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# CITY OF CHICAGO

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2014



Rahm Emanuel, Mayor

Carole L. Brown, Chief Financial Officer

Daniel Widawsky, City Comptroller

Prepared by the Department of Finance

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OFFICE OF THE MAYOR  
CITY OF CHICAGO

RAHM EMANUEL  
MAYOR

June 30, 2015

Dear Chicagoans:

Thank you for your interest in the Comprehensive Annual Financial Report (CAFR) of the City of Chicago for the 2014 fiscal year.

In 2014, the City of Chicago took vital steps to continue putting our fiscal house in order. We have reduced our structural deficit for the fourth consecutive year by making city government smaller, smarter and simpler and we have coupled necessary reforms with improved services so city government works better for all Chicago residents.

The best way for us to continue to grow the City's economy is to intensify our efforts to right the city's financial ship. By following a deliberate reform and invest strategy, we have begun the work of ending unsustainable financial practices while continuing to invest in critical areas of education, transportation, and job creation. The products of our work have served to enhance Chicago's position as the consummate place to live, work, and raise a family.

The City made significant progress in 2014, and we will continue our efforts to strengthen Chicago's future by reforming the way city government works, investing in our communities, and maintaining a high level of city services for our residents, all in a fiscally responsible way.

Sincerely,

A handwritten signature in blue ink that reads "Rahm Emanuel".

Mayor

**CITY OF CHICAGO  
THE CITY COUNCIL  
RAHM EMANUEL, Mayor**

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1st Ward .....	JOE MORENO
2nd Ward .....	BRIAN HOPKINS
3rd Ward .....	PAT DOWELL
4th Ward .....	WILLIAM D. BURNS
5th Ward .....	LESLIE A. HAIRSTON
6th Ward .....	RODERICK T. SAWYER
7th Ward .....	GREGORY MITCHELL
8th Ward .....	MICHELLE A. HARRIS
9th Ward .....	ANTHONY BEALE
10th Ward .....	SUSAN SADLOWSKI-GARZA
11th Ward .....	PATRICK D. THOMPSON
12th Ward .....	GEORGE A. CARDENAS
13th Ward .....	MARTY QUINN
14th Ward .....	EDWARD M. BURKE
15th Ward .....	RAYMOND A. LOPEZ
16th Ward .....	TONI L. FOULKES
17th Ward .....	DAVID MOORE
18th Ward .....	DERRICK G. CURTIS
19th Ward .....	MATTHEW J. O'SHEA
20th Ward .....	WILLIE B. COCHRAN
21st Ward .....	HOWARD BROOKINS, JR.
22nd Ward .....	RICARDO MUÑOZ
23rd Ward .....	MICHAEL R. ZALEWSKI
24th Ward .....	MICHAEL W. SCOTT, JR.
25th Ward .....	DANIEL S. SOLIS
26th Ward .....	ROBERTO MALDONADO
27th Ward .....	WALTER BURNETT, JR.
28th Ward .....	JASON C. ERVIN
29th Ward .....	CHRIS TALIAFERRO
30th Ward .....	ARIEL E. REBOYRAS
31st Ward .....	MILLY SANTIAGO
32nd Ward .....	SCOTT WAGUESPACK
33rd Ward .....	DEBORAH MELL
34th Ward .....	CARRIE M. AUSTIN
35th Ward .....	CARLOS RAMIREZ-ROSA
36th Ward .....	GILBERT VILLEGAS
37th Ward .....	EMMA MITTS
38th Ward .....	NICHOLAS SPOSATO
39th Ward .....	MARGARET LAURINO
40th Ward .....	PATRICK J. O'CONNOR
41st Ward .....	ANTHONY NAPOLITANO
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

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE CITY OF CHICAGO**

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**PART I**  
**INTRODUCTORY SECTION**



DEPARTMENT OF FINANCE  
CITY OF CHICAGO

June 30, 2015

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, 2014. 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 unmodified 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, according to the 2010 census, serves a population of greater than 2.6 million. The City is a “home rule” unit of local government under Illinois law and is governed by an elected mayor and city council. The Mayor, the Chief Executive Officer of the City, is elected by general election. The City Council, the City’s legislative body 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. City employees are covered by one of four pension plans that are responsible for providing certain pension benefits and that receive funding from the City. These four plans include 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 all of the City’s funds, including the general fund and certain special revenue funds. Prior to October 15, the Mayor submits a proposed budget of expenditures and the means of financing them to the City Council for the next year. The City Council is required to hold at least one public hearing regarding the proposed budget, and the budget recommendation must be made available for public inspection at least ten days prior to the passage of the annual appropriation ordinance which must be enacted no later than December 31. 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, with no single sector employing more than 14 percent of the City’s workforce. This diversity provides fiscal stability from mature industries in business and financial services, manufacturing, transportation and warehousing, education and healthcare, and enables the City to promote the growth of emerging industries in technology, tourism, biotech and life sciences. More than 400 major corporate headquarters are in the Chicago metropolitan area, including 31 in the Fortune 500. Long-standing components of the local economy, such as derivatives trading, remain strong - Chicago accounts for nearly one quarter (22%) of the world’s global derivatives trading market; double that of New York (11%) and more than all of the exchanges in Europe combined (20%). Meanwhile, new sectors continuously emerge with an average of 275 new digital startups launching each year since 2011. A record high amount of venture capital - \$1.6 billion – was invested in Chicago startups in 2014 and \$8 billion in acquisitions and IPOs were completed in 2014.

Chicago has long been a center for international business and is currently home to over 1,800 foreign-based companies in the metropolitan area with over \$100 billion in foreign direct investment. In 2014, Chicago was recognized as a top 5 Global Destination City for business. Chicago-based companies, in turn, have a strong international presence, with over 8,000 locations across more than 170 countries and territories.

Business investment and expansion in Chicago continue to grow. Throughout 2014, monthly employment grew and unemployment declined in Chicago, as business expansions across Chicago led to approximately 20,000 new and retained jobs. In fact, more than 600 major business expansions (representing \$6.8 billion in economic development) were announced, commenced, or completed throughout the metropolitan area in 2014, helping Chicago earn the “Top Metro” ranking in the U.S. for the second year in a row. Companies such as Coyote Logistics, Meade Electric, and PECO Pallet expanded in Chicago, helping to bring nearly \$3.0 billion in new investment to the City in 2014.

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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, restaurants and more. Tourism, business and convention travel to Chicago reached record levels in 2014, with over 50 million visitors to the City, an increase of 6.8% over 2013. 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 of Chicago 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, it 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 its reserves, pensions, 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.

**2014 Budget and Major Initiatives.** In 2014, the City built on the structural reforms and efficiencies put into place in previous budgets; made significant investments in the health, safety, and education of the children of Chicago; encouraged job creation and economic development; and continued to improve and increase City services. The City saved funds by instituting healthcare plan changes, reducing the amount of leased office space, and fully transitioning to a grid system for garbage collection. The City continued to invest in infrastructure, replaced 85 miles of water mains and 21 miles of sewer mains and lined 55 miles of sewers and 14,000 structures, including manholes and catch basins. Additionally, 15,000 meters were installed as part of the MeterSave program and construction continued on major pumping station improvements. The City provided funding to improve the transit system with the construction of the Loop Link Bus Rapid Transit route and improvements to the Roosevelt Road Intermodal Transfer Station, the Your New Blue - Blue Line Modernization, and the 18<sup>th</sup> Street connector. Additionally, the City provided funding to help families, with a pilot program to pay out the Earned Income Tax Credit in advanced quarterly payments and an investment in Family Net Centers, which are neighborhood technology training centers open to all residents. Finally, the 2014 Budget made key investments in programs for children, including expanding after school opportunities, summer jobs, digital training at libraries, and vision programs for Chicago Public School students.

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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 CAFR for fiscal year 2013. This was the twenty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current CAFR continues to meet the GFOA Certificate of Achievement program's requirements, and it has been submitted for consideration for this year's award.

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,



Carole L. Brown

Daniel Widawsky

Chief Financial Officer

City Comptroller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

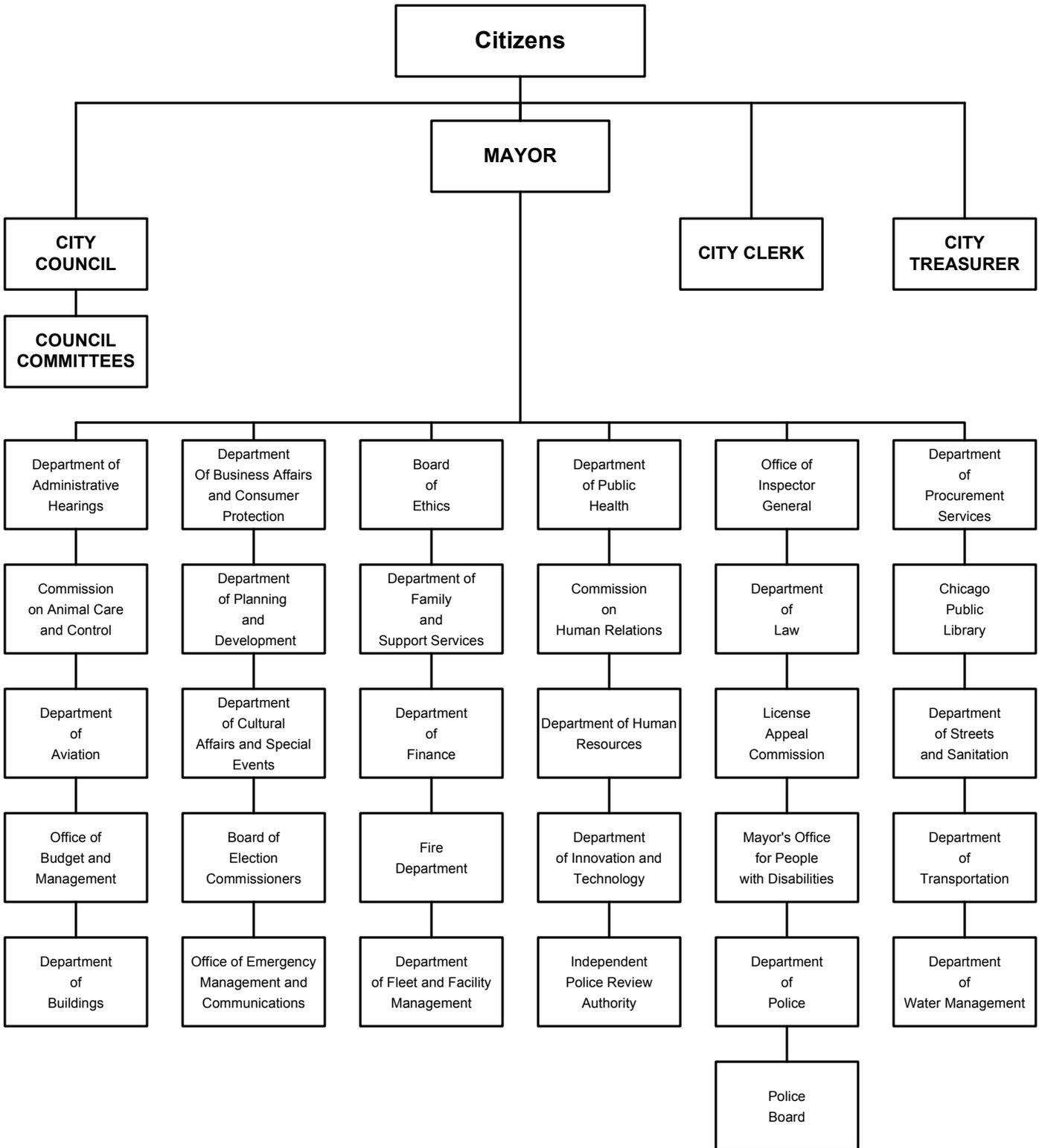
**City of Chicago  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO

