfers In .....	10,567	16,334	6,296	2,759	22,843
Transfers Out .....	(96)	(3,734)	(99)	(25)	(11,804)
Total Other Financing Sources (Uses) ..	<u>72,964</u>	<u>542,153</u>	<u>775,545</u>	<u>467,120</u>	<u>306,645</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	(539,676)	(55,523)	194,673	16,114	(112,353)
Fund Balance - Beginning of Year .....	<u>983,823</u>	<u>444,147</u>	<u>388,624</u>	<u>583,297</u>	<u>599,411</u>
Fund Balance - End of Year .....	<u>\$ 444,147</u>	<u>\$ 388,624</u>	<u>\$ 583,297</u>	<u>\$ 599,411</u>	<u>\$ 487,058</u>

**NOTES:**

- (1) Includes Investment Income, Charges for Services and Miscellaneous Revenues.  
(2) Source: Major (Community Development and Improvement Projects) and Nonmajor (Capital Projects Funds) for years ended December 31, 2008-2012.

**Table 10**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY TAX LEVIES BY FUND (1)**  
**Five Years Ended December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	<u>2008</u>	<u>2009</u>	<u>Percent Change</u>
Note Redemption and Interest (2) .....	\$ 73,363	\$ 73,363	0.00 %
Bond Redemption and Interest .....	414,853	409,512	(1.29)
Policemen's Annuity and Benefit (3) .....	139,640	141,741	1.50
Municipal Employees' Annuity and Benefit (3) .....	131,344	130,026	(1.00)
Firemen's Annuity and Benefit (3) .....	65,426	66,140	1.09
Laborers' and Retirement Board Employees' Annuity and Benefit (3) .....	<u>9,526</u>	<u>13,327</u>	<u>39.90</u>
Total .....	<u>\$ 834,152</u>	<u>\$ 834,109</u>	(0.01)

**NOTES:**

- (1) See Table 11 - PROPERTY LEVIES, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES 2003 - 2012. 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.

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<u>2010</u>	<u>Percent Change</u>	<u>2011</u>	<u>Percent Change</u>	<u>2012</u>	<u>Percent Change</u>
\$ 73,377	0.02 %	\$ 73,377	- %	\$ 73,481	0.14 %
409,979	0.11	411,905	0.47	411,457	(0.11)
140,165	(1.11)	143,785	2.58	143,865	0.06
132,531	1.93	126,997	(4.18)	129,138	1.69
64,323	(2.75)	66,125	2.80	65,461	(1.00)
<u>13,714</u>	<u>2.90</u>	<u>11,759</u>	<u>(14.26)</u>	<u>11,202</u>	<u>(4.74)</u>
<u>\$ 834,089</u>	-	<u>\$ 833,948</u>	(0.02)	<u>\$ 834,604</u> (4)	0.08

**Table 11**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY LEVIES, COLLECTIONS AND**  
**ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES**  
**Last Ten Years Ended December 31, 2012**  
**(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		
2003 .....	\$ 719,695	\$ 674,325	93.70 %	\$ 23,678	\$ 698,003	96.99 %	\$ 21,692	\$ -
2004 .....	719,780 (3)	694,214	96.45	7,383	701,597	97.47	18,183	-
2005 .....	718,071 (3)	694,593	96.73	6,224	700,817	97.60	17,254	-
2006 .....	719,230 (3)	630,666	87.69	61,214	691,880	96.20	27,350	-
2007 .....	749,351 (3)	712,008	95.02	15,321	727,329	97.06	22,022	-
2008 .....	834,152 (3)	776,522	93.09	36,695	813,217	97.49	20,935	-
2009 .....	834,109 (3)	700,579	83.99	114,709	815,288	97.74	18,482	339
2010 .....	834,089 (3)	790,141	94.73	32,016	822,157	98.57	11,693	239
2011 .....	833,948 (3)	800,582	96.00	-	800,582	96.00	25,005	8,361
2012 .....	834,604 (3), (4)	-	N/A	-	-	N/A	33,384	801,220
Total Net Outstanding Taxes Receivable .....								<u>\$ 810,159</u>

**NOTES:**

- (1) Taxes for each year become due and payable in the following year. For example, taxes for the 2011 tax levy become due and payable in 2013.
- (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	2011 EAV	Rank	Percent- tage of Total EAV	2002 EAV	Rank	Percent- tage of Total EAV
Willis Tower (4) .....	\$ 445,590	1	0.59 %	\$ 417,723	1	0.93 %
AON Building (3) .....	302,125	2	0.40	283,924	2	0.63
Prudential Plaza .....	272,345	3	0.36	230,947	4	0.51
Northwestern Memorial Hospital .....	243,610	4	0.32			
Water Tower Place .....	207,942	5	0.28			
Health Care service Corporation Blue Cross ...	206,344	6	0.27			
Chase Tower .....	204,229	7	0.27			
AT&T Corporate Center 1 .....	197,943	8	0.26	196,455	6	0.44
Three First National Plaza .....	197,182	9	0.26			
300 N. LaSalle .....	190,006	10	0.25			
Chicago Mercantile Exchange .....				260,304	3	0.58
Bank One Plaza .....				230,071	5	0.51
Lakeside Tech Center .....				160,564	7	0.36
Citicorp Plaza .....				155,795	8	0.35
Northwestern Atrium .....				150,438	9	0.33
Hyatt Regency Hotel .....				148,240	10	0.32
Totals .....	<u>\$ 2,467,316</u>		<u>3.26 %</u>	<u>\$ 2,234,461</u>		<u>4.96 %</u>

**NOTES:**

- (1) Source: Cook County Treasurer's Office, Cook County Assessor's Office.
- (2) 2012 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)**

