

# Overview & Analysis of Fiscal Year 2024 Annual Comprehensive Financial Report

*City of Chicago*

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## **Analysis of City of Chicago's FY 2024 Annual Comprehensive Financial Report**

The City of Chicago's Department of Finance prepares and publicly releases an Annual Comprehensive Financial Report (ACFR) each June, as statutorily required, following the close of the prior fiscal year. On June 30, 2025, the City released its [FY 2024 ACFR](#), providing insight into how the City's expenditures and revenues aligned with budgetary expectations for FY 2024 as well as the state of the City's pension funds, capital assets, debt portfolio, and investments, among other components of the City's finances.

The ACFR includes an independent audit of City-prepared financial statements, accompanied by the Management's Discussion and Analysis providing an introduction, overview, and analysis of the statements. The report sheds light on the City's financial management practices – allowing the public to understand how closely actual spending and collections aligned with the adopted budget. While the ACFR for 2024 is not prepared in time to inform the FY 2025 budget discussions, the ACFR is a mechanism for transparency and accountability, informing decision-making for future budgets and financial planning.

The City of Chicago closed out FY 2024 in a net deficit of [\\$29,250.9 million](#). A deficit related to governmental activities, which encompasses the General Fund, is primarily due to lower-than-anticipated revenue related to intergovernmental transfers and lower personal property replacement tax revenues received from the state. Revenues for the General Fund came \$378.7 million under budget, offset by \$217.1 million in expenditure savings, resulting in a [\\$161.6 million](#) year-end deficit for the City's primary operating budget. The General Fund also depleted its unassigned funds – funds that are unallocated to specific functions that can provide the City with financial flexibility.

Despite the deficit, the City noted positive financial signs in FY 2024. To help offset the lower revenues in FY 2024, the City found efficiencies in its General Fund operating expenditures, with most Departments ending the year with lower expenditures than provided for in the annual budget. Business-type activities, or Enterprise Funds whose revenues support operations, ended the year in a positive net position. The City also contributed \$306.6 million in supplemental pension payments, resulting in nearly 2% higher funded rate of its pension funds in FY 2024 compared to the prior year. (The ACFR also notes the City paid its FY 2025 supplemental payments in January 2025 – though the 2025 contribution does not affect the FY 2024 financial standing.)

The ACFR is a lengthy and complex financial document and the City Council's Office of Financial Analysis (COFA) is [required](#) to [provide](#) an annual overview of the report to support and inform decision-making of members of the City Council. The following analysis provides an overview of the ACFR and a detailed analysis of the City's financial position in FY 2024.

## Overview of Financial Statements

The ACFF [presents](#) *government-wide financial statements* – including a statement of net position and the statement of activities. The statement of net position covers all the City's assets, deferred outflows, liabilities, and deferred inflows, and is useful to gauge the City's overall financial position. The statement of activities focuses on how the net position changes each fiscal year; notably, the statement of activities reports changes in the net position as they occur, even if actual cash flows happen in the future (i.e., expenditures reported in the statement of activities will include earned but unused vacation or yet-to-be collected taxes). The statement of activities presents a comparison between direct expenses and program revenues for each function of the City. Both types of statements distinguish between government activities – functions supported by taxes and intergovernmental revenue – and business activities – funds that recover costs via fees and charges. Governmental activities cover functions like general government, public safety, streets and sanitation, transportation, health, and cultural and recreation. These are similar, though reported at a higher level, to the government's functions featured in the annual budget recommendation. (The categories of activities in the [budget](#) include finance and administration; legislative and elections; city development; community service; public safety; regulatory; infrastructure services; and general finance.)

The City also uses fund accounting, incorporating *fund financial statements* in the ACFR. There are three types of funds: governmental, proprietary, and fiduciary. Funds cover “near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year.” Thus, the fund financial statements are useful for informing near-term financing decisions.

- *Governmental funds* reflect functions reported in government-wide activities statement. Government funds include 23 different funds, 8 of which are [categorized](#) as “major.” Notably, the government funds include statements of expenditure, revenue, and other changes to the General Fund – the City's primary operating fund.
- *Proprietary funds* align with what the budget [refers](#) to as Enterprise Funds: the Water Fund, Sewer Fund, Chicago O'Hare International Airport Fund, and Chicago Midway International Airport Fund. The proprietary funds also include the Chicago Skyway Fund.
- *Fiduciary funds* account for resources held for the benefit of parties outside of government – and are not included in the government-wide activity statement because the funds' resources are not available to support City operations. These funds include pension funds and custodial funds.

There are certain discrepancies between government-wide financial statements and fund financial statements [due to the accounting method](#) used. For example, governmental funds report capital outlays as expenditures, while the statement of activities reports these as a depreciation expense. Revenues are only



included in the fund statement if they provide current financial resources. Bond proceeds are included as other financing sources in fund statements, but bonds are debt owed and thus are accounted as long-term liabilities in net position statements. Due to accounting differences, the fund balance for government funds is \$51,098.1 million more than the net position of governmental activities, primarily due to capital assets and long-term debt being recognized in the statement of net position.

While this analysis will cover all aspects of the FY 2024 ACFR, the fund financial statements offer the most insight into Chicago’s future budget negotiations. The General Fund, as the City’s operating fund, is COFA’s primary focus. Specifically, the comparison between the FY 2024 budget and the actual expenditure and collection of revenues is of particular interest. Further, the City may use prior-year surplus funds to fill gaps in the annual budget. In FY 2025, the City plans to [leverage](#) \$139.6 million in estimated prior-year fund balance to balance the annual budget. However, the ACFR reveals a year-end general fund deficit at the close of FY 2024, likely to further amplify the City’s budget gap going into the FY 2026 budget discussions.