**CITY OF CHICAGO  
ORGANIZATION CHART  
AS OF 12/31/2014**



**PART II**

**FINANCIAL SECTION**

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

## INDEPENDENT AUDITORS' REPORT

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

### 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, 2014, 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 presentation of the financial statements.

We believe that the audit evidence we 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, 2014, 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*

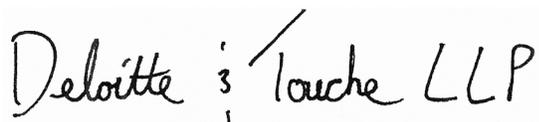
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Other Postemployment Benefits Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Fund Statements, Individual Fund 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 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 reports of the other auditors, the Combining and Individual Fund Statements are 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 30, 2015

### 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, 2014. 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.

#### 2014 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 \$6,536.3 million (*net deficit*). The net deficit is composed of \$2,742.5 million in net investment in capital assets and \$2,471.0 million in net position restricted for specific purposes offset by an unrestricted deficit of \$11,749.8 million. The net deficit increased in 2014 by \$1,165.2 million primarily as of result of increased pension costs.
- The City's total assets increased by \$1,347.4 million. The increase primarily relates to a \$897.8 million increase in capital assets as a result of the City's capital improvement program, and an increase in cash and cash equivalents and investments of \$548.0 million, primarily as a result of an increase in charges for services, improved collection of receivables, and proceeds from financing to fund capital projects.
- Revenues and Other Financing Sources, in the fund financial statements, available for general governmental operations during 2014 were \$6,769.4 million, an increase of \$806.9 million (13.5 percent) from 2013, primarily due to the issuance of General Obligation and Motor Fuel tax bonds.
- The General Fund ended 2014 with a total Fund Balance of \$141.3 million, of which \$51.6 million was Unassigned. Total Fund Balance decreased from 2013 primarily because Revenues and Other Financing Sources were less than Expenditures and Other Financing Uses by \$25.5 million.
- The City's general obligation bonds and notes outstanding increased by \$605.3 million during the current fiscal year. The proceeds from the issuance of General Obligation were used to finance the City's capital plan and certain operating expenses.
- The General Fund expenditures on a budgetary basis were \$28.9 million less than budgeted as a result of favorable variances in general government expenditures, offset by unfavorable variances in public safety primarily as a result of higher than expected personnel related 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.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

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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 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. 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, Skyway, and two airports operations.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

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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.

**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 \$6,536.3 million at December 31, 2014. Of this amount, \$2,742.5 million represents the City's 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.

An additional portion of the City's net position, \$2,471.0 million, represents resources that are subject to external restrictions on how they may be used.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets .....	\$ 5,254.5	\$ 5,311.5	\$ 4,734.1	\$ 4,227.5	\$ 9,988.6	\$ 9,539.0
Capital assets .....	8,281.2	7,993.6	13,822.5	13,212.3	22,103.7	21,205.9
Total Assets .....	13,535.7	13,305.1	18,556.6	17,439.8	32,092.3	30,744.9
Deferred outflows .....	281.5	266.1	320.9	274.1	602.4	540.2
Total .....	13,817.2	13,571.2	18,877.5	17,713.9	32,694.7	31,285.1
Long-term liabilities outstanding .....	19,516.8	18,069.6	13,602.6	13,094.8	33,119.4	31,164.4
Other liabilities .....	1,767.4	1,326.6	1,122.7	904.3	2,890.1	2,230.9
Total Liabilities .....	21,284.2	19,396.2	14,725.3	13,999.1	36,009.5	33,395.3
Deferred Inflows .....	1,576.3	1,597.3	1,645.2	1,663.6	3,221.5	3,260.9
Net Position:						
Net investment in capital assets .....	28.7	(242.8)	2,713.8	2,446.2	2,742.5	2,203.4
Restricted .....	1,492.0	1,940.9	979.0	883.8	2,471.0	2,824.7
Unrestricted .....	(10,564.0)	(9,120.4)	(1,185.8)	(1,278.8)	(11,749.8)	(10,399.2)
Total net (deficit) position .....	<u>\$ (9,043.3)</u>	<u>\$ (7,422.3)</u>	<u>\$ 2,507.0</u>	<u>\$ 2,051.2</u>	<u>\$ (6,536.3)</u>	<u>\$ (5,371.1)</u>

**Governmental Activities.** Net position of the City's governmental activities decreased \$1,621.0 million to a deficit of \$9,043.3 million, primarily as a result of increased pension costs. A significant portion of net position is either restricted as to the purpose they can be used for or they are classified as net investment in capital assets (buildings, roads, bridges, etc.). Consequently, unrestricted net position showed a \$10,564.0 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 (\$900.6 million) and Municipal employees, Laborers', Policemen's and Firemen's net pension obligation and other post-employment benefits (\$8,884.3 million). The City will include these amounts in future years' budgets as they come due. In addition, the remaining deferred inflow of \$1,576.3 million from concession service agreements will be amortized into income over the life of such agreements.

Revenues for all governmental activities in 2014 were \$5,729.1 million, an increase of \$172.8 million from 2013. Over half of the City's revenues derived from taxes which increased by \$98.8 million (3.2 percent). Total tax revenue includes an increase in property taxes received of \$20.1 million (2.2 percent).

Expenses for governmental activities in 2014 were \$7,350.1 million, an increase of \$269.2 million (3.8 percent) over 2013. The amount that taxpayers paid for these governmental activities through City taxes was \$3,191.6 million. Some of the cost was paid by those who directly benefited from the programs (\$819.2 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$720.6 million).

The City paid \$997.7 million for the "public benefit" portion with other revenues such as state aid, interest and miscellaneous income.

Although total net position of business-types activities was \$2,507.0 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, Skyway, and airports activities.

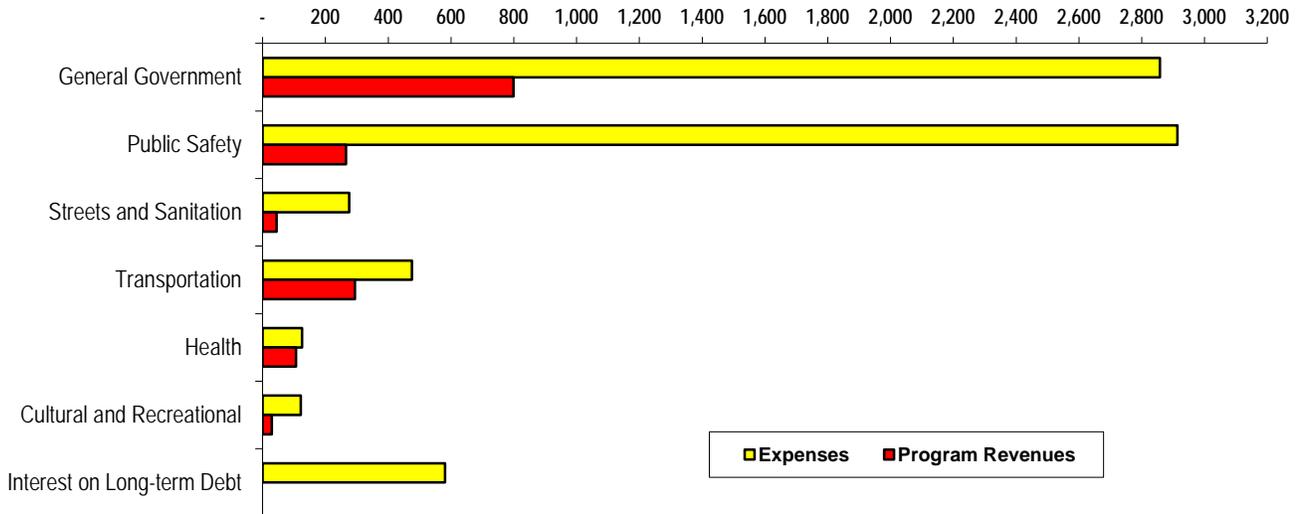
**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