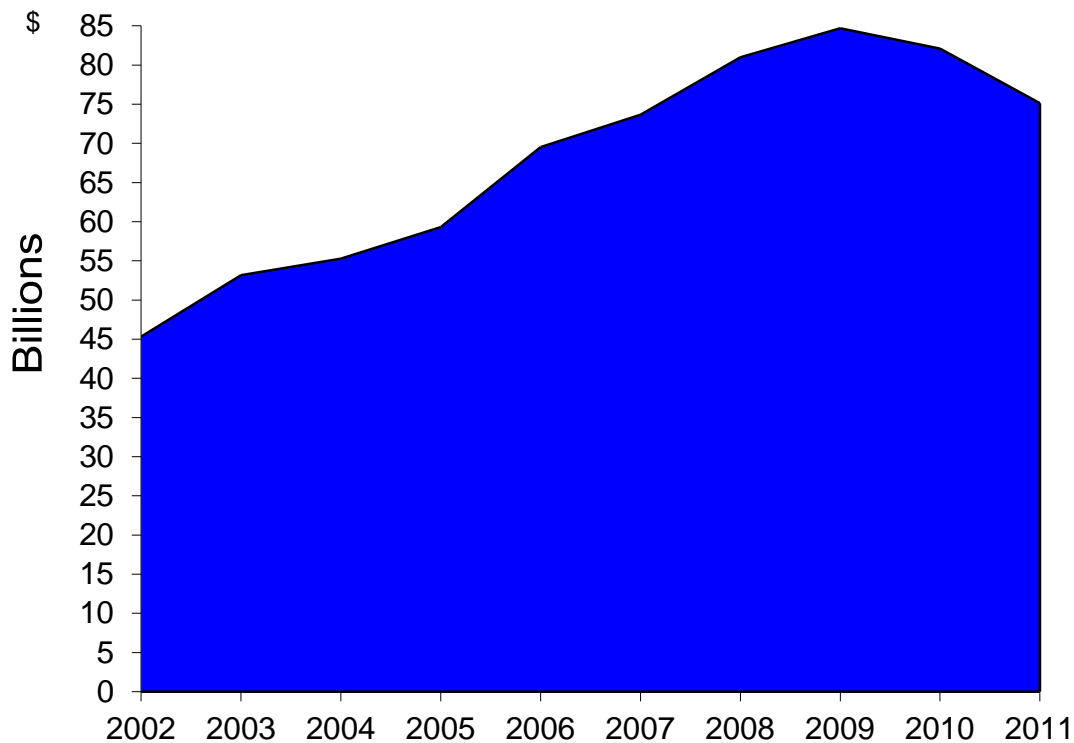
Tax Year	Assessed Values (1)					Total
	Class 2 (2)	Class 3 (3)	Class 5 (4)	Other (5)		
2002	\$ 9,221,622	\$ 1,865,646	\$ 8,878,142	\$ 349,372	\$ 20,314,782	
2003	12,677,199	2,233,572	10,303,732	487,680	25,702,183	
2004	12,988,216	1,883,048	10,401,429	465,462	25,738,155	
2005	13,420,538	1,842,613	10,502,698	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	33,623,465	
2008	19,339,574	1,602,768	12,359,537	693,239	33,995,117	
2009	18,311,981	1,812,850	10,720,244	592,364	31,437,439	
2010	18,074,177	1,416,863	10,467,682	606,941	30,565,663	
2011 (9)	17,932,671	1,116,175	10,456,103	588,672	30,093,621	

**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) 2012 information not available at time of publication.
- (10) 2011 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)
2.4689	\$ 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	280,288,730	30.21
3.3000	82,087,170	1.020	231,986,397	35.38
2.9706	75,122,914	1.110	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
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	0.986	0.112	-	2.366	0.150
2010	1.016	1.116	-	2.581	0.151
2011 (1)	1.110	0.119	-	2.875	0.165

**NOTE:**

(1) 2012 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
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	834,109 (2)	0.478955	0.091851	0.167552
2010	834,089 (2)	0.494109	0.094665	0.170734
2011 (1)	833,948 (2)	0.542475	0.103443	0.191381

**NOTES:**

(1) 2012 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.

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Chicago Park District	Metropolitan Water Reclamation District	Forest Preserve District of Cook County	Cook County	Total
\$ 0.545	\$ 0.371	\$ 0.061	\$ 0.690	\$ 7.277
0.464	0.361	0.059	0.630	6.433
0.455	0.347	0.060	0.593	6.280
0.443	0.315	0.060	0.533	5.981
0.379	0.284	0.057	0.500	5.302
0.355	0.263	0.053	0.446	4.994
0.323	0.252	0.051	0.415	4.816
0.309	0.261	0.049	0.394	4.627
0.319	0.274	0.051	0.423	5.931
0.346	0.320	0.058	0.462	5.455

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Municipal Employees' Annuity and Benefit	Firemen's Annuity and Benefit	Laborers' and Retirement Board Employees' Annuity and Benefit	Public Building Commission	Total
\$ 0.259848	\$ 0.116628	\$ -	\$ -	\$ 1.591
0.218316	0.100049	-	-	1.380
0.229048	0.095524	-	-	1.302
0.231683	0.083243	-	-	1.243
0.197399	0.099974	-	-	1.062
0.174302	0.088581	-	-	1.044
0.162182	0.080787	0.011763	-	1.030
0.153704	0.078184	0.015754	-	0.986
0.161435	0.078352	0.016705	-	1.016
0.169036	0.088014	0.015651	-	1.110

**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 & Commercial Paper	General Obligation Certificates and Other
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	82,087,170	6,536,596	268,526	574,755
2011	2,695,598	75,122,914	6,997,975	198,132	554,015
2012	2,695,598	N/A (4)	7,244,917	166,460	528,305

**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
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
2011 .....	129,303	369,880	499,183	6,621,207	7.5
2012 .....	305,879	475,906	781,785	6,563,846	11.9

Total Gross Bonded Debt (3)	Less Reserve for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Assessed Value	Net Bonded Debt Per Capita (5)
\$ 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	8.92	2,715.93
7,750,122	249,355	7,500,767	9.98	2,782.60
7,939,682	105,582	7,834,100	N/A (4)	2,906.26

**Table 18**  
**CITY OF CHICAGO, ILLINOIS**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**December 31, 2012**  
**(Amounts are in Thousands of Dollars)**