## Analysis of FY 2024 ACFR

### *Government-wide Financial Statements*

#### *Net Position Statement*

The net deficit increased in FY 2024, with liabilities and deferred inflows exceeding the City’s assets by \$29,250.9 million. In the [management’s discussion](#), the ACFR notes the net deficit increased “mainly due to a decrease in unrestricted cash and cash equivalents, accounts receivables and due from other governments, and unrestricted investment balances.” Net investment in capital assets (\$4,045.0 million) and for restricted purposes (\$6,580.1 million) were offset by an unrestricted deficit of \$39,875.9 million. Total assets decreased by \$158.9 million – with a \$977.7 million decrease in unrestricted cash and cash equivalents related to a deficit in the General Fund. The City did see a \$659.0 million increase in restricted cash and cash equivalents coming from business-type activities, primarily related to revenue collections from the airports. Total liabilities decreased in FY 2024 by \$488.8 million due to debt refinancing.

**Table 1.** *Summary statement of net (deficit) position, FY 2024 (\$ in millions)*

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
Total assets	\$24,581.2	\$28,238.1	\$52,819.3
Total liabilities & deferred inflows	\$57,021.2	\$25,048.9	\$82,070.1
<b>Total net (deficit) position</b>	<b>(\$32,440.1)</b>	<b>\$3,189.2</b>	<b>(\$29,250.9)</b>

Source: FY2024 ACFR, p.23





**Governmental Activities** ended FY 2024 with a deficit in its unrestricted net position of \$32,440 million. This reflects \$1,607.9 million below the net deficit at the end of FY 2023. (Unrestricted excludes funds specifically restricted to use of a specific purpose or capital asset investments like buildings and roads.) Revenues for all governmental activities in 2024 were \$10,741.7 million. The City [notes](#) its net position deficit is due to lower property tax revenues compared to 2023, the [non-payment](#) by Chicago Public Schools of \$175 million reimbursement for City pension contributions to the Municipal Employees' Annuity and Benefit Fund of Chicago, lower personal property replacement tax revenues received from the state, and global investment market volatility.

**Business-type Activities** ended FY 2024 with an unrestricted net position of \$3,189.2 million, though these funds are dedicated to finance water, sewer, airport, and Skyway activities and cannot be used to help address the deficit seen in Governmental Activities. Revenues for Business-type Activities increased by \$274.2 million in 2024 due to increased airport traffic and increased water and sewer rates.

**Note:** Deficit in the City's net position does not mean the same thing as a deficit in the City's annual budget. The net position statement incorporates long-term commitments – meaning that current resources will not cover long-term expenses incurred by the City, but they may cover near-term costs. As [noted](#) in the ACFR, long-term investments that are accounted against current-level resources include “full amounts needed to finance future liabilities arising from personnel, property, pollution and casualty claims (\$1,365.2 million) and Municipal Employees', Laborers', Policemen's and Firemen's net pension liability and other post-employment benefits (\$35,080.8 million).” These costs are reflected in annual budgets as they come due. The “General Fund” section below discusses the City's alignment with the annual budget for FY 2024.

The ACFR notes approximately 43% of City revenues are derived from taxes outside of property taxes. Property taxes generated \$1,727 million in FY 2024 and funded 16% of governmental activities, though total tax revenue decreased by 5.3% due to decreased revenues from Tax Increment Financing, the ACFR notes. Special area property taxes made up an additional \$1,121 million in revenue. Other primary taxes supporting general revenue include utility, sales, transportation, transaction, and recreation.

### ***Fund Financial Statements***

As noted, the fund financial statements provide useful information related to short-term financial decisions and how resources are intended to be used for specific activities or objectives. Fund balance [provides](#) “information on near-term inflows, outflows, and balances of spendable resources.” Funds [can be](#) non-spendable, restricted, committed, assigned, and unassigned, each with differing levels of constraint with which resources can be spent. Overall, funds [offer insight](#) into what the government has to “ensure stable service delivery, meet future needs, and protect against financial instability.” Unassigned funds are



particularly useful to measure the government's net resources available for spending at the end of the fiscal year. Unassigned funds represent funds that the City can spend without restriction – providing cushion for the City in unanticipated financial downturns affecting revenue or covering budget gaps and unplanned expenditures.

#### *Governmental funds*

The City's governmental funds [reported](#) a combined ending fund balance of \$2,500.0 million in 2024, a decrease of \$627.1 million in comparison with 2023. Of this total, a deficit of \$7,760.6 was unassigned.

The governmental fund featured in the City's financial statements covers the City's primary operating costs and consists of 23 separate funds, 8 of which are considered "major:" the General Fund; the Federal, State and Local Grants Fund; the Special Taxing Areas Fund; the Service Concession and Reserve Fund; the Bonds, Note Redemption and Interest Fund; the Sales Tax Securitization Corporation (STSC) Debt Service Fund; the Community Development and Improvement Projects Fund; and the Pension Fund.

The following table highlights total revenues and expenditures in FY 2024. It also highlights the end-of-year fund balance, which accounts for other financing sources outside of revenues (e.g., transfers-in, issuance of debt, or changes in inventory) and includes the fund balance at the beginning of year. (Amounts reported in governmental activities in statement of activities may differ from governmental funds due to certain accounting and reporting differences.)

**Table 2.** *Major governmental funds, year-end balance, FY 2024 (\$ in thousands)*

<i>Major Governmental Funds</i>	<i>Total Revenues</i>	<i>Total Expenditures</i>	<i>Revenues (Under) Over Expenditures</i>	<i>Fund Balance</i>
General	\$4,506,205	\$4,848,802	(\$342,597)	\$387,678
Federal, State, Local Grants	\$1,418,107	\$1,246,077	\$17,030	(\$710,072)
Special Taxing Areas	\$1,340,142	\$973,867	\$366,275	\$3,383,678
Service Concession & Reserve	\$39,523	--	\$39,523	(\$745,549)
Bond, Note Redemption & Interest	\$344,488	\$1,001,760	(\$657,272)	(\$5,043,579)
STSC Debt Service	\$477,852	\$475,228	\$2,624	\$5,333,132
Community Development & Improvement Projects	\$28,987	\$707,274	(\$678,287)	(\$145,001)
Pension	\$1,708,204	\$2,789,687	(\$1,081,483)	--

Source: FY2024 ACFR, p40-43

As noted, the governmental funds reflect various operating funds for the City. Below, this analysis breaks down certain funds of interest.