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

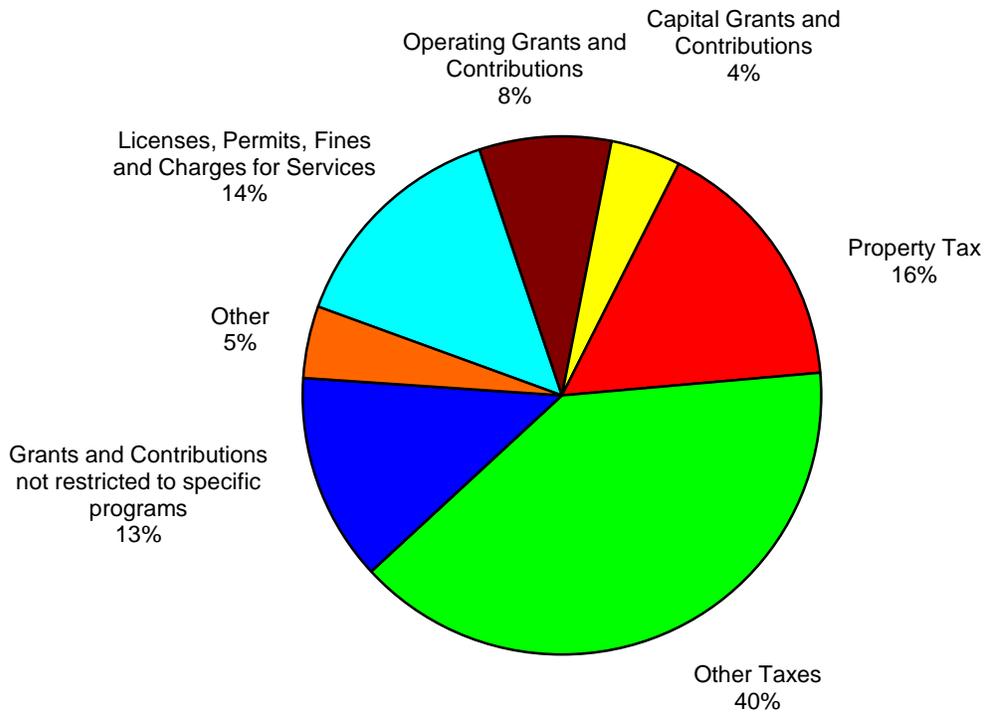
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Licenses, Permits, Fines and Charges for Services .....	\$ 819.2	\$ 773.4	\$ 2,244.1	\$ 2,021.3	\$ 3,063.3	\$ 2,794.7
Operating Grants and Contributions .....	470.7	634.4	-	-	470.7	634.4
Capital Grants and Contributions .....	249.9	184.4	95.6	213.0	345.5	397.4
General Revenues:						
Property Taxes .....	926.8	906.7	-	-	926.8	906.7
Other Taxes .....	2,264.8	2,186.1	-	-	2,264.8	2,186.1
Grants and Contributions not Restricted to Specific Programs .....	740.9	754.7	-	-	740.9	754.7
Other .....	256.8	116.6	85.3	34.1	342.1	150.7
Total Revenues .....	<u>5,729.1</u>	<u>5,556.3</u>	<u>2,425.0</u>	<u>2,268.4</u>	<u>8,154.1</u>	<u>7,824.7</u>
Expenses:						
General Government .....	2,857.7	2,667.2	-	-	2,857.7	2,667.2
Public Safety .....	2,913.5	3,044.8	-	-	2,913.5	3,044.8
Streets and Sanitation .....	275.8	242.5	-	-	275.8	242.5
Transportation .....	475.8	400.5	-	-	475.8	400.5
Health .....	125.1	119.7	-	-	125.1	119.7
Cultural and Recreational .....	121.5	128.3	-	-	121.5	128.3
Interest on Long-term Debt .....	580.7	477.9	-	-	580.7	477.9
Water .....	-	-	455.4	442.5	455.4	442.5
Sewer .....	-	-	225.6	216.6	225.6	216.6
Midway International Airport .....	-	-	248.2	241.1	248.2	241.1
Chicago-O'Hare International Airport .....	-	-	1,029.7	920.8	1,029.7	920.8
Chicago Skyway .....	-	-	10.3	10.6	10.3	10.6
Total Expenses .....	<u>7,350.1</u>	<u>7,080.9</u>	<u>1,969.2</u>	<u>1,831.6</u>	<u>9,319.3</u>	<u>8,912.5</u>
Change in Net Position .....	(1,621.0)	(1,524.6)	455.8	436.8	(1,165.2)	(1,087.8)
Net (Deficit) Position, Beginning of Year	<u>(7,422.3)</u>	<u>(5,897.7)</u>	<u>2,051.2</u>	<u>1,614.4</u>	<u>(5,371.1)</u>	<u>(4,283.3)</u>
Net (Deficit) Position, End of Year .....	<u>\$ (9,043.3)</u>	<u>\$ (7,422.3)</u>	<u>\$ 2,507.0</u>	<u>\$ 2,051.2</u>	<u>\$ (6,536.3)</u>	<u>\$ (5,371.1)</u>

**CITY OF CHICAGO, ILLINOIS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2014**

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



**Revenues by Source - Governmental Activities**



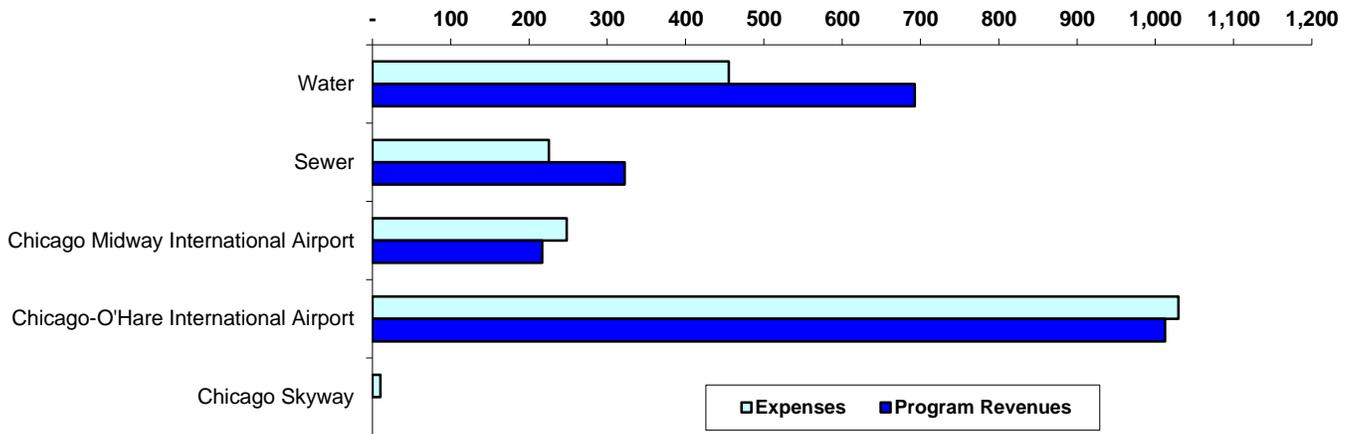
**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

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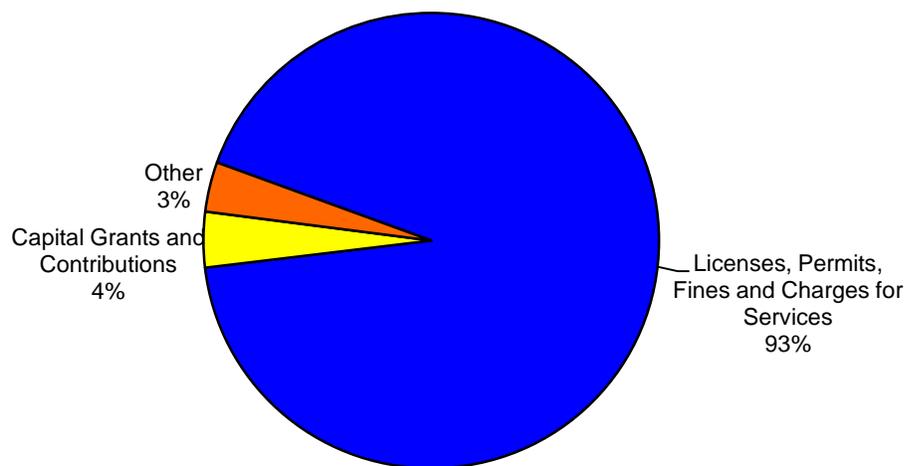
**Business-type Activities.** Total Revenues of the City's business-type activities increased by \$156.6 million in 2014 mostly from an increase in the charges for services and rental income, offset by a decrease in capital grant funding.

- The Water Fund's operating revenues increased by \$80.9 million (13.2%) from 2013 due to a 15% increase in water rates, offset by the conversion of 20,256 accounts from nonmetered to metered. Operating expenses before depreciation and amortization for the year ended 2014 increased by \$23.5 million (8.6%) from the year ended 2013 mainly due to increases in transmission and distribution expenses of \$14.2 million and central services of \$10.5 million; offset by a decrease in purification costs of \$2.3 million.
- The Sewer Fund's operating revenues increased in 2014 by \$42.5 million (15.2%) primarily due to an increase in sewer rates. Operating expenses before depreciation and amortization for 2014 increased \$9.9 million (9.1%) from the year ended 2013 due to an increase in repairs, general fund reimbursements, maintenance and administrative and general.
- Chicago Midway International Airport's operating revenues for 2014 decreased by \$4.9 million (2.8%) from 2013 primarily due to lower landing fees, and terminal area use charges. Concessions were by \$1.7 million higher than last year due to an increase in auto parking. Total operating expenses before depreciation and amortization were \$8.5 million (7.0%) higher than last year, due to increases in repairs and maintenance, professional and engineering fees, and salaries and wages of \$4.6 million, \$4.1 million, and \$3.8 million, respectively. These increases are offset by a decrease of \$4.0 million in other operating expenses.
- Chicago O'Hare International Airport's operating revenues for 2014 increased by \$126.8 million (17.7%) compared to 2013 primarily due to increased landing fees and terminal area use charges. Operating expenses before depreciation, amortization and capital asset impairment costs increased by \$68.9 million (16.2%) compared to 2013 primarily due to increases in repairs and maintenance, salaries and wages, other operating expenses and professional and engineering fees of \$25.4 million, \$20.8 million, and \$15.7 million, and \$7.0 million, respectively.
- The Chicago Skyway was leased for 99 years to a private company. The agreement granted the company the right 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 nonoperating 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, 2014**

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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, 2014, the City's governmental funds reported combined ending fund balances of \$823.3 million, a decrease of \$403.3 million in comparison with the prior year. Of this total amount \$696.1 million was committed to specific expenditures, \$65.2 million was assigned to anticipated uses, a deficit of \$1,791.9 million was unassigned, \$1,829.4 million was restricted in use by legislation, and \$24.5 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 \$51.6 million with a total fund balance of \$141.3 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 4.4 percent of total General Fund expenditures. The fund balance of the City's General Fund decreased by approximately \$25.8 million during the current fiscal year mainly due to an increase in personnel expenditures in public safety. The General Fund also provided \$5.0 million to the Service Concession and Reserve Fund as appropriated for in the 2014 Budget.