	City of Chicago Direct Debt	Net Direct Long-term Debt (1)	Percentage of Overlapping Bonded Debt (2)	Net Debt Applicable
City of Chicago G. O. Bonds and Notes (Includes Commercial Paper) .....	\$ 7,939,682	\$ 7,939,682	100.00 %	\$ 7,939,682
Board of Education .....		6,365,573	100.00	6,365,573
Chicago School Finance Authority .....		-	100.00	-
Chicago Park District .....		874,710	100.00	874,710
City Colleges of Chicago .....		-	100.00	-
Cook County .....		3,709,530	48.08	1,783,542
Cook County Forest Preserve District .....		187,950	49.40	92,847
Metropolitan Water Reclamation District of Greater Chicago .....		2,515,375	50.40	1,267,749
Total Overlapping Debt .....		13,653,138		10,384,421
Net Direct and Overlapping Long-term Debt .....		\$ 21,592,820		\$ 18,324,103

**NOTES:**

- (1) Source: Amount of Net Direct Debt was obtained from each of the respective taxing bodies.
- (2) Cook County Clerk's Office

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Direct Debt	\$ 4,798,541	\$ 5,113,565	\$ 5,123,729	\$ 5,422,232
Overlapping Debt	<u>7,150,282</u>	<u>7,429,853</u>	<u>7,574,950</u>	<u>7,750,883</u>
Total Debt	<u>\$ 11,948,823</u>	<u>\$ 12,543,418</u>	<u>\$ 12,698,679</u>	<u>\$ 13,173,115</u>
Equalized				
Assessed Valuation (1)	\$ 53,168,632	\$ 55,277,096	\$ 59,304,530	\$ 69,517,264
Direct Debt Burden (2)	10.59%	9.62%	9.27%	9.14%
Total Debt Burden (2)	26.36%	23.59%	22.97%	22.21%
Estimated Fair Market				
Value (FMV) (5)	\$ 223,572,427	\$ 262,080,627	\$ 286,354,518	\$ 329,770,733
% of Direct Debt to FMV	2.15%	1.95%	1.79%	1.64%
% of Total Direct Debt to FMV	5.34%	4.79%	4.43%	3.99%
Population (3)	2,896,016	2,896,016	2,896,016	2,896,016
Direct Debt Per Capita (4)	\$ 1,656.95	\$ 1,765.72	\$ 1,769.23	\$ 1,872.31
Total Debt Per Capita (4)	4,125.95	4,331.27	4,384.88	4,548.70

**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 2002 is \$45,330,892.
- (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.



2007	2008	2009	2010	2011	2012
\$ 5,805,921	\$ 6,126,295	\$ 6,866,270	\$ 7,328,452	\$ 7,628,222	\$ 7,939,682
7,904,184	7,529,359	8,539,070	9,158,243	9,877,084	10,384,421
<u>\$ 13,710,105</u>	<u>\$ 13,655,654</u>	<u>\$ 15,405,340</u>	<u>\$ 16,486,695</u>	<u>\$ 17,505,306</u>	<u>\$ 18,324,103</u>
\$ 73,645,316	\$ 80,977,543	\$ 84,685,258	\$ 82,087,170	\$ 75,122,914	N/A (6)
8.35%	8.32%	8.48%	8.65%	9.29%	9.67%
19.72%	18.54%	19.02%	19.47%	21.33%	22.32%
\$ 320,503,503	\$ 310,888,609	\$ 280,288,730	231,986,397	N/A (6)	N/A (6)
1.81%	1.97%	2.45%	3.16%	N/A (6)	N/A (6)
4.28%	4.39%	5.50%	7.11%	N/A (6)	N/A (6)
2,896,016	2,896,016	2,896,016	2,695,598	2,695,598	2,695,598
\$ 2,004.80	\$ 2,115.42	\$ 2,370.94	\$ 2,718.67	\$ 2,829.88	\$ 2,945.43
4,734.13	4,715.32	5,319.49	6,116.15	6,494.03	6,797.79

**Table 20**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**Last Ten Years Ended December 31, 2012**  
**(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	
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	315,585	859,045	66
2006	1,422,873	779,168	643,705	210,891 (3)	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
2011	1,767,722	937,233	830,489	166,825	306,916	473,741	175
2012	1,935,020	967,517	967,503	209,298	479,277	688,575	141

**Table 20 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**Last Seven Years Ended December 31, 2012**  
**(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%
2011	544,415	266,916	277,499	44,290	31,796	76,086	365%
2012	487,495	361,783	125,712	43,025	29,136	72,161	174%

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%	
2011 .....	618,871	16,295	25,970	42,265	1464%	
2012 .....	678,018	17,150	39,349	56,499	1200%	

**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, 2012**  
**(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
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	-
2011	7,750,122	125,201	770,312	-	166,787	1,677,851	-
2012	7,939,682	106,241	753,162	-	163,012	1,988,655	-

**NOTES:**

- (1) See Table 13 for Estimated Fair Market Value
- (2) Amounts in Dollars
- (3) 2011 information not available at time of publication.
- (4) 2012 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)
\$ 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	5.45	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	6.06	5,864.80
5,647,115	816,110	1,465,495	1,100,800	19,009,806	8.19	6,564.12
6,481,960	797,769	1,439,185	1,084,224	20,293,411	N/A (3)	7,528.35
6,270,770	750,706	1,383,215	1,334,918	20,690,361	N/A (4)	7,675.61