## General Fund

As noted, the [general fund](#) is the City’s chief operating fund. The General Fund’s total fund balance was \$387.7 million, with an assigned balance of \$317.3 million. The City depleted its unassigned fund balance. The ACFR [notes](#) the City's General Fund decreased by approximately \$667.2 million during FY 2024 due to the City's use of its prior year assigned fund balance for planned supplemental pension contributions and expenditures exceeding revenues. While the unassigned fund balance was used in FY 2024, that does not include the City’s “rainy day” fund. The City [notes](#) there are additional funds set aside to ensure the City can meet its obligations; including proprietary funds, the City maintains over \$11 billion in cash and investments across all funds.

The ACFR also provides insight into how revenues and expenditure for the general fund vary from the budget passed by the City Council the prior year. The City Council [approved](#) a 2024 General Fund Budget of \$5,805.4 million on November 15, 2023 – however, the City [approved](#) an amended budget April 19, 2024, appropriating an additional \$70 million to support migrant care, bringing the final General Fund Budget to \$5,875.4 million. (The additional appropriated amount for FY 2024 came from prior year assigned and unassigned available resources.) While expenditures were lower than the final FY 2024 budget by \$217.1 million, revenues were \$378.7 million lower than anticipated in the budget, resulting in a \$161.6 million year-end deficit for the City.

According to the Department of Finance, revenue collections were down due to a decrease in anticipated intergovernmental revenues – due to the [non-payment](#) of \$175 million by the Chicago Public Schools for a portion of its MEABF pension contribution by the City – and a decline in Personal Property Replacement Tax revenues from the State (nearly under budget by \$192 million). Other revenues came in lower than anticipated as well, including a decline in transfers-in (\$67 million), fees and fines (\$32 million), and utility taxes (\$18 million). However, the City generated more than 20 times more than anticipated in investment income and saw certain local tax revenue collections increase.

**Table 3. General fund, revenues, FY 2024 (\$ in thousands)**

Revenue Source	Final Budget	Actual	%Variance
Utility Tax	\$ 407,254	\$ 388,895	-4.51%
Sales Tax	\$ 96,052	\$ 103,831	8.10%
Transportation Tax	\$ 403,064	\$ 413,037	2.47%
Recreation Tax	\$ 344,272	\$ 356,325	3.50%
Business Tax	\$ 180,124	\$ 178,690	-0.80%
<b>Total Local Tax Revenue</b>	<b>\$ 2,226,465</b>	<b>\$ 2,293,913</b>	<b>3.03%</b>
State Income Tax	\$ 872,105	\$ 707,348	-18.89%
State Auto Rental Tax	\$ 4,210	\$ 5,313	26.20%

Federal/State Grants	\$ 2,000	\$ 1,143	-42.85%
<b>Total Intergovernmental</b>	<b>\$ 878,315</b>	<b>\$ 713,804</b>	<b>-18.73%</b>
Internal Service	\$ 528,020	\$ 334,841	-36.59%
Licenses and Permits	\$ 115,302	\$ 115,928	0.54%
Fines	\$ 347,876	\$ 315,770	-9.23%
Investment Income	\$ 3,500	\$ 83,806	2,294.46%
Charges for Services	\$ 501,399	\$ 472,646	-5.73%
Municipal Utilities	\$ 7,676	\$ 7,485	-2.49%
Leases, Rentals, Sales	\$ 24,827	\$ 16,742	-32.57%
Miscellaneous	\$ 117,006	\$ 144,627	23.61%
<b>Total Local Non-Tax Revenue</b>	<b>\$ 1,705,606</b>	<b>\$ 1,491,845</b>	<b>-12.53%</b>
Budgeted Prior Year Surplus/Reappropriations	\$ 484,310	\$ 484,310	0.00%
Transfers-In	\$ 580,701	\$ 512,778	-11.70%
<b>Total Revenues</b>	<b>\$ 5,875,397</b>	<b>\$ 5,496,650</b>	<b>-6.45%</b>

Source: FY2024 ACFR, p. 136-138

Though the City ended 2024 in a deficit, with revenues for the year not covering all expenses incurred, the City spent 3% less than budgeted. Though nearly all Departments across government functions saw lower-than-budgeted expenditures, the Chicago Police Department spent almost 12% higher than budgeted. The largest categories of increased spending for the Police were related to personnel services (\$128 million over budget) and to cover litigation and legal fees – doubling the budgeted amount for tort and non-tort judgements and outside counsel and expert expenses to spend \$164 million. While not detailed in the ACFR, data provided by the Office of Budget and Management shows the Chicago Police Department spent \$273 million on overtime pay in 2024.

**Table 4. General fund, expenditures, FY 2024**

Department	Final Budget	Actual	%Variance
Office of the Mayor	\$ 12,343,614	\$ 10,758,247	-12.84%
Office of the Inspector General	\$ 10,467,496	\$ 10,553,762	0.82%
Office of Budget and Management	\$ 3,938,552	\$ 3,858,976	-2.02%
Department of Information Technology	\$ 41,499,558	\$ 34,570,338	-16.70%
City Council	\$ 29,165,238	\$ 28,058,640	-3.79%
City Council Committees (incl. COFA, LRB, Vice Mayor)	\$ 35,926,062	\$ 34,069,774	-5.17%
Department of Housing	\$ 11,135,273	\$ 10,653,239	-4.33%
Office of City Clerk	\$ 6,399,524	\$ 5,654,086	-11.65%
Department of Finance	\$ 75,371,742	\$ 67,139,561	-10.92%
City Treasurer	\$ 3,194,534	\$ 2,992,667	-6.32%