The Federal, State and Local Grants Fund has a total deficit fund balance of \$225.0 million. The deficit is \$61.4 million lower than 2013 primarily due to more timely reimbursement of expenditures.

The Special Taxing Areas Fund has a total fund balance of \$1,327.0 million, which is all restricted to specific expenditures.

The Service Concession and Reserve Fund accounts for deferred inflows from nonbusiness type long-term concession and lease transactions and has \$620.9 million committed to specific expenditures. The unassigned deficit of \$1,576.3 million results from the deferred inflows from long-term asset leases.

The Bond, Note Redemption and Interest Fund has a total fund balance of \$26.9 million. This is \$223.9 million lower than 2013 due to reclassification of long-term debt to short term debt during 2014. For more information, please refer to Note 9 to the basic financial statements.

The Community Development and Improvement Projects Fund has a total fund balance of \$347.7 million. This is \$15.9 million lower than 2013 due to increased capital improvement efforts.

**Changes in fund balance.** The fund balance for the City's governmental funds decreased by \$403.3 million in 2014. This includes a decrease in inventory of \$0.3 million.

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

Unrestricted net 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 \$1,185.8 million. The unrestricted net position deficit decreased by \$93.0 million due to an increase in the unrestricted assets in the Water Fund and Sewer Fund. Other factors concerning the finances of these five funds have already been addressed in the discussion of the City's business-type activities.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

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**General Fund Budgetary Highlights**

The City's 2014 Original General Fund Budget was \$3,290.2 million. This budget reflects an increase of \$131.2 million (4.2 percent) over the 2013 Budget. On November 26, 2013 the City's 2014 General Fund Budget was approved by the City Council. The General Fund revenues on a budgetary basis were \$28.9 million less than the final budget as a result of lower collection of fines, state income tax, internal service, and licenses and permits revenue offset by higher than expected taxes. Expenditures were \$28.9 million less than budgeted as a result of favorable variances in general government expenditures, offset by 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.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's capital assets for its governmental and business-type activities as of December 31, 2014 amount to \$22,103.7 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 2014 totaled \$28.5 million including; Albany Park Branch Library totaling \$11.9 million and Harold Washington Library totaling \$7.7 million.
- During 2014, \$14.5 million of Architectural Plans and Landscape Drawings (Manuscripts) were donated to the City of Chicago. This was recorded as a donated capital asset addition in Works of Art and Historical Collections.
- During 2014, the City completed \$271.4 million in infrastructure projects including \$141.0 million in street construction and resurfacing projects, \$96.7 million in bridge and viaduct reconstruction projects, and \$33.7 million in street lighting and transit projects. At year end, Infrastructure projects still in process had expenses totaling nearly \$511.2 million.
- At the end of 2014, the Water Fund had \$3,482.2 million invested in utility plant, net of accumulated depreciation. During 2014, the Water Fund expended \$364.8 million on capital activities. This included \$16.4 million for structures and improvements, \$62.0 million for distribution plant, \$4.0 million for equipment, and \$282.4 million for construction in progress.
- During 2014, net completed projects totaling \$137.6 million were transferred from construction in progress to applicable capital accounts. The major completed projects relate to installation and replacements of water mains (\$109.4 million), and Jardine Water Purification plant's east building filter roof replacement and structural repair (\$26.3 million).
- At the end of 2014, the Sewer Fund had \$2,025.2 million invested in utility plant, net of accumulated depreciation. During 2014, the Sewer Fund had capital additions being depreciated of \$210.4 million, and completed projects totaling \$16.3 million were transferred from construction in progress to applicable facilities and structures capital accounts. The 2014 Sewer Main Replacement Program completed 21.1 miles of sewer mains and 59.0 miles of relining of existing sewer mains at a cost of \$210.4 million.
- At the end of 2014, Chicago-Midway International Airport totaled \$1,172.3 million, invested in net capital assets. During 2014, the Airport had additions of \$48.4 million related to capital activities. This included \$1.0 million for land acquisition and the balance of \$47.4 million for construction projects relating to terminal improvements, runway rehabilitation and parking improvements.
- At the end of 2014, Chicago-O'Hare International Airport totaled \$6.9 billion, invested in net capital assets. During 2014, the Airport had additions of \$346.7 million related to capital activities. This included \$1.0 million for land acquisition and the balance of \$345.6 million for terminal improvements, road and sidewalk

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

enhancements, runway and taxiway improvements. During 2014, completed projects totaling \$438.8 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway and taxiway improvements, road and sidewalk enhancements and terminal improvements.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land .....	\$ 1,392.8	\$ 1,392.6	\$ 1,018.7	\$ 1,016.6	\$ 2,411.5	\$ 2,409.2
Works of Art and Historical Collections .....	45.2	30.8	-	-	45.2	30.8
Construction in Progress .....	545.5	260.2	1,256.3	1,207.8	1,801.8	1,468.0
Buildings and Other Improvements .....	1,630.2	1,668.0	11,227.0	10,651.6	12,857.2	12,319.6
Machinery and Equipment .....	235.3	225.8	320.5	336.3	555.8	562.1
Infrastructure .....	4,432.2	4,416.2	-	-	4,432.2	4,416.2
<b>Total .....</b>	<b>\$ 8,281.2</b>	<b>\$ 7,993.6</b>	<b>\$ 13,822.5</b>	<b>\$ 13,212.3</b>	<b>\$ 22,103.7</b>	<b>\$ 21,205.9</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 \$7,860.4 million in General Obligation Bonds and \$475.1 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$189.7 million in Motor Fuel Tax Revenue Bonds; \$554.1 million of Sales Tax Revenue Bonds; \$74.4 million in Tax Increment Financing Bonds; and \$13,071.6 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	
	2014	2013	2014	2013	2014	2013
General Obligation .....	\$ 8,335.5	\$ 7,730.2	\$ -	\$ -	\$ 8,335.5	\$ 7,730.2
Tax Increment .....	74.4	88.4	-	-	74.4	88.4
Revenue Bonds .....	743.8	753.2	13,071.6	12,526.5	13,815.4	13,279.7
<b>Total .....</b>	<b>\$ 9,153.7</b>	<b>\$ 8,571.8</b>	<b>\$ 13,071.6</b>	<b>\$ 12,526.5</b>	<b>\$ 22,225.3</b>	<b>\$ 21,098.3</b>

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

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During 2014, the City issued the following:

**General Obligation Bonds:**

- General Obligation Bonds, Project and Refunding Series 2014A and Taxable Project and Refunding Series 2014B (\$883.4 million).
- Motor Fuel Tax Revenue Refunding Bonds Series 2013 (\$105.9 million - issue of 2014).
- Tax Increment Allocation Revenue Refunding Bonds (Pilsen Redevelopment Project) Series 2014A and 2014B Series Taxable (\$33.4 million).

**Enterprise Fund Revenue Bonds and Notes:**

- Chicago-O'Hare International Airport General Commercial Paper Notes (\$51.0 million)
- Chicago Midway International Airport Second Lien Revenue and Revenue Refunding Bonds, Series 2014A (AMT), Series 2014B (Non-AMT), and Series 2014C (AMT) (\$896.5 million).
- Second Lien Water Revenue Bonds, Series 2014 (\$367.9 million).
- Second Lien Wastewater Transmission Revenue Bonds, Series 2014 (\$292.4 million).

At December 31, 2014 the City had credit ratings with each of the three major rating agencies as follows:

Rating Agency	Moody's	Standard & Poors	Fitch	Kroll
General Obligation:				
City	Baa1	A+	A-	NR
Revenue Bonds:				
O'Hare Airport:				
Senior Lien General Airport Revenue Bonds	A2	A-	A-	NR
Senior Lien Passenger Facility Charge (PFC)	A2	A-	A	NR
Customer Facility Charge (CFC)	Baa1	BBB	NR	NR
Midway Airport:				
First Lien	A2	A	A	NR
Second Lien	A3	A-	A-	NR
Water:				
First Lien	A2	AA	AA+	NR
Second Lien	A3	AA-	AA	AA
Wastewater:				
First Lien	A2	AA	NR	NR
Second Lien	A3	AA-	AA	AA-
Sales Tax	Baa1	AAA	A-	NR
Motor Fuel Tax	Baa1	AA+	BBB+	NR

See Subsequent Events in the footnotes for ratings changes in 2015.

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

Local, national, and global economies play a major role in the City's finances and economic growth. In 2014, local and national economies experienced moderate growth and recovery from the economic downturn. Although rising home prices and shrinking inventory slowed the housing market in 2014 and home sales were down 7 percent compared to 2013, median home prices were up 14 percent over 2013. In 2014, nationwide, retail sales grew 4 percent over 2013, with consumer confidence showing consistent improvement. The average national unemployment rate decreased from 7.3 percent in 2013 to 6.2 percent in 2014, and Chicago's unemployment rate was down consistently throughout 2014. Tourism, business, and convention travel to Chicago remained strong in 2014, with amusement tax collections up about 17 percent and hotel tax revenues up about 12 percent from 2013. Additionally, in July 2014, Chicago had over one million occupied hotel rooms; this was the first time this benchmark has ever been reached in a single month.