**Table 22**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL LONG-TERM DEBT (1)**  
**December 31, 2012**

Year Ended Dec. 31,	General Obligation Debt		Sales Tax and Motor Fuel Tax Revenue Bonds		Tax Increment and Special Service Area Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013 ..	\$ 112,131,568	\$ 408,456,294	\$ 18,040,000	\$ 36,140,333	\$ 26,113,905	\$ 5,931,000	\$ 156,285,473	\$ 450,527,627
2014 ..	214,374,425	409,006,102	18,980,000	35,199,715	14,601,762	11,818,797	247,956,187	456,024,614
2015 ..	236,206,371	403,011,719	18,400,000	34,228,549	8,965,000	3,950,522	263,571,371	441,190,790
2016 ..	251,616,761	392,344,156	18,135,000	33,288,259	11,160,000	3,400,094	280,911,761	429,032,509
2017 ..	274,801,947	380,869,546	18,525,000	32,355,449	11,685,000	2,666,019	305,011,947	415,891,014
2018 ..	287,336,972	368,168,883	19,450,000	31,433,920	14,940,000	1,970,857	321,726,972	401,573,660
2019 ..	297,883,700	354,502,723	20,425,000	30,466,309	5,025,000	1,105,663	323,333,700	386,074,695
2020 ..	313,053,918	342,408,943	21,405,000	29,485,165	3,165,000	821,307	337,623,918	372,715,415
2021 ..	316,127,240	327,656,694	22,390,000	28,502,801	3,440,000	598,388	341,957,240	356,757,883
2022 ..	320,008,400	318,419,575	23,405,000	27,429,525	7,145,000	241,144	350,558,400	346,090,244
2023 ..	311,423,319	303,989,267	24,535,000	26,307,210	-	-	335,958,319	330,296,477
2024 ..	305,502,012	289,694,098	25,720,000	25,130,181	-	-	331,222,012	314,824,279
2025 ..	286,728,971	274,123,088	26,965,000	23,895,799	-	-	313,693,971	298,018,887
2026 ..	288,271,163	261,606,450	28,270,000	22,601,359	-	-	316,541,163	284,207,809
2027 ..	283,684,720	242,428,646	27,412,551	23,564,519	-	-	311,097,271	265,993,165
2028 ..	283,884,806	236,214,888	31,000,000	19,951,255	-	-	314,884,806	256,166,143
2029 ..	290,589,515	220,802,410	20,990,799	29,973,720	-	-	311,580,314	250,776,130
2030 ..	327,232,520	210,526,136	23,080,429	27,894,498	-	-	350,312,949	238,420,634
2031 ..	317,928,596	193,450,232	22,076,638	28,912,336	-	-	340,005,234	222,362,568
2032 ..	349,048,762	162,305,401	22,692,868	28,300,155	-	-	371,741,630	190,605,556
2033 ..	322,976,194	144,166,596	23,144,107	27,627,546	-	-	346,120,301	171,794,142
2034 ..	251,437,377	127,168,523	38,945,000	14,174,055	-	-	290,382,377	141,342,578
2035 ..	222,017,607	113,270,499	40,925,000	12,195,050	-	-	262,942,607	125,465,549
2036 ..	204,386,559	101,770,465	43,045,000	10,074,025	-	-	247,431,559	111,844,490
2037 ..	186,007,925	90,971,908	45,275,000	7,843,075	-	-	231,282,925	98,814,983
2038 ..	192,161,380	80,977,910	34,870,000	5,496,500	-	-	227,031,380	86,474,410
2039 ..	230,525,000	40,501,833	36,615,000	3,753,000	-	-	267,140,000	44,254,833
2040 ..	241,285,000	27,525,320	38,445,000	1,922,250	-	-	279,730,000	29,447,570
2041 ..	254,670,000	14,137,846	-	-	-	-	254,670,000	14,137,846
	<u>\$ 7,773,302,728</u>	<u>\$ 6,840,476,151</u>	<u>\$ 753,162,392</u>	<u>\$ 658,146,558</u>	<u>\$ 106,240,667</u>	<u>\$ 32,503,791</u>	<u>\$ 8,632,705,787</u>	<u>\$ 7,531,126,500</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, 2013, 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, 2012. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

**Table 23**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION DEBT (1)**  
**December 31, 2012**

Year Ended Dec. 31,	General Obligation Bonds		Other General Obligation Debt		Totals		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2013 ...	\$ 85,316,568	\$ 387,171,300	\$ 26,815,000	\$ 21,284,994	\$ 112,131,568	\$ 408,456,294	\$ 520,587,862
2014 ...	186,174,425	384,733,913	28,200,000	24,272,189	214,374,425	409,006,102	623,380,527
2015 ...	197,441,371	373,990,834	38,765,000	29,020,885	236,206,371	403,011,719	639,218,090
2016 ...	209,531,761	365,624,247	42,085,000	26,719,909	251,616,761	392,344,156	643,960,917
2017 ...	227,001,947	356,592,455	47,800,000	24,277,091	274,801,947	380,869,546	655,671,493
2018 ...	237,021,972	346,567,691	50,315,000	21,601,192	287,336,972	368,168,883	655,505,855
2019 ...	247,513,700	335,769,448	50,370,000	18,733,275	297,883,700	354,502,723	652,386,423
2020 ...	256,543,918	326,577,110	56,510,000	15,831,833	313,053,918	342,408,943	655,462,861
2021 ...	268,162,240	314,971,991	47,965,000	12,684,703	316,127,240	327,656,694	643,783,934
2022 ...	274,633,400	308,503,658	45,375,000	9,915,917	320,008,400	318,419,575	638,427,975
2023 ...	264,028,319	296,710,034	47,395,000	7,279,236	311,423,319	303,989,270	615,412,589
2024 ...	275,642,012	285,169,576	29,860,000	4,524,522	305,502,012	289,694,098	595,196,110
2025 ...	279,783,971	273,258,901	6,945,000	864,187	286,728,971	274,123,088	560,852,059
2026 ...	280,606,163	261,094,538	7,665,000	511,912	288,271,163	261,606,450	549,877,613
2027 ...	283,009,720	242,308,492	675,000	120,154	283,684,720	242,428,646	526,113,366
2028 ...	283,169,806	236,130,941	715,000	83,947	283,884,806	236,214,888	520,099,694
2029 ...	289,739,515	220,756,816	850,000	45,594	290,589,515	220,802,410	511,391,925
2030 ...	327,232,520	210,526,136	-	-	327,232,520	210,526,136	537,758,656
2031 ...	317,928,596	193,450,232	-	-	317,928,596	193,450,232	511,378,828
2032 ...	349,048,762	162,305,401	-	-	349,048,762	162,305,401	511,354,163
2033 ...	322,976,194	144,166,596	-	-	322,976,194	144,166,596	467,142,790
2034 ...	251,437,377	127,168,523	-	-	251,437,377	127,168,523	378,605,900
2035 ...	222,017,607	113,270,499	-	-	222,017,607	113,270,499	335,288,106
2036 ...	204,386,559	101,770,465	-	-	204,386,559	101,770,465	306,157,024
2037 ...	186,007,925	90,971,908	-	-	186,007,925	90,971,908	276,979,833
2038 ...	192,161,380	80,977,910	-	-	192,161,380	80,977,910	273,139,290
2039 ...	230,525,000	40,501,833	-	-	230,525,000	40,501,833	271,026,833
2040 ...	241,285,000	27,525,320	-	-	241,285,000	27,525,320	268,810,320
2041 ...	254,670,000	14,137,846	-	-	254,670,000	14,137,846	268,807,846
	<u>\$ 7,244,997,728</u>	<u>\$ 6,622,704,614</u>	<u>\$ 528,305,000</u>	<u>\$ 217,771,540</u>	<u>\$ 7,773,302,728</u>	<u>\$ 6,840,476,154</u>	<u>\$ 14,613,778,882</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, 2013, 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, 2012. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