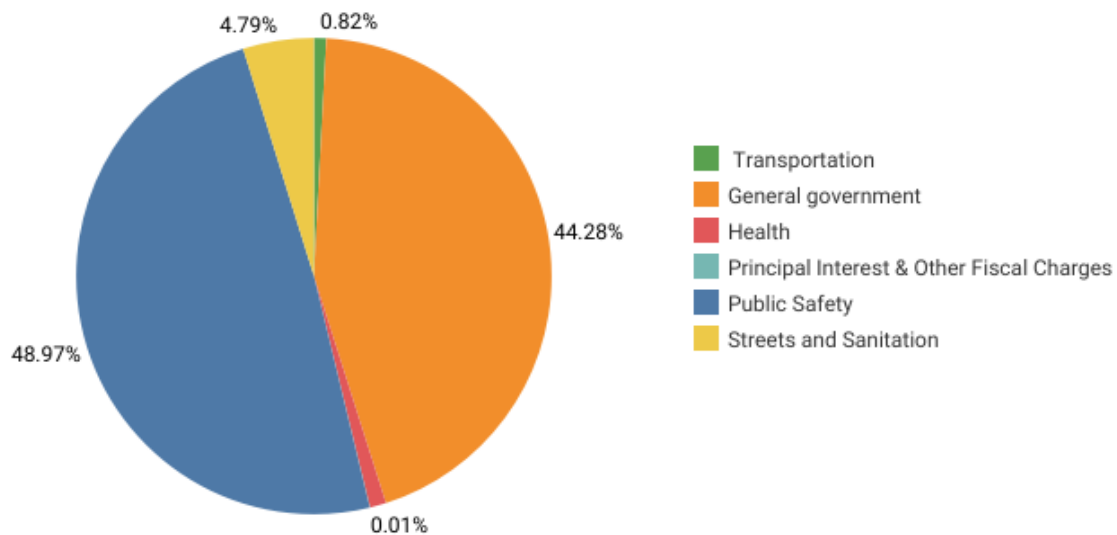


Department of Administrative Hearings	\$ 8,769,092	\$ 7,246,013	-17.37%
Department of Law	\$ 37,029,518	\$ 34,797,633	-6.03%
Department of Human Resources	\$ 11,390,133	\$ 9,758,560	-14.32%
Department of Procurement Services	\$ 11,811,822	\$ 8,580,835	-27.35%
Department of Fleet and Facility Management	\$ 271,447,754	\$ 256,507,145	-5.50%
Board of Election Commissioners (Election and Administration Division)	\$ 34,482,421	\$ 18,891,844	-45.21%
Chicago Commission on Human Relations	\$ 1,378,992	\$ 1,394,882	1.15%
Mayor's Office for People with Disabilities	\$ 3,496,309	\$ 2,861,167	-18.17%
Department of Family and Support Services	\$ 120,250,676	\$ 118,315,575	-1.61%
Department of Planning and Development	\$ 17,125,739	\$ 15,637,432	-8.69%
Chicago Police Board	\$ 601,188	\$ 403,470	-32.89%
License Appeal Commission	\$ 205,653	\$ 164,170	-20.17%
Board of Ethics	\$ 1,019,825	\$ 885,581	-13.16%
Finance General	\$ 2,119,869,511	\$ 1,849,800,282	-12.74%
Department of Health	\$ 76,803,506	\$ 62,537,039	-18.58%
Department of Environment	\$ 1,801,802	\$ 1,146,970	-36.34%
Office of Public Safety Administration	\$ 63,828,777	\$ 55,110,578	-13.66%
Chicago Police Department	\$ 1,739,456,154	\$ 1,943,506,471	11.73%
Office Emergency Management and Communications	\$ 11,812,637	\$ 10,306,088	-12.75%
Chicago Fire Department	\$ 663,819,606	\$ 687,752,106	3.61%
Civilian Office of Police Accountability	\$ 16,756,984	\$ 14,550,247	-13.17%
Community Commission for Public Safety and Accountability	\$ 4,003,410	\$ 2,754,140	-31.21%
Department of Buildings	\$ 32,847,114	\$ 27,912,394	-15.02%
Department of Business Affairs and Consumer Protection	\$ 23,809,071	\$ 22,109,291	-7.14%
Chicago Animal Care and Control	\$ 7,698,109	\$ 6,786,223	-11.85%

Department of Streets and Sanitation	\$ 277,369,729	\$ 271,292,096	-2.19%
Department of Transportation	\$ 49,822,498	\$ 46,663,069	-6.34%
Principal Interest & Other Fiscal Charges	\$ 1,411,615	\$ 350,524	-75.17%
<b>Total General Fund</b>	<b>\$ 5,875,397,000</b>	<b>\$ 5,658,268,475</b>	<b>-3.70%</b>

Source: FY 2024 ACFR, p. 139-155

**Figure 1.** Share of general fund expenditures, by government activity function, FY 2024



Source: FY 2024 ACFR, p. 139-155; \*Cultural and recreation is an additional government activity function, though it is not reported in general fund expenditures; the statement of activities (a different accounting method than fund statements reflected here) notes this function incurred \$158,322,000 in expenditures, signaling this function is funded by sources outside the General Fund.

### Special Revenue Funds

Also included in government funds are special revenue funds. [Special revenue funds](#) are “used to account for revenue from specific taxes and other sources that, by law, are designated to finance particular functions.” Federal, State, and Local Grants are a major government fund, outlined as grant funds in the [FY 2024 budget](#) and considered a special revenue fund in the ACFR. The ACFR includes 11 additional non-major special revenue funds as well.

### *Grant Funds*

The Federal, State, and Local Grants Fund has a total deficit fund balance of \$710.1 million – however, the deficit is \$172.0 million lower than 2023 due to more timely reimbursement of expenditures. Grants supported specific function areas: health, public safety, transportation, aviation, environmental control,



cultural and recreation, human services, and urban development. Grants for general government had a fund balance of \$5.7 million. Human services, transportation, and public safety had the largest deficits, at \$314.7 million, \$233 million, and \$144.3 million, respectively.

### *Non-Major Special Revenue Funds*

The additional special revenue funds outlined in the [FY 2024 budget](#) are grouped in Non-Major Special Revenue Funds in the ACFR. Non-major special revenue funds include the vehicle tax, motor fuel tax and project, Chicago Public Library, and the Cannabis Tax, among others. Total non-major special revenue funds ended FY 2024 with a \$17.3 million fund balance, with revenues exceeding expenditure by \$576.7 million.