The City's 2015 General Fund budget, totaling \$3,534 million, was approved by a 46 to 4 vote of City Council on November 19, 2014. The 2015 budget balanced a preliminary budget shortfall of \$297 million by reforming and cutting spending, and improving revenue growth. The 2015 budget balances the City's finances without raising property, sales or gas taxes. At the same time, it makes significant investments in youth, infrastructure, and businesses, as well as in City services, and it continues to build the City's reserves in order to enhance long-term financial stability. The 2015 budget also commits an additional \$5 million to the City's long-term reserves, following provisions of \$20 million in 2012, \$15 million in 2013 and \$5 million in 2014.

**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 Department of Finance

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**Exhibit 1**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
Cash and Cash Equivalents .....	\$ 537,665	\$ 105,422	\$ 643,087
Investments .....	1,563,515	271,858	1,835,373
Cash and Investments with Escrow Agent .....	411,085	-	411,085
Receivables (Net of Allowances):			
Property Tax .....	1,150,682	-	1,150,682
Accounts .....	977,873	340,836	1,318,709
Internal Balances .....	(50,892)	50,892	-
Inventories .....	24,498	21,808	46,306
Restricted Assets:			
Cash and Cash Equivalents .....	28,689	1,121,163	1,149,852
Investments .....	593,643	2,730,771	3,324,414
Other Assets .....	17,778	91,354	109,132
Capital Assets:			
Land, Art, and Construction in Progress .....	1,983,594	2,274,965	4,258,559
Other Capital Assets, Net of Accumulated Depreciation .....	6,297,580	11,547,521	17,845,101
Total Capital Assets .....	8,281,174	13,822,486	22,103,660
Total Assets .....	13,535,710	18,556,590	32,092,300
Deferred Outflows .....	281,487	320,939	602,426
Total Assets and Deferred Outflows .....	\$ 13,817,197	\$ 18,877,529	\$ 32,694,726
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
Voucher Warrants Payable .....	\$ 579,901	\$ 340,810	\$ 920,711
Short-term Debt .....	297,981	-	297,981
Accrued Interest .....	225,459	273,287	498,746
Accrued and Other Liabilities .....	401,318	164,317	565,635
Unearned Revenue .....	113,862	144,227	258,089
Derivative Instrument Liability .....	148,923	200,095	349,018
Long-term Liabilities:			
Due Within One Year .....	314,682	307,813	622,495
Due in More Than One Year .....	19,202,103	13,294,786	32,496,889
Total Liabilities .....	21,284,229	14,725,335	36,009,564
Deferred Inflows .....	1,576,293	1,645,152	3,221,445
Total Liabilities and Deferred Inflows .....	22,860,522	16,370,487	39,231,009
<b>NET POSITION</b>			
Net Investment in Capital Assets .....	28,744	2,713,825	2,742,569
Restricted for:			
Capital Projects .....	-	193,782	193,782
Debt Service .....	164,937	35,298	200,235
Special Taxing Areas .....	1,327,058	-	1,327,058
Passenger Facility Charges .....	-	142,765	142,765
Contractual Use Agreement .....	-	158,165	158,165
Airport Development Fund .....	-	300,101	300,101
Customer Facility Charges .....	-	113,661	113,661
Other Purposes .....	-	35,200	35,200
Unrestricted (Deficit) .....	(10,564,064)	(1,185,755)	(11,749,819)
Total Net Position .....	\$ (9,043,325)	\$ 2,507,042	\$ (6,536,283)

See notes to basic financial statements.

**Exhibit 2**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government .....	\$ 2,857,789	\$ 505,275
Public Safety .....	2,913,469	208,206
Streets and Sanitation .....	275,814	44,552
Transportation .....	475,751	44,278
Health .....	125,068	2,281
Cultural and Recreational .....	121,548	14,643
Interest on Long-term Debt .....	580,701	-
Total Governmental Activities .....	7,350,140	819,235
Business-type Activities:		
Water .....	455,433	692,634
Sewer .....	225,600	322,228
Chicago Midway International Airport .....	248,231	216,662
Chicago-O'Hare International Airport .....	1,029,559	1,012,529
Chicago Skyway .....	10,314	-
Total Business-type Activities .....	1,969,137	2,244,053
Total Primary Government .....	\$ 9,319,277	\$ 3,063,288

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
\$ 294,052	\$ -	\$ (2,058,462)	\$ -	\$ (2,058,462)
57,633	-	(2,647,630)	-	(2,647,630)
-	-	(231,262)	-	(231,262)
-	249,860	(181,613)	-	(181,613)
104,447	-	(18,340)	-	(18,340)
14,527	-	(92,378)	-	(92,378)
-	-	(580,701)	-	(580,701)
<u>470,659</u>	<u>249,860</u>	<u>(5,810,386)</u>	<u>-</u>	<u>(5,810,386)</u>
-	1,766	-	238,967	238,967
-	-	-	96,628	96,628
-	4,826	-	(26,743)	(26,743)
-	89,032	-	72,002	72,002
-	-	-	(10,314)	(10,314)
-	<u>95,624</u>	-	<u>370,540</u>	<u>370,540</u>
<u>\$ 470,659</u>	<u>\$ 345,484</u>	<u>(5,810,386)</u>	<u>370,540</u>	<u>(5,439,846)</u>
General Revenues				
Taxes:				
Property Tax .....		926,839	-	926,839
Utility Tax .....		570,469	-	570,469
Sales Tax .....		324,273	-	324,273
Transportation Tax .....		406,624	-	406,624
Transaction Tax .....		379,256	-	379,256
Special Area Tax .....		260,256	-	260,256
Recreation Tax .....		193,680	-	193,680
Other Taxes .....		130,266	-	130,266
Grants and Contributions not Restricted to				
Specific Programs .....		740,911	-	740,911
Unrestricted Investment Earnings .....		62,400	35,849	98,249
Miscellaneous .....		194,415	49,430	243,845
Total General Revenues .....		<u>4,189,389</u>	<u>85,279</u>	<u>4,274,668</u>
Change in Net Assets .....		<u>(1,620,997)</u>	<u>455,819</u>	<u>(1,165,178)</u>
Net Position - Beginning .....		<u>(7,422,328)</u>	<u>2,051,223</u>	<u>(5,371,105)</u>
Net Position - Ending .....		<u>\$ (9,043,325)</u>	<u>\$ 2,507,042</u>	<u>\$ (6,536,283)</u>

**Exhibit 3**  
**CITY OF CHICAGO, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 1,102	\$ 22,980	\$ 403,019
Investments .....	102,400	71,036	588,005
Cash and Investments with Escrow Agent .....	-	-	-
Receivables (Net of Allowances):			
Property Tax .....	-	-	288,302
Accounts .....	209,386	3,778	4,429
Due From Other Funds .....	109,514	10,059	423,933
Due From Other Governments .....	241,878	452,721	-
Inventories .....	24,498	-	-
Restricted Cash and Cash Equivalents .....	389	3,220	1
Restricted Investments .....	-	-	-
Other Assets .....	-	4,075	-
<b>Total Assets .....</b>	<b><u>\$ 689,167</u></b>	<b><u>\$ 567,869</u></b>	<b><u>\$ 1,707,689</u></b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Voucher Warrants Payable .....	\$ 185,783	\$ 157,929	\$ 117,027
Bonds, Notes and Other Obligations Payable - Current .....	-	-	-
Accrued Interest .....	-	-	-
Due To Other Funds .....	276,805	296,159	11,682
Accrued and Other Liabilities .....	69,811	9,861	2,920
Line of Credit and Commercial Paper .....	-	-	-
Claims Payable .....	13,326	-	-
Unearned Revenue .....	2,164	69,825	-
<b>Total Liabilities .....</b>	<b><u>547,889</u></b>	<b><u>533,774</u></b>	<b><u>131,629</u></b>
Deferred Inflows .....	-	259,140	249,002
<b>Fund Balance:</b>			
Nonspendable .....	24,498	-	-
Restricted .....	-	15,230	1,327,058
Committed .....	-	-	-
Assigned .....	65,223	-	-
Unassigned .....	51,557	(240,275)	-
<b>Total Fund Balance .....</b>	<b><u>141,278</u></b>	<b><u>(225,045)</u></b>	<b><u>1,327,058</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balance .....</b>	<b><u>\$ 689,167</u></b>	<b><u>\$ 567,869</u></b>	<b><u>\$ 1,707,689</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
\$ 99	\$ 17,119	\$ 77,793	\$ 15,553	\$ 537,665
-	172,490	439,137	190,447	1,563,515
-	338,533	-	72,552	411,085
	491,473	-	370,907	1,150,682
2,435	2,971	2,626	16,608	242,233
5,000	-	97,053	79,210	724,769
-	2,578	-	38,463	735,640
-	-	-	-	24,498
24,868	-	211	-	28,689
593,643	-	-	-	593,643
-	-	-	-	4,075
<u>\$ 626,045</u>	<u>\$ 1,025,164</u>	<u>\$ 616,820</u>	<u>\$ 783,740</u>	<u>\$ 6,016,494</u>
\$ 14	\$ -	\$ 38,999	\$ 64,877	\$ 564,629
-	82,331	-	4,400	86,731
-	223,995	-	1,464	225,459
5,140	85,700	56,996	94,698	827,180
-	-	95,373	67,648	245,613
-	198,086	77,800	21,423	297,309
-	-	-	-	13,326
-	41,873	-	-	113,862
<u>5,154</u>	<u>631,985</u>	<u>269,168</u>	<u>254,510</u>	<u>2,374,109</u>
<u>1,576,293</u>	<u>420,051</u>	<u>-</u>	<u>314,563</u>	<u>2,819,049</u>
-	-	-	-	24,498
-	-	347,652	139,491	1,829,431
620,891	-	-	75,176	696,067
-	-	-	-	65,223
<u>(1,576,293)</u>	<u>(26,872)</u>	<u>-</u>	<u>-</u>	<u>(1,791,883)</u>
<u>(955,402)</u>	<u>(26,872)</u>	<u>347,652</u>	<u>214,667</u>	<u>823,336</u>
<u>\$ 626,045</u>	<u>\$ 1,025,164</u>	<u>\$ 616,820</u>	<u>\$ 783,740</u>	<u>\$ 6,016,494</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 .....	8,281,174
Other long-term assets are not available to pay for current-period expenditures and therefore are recorded as deferred inflows in the funds .....	1,242,756
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds .....	(19,390,591)
Net position of governmental activities	<u>\$ (9,043,325)</u>