**Table 24**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR PROPRIETARY FUNDS (1)**  
**December 31, 2012**

Year Ended December 31,	Water Revenue Bonds		Wastewater Transmission Revenue Bonds	
	Principal	Interest	Principal	Interest
2013 .....	\$ 42,232,197	\$ 106,632,871	\$ 35,905,111	\$ 64,797,101
2014 .....	43,427,680	105,481,782	37,596,874	63,159,464
2015 .....	44,683,515	104,238,937	39,433,680	61,322,619
2016 .....	53,878,837	102,776,841	41,295,533	59,437,903
2017 .....	55,808,466	100,865,184	43,157,431	57,658,238
2018 .....	57,833,403	98,890,942	45,114,378	55,805,213
2019 .....	65,506,135	91,247,198	40,228,004	60,963,968
2020 .....	68,336,270	88,563,666	39,530,958	61,633,025
2021 .....	76,399,364	80,344,624	40,879,911	60,348,661
2022 .....	79,798,864	77,038,843	42,373,209	58,956,460
2023 .....	83,144,090	73,530,426	43,907,289	57,501,809
2024 .....	87,367,138	69,778,725	55,797,560	46,037,139
2025 .....	88,535,341	65,890,769	39,191,697	62,157,360
2026 .....	78,647,392	61,904,343	40,550,626	60,858,478
2027 .....	81,916,360	57,961,496	41,964,301	59,463,321
2028 .....	94,750,378	53,859,730	48,360,050	38,161,931
2029 .....	98,734,447	49,471,759	50,785,050	35,693,085
2030 .....	99,653,566	44,826,616	53,130,050	33,098,857
2031 .....	70,317,737	40,199,613	55,457,525	30,338,394
2032 .....	62,930,000	36,507,432	57,565,000	27,427,826
2033 .....	66,000,000	32,991,720	60,350,000	24,373,753
2034 .....	69,060,000	29,475,961	63,095,000	21,169,866
2035 .....	72,255,000	25,796,746	65,955,000	17,818,478
2036 .....	75,600,000	21,946,689	59,905,000	14,187,027
2037 .....	69,540,000	17,917,847	62,755,000	10,783,724
2038 .....	72,705,000	14,102,338	53,980,000	7,268,147
2039 .....	59,635,000	9,905,626	44,005,000	4,229,285
2040 .....	62,385,000	6,263,396	15,950,000	1,532,500
2041 .....	23,950,000	2,454,750	16,700,000	785,000
2042 .....	25,145,000	1,257,250	-	-
	<u>\$ 2,030,176,174</u>	<u>\$ 1,672,124,120</u>	<u>\$ 1,334,919,237</u>	<u>\$ 1,156,968,632</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, 2013, 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, 2012. 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,
\$ 185,205,000	\$ 411,324,276	\$ 263,342,308	\$ 582,754,248	\$ 846,096,556	..... 2013
297,070,000	402,469,486	378,094,554	571,110,732	949,205,286	..... 2014
296,935,000	387,977,748	381,052,195	553,539,304	934,591,499	..... 2015
275,505,000	374,550,400	370,679,370	536,765,144	907,444,514	..... 2016
324,050,000	360,808,134	423,015,897	519,331,556	942,347,453	..... 2017
318,470,000	344,811,299	421,417,781	499,507,454	920,925,235	..... 2018
295,125,000	329,032,378	400,859,139	481,243,544	882,102,683	..... 2019
269,010,000	314,296,397	376,877,228	464,493,088	841,370,316	..... 2020
259,805,000	301,767,368	377,084,275	442,460,653	819,544,928	..... 2021
253,260,000	288,519,781	375,432,073	424,515,084	799,947,157	..... 2022
266,470,000	275,352,528	393,521,379	406,384,763	799,906,142	..... 2023
338,200,000	261,499,838	481,364,698	377,315,702	858,680,400	..... 2024
297,120,000	246,758,213	424,847,038	374,806,342	799,653,380	..... 2025
311,375,000	231,308,789	430,573,018	354,071,610	784,644,628	..... 2026
327,420,000	215,579,829	451,300,661	333,004,646	784,305,307	..... 2027
475,865,000	199,332,162	618,975,428	291,353,823	910,329,251	..... 2028
370,020,000	181,914,801	519,539,497	267,079,645	786,619,142	..... 2029
381,000,000	163,538,816	533,783,616	241,464,289	775,247,905	..... 2030
383,005,000	144,471,773	508,780,262	215,009,780	723,790,042	..... 2031
407,415,000	125,382,758	527,910,000	189,318,016	717,228,016	..... 2032
414,365,000	106,350,503	540,715,000	163,715,976	704,430,976	..... 2033
441,885,000	87,709,265	574,040,000	138,355,092	712,395,092	..... 2034
213,230,000	70,464,120	351,440,000	114,079,344	465,519,344	..... 2035
224,535,000	57,714,094	360,040,000	93,847,810	453,887,810	..... 2036
235,600,000	44,279,190	367,895,000	72,980,761	440,875,761	..... 2037
246,350,000	30,481,392	373,035,000	51,851,877	424,886,877	..... 2038
147,345,000	15,609,644	250,985,000	29,744,555	280,729,555	..... 2039
98,440,000	6,395,308	176,775,000	14,191,204	190,966,204	..... 2040
-	-	40,650,000	3,239,750	43,889,750	..... 2041
			1,257,250	1,257,250	..... 2042
<u>\$ 8,354,075,000</u>	<u>\$ 5,979,700,290</u>	<u>\$ 11,694,025,411</u>	<u>\$ 8,808,793,042</u>	<u>\$ 20,502,818,453</u>	