### Pensions

The City maintains four pension funds: the Municipal Employees Annuity and Benefit Fund (MEABF), the Laborers' and Retirement Board Employees' Annuity and Benefit Fund (LABF), the Policemen's Annuity and Benefit Fund (PABF), and the Firemen's Annuity and Benefit Fund (FABF). The Pension Fund reported within Governmental Funds represents the revenues and expenditures the City uses to make contributions to these four funds. The ACFR manages and invests these funds through the pension trust funds (covered in "Fiduciary Funds").

In its pension fund, revenues exceeded expenditure by \$27.1 million, with revenues generated by property taxes, investment income, transfers-in, and other revenue sources. The City contributed less than budgeted for the MEABF and LABF and more than budgeted for to the PABF and FABF. In 2023, the City began [contributing](#) supplemental contributions to improve the pension positions – a positive step for the City's overall financial health, as noted by credit rating agencies – with increased funded rates reflecting payments. In 2024, the City contributed \$306.6 million in supplemental payments to the pension funds.

The plan's "[funded ratio](#)" is the pension plan's assets as a percentage of liabilities and signals the fiscal health of a pension fund. Historically, all four funds have consistently had low funding ratios. Chicago ranks among the lowest. Chicago's pension funds are among the [bottom 4](#) of the bottom 10 local plans in the U.S., according to 2022 data. However, ratios have increased year-over-year since 2022.

The ACFR shows Chicago's pension funds had an [aggregate funded ratio](#) of 26.2%, up from 24.8% the previous year, signaling a slight improvement due to supplemental pension payments made since 2023. However, Chicago's pensions remain [severely underfunded](#); [on average](#), state and local pension plans are 80% funded, and [top](#) local plans have ratios over 100% and as high as 112.8%. Credit rating agencies [consider funded ratios](#) among other pension fund characteristics as an indicator of fiscal health, affecting



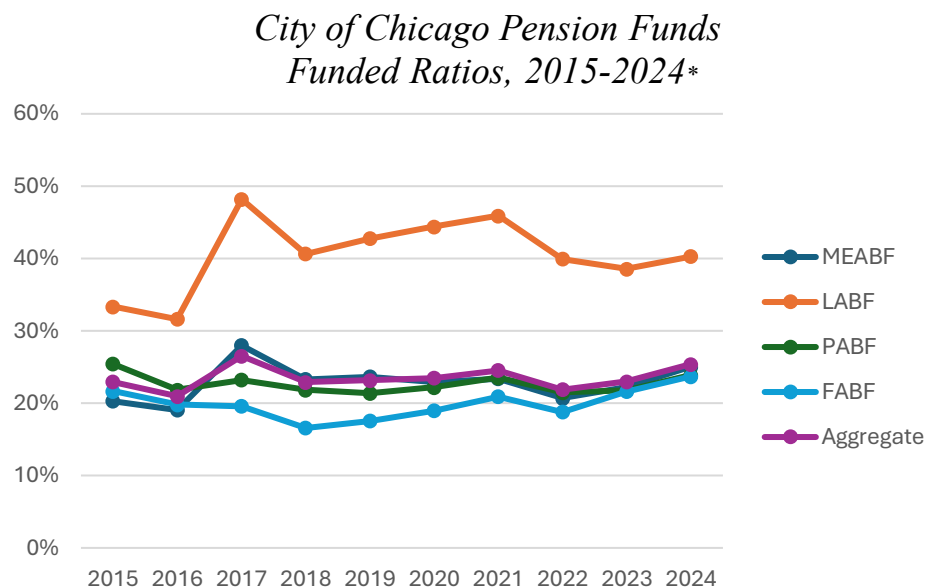
bond ratings and borrowing costs. (Though outside of the fiscal year reported here, the ACFR notes the City made its planned supplemental pension payments to all four pension funds for FY 2025 totaling \$272 million.)

**Table 5.** Pension funds, liabilities and funded ratios, FY 2024 (\$ in thousands)

	MEABF	LABF	PABF	FABF
Net Pension Liability	\$15,147,872	\$1,867,284	\$13,804,580	\$5,713,317
Funded Ratio*	25.03%	40.29%	23.86%	23.70%

\*Value of plan assets as percentage of liabilities; Source: FY2024 ACFR, p. 116-123

**Figure 2.** Pension funded ratios over time



\*Exact aggregate ratio may differ due to rounding in ACFR pension reports; Source: FY 2024 ACFR, p.116-123

**Table 6.** Employees (or beneficiaries) covered by City pension benefits, FY 2024

Employee type	MEABF	LABF	PABF	FABF	Total
Inactive, Receiving Benefits	25,828	3,504	14,794	5,460	49,586
Inactive, Entitled, Not Yet Receiving	26,410	1,406	1,204	159	29,179
Active	38,655	2,735	11,769	4,775	57,934
<b>Total</b>	<b>90,983</b>	<b>7,645</b>	<b>27,767</b>	<b>10,394</b>	<b>136,699</b>

Source: FY2024 ACFR, p. 95

### Proprietary Funds



Also referred to as “Enterprise Funds,” proprietary funds operate similarly to commercial enterprises, charging fees for services to generate revenue for operations. The City maintains five proprietary funds and are all considered major funds for the City. In addition to basic financial statements for each fund, the City publishes a separate financial audit for four of the five funds: [Water Fund](#), [Sewer Fund](#), [Chicago O’Hare International Airport Fund](#), and [Chicago Midway International Airport Fund](#).