Exhibit 4

CITY OF CHICAGO, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended December 31, 2014

(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
Revenues:			
Property Tax .....	\$ -	\$ -	\$ -
Utility Tax .....	473,496	-	-
Sales Tax (Local) .....	285,773	-	-
Transportation Tax .....	185,076	-	-
State Income Tax .....	278,031	-	-
State Sales Tax .....	334,526	-	-
Transaction Tax .....	316,201	-	-
Special Area Tax .....	-	-	331,380
Recreation Tax .....	193,680	-	-
Other Taxes .....	109,004	-	-
Federal/State Grants .....	2,335	809,840	-
Internal Service .....	305,716	-	-
Licenses and Permits .....	119,940	-	-
Fines .....	338,329	-	-
Investment Income .....	1,573	-	4,822
Charges for Services .....	141,850	-	5
Miscellaneous .....	90,620	-	2,149
<b>Total Revenues .....</b>	<b>3,176,150</b>	<b>809,840</b>	<b>338,356</b>
Expenditures:			
Current:			
General Government .....	929,918	360,892	446,652
Health .....	25,902	102,350	15
Public Safety .....	2,020,072	40,122	-
Streets and Sanitation .....	195,390	-	419
Transportation .....	47,309	237,961	139,933
Cultural and Recreational .....	-	12,272	15
Employee Pensions .....	-	-	-
Other .....	2,298	2,197	-
Capital Outlay .....	-	9,863	-
Debt Service:			
Principal Retirement .....	7,830	-	-
Interest and Other Fiscal Charges .....	2,539	-	-
<b>Total Expenditures .....</b>	<b>3,231,258</b>	<b>765,657</b>	<b>587,034</b>
<b>Revenues (Under) Over Expenditures ..</b>	<b>(55,108)</b>	<b>44,183</b>	<b>(248,678)</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>
\$ -	\$ 481,698	\$ -	\$ 448,143	\$ 929,841
-	22,332	-	74,641	570,469
-	38,500	-	-	324,273
-	12,552	-	208,996	406,624
-	-	-	126,019	404,050
-	-	-	-	334,526
-	-	-	63,055	379,256
-	-	-	-	331,380
-	-	-	-	193,680
-	17	-	21,245	130,266
-	-	-	-	812,175
-	-	-	30,046	335,762
-	2,203	-	-	122,143
-	-	-	15,188	353,517
39,607	17,963	5,579	106	69,650
-	-	-	31,073	172,928
<u>21,033</u>	<u>15,303</u>	<u>27,538</u>	<u>23,296</u>	<u>179,939</u>
<u>60,640</u>	<u>590,568</u>	<u>33,117</u>	<u>1,041,808</u>	<u>6,050,479</u>
14	-	-	306,081	2,043,557
-	-	-	502	128,769
-	-	-	6,785	2,066,979
-	-	-	73,584	269,393
-	-	-	93,298	518,501
-	-	-	81,238	93,525
-	-	-	483,493	483,493
-	-	-	915	5,410
-	-	317,499	67,854	395,216
-	518,078	-	73,487	599,395
-	<u>533,897</u>	-	<u>31,720</u>	<u>568,156</u>
<u>14</u>	<u>1,051,975</u>	<u>317,499</u>	<u>1,218,957</u>	<u>7,172,394</u>
<u>60,626</u>	<u>(461,407)</u>	<u>(284,382)</u>	<u>(177,149)</u>	<u>(1,121,915)</u>

**Exhibit 4 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
Other Financing Sources (Uses):			
Issuance of Debt .....	\$ -	\$ 17,168	\$ -
Premium .....	-	-	-
Payment to Refunded Bond Escrow Agent .....	-	-	-
Transfers In .....	39,700	-	97,513
Transfers Out .....	(10,081)	-	(44,463)
Total Other Financing Sources (Uses) .....	<u>29,619</u>	<u>17,168</u>	<u>53,050</u>
Net Changes in Fund Balance .....	(25,489)	61,351	(195,628)
Fund Balance, Beginning of Year .....	167,057	(286,396)	1,522,686
Change in Inventory .....	(290)	-	-
Fund Balance, End of Year .....	<u>\$ 141,278</u>	<u>\$ (225,045)</u>	<u>\$ 1,327,058</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>
\$ -	\$ 328,471	\$ 535,240	\$ 123,468	\$ 1,004,347
-	9,995	5,208	2,262	17,465
-	(302,862)	-	-	(302,862)
5,000	366,198	7,004	137,171	652,586
<u>(13,900)</u>	<u>(164,268)</u>	<u>(279,009)</u>	<u>(140,865)</u>	<u>(652,586)</u>
<u>(8,900)</u>	<u>237,534</u>	<u>268,443</u>	<u>122,036</u>	<u>718,950</u>
51,726	(223,873)	(15,939)	(55,113)	(402,965)
(1,007,128)	197,001	363,591	269,780	1,226,591
-	-	-	-	(290)
<u>\$ (955,402)</u>	<u>\$ (26,872)</u>	<u>\$ 347,652</u>	<u>\$ 214,667</u>	<u>\$ 823,336</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, 2014**  
**(Amounts are in Thousands of Dollars)**

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Amounts reported for governmental activities in the statement of activities are different from amounts reported for governmental funds in the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds .....	\$ (402,965)
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 .....	303,167
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....	(155,112)
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 .....	(115,625)
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>(1,250,462)</u>
Change in the net position of governmental activities .....	<u>\$ (1,620,997)</u>

See notes to basic financial statements.

**Exhibit 6**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND (BUDGETARY BASIS)**  
**Year Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance
<b>Revenues:</b>				
Utility Tax .....	\$ 450,274	\$ 450,274	\$ 473,496	\$ 23,222
Sales Tax .....	274,505	274,505	285,773	11,268
Transportation Tax .....	183,732	183,732	185,076	1,344
Transaction Tax .....	284,627	284,627	316,201	31,574
Recreation Tax .....	182,565	182,565	193,680	11,115
Business Tax .....	102,470	102,470	104,829	2,359
State Income Tax .....	293,700	293,700	278,031	(15,669)
State Sales Tax .....	322,272	322,272	334,526	12,254
State Auto Rental .....	4,100	4,100	4,175	75
Federal/State Grants .....	1,500	1,500	2,335	835
Internal Service .....	318,212	318,212	305,716	(12,496)
Licenses and Permits .....	131,668	131,668	119,940	(11,728)
Fines .....	414,680	414,680	338,329	(76,351)
Investment Income .....	4,725	4,725	1,573	(3,152)
Charges for Services .....	124,476	124,476	134,593	10,117
Municipal Utilities .....	6,656	6,656	7,257	601
Leases, Rentals and Sales .....	22,118	22,118	24,127	2,009
Miscellaneous .....	55,920	55,920	66,493	10,573
Budgeted Prior Years' Surplus and Reappropriations .....	53,417	53,417	45,472	(7,945)
Transfers In/Out .....	58,608	58,608	39,700	(18,908)
<b>Total Revenues .....</b>	<b>3,290,225</b>	<b>3,290,225</b>	<b>3,261,322</b>	<b>(28,903)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government .....	1,051,842	1,051,842	958,216	93,626
Health .....	28,127	28,127	26,229	1,898
Public Safety .....	1,960,557	1,960,557	2,037,661	(77,104)
Streets and Sanitation .....	196,446	196,446	189,909	6,537
Transportation .....	50,873	50,873	46,927	3,946
<b>Debt Service:</b>				
Principal Retirement .....	1,830	1,830	1,830	-
Interest and Other Fiscal Charges .....	550	550	550	-
<b>Total Expenditures .....</b>	<b>3,290,225</b>	<b>3,290,225</b>	<b>3,261,322</b>	<b>28,903</b>
<b>Revenues Over (Under) Expenditures ...</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See notes to basic financial statements.