**Table 25**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2012**

Long-term debt is comprised of the following issues at December 31, 2012 (dollars in thousands):

	Original Principal	Outstanding at December 31, 2012
General Long-term Debt:		
General Obligation Debt:		
General Obligation Bonds:		
Refunding Series of 1993 B - 4.25% to 5.125% .....	153,280	67,480
Project and Refunding Series 1995 A-2 - 5.0% to 6.25% .....	220,390	81,645
Tender Bonds 1996 B - Variable Rate (.08% at December 31, 2012) .....	1,500	200
Project and Refunding Series 1998 - 3.85% to 5.5% .....	426,600	42,645
Emergency Telephone System Refunding Series 1999 - 4.5% to 5.5% .....	213,110	124,385
City Colleges of Chicago Capital Improvement Project Series 1999 - 6.0% .....	308,964	188,028
Project Series 2000 A - 4.85% to 6.75% .....	254,293	7,403
Project and Refunding Series 2001 A - 4.0% to 5.65% .....	580,338	82,674
Project and Refunding Series 2002 A - 4.0% to 5.65% .....	169,765	3,240
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	48,700
Project and Refunding Series 2003 B - 4.052% .....	202,500	195,975
Project Series 2003 C and D - 2.0% to 5.25% .....	198,265	33,780
Emergency Telephone System Series 2004 - 3.0% to 6.9% .....	64,665	43,245
Project and Refunding Series 2004 - 1.92% to 5.5% .....	489,455	131,490
Refunding Series 2005 A - 2.5% to 5.0% .....	441,090	304,045
Project and Refunding Series 2005 B and C - 3.5% to 5.0% .....	339,275	299,645
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	73,277
Direct Access Bonds, Series 2006 - 3.5% to 4.4% .....	35,753	30,708
Project and Refunding Series 2006 A and B - 3.5% to 5.375% .....	649,995	577,485
Project and Refunding Series 2007 A and B - 3.75% to 5.462% .....	589,590	546,145
City Colleges of Chicago Capital Improvement Project Series 2007 - 4.0% to 5.0% .....	39,110	35,925
Project and Refunding Series 2007 C and D - 4.0% to 5.44% .....	330,890	298,100
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	466,520
Project and Refunding Series 2008 C through E - 1.0% to 6.05% .....	611,017	605,672
Project and Refunding Series 2009 A through D - 4.0% to 6.257% .....	793,275	793,275
Project Series 2010 B - 7.517% .....	213,555	213,555
Project Series 2010 C-1 - 7.781% .....	299,340	299,340
Project Series 2011 A and B - 4.625% to 6.034% .....	416,345	416,345
Project Series 2012 A and C - 4.0% to 5.432% .....	594,850	594,850
Total General Obligation Bonds .....	<u>\$ 10,116,230</u>	<u>\$ 7,244,917</u>

**Table 25 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2012**

	Original Principal	Outstanding at December 31, 2012
Commercial Paper Notes:		
Commercial Paper Notes - Variable Rate (.23% to .43% at December 31, 2012) .....	\$ 166,460	\$ 166,460
Total Commercial Paper Notes .....	<u>166,460</u>	<u>166,460</u>
 Total General Obligation Bonds and Notes .....	 <u>10,282,690</u>	 <u>7,411,377</u>
General Obligation Certificates and Other Obligations:		
Building Acquisition Certificates (Limited Tax) Series 1997 - 4.4% to 5.4% .....	28,800	11,925
Modern Schools Across Chicago Program - Series 2007 A through K - 3.6% to 5.0% .....	356,005	281,220
Modern Schools Across Chicago Program - Series 2010 A and B - 3.0% to 5.364% .....	150,115	144,160
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>528,305</u>
 Total General Obligation Debt .....	 <u>10,908,610</u>	 <u>7,939,682</u>
Tax Increment Allocation Bonds and Notes:		
Read-Dunning Redevelopment Project Tax Increment - Series 1996 B - 7.25% .....	7,035	1,250
Sanitary Drainage Tax Increment - Series 1997 A - 7.375% to 7.75% .....	5,530	1,090
Lincoln/Belmont/Ashland Tax Increment - Series 1998 - 4.0% to 11.0% .....	12,375	5,695
Irving/Cicero Tax Increment - Series 1998 - 7.0% .....	4,470	875
Near South Tax Increment - Series 1999 A and B - 4.0% to 5.65% .....	50,000	8,120
Near North Tax Increment - Series 1999 A and B - 5.084% to 6.89% .....	55,000	35,600
Neighborhood Improvement Fund Tax Increment Notes - 7.0% to 9.5% .....	17,420	554
Goose Island Redevelopment Tax Increment - Series 2000 - 7.45% .....	16,800	12,195
Near South Tax Increment - Series 2001 A and B - 4.75% to 6.25% .....	46,242	11,982
Pilsen Redevelopment Project - Series 2004 - 4.35% to 6.75% .....	49,520	28,880
Total Tax Increment Allocation Bonds and Notes .....	<u>264,392</u>	<u>106,241</u>
Motor Fuel Tax and Sales Tax Revenue Bonds:		
Motor Fuel Tax Revenue Bonds - Refunding Series 1993 - 4.05% to 6.125% .....	70,175	6,165
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	16,870
Sales Tax Revenue Bonds - Series 2002 - 4.23% .....	116,595	112,755
Sales Tax Revenue Refunding Bonds - Series 2005 - 3.25% to 5.0% .....	142,825	112,550
Sales Tax Revenue Refunding Bonds - Series 2009 - 4.25% to 6.0% .....	90,892	90,892
Sales Tax Revenue Refunding Bonds - Series 2011 - 4.375% to 5.504% .....	232,905	232,905
Total Motor Fuel Tax and Sales Tax Revenue Bonds .....	<u>960,672</u>	<u>753,162</u>
 Total General Long-term Debt .....	 <u>12,133,674</u>	 <u>8,799,085</u>