**Table 7. Proprietary funds, net position (\$ in thousands)**

<i>Fund</i>	<i>Total Net Position</i>
Water Fund	\$6,642,579
Sewer Fund	\$4,167,212
O'Hare International Airport	\$15,501,768
Midway International Airport	\$1,963,929

Source: FY 2024 Water ACFR p.22; Sewer ACFR p.22; O’Hare ACFR p.24; Midway ACFR p.22

- Water Fund: Revenues increased in FY 2024 by \$35.4 million compared to FY 2023, primarily due to \$42.2 million raised through increased water rates. The significant revenue collection from increased rates was offset by converting non-metered accounts to metered accounts and \$3.9 million decrease in operational revenues.
- Sewer Fund: Revenues increased in FY 2024 by \$16.1 million, primarily due to increased sewer rates.
- O’Hare International Airport Fund: O’Hare Airport’s net position in FY 2024 was \$1,206 million, an increase of \$247.5 million compared to FY 2023, primarily due to increased landing fees and fees to customers from increased flight travel. Total revenues increased by \$185.2 million compared to FY 2023, and operating expenses decreased by \$16.1 million. Expenses reflect a decline in pension expenses and maintenance expenses, though were offset by personnel expenses, including increased salary and wages and professional and engineering expenses due to O’Hare expansion efforts.
- Midway International Airport Fund: Midway ended FY 2024 with a net deficit of \$237.9 million – a decrease of \$53.5 million compared to the fund’s net deficit in FY 2023. Operating revenues decreased by \$7.9 million in FY 2024 compared to FY 2023, due to a \$10.7 million decline in terminal rental and use charges. This was offset by a \$2.9 million revenue increase in rents, concessions, and other revenues sources. Operating expenses decreased.
- Chicago Skway: The Skyway is an [asset lease agreement](#) the City signed in 2005, leasing the tollway to a private company for 99 years. The company paid \$1.83 billion to the City and collects toll revenue from the Skway. The upfront payment was used to refund Skyway bonds (\$446.3 million), with the remainder being amortized into nonoperating revenue for the period of the lease.





This annualized amount (\$18.5 million annually) is incorporated into the annual financial statements.

### *Fiduciary Funds*

Fiduciary funds are resources held for beneficiaries outside of primary government and not reflected in government-wide financial statements because they cannot be used to support City programs. For example, the City is the trustee for its pension funds. As trustee, the City ensures the assets reported in the fiduciary funds are used for the intended purpose.

The City's fiduciary funds include custodial funds, an account for transactions for assets held by the City as agent for various entities, and the pension trust funds, expenditures for employee pensions as provided by employee and employer contributions and investment earnings.

Total assets and total liabilities for custodial funds both equaled \$147.2 million in FY 2024. The total net position restricted for pension benefits was \$12,417.1 million at the end of FY 2024. City's pension trust funds included total assets and deferred outflows of \$13,029.8 million and total liabilities and deferred inflows of \$612.7 million.

### *Capital Assets & Debt*

#### *Capital Assets*

The City reported \$31,298.7 million in capital assets in FY 2024, accounting for land; buildings and system improvements; machinery and equipment; roads, highways and bridges; and property, plant, and equipment. Total capital assets for governmental activities at the end of FY 2024 was \$10,271.4 million, up from \$9,888.5 million at the beginning of the year. Business-like activities had \$21,027.3 million at the end of FY 2024, up from \$20,740.9 million at the beginning of the year.

The ACFR highlights five major capital asset events in FY 2024. The City completed \$552.2 million in infrastructure projects, including street construction and resurfacing (\$271.9 million), street lighting and transit projects (\$192.5 million), and bridge and viaduct reconstruction (\$87.8 million). The Water and Sewer Funds' utility plant investments were \$5,463.8 million and \$3,316.3 million, respectively, and each fund saw completed projects transferred to applicable capital accounts. Midway International Airport had \$19 million in additions related to capital activities in FY 2024, and O'Hare International Airport had \$633.6 million in additions related to property and facilities.

**Table 8.** *Capital assets, net of depreciation, FY 2024 (\$ in millions)*

<i>Asset</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
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Land	\$1,437.9	\$1,040.3	\$2,478.2
Works of Art and Historical Collections	\$52.2	--	\$52.2
Construction in Progress	\$1,586.4	\$2,189.5	\$3,775.9
Buildings and Other Improvements	\$1,555.0	\$17,282.5	\$18,837.5
Machinery and Equipment	\$444.3	\$411.0	\$855.3
Infrastructure	\$4,875.3	--	\$4,875.3
Right of Use – Leases	\$280.4	\$104.0	\$384.4
Right of Use – SBITAs	\$39.9	--	\$39.9
<b>Total</b>	<b>\$10,271.4</b>	<b>\$21,027.3</b>	<b>\$31,298.7</b>

Source: FY 2024 ACFR, p. 31

### Debt

The City issues different types of debt, namely general obligation bonds (GO bonds) and revenue bonds. GO bonds are backed by the full faith and line of credit of Chicago and are paid back through the General Fund, while revenue bonds are paid back through revenue generated from the specific project the bonds are used to finance. GO and revenue bonds finance both governmental activities and business-type activities.

The City also uses the Sales Tax Securitization Corporation (STSC) to issue bonds. The STSC is a special-purpose not-for-profit to provide funding for the City, specifically “funding for capital and infrastructure requirements of the City or to refund any outstanding obligations of the City through the issuance of obligation.”

In FY 2024, the City held \$27,911 million in bond debt, an increase of approximately \$200 million compared to FY 2023.

**Table 9. Total bond debt, FY 2024 (\$ in millions)**

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
General Obligation Bonds	\$5,506.5	--	\$5,506.5
Revenue Bonds	--	\$16,549.3	\$16,549.3
STSC Bonds	\$5,855.6	--	\$5,855.6
<b>Total</b>	<b>\$11,362.1</b>	<b>\$16,549.3</b>	<b>\$27,911.4</b>

Source: FY 2024 ACFR, p. 31

In 2024, the City issued three GO bonds and lines of credit:

- General Obligation Bonds Series 2024A (\$646.6 million)
- General Obligation Refunding Bonds Series 2024B (\$287.2 million)
- General Obligation Lines of Credit (\$340.1 million)



The ratio of annual debt service expenditures for the City's GO debt service-to-total government expenditures indicates the proportion of the City's budget dedicated to debt service. This ratio offers insight to a City's financial health and management of its debt burden – higher ratios [signal](#) lower flexibility for the City to pay down its debts because more operating resources are being committed to a required financial obligation. The City's debt service-to-expenditure ratio has fluctuated over the past decade but remained relatively low. In FY 2024, the GO debt service expenditures-to-governmental expenditures was 8%, down from 10.5% in FY 2023. FY 2022 saw the lowest ratio in the past 10 years at 4.2%, while 2019 had the highest at 12.2%.