**Exhibit 7**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago- Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
<b>CURRENT ASSETS:</b>						
Cash and Cash Equivalents .....	\$ 23,551	\$ 69,205	\$ 6,358	\$ 5,632	\$ 676	\$ 105,422
Investments .....	101,359	41,974	34,042	94,002	481	271,858
Accounts Receivable (Net of Allowances) .....	159,613	91,339	11,518	76,760	2	339,232
Interest Receivable .....	163	-	-	212	-	375
Due from Other Funds .....	91,224	29,416	527	33,751	-	154,918
Inventories .....	21,192	616	-	-	-	21,808
Cash and Cash Equivalents - Restricted .....	12,596	21,247	72,514	494,735	-	601,092
Investments - Restricted .....	132,451	103,473	-	-	-	235,924
Interest Receivable - Restricted .....	599	541	-	-	-	1,140
Other Assets - Restricted .....	-	-	-	2,860	-	2,860
<b>TOTAL CURRENT ASSETS .....</b>	<b>542,748</b>	<b>357,811</b>	<b>124,959</b>	<b>707,952</b>	<b>1,159</b>	<b>1,734,629</b>
<b>NONCURRENT ASSETS:</b>						
Cash and Cash Equivalents - Restricted .....	-	-	55,742	464,329	-	520,071
Investments - Restricted .....	386,090	289,041	310,902	1,503,728	-	2,489,761
Interest Receivable - Restricted .....	-	-	262	3,684	-	3,946
Other Assets - Restricted .....	-	-	3,045	31,729	-	34,774
Due from Other Governments - Restricted .....	-	-	-	1,229	-	1,229
Other Assets .....	4,898	3,970	901	33,987	9,964	53,720
<b>Property, Plant, and Equipment:</b>						
Land .....	5,083	560	114,780	885,669	12,609	1,018,701
Structures, Equipment and Improvements .....	3,986,305	2,494,910	1,556,519	8,208,757	490,818	16,737,309
Accumulated Depreciation .....	(966,834)	(495,953)	(519,551)	(2,973,903)	(233,547)	(5,189,788)
Construction Work in Progress .....	457,645	25,703	20,585	752,331	-	1,256,264
<b>Total Property, Plant and Equipment .....</b>	<b>3,482,199</b>	<b>2,025,220</b>	<b>1,172,333</b>	<b>6,872,854</b>	<b>269,880</b>	<b>13,822,486</b>
<b>TOTAL NONCURRENT ASSETS: .....</b>	<b>3,873,187</b>	<b>2,318,231</b>	<b>1,543,185</b>	<b>8,911,540</b>	<b>279,844</b>	<b>16,925,987</b>
<b>TOTAL ASSETS .....</b>	<b>4,415,935</b>	<b>2,676,042</b>	<b>1,668,144</b>	<b>9,619,492</b>	<b>281,003</b>	<b>18,660,616</b>
<b>DEFERRED OUTFLOWS .....</b>	<b>129,229</b>	<b>89,905</b>	<b>51,633</b>	<b>50,172</b>	<b>-</b>	<b>320,939</b>
<b>TOTAL ASSETS and DEFERRED OUTFLOWS ..</b>	<b>\$ 4,545,164</b>	<b>\$ 2,765,947</b>	<b>\$ 1,719,777</b>	<b>\$ 9,669,664</b>	<b>\$ 281,003</b>	<b>\$ 18,981,555</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 .....	\$ 26,168	\$ 4,242	\$ 18,732	\$ 61,106	\$ 140	\$ 110,388
Due to Other Funds .....	20,130	71,228	9,134	3,519	15	104,026
Accrued and Other Liabilities .....	92,312	31,047	2,165	7,409	-	132,933
Unearned Revenue .....	22,411	18,076	558	103,182	-	144,227
Current Liabilities Payable From Restricted Assets .....	144,321	124,720	72,514	494,735	-	836,290
<b>TOTAL CURRENT LIABILITIES .....</b>	<b>305,342</b>	<b>249,313</b>	<b>103,103</b>	<b>669,951</b>	<b>155</b>	<b>1,327,864</b>
<b>NONCURRENT LIABILITIES:</b>						
Revenue Bonds and Commercial Paper Payable .....	2,456,933	1,710,019	1,590,934	7,536,900	-	13,294,786
Derivative Instrument Liability .....	98,106	71,861	30,128	-	-	200,095
Other .....	1,577	-	2,310	2,729	-	6,616
<b>TOTAL NONCURRENT LIABILITIES ...</b>	<b>2,556,616</b>	<b>1,781,880</b>	<b>1,623,372</b>	<b>7,539,629</b>	<b>-</b>	<b>13,501,497</b>
<b>TOTAL LIABILITIES .....</b>	<b>2,861,958</b>	<b>2,031,193</b>	<b>1,726,475</b>	<b>8,209,580</b>	<b>155</b>	<b>14,829,361</b>
DEFERRED INFLOWS .....	-	-	-	-	1,645,152	1,645,152
<b>NET POSITION:</b>						
Net Investement in Capital Assets .....	1,393,968	520,627	(115,080)	644,430	269,880	2,713,825
<b>Restricted Net Position:</b>						
Debt Service .....	-	-	12,109	23,189	-	35,298
Capital Projects .....	599	111,333	10,160	71,690	-	193,782
Passenger Facility Charges .....	-	-	4,658	138,107	-	142,765
Contractual Use Agreement .....	-	-	28,282	129,883	-	158,165
Air Development Fund .....	-	-	-	300,101	-	300,101
Customer Facility Charge .....	-	-	23,651	90,010	-	113,661
Other .....	-	-	7,666	27,534	-	35,200
Unrestricted Net Position .....	288,639	102,794	21,856	35,140	(1,634,184)	(1,185,755)
<b>TOTAL NET POSITION .....</b>	<b>\$ 1,683,206</b>	<b>\$ 734,754</b>	<b>\$ (6,698)</b>	<b>\$ 1,460,084</b>	<b>\$ (1,364,304)</b>	<b>\$ 2,507,042</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, 2014**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago- Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
Operating Revenues:						
Charges for Services - Net .....	\$ 670,559	\$ 321,100	\$ 83,455	\$ 552,431	\$ -	\$ 1,627,545
Rent .....	-	-	86,804	292,093	-	378,897
Other .....	22,075	1,128	-	-	-	23,203
<b>Total Operating Revenues .....</b>	<b>692,634</b>	<b>322,228</b>	<b>170,259</b>	<b>844,524</b>	<b>-</b>	<b>2,029,645</b>
Operating Expenses:						
Personnel Services .....	120,607	14,394	47,836	182,984	-	365,821
Contractual Services .....	55,664	3,336	23,255	88,143	-	170,398
Repairs and Maintenance .....	1,886	64,809	44,160	110,928	-	221,783
Commodities and Materials .....	22,089	-	-	-	-	22,089
Depreciation and Amortization .....	57,949	36,701	46,163	218,211	10,314	369,338
General Fund Reimbursements .....	77,371	36,740	-	-	-	114,111
Other .....	21,105	-	14,345	112,952	-	148,402
<b>Total Operating Expenses .....</b>	<b>356,671</b>	<b>155,980</b>	<b>175,759</b>	<b>713,218</b>	<b>10,314</b>	<b>1,411,942</b>
<b>Operating Income (Loss) .....</b>	<b>335,963</b>	<b>166,248</b>	<b>(5,500)</b>	<b>131,306</b>	<b>(10,314)</b>	<b>617,703</b>
Nonoperating Revenues (Expenses):						
Investment Income (Loss) .....	(515)	2,984	3,540	29,838	2	35,849
Interest Expense .....	(98,762)	(69,620)	(64,111)	(300,295)	-	(532,788)
Passenger Facility Charges .....	-	-	39,889	131,721	-	171,610
Customer Facility Charges .....	-	-	6,514	36,284	-	42,798
Noise Mitigation Costs .....	-	-	(3,103)	(15,892)	-	(18,995)
Cost of Issuance .....	-	-	(5,258)	(154)	-	(5,412)
Other .....	(2,223)	829	1,522	30,845	18,457	49,430
<b>Total Nonoperating Revenues (Expenses) .....</b>	<b>(101,500)</b>	<b>(65,807)</b>	<b>(21,007)</b>	<b>(87,653)</b>	<b>18,459</b>	<b>(257,508)</b>
Capital Grants .....	1,766	-	4,826	89,032	-	95,624
<b>Net Income (Loss) .....</b>	<b>236,229</b>	<b>100,441</b>	<b>(21,681)</b>	<b>132,685</b>	<b>8,145</b>	<b>455,819</b>
Net Position (Deficit) - Beginning of Year .....	1,446,977	634,313	14,983	1,327,399	(1,372,449)	2,051,223
<b>Net Position (Deficit) - End of Year .....</b>	<b>\$ 1,683,206</b>	<b>\$ 734,754</b>	<b>\$ (6,698)</b>	<b>\$ 1,460,084</b>	<b>\$ (1,364,304)</b>	<b>\$ 2,507,042</b>

See notes to basic financial statements.

**Exhibit 9**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago-Midway International Airport	Chicago-O'Hare International Airport	Chicago Skyway	
<b>Cash Flows from Operating Activities:</b>						
Received from Customers .....	\$ 670,519	\$ 310,970	\$ 164,849	\$ 842,353	\$ -	\$ 1,988,691
Payments to Vendors .....	(80,663)	(35,780)	(83,377)	(272,612)	-	(472,432)
Payments to Employees .....	(120,607)	(43,617)	(39,295)	(167,248)	-	(370,767)
Transactions with Other City Funds .....	(143,903)	(40,218)	(6,440)	(61,543)	-	(252,104)
Cash Flows Provided By						
Operating Activities .....	325,346	191,355	35,737	340,950	-	893,388
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Proceeds from Issuance of Bonds/						
Commercial Paper .....	462,500	338,026	972,038	43,380	-	1,815,944
Acquisition and Construction of						
Capital Assets .....	(334,191)	(167,115)	(41,443)	(289,835)	-	(832,584)
Capital Grant Receipts .....	-	-	4,894	88,942	-	93,836
Bond Issuance Costs .....	(3,146)	-	(5,258)	(154)	-	(8,558)
Payment to Refund Bonds .....	-	-	(797,008)	-	-	(797,008)
Principal Paid on Debt .....	(43,633)	(37,929)	(82,378)	(168,895)	-	(332,835)
Interest Paid .....	(109,432)	(69,860)	(59,237)	(368,370)	-	(606,899)
Passenger and Customer Facility Charges .....	-	-	46,539	169,837	-	216,376
Concessionaire Funds .....	-	-	-	-	14	14
Cash Flows (Used in) Provided By Capital and Related Financing Activities .....						
	(27,902)	63,122	38,147	(525,095)	14	(451,714)
<b>Cash Flows from Non Capital Financing Activities:</b>						
Noise Mitigation Program .....	-	-	(2,609)	(15,892)	-	(18,501)
Proceeds from Settlement Agreement .....	-	-	1,029	1,999	-	3,028
Cash Flows Used in Non Capital Financing Activities .....						
	-	-	(1,580)	(13,893)	-	(15,473)
<b>Cash Flows from Investing Activities:</b>						
Sale (Purchases) of Investments, Net .....	(306,037)	(213,388)	(111,577)	162,528	(106)	(468,580)
Investment Income (Loss) .....	8,209	4,657	2,953	17,991	2	33,812
Cash Flows Provided By (Used in) Investing Activities .....						
	(297,828)	(208,731)	(108,624)	180,519	(104)	(434,768)
<b>Net Increase (Decrease) in Cash and Cash Equivalents .....</b>						
	(384)	45,746	(36,320)	(17,519)	(90)	(8,567)
Cash and Cash Equivalents, Beginning of Year .....	36,531	44,706	170,934	982,215	766	1,235,152
Cash and Cash Equivalents, End of Year .....	\$ 36,147	\$ 90,452	\$ 134,614	\$ 964,696	\$ 676	\$ 1,226,585

See notes to basic financial statements.