**Table 25 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2012**

	Original Principal	Outstanding at December 31, 2012
Proprietary Fund Revenue Bonds:		
Water Revenue Bonds:		
Refunding Series 1993 - 4.125% to 6.5% .....	49,880	15,810
Series 1997 - 3.9% to 5.25% .....	277,911	14,019
Series 2000 - 2nd Lien - 3.87% .....	100,000	100,000
Series 2000 - 4.375% to 5.875% .....	156,819	19,153
Series 2001 - 3.0% to 5.75% .....	353,905	80,900
Series 2004 - 2nd Lien - 3.867% .....	500,000	366,150
Series 2006A - 2nd Lien - 4.5% to 5.0% .....	215,400	188,985
Series 2008 - 2nd Lien - 4.0% to 5.25% .....	549,915	485,745
Series 2010 - 2nd Lien - 2.0% to 6.742% .....	313,580	300,355
Series 2012 - 2nd Lien - 4.0% to 5.0% .....	399,445	399,445
Illinois Environmental Protection Agency Loan - 2.905% .....	3,605	1,911
Illinois Environmental Protection Agency Loan - 2.57% .....	2,642	1,799
Illinois Environmental Protection Agency Loan - 1.25% .....	6,000	5,734
Illinois Environmental Protection Agency Loan - 0.00% .....	9,077	8,649
Total Water Revenue Bonds .....	<u>2,938,179</u>	<u>1,988,655</u>
Chicago-O'Hare International Airport Bonds:		
Chicago-O'Hare International Airport Revenue Bonds:		
Refunding Series of 2003 A through C - 3rd Lien - 4.5% to 6.0% .....	986,310	970,410
Series of 2003 D through F - 3rd Lien - 2.125% to 5.5% .....	149,330	129,015
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 (.13 to .14% at December 31, 2012) .....	300,000	240,600
Series of 2006 A through D - 3rd Lien - 4.55% to 5.5% .....	156,150	57,530
Series of 2008 A through D - 3rd Lien - 4.0% to 5.0% .....	779,915	776,235
Series of 2010 A through F - 3rd Lien - 1.75% to 6.845% .....	1,039,985	973,730
Series of 2011 A through C - 3rd Lien - 3.0% to 6.5% .....	1,000,000	1,000,000
Refunding Series of 2012 A through C - 3rd Lien - 1.0% to 5.0% .....	728,895	708,320
Total Chicago-O'Hare International Airport Revenue Bonds .....	<u>6,725,630</u>	<u>6,270,770</u>
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds:		
Refunding Series of 2008 A - 4.0% to 5.0% .....	111,425	70,025
Refunding Series of 2010 A through D - 2.0% to 6.322% .....	137,665	135,810
Refunding Series of 2011 A and B - 5.0% to 6.0% .....	46,005	46,005
Refunding Series of 2012 A and B - 2.5% to 5.0% .....	452,095	448,250
Commercial Paper Notes - Variable Rate (.18% to .23% at December 31, 2012) .....	50,616	50,616
Total Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds .....	<u>797,806</u>	<u>750,706</u>

**Table 25 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2012**

	Original Principal	Outstanding at December 31, 2012
Proprietary Fund Revenue Bonds - Concluded:		
Chicago Midway International Airport Revenue Bonds:		
Series 1996 A and B - 4.8% to 6.5% .....	\$ 254,040	\$ 134,885
Series 1998 A, B and C - 4.3% to 5.5% .....	397,715	369,700
Series 1998 - 2nd Lien A and B - Variable Rate (.15% at December 31, 2012) .....	171,000	132,525
Series 2001 A and B - 5.0% to 5.5% .....	295,855	239,265
Refunding Series 2004 A and B - 2nd Lien - 3.2% to 5.5% .....	77,565	59,945
Series 2004 C and D - 2nd Lien - 4.174% .....	152,150	144,675
Series 2010 A - 2nd Lien - Variable Rate (.20% to .21% at December 31, 2012) .....	80,475	76,575
Series 2010 B through D - 2nd Lien - 3.532% to 7.168% .....	246,540	225,645
Total Chicago Midway International Airport Revenue Bonds .....	<u>1,675,340</u>	<u>1,383,215</u>
Wastewater Transmission Revenue Bonds:		
Refunding Series 1998 A - 4.55% to 5.0% .....	62,423	35,168
Series 2001 - 2nd Lien - 3.5% to 5.5% .....	187,685	65,420
Refunding Series 2004 B - 2nd Lien - 3.0% to 5.25% .....	61,925	41,940
Series 2006 A and B - 2nd Lien - 4.5% to 5.0% .....	155,030	139,240
Series 2008 A - 2nd Lien - 4.0% to 5.5% .....	167,635	157,025
Series 2008 C1 through C3 - 2nd Lien - 3.886% .....	332,230	332,230
Series 2010 - 2nd Lien - 2.0% to 6.9% .....	275,865	272,030
Series 2012 - 2nd Lien - 3.0% to 5.0% .....	276,470	276,470
Illinois Environmental Protection Agency Loan - 2.5% .....	1,546	1,242
Illinois Environmental Protection Agency Loan - 0.00% .....	15,000	14,153
Total Wastewater Transmission Revenue Bonds .....	<u>1,535,809</u>	<u>1,334,918</u>
Total Proprietary Fund Revenue Bonds .....	<u>\$ 13,672,764</u>	<u>\$ 11,728,264</u>

**NOTE:**

The balance outstanding at December 31, 2012 listed above for each year excluded amounts payable January 1, 2013. In addition, the balance outstanding of water revenue bonds at December 31, 2012 excludes payments due on November 1, 2013.