The City issued various revenue bonds in FY 2024, including:

- Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2024A (AMT) (\$550.0 million), and Series 2024B (Non-AMT) (\$436.9 million)
- Chicago O'Hare International Airport General Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2024C (AMT) (\$513.8 million), Series 2024D (Non-AMT) (\$834.9 million), Series 2024E (AMT) (\$157.4 million), and Series 2024F (Non-AMT) (\$61.0 million)
- Chicago O'Hare International Airport Revolving Line of Credit (AMT) (\$178.0 million) and (Non-AMT) (\$417.8 million)
- Chicago Midway International Airport Senior Lien Revenue Refunding Bonds, Series 2023C (AMT) (\$381.8 million)
- Chicago Midway International Airport Senior Lien Revenue Refunding Bonds Series 2024A (AMT) (\$71.7 million) and Series 2024B (Non-AMT) (\$7.8 million)
- City of Chicago Second Lien Water Revenue Bonds, Refunding Series 2024A (\$300.2 million)
- Water Infrastructure Finance and Innovation Act (WIFIA) Loans (\$61.2 million)
- City of Chicago Second Lien Wastewater Transmission Bonds, Refunding Series 2024A (\$227.9 million)
- City of Chicago Second Lien Wastewater Transmission Bonds, Refunding Series 2024B (\$138.3 million)

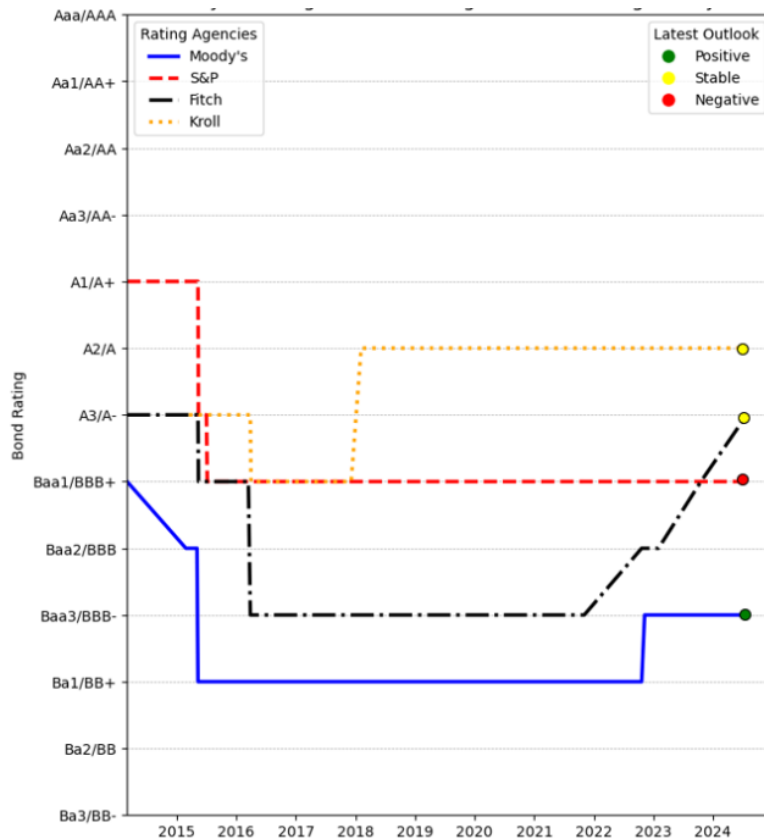
Credit rating agencies regularly [assess](#) debt and assign a rating to reflect the debtor's ability to repay its debt and the likelihood of default. Agencies use a variety of different indicators to assign ratings, and their ratings impact City borrowing costs. The four primary credit rating agencies are Moody's, Standard and Poor's, Fitch, and Kroll. Each assign credit ratings to each of Chicago's major bonds, reflected in Figure 3 below. The historical position of Chicago's GO bonds is reflected in Figure 4.

**Figure 3.** *City's bond credit ratings, by four major credit rating agencies*

<i>Bond</i>	<i>Moody's</i>	<i>Standard &amp; Poor's</i>	<i>Fitch</i>	<i>Kroll</i>
<i>General Obligation</i>				
City of Chicago	Baa3	BBB+	A-	A
<i>Revenue Bonds</i>				
<i>O'Hare Airport</i>				
Senior Lien General Airport Revenue Bonds	A2	A+	A+	A+
Passenger Facility Charge	A2	A+	A	NR
Customer Facility Charge	Baa1	BBB+	NR	NR
<i>Midway Airport</i>				
Senior Lien	A2	A	A	A
<i>Water</i>				
Second Lien	Baa1	A+	A+	AA
<i>Wastewater</i>				
Senior Lien	Baa1	A+		
Second Lien	Baa2	A+	A+	AA-
<i>STSC Bonds</i>				
Senior Lien	NR	AA-	AAA	AAA
Second Lien	NR	AA-	AA-	AA+

Source: FY 2024 ACFR, p.32

**Figure 4. GO Bonds rating, 2014-2024**



Source: COFA graph, bond ratings data; most recent version (summer 2025) available on COFA website

### Property Taxes

The City of Chicago reports collection of \$1,727 million in property tax revenues in FY 2024. In FY 2024, approximately 16% of governmental activities were funded through property taxes.

While taxes for each year become due and payable the following year, ACFR offers further insight into tax levies from 2023. The total net outstanding balance from FY 2023 is \$1,702.6 million – combined with outstanding receivables from prior years, the City has a total of \$1,704.9 million outstanding taxes receivable.