**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>
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	45,957	123,881,597,286
2011 .....	2,695,598	33.2	1,048,222	9.3	45,977	123,935,509,246
2012 .....	2,695,598	33.0	1,030,746	8.9	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 2012, 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 2012 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	2012 (1)			2003 (1)		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
J. P. Morgan Chase Bank, N. A. (2) .....	8,168	1	0.76 %	10,192	1	0.95 %
United Airlines .....	7,521	2	0.70	7,634	2	0.71
Accenture LLP .....	5,590	3	0.52	3,862	6	0.36
Northern Trust Corporation .....	5,448	4	0.51	5,084	4	0.47
Jewel Food Stores, Inc. ....	4,572	5	0.43			
Ford Motor Company .....	4,187	6	0.39			
Bank of America NT & SA .....	3,811	7	0.36			
ABM Janitorial Services - North Central .....	3,398	8	0.32			
American Airlines .....	3,076	9	0.29	4,403	5	0.41
Walgreen's Co. ....	2,789	10	0.26			
CVS Corporation .....						
SBC Ameritech (3) .....				5,240	3	0.49
Target Corporation .....				2,904	7	0.27
Harris Trust & Savings Bank .....				2,684	8	0.25
LaSalle Bank .....				2,668	9	0.25
United Parcel Service .....				2,649	10	0.25

**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 Seven Years (See Note at the End of this Page)**

Function	Budgeted Full Time Equivalent Positions						
	2012	2011	2010	2009	2008	2007	2006
General Government .....	3,856	4,363	4,401	4,419	5,112	5,195	5,214
Public Safety .....	21,040	22,716	22,912	22,954	23,313	23,397	23,345
Streets and Sanitation .....	2,303	2,576	2,605	3,087	3,648	3,609	3,578
Transportation .....	929	980	1,022	718	819	829	862
Health .....	904	991	1,117	1,257	1,535	1,554	1,570
Cultural and Recreational .....	1,153	1,207	1,213	1,318	1,596	1,608	1,620
Business-type Activities .....	3,523	3,615	3,619	3,666	3,898	4,015	4,108
Total .....	<u>33,708</u>	<u>36,448</u>	<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 2013 Budget Overview, 2012 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 Seven Years (See Note at the End of this Page)**

Function/Program	2012	2011	2010	2009	2008	2007	2006
Police							
Physical Arrests .....	145,390	152,740	167,355	181,254	196,621	221,915	227,576
Fire							
Emergency Responses .....	472,752	343,749	343,214	363,519	377,808	402,403	300,971
Refuse Collection							
Refuse Collected (Tons per Day) ....	3,763	3,983	3,931	3,974	4,240	4,320	4,451
Cultural							
Volumes in Library .....	5,691,321	5,790,289	5,769,587	5,743,002	5,721,334	5,891,306	5,700,000
Water							
Average Daily Consumption (Thousand of Gallons) .....	793,274	770,925	773,612	808,551	827,156	860,285	884,970

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

Function	2012	2011	2010	2009	2008	2007	2006
Police Stations .....	25	26	25	25	25	25	25
Fire Stations .....	104	104	103	103	101	102	102
Other Public Works							
Streets ( Miles) .....	4,116	4,091	3,775	3,775	3,775	3,775	3,775
Streetlights .....	279,668	278,788	261,019	259,699	285,989	192,511	190,000
Traffic Signals .....	3,035	2,960	2,960	2,960	2,960	2,727	2,795
Water Mains (Miles) .....	4,349	4,360	4,300	4,300	4,375	4,236	4,230
Sewers Mains (Miles) .....	4,450	4,400	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, 2012**  
**(Amounts are in Thousands of Dollars)**

Associated Bond Issue	Current Notional Amounts	Counterparty Credit Rating Moody's/S&P	Counterparty Entity
	\$ 150,000	A2/A+*	Loop Financial Products III
	50,000	Baa1/A-	Morgan Stanley
GO VRDB (Series 2007EFG).....	200,000 **	Aa3/AA-	Wells Fargo
	155,953	A3/A-	Goldman Sachs
	66,837	A2/A+*	Loop Financial Products III
	100,000 **	Aa1/AA-*	Rice Financial
	61,395 **	A2/A+*	Loop Financial Products III
	61,395 **	A2/A+*	Jefferies & Co
GO VRDB (Series 2005D).....	207,880 **	A2/A	PNC Bank
GO VRDB (Neighborhoods Alive 21 Program, Series 2002B).....	155,025 51,675	Aa3/A+ A3/A	JP Morgan Bank of America
Sales Tax Revenue Refunding Bonds (VRDB Series 2002).....	113,240	Aa3/A+	JP Morgan
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	38,900	A3/A	Bank of America
Chicago Midway International Airport Revenue Bonds (Series 2004C&D ).....	89,100 59,400	A3/A Aa3/AA-	Goldman Sachs Wells Fargo
	232,560	A2/A+*	Loop Financial Products I
Wastewater Transmission Variable Rate Revenue Bonds (Series 2008C).....	49,835 49,835	A3/A Aa3/A+	Bank of America JP Morgan
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	185,780	A2/A	UBS
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	190,520	Aa3/AA-	RBC
Second Lien Water Revenue Refunding Bonds (Series 2000).....	100,000	A2/A	UBS
	149,280	Aa3/AA-	Wells Fargo
	49,760	Aa3/A+	JP Morgan
	49,760 **	Aa3/A+	JP Morgan
	149,280 **	Aa1/AA-*	Rice Financial
GO VRDB (Series 2003B).....	144,750 **	A2/A	PNC Bank
Total.....	<u>\$ 2,912,160</u>		

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

\* Reflects the rating of the credit support provider.

\*\* Reflects Swap overlay agreement.