The equalized assessed value (EAV) and the fair market value of all taxable property across the City has increased over the past decade. Total assessed value on residential buildings (six units and under) slightly decreased from the peak in 2021, though remains over \$21 billion. Similarly, 2023 EAV for residential buildings over seven units (and mixed-use buildings) as well as commercial/industrial properties continue to increase, though there is a slight decline since 2021. As property tax levies are based on EAV (among other factors), this trend points to rising property values – and subsequent property tax revenues – in the





Chicago area in coming years. (*Note:* The City of Chicago is not the only government levying property taxes, various other entities overlap, including the Board of Education and the Chicago Park District.)

### **Economic and Financial Factors**

Various external factors influence the City’s ability to achieve the budgetary and financial planning set for the fiscal year. Federal and state policies as well as national economic trends may require the City to adjust plans or spend more money, and City-level trends, like housing and tourism, will impact the City’s ability to raise revenue and direct spending toward unexpected needs. Many economic indicators are interconnected – with inflation and employment impacting housing and tourism, for example.

As noted, an influx of migrants into the Chicago region prompted the City to pass an amended budget in FY 2024, providing \$70 million to support the City’s [New Arrivals Mission](#). Since 2022, conservative border states began sending incoming migrants to the U.S. to cities around the country. By April, when the City voted to allocate additional funding for the Mission, [nearly 39,000 migrants](#) arrived in the City; efforts to shelter and support thousands of new Chicago residents strains City resources (by the end of 2024, over [51,000 migrants](#) had arrived in Chicago). While the height of the arrivals [occurred](#) in 2023, arrivals continued in 2024 and the City saw a need for additional funding “to [provide](#) greater coordination, collaboration, and resources dedicated to the Mission, and continue investments toward building a unified shelter system.”

Broad economic trends, including inflation and the labor market, also affected the City’s finances in 2024. These trends serve as indicators of the City’s economic health, providing insight into costs of living and affordability for City residents. Inflation in Chicago remained relatively steady in 2024, with the year-over-year Consumer Price Index (CPI) [hovering](#) between 3.3% and 4%. While Chicago’s inflation rate dropped significantly since its 9% peak in June of 2022, it was still [above](#) the 2.9% national average. The labor market in the Chicago metropolitan area (including Naperville and Arlington Heights) showed mixed trends in 2024. By December 2024, [nonfarm employment](#) in Chicago-Naperville-Arlington Heights, IL, was 3,835,600, down 1,900 from December 2023. Largest employment declines were in Professional-Business Services (-18,800), Transportation-Warehousing-Utilities (-3,000), Leisure-Hospitality (-2,700), and Construction (-2,500). However, offsetting declining employment numbers were increased jobs in the Private Education-Health Services sector (11,000), Government (8,200), and Other Services (7,600) sectors. Though certain sectors saw job losses in 2024, the Chicago area unemployment rate increased only slightly (.5%) [compared](#) to the same time in the prior year of 3.9%. In January 2024, the [unemployment rate](#) for the Chicago Metropolitan Statistical Area was 5%, fluctuating throughout the year and ending at 4.5%. However, this is still higher than the national average of 4.1% by the end of 2024.



Additional indicators shed light on the local economic environment the City faced in 2024. Housing, for example, impacts residents' ability to remain in the City and spend money – contributing to the City's tax base and generating revenue for City services. In 2024, [housing](#) was the largest component of household budgets; 34% of the average household in Chicago's budget going toward housing compared to 33% of the national average. The housing market stayed stable with the home values increasing slightly, with the [average home value](#) around \$327,000 in 2024, up from \$306,000 in 2023. Mortgage rates [remained](#) high – ranging from 6.6% - 6.8% for 30-year mortgages throughout 2024, peaking at 7.2% in May 2024. This affects the housing market, with many owners holding onto homes that were locked in when rates were low. Compounding low turnover rates for home sales, new construction in Chicago remained well below the historic norms. The average number of [authorized new homes](#) is 10.1 units per 1,000 existing homes – in 2024, Chicago authorized 4.6 homes for every 1,000 existing homes. Demand for residential rentals remained high, with rents in 2024 [increasing](#) slightly compared to 2023 – though still out of reach for many Chicagoans with average monthly rents around \$2,000. In addition, the City's downtown commercial vacancies continue to increase, with a [quarter](#) of downtown offices vacant in 2024. Commercial vacancies further (negatively) impact real estate values downtown and cut into key tax revenue sources.

Tourism is another critical component to Chicago's revenue base, with the City relying on tourists to fly into airports, stay at hotels, and purchase goods and services throughout the City. Chicago's tourism industry continued to recover from the pandemic. In 2024, the City [welcomed](#) over 55 million visitors, up 6.5% from 2023 – though still behind 2019 pre-pandemic levels of 61.58 million visitors. Downtown hotel occupancy rates have continued to grow, with 68% occupancy rates in 2024, but are still not at 2019 levels of 74%. Rebounding tourism rates combined with inflation likely contribute to RevPAR (revenue per available room) levels higher than pre-pandemic levels (\$165/room in 2024 vs \$152/room in 2019). Due to this, total Chicago Hotel Tax Revenue was \$156.96 million in 2024, up from \$140 million in 2023 and higher than \$137 million generated in 2019. Similarly, conventions and business travel are growing at a much slower pace due to hybrid work trends and corporate travel cutbacks.

### **Concluding Commentary**

In conclusion, while the City of Chicago ended FY 2024 with a net deficit, the ACFR also highlights areas of financial resilience and progress. The City's ability to identify expenditure efficiencies, maintain a positive net position in its Enterprise Funds, and continue to make supplemental pension contributions demonstrates a commitment to long-term fiscal responsibility – even amid challenging revenue conditions.

Understanding the City's financial standing through the ACFR is critical not only for ensuring transparency and accountability but also for informing City Council members and the public as they assess fiscal priorities and plan for a more sustainable financial future. COFA's report can serve as a tool in evaluating



how actual financial outcomes compare to budgetary expectations, ultimately strengthening public trust and guiding future financial decision-making.