**Exhibit 9 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago- International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
Reconciliation of Operating Income to Cash Flows from Operating Activities:						
Operating Income (Loss) .....	\$ 335,963	\$ 166,248	\$ (5,500)	\$ 131,306	\$ (10,314)	\$ 617,703
Adjustments to Reconcile:						
Depreciation and Amortization .....	57,949	36,701	46,164	218,212	10,314	369,340
Provision for Uncollectible Accounts .....	22,537	16,557	(329)	-	-	38,765
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables .....	(45,813)	(29,162)	3,739	(10,318)	-	(81,554)
(Increase) Decrease in Due From Other Funds .....	(71,789)	(2,489)	3,612	(2,542)	-	(73,208)
Increase (Decrease) in Voucher Warrants Payable and Due to Other Funds .....	10,775	(1,541)	(3,463)	(4,043)	-	1,728
Increase (Decrease) in Unearned Revenue and Other Liabilities .....	15,077	4,389	(8,492)	8,146	-	19,120
(Increase) Decrease in Inventories and Other Assets .....	647	652	6	189	-	1,494
Cash Flows from Operating Activities .....	<u>\$ 325,346</u>	<u>\$ 191,355</u>	<u>\$ 35,737</u>	<u>\$ 340,950</u>	<u>\$ -</u>	<u>\$ 893,388</u>
 <b>Supplemental Disclosure of Noncash Items:</b>						
Capital asset additions in 2014 have outstanding accounts payable and accrued and other liabilities .....	<u>\$ 64,553</u>	<u>\$ 54,611</u>	<u>\$ 18,615</u>	<u>\$ 89,773</u>	<u>\$ -</u>	<u>\$ 227,552</u>

See notes to basic financial statements.

**Exhibit 10**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents .....	\$ 234,273	\$ 53,202
Investments .....	-	109,447
Investments, at Fair Value		
Bonds and U.S. Government		
Obligations .....	2,426,669	-
Stocks .....	5,139,698	-
Mortgages and Real Estate .....	668,384	-
Other .....	1,862,939	-
Cash and Investments with		
Escrow Agent .....	-	6,437
Property Tax Receivable .....	-	91,619
Accounts Receivable, Net .....	623,874	114,155
Due From City .....	51,519	-
Property, Plant, Equipment and other .....	570	-
Invested Securities Lending Collateral .....	906,189	-
<b>Total Assets .....</b>	<b>\$ 11,914,115</b>	<b>\$ 374,860</b>
<b>LIABILITIES</b>		
Voucher Warrants Payable .....	\$ 341,537	\$ 37,534
Accrued and Other Liabilities .....	-	259,623
Securities Lending Collateral .....	906,189	-
<b>Total Liabilities .....</b>	<b>1,247,726</b>	<b>\$ 297,157</b>
Deferred Inflows .....	\$ 787	\$ 77,703
<b>Total Liabilities and Deferred Inflows .....</b>	<b>\$ 1,248,513</b>	<b>\$ 374,860</b>
<b>NET POSITION</b>		
Restricted for Pension Benefits .....	10,665,602	
<b>Total Net Position .....</b>	<b>\$ 10,665,602</b>	

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, 2014**  
**(Amounts are in Thousands of Dollars)**

	<u>Total</u>
<b>ADDITIONS</b>	
Contributions:	
Employees .....	\$ 290,063
City .....	470,199
Total Contributions .....	<u>760,262</u>
Investment Income:	
Net Appreciation in	
Fair Value of Investments .....	365,194
Interest, Dividends and Other .....	232,118
Investment Expense .....	<u>(50,906)</u>
Net Investment Income .....	<u>546,406</u>
Securities Lending Transactions:	
Securities Lending Income .....	2,711
Securities Lending Expense .....	<u>1,075</u>
Net Securities Lending Transactions .....	<u>3,786</u>
Total Additions .....	<u>1,310,454</u>
<b>DEDUCTIONS</b>	
Benefits and Refunds of Deductions .....	1,888,392
Administrative and General .....	<u>17,713</u>
Total Deductions .....	<u>1,906,105</u>
Net Increase in Net Position .....	(595,651)
Net Position:	
Beginning of Year .....	<u>11,261,253</u>
End of Year .....	<u><u>\$ 10,665,602</u></u>

See notes to basic financial statements.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**

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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, 2014, the City adopted the following GASB Statements:

GASB Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB No. 25* (“GASB 67”), was established to provide improved financial reporting by state and local government pension plans. The Pension Plans (as defined below in subsection a) adopted GASB No. 67 during the year ended December 31, 2014.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* (“GASB 69”), establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The City adopted GASB 69 for the year ended December 31, 2014. GASB 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. There was no impact on the City’s Financial Statements as a result of the implementation of GASB 69.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (“GASB 70”), 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. The City adopted GASB 70 during the year ended December 31, 2014. GASB 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. There was no impact on the City’s Financial Statements as a result of the implementation of GASB 70.

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), establishes new financial reporting requirements for most governments that provide their employees with pension benefits through these types of plans. GASB 68 will be effective for the City beginning with its year ending December 31, 2015. GASB 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 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). As of December 31, 2014, the City reported a net pension obligation of \$8.6 billion on the statement of net position and disclosed within Note 11 a combined unfunded actuarial accrued liability for all of the pension plans of \$19.7 billion in accordance with GASB Statement No. 27. During 2014, the Pension Plans (as defined below

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

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in subsection a) implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and disclosed a combined net pension liability of \$20.1 billion. The City has not yet determined the impact, if any, GASB 68 will have on the enterprise fund financial statements.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* (“GASB 71”), relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. GASB 71 will be effective for the City beginning with its year ending December 31, 2015. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability and requires that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

GASB Statement No. 72 *Fair Value Measurement and Application* (“GASB 72”), addresses accounting and financial reporting issues related to fair value measurements. GASB 72 will be effective for the City beginning with its year ending December 31, 2016. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and the related disclosures. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

- a) **Reporting Entity** - The City includes the Chicago Public Library. 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.

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 these four pension plans (collectively, “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 financial accountability or fiscal dependency exists between the City and these organizations. Therefore, the Chicago Park District, Chicago Public Building Commission, 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

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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 collectible 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 recorded as deferred inflows unless taxes are received within 60 days subsequent to year-end. Licenses and permits, charges for services and miscellaneous revenues are not considered to be susceptible to accrual and are recorded as revenues when received in cash. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual basis of accounting, except for interest and principal on long-term debt, the long-term portion of compensated absences, claims and judgments and pension obligations.

The City reports the following major governmental funds:

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

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**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. The City's highest level of decision-making authority is held by the City Council. The City Council passes Ordinances to commit their fund balances.

**Assigned** - includes amounts that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the City Council itself; or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The Budget Director or Comptroller have authority to assign amounts related to certain legal obligations outside of the appropriation process within the General Fund. Within the other governmental fund types (special revenue, debt service, and capital projects) resources are assigned in accordance with the established fund purpose and approved appropriation. 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.

**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

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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.

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.

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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 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.

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- 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 \$4.1 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 \$1,184.7 million, of which \$83.8 million was capitalized as part of the capital assets under construction projects in proprietary funds.

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

Utility plant.....	25 - 100 years
Utility structures and improvements.....	50 - 100 years
Buildings and improvements.....	15 - 40 years
Airport runways, aprons, tunnels, taxiways, and paved roads.....	5 - 30 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

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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 and unamortized loss on bond refundings.

**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 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. Under certain bond ordinances adopted by the City Council, interest rate swaps and swaptions are authorized to be entered into by designated City officials in connection with certain bonds issued by the City. For swaps related to O'Hare Bonds, airline approval is also required before entering into a swap agreement.

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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.

**Pension**

The City's contributions to the four Pension Plans primarily serving City employees are set by State law. In recent years, the total contributions have been lower than the actuarially required amounts for the Plans, which has served to increase the Plans' unfunded actuarial accrued liabilities. Recurring cash inflows from all sources to the Plans (including City contributions, employee contributions, and investment earnings) have been lower than the cash outlays of the Plans in some recent years. As a result, the Plans have liquidated investments and used assets of the Plans to satisfy their respective current payment obligations in those years. The use of assets by the Plans for these purposes reduces the amount of assets on hand to pay benefits or earn investment returns in the future.

Current State law for the Policemen's and Firemen's Plans, known as Public Act 96-1495 (P.A. 96-1495), requires the City to significantly increase contributions to those Plans beginning in 2016. In each year, the City must contribute the amount needed for each Plan to achieve a 90% Funded Ratio by the end of 2040. Under the enacted State legislation for the Municipal Employees' and Laborers' Plans, known as Public Act 98-641 (P.A. 98-641), the City is required to significantly increase contributions to those two Plans beginning in 2016. During the period 2016 through 2020, the City's contributions to the Municipal Employees' and Laborers' Plans increase by statutorily determined amounts which are not based on actuarial calculations. Beginning in 2021, P.A. 98-641 requires the City to contribute in each year to the Municipal Employees' and Laborers' Plans the amount needed for each Plan to achieve a 90% Funded Ratio by the end of 2055. P.A. 98-641 also makes certain modifications to the automatic annual increases paid to retirees and requires increases in employee contributions toward the cost of their retirement benefits. P.A. 98-641 is currently subject to challenge in a lawsuit alleging its unconstitutionality.

Senate Bill 777 ("SB 777"), an amendment to P.A. 96-1495, passed both houses of the Illinois General Assembly as of May 31, 2015. SB 777 institutes a Phase-in Period until 2020 and a Revised Amortization Period to 2055. A Revised Amortization Period would reduce the annual funding obligation required to reach a 90% Funded Ratio, but extend the number of years over which such payments would need to be made. Enactment of a Phase-in Period would reduce the City's required payment in the initial years to allow for a more gradual phase-in of the requirements of P.A. 96-1495. Although SB 777 has passed both chambers of the Illinois General Assembly, a motion to reconsider the vote on SB 777 has been filed in the Illinois Senate, and accordingly, SB 777 has not been sent to the Governor for consideration. The City makes no representation as to whether SB 777 will be enacted.

**Liquidity**

The City's general obligation bonds, sales tax revenue bonds and motor fuel tax revenue bonds were downgraded by Moody's, Standard & Poor's and Fitch Ratings in May 2015. Moody's cited in its rating action the Illinois Supreme Court's decision on May 8, 2015, which found the State Pension Reform Act unconstitutional, as limiting the City's options for addressing its unfunded pension liabilities. Moody's downgraded the City's general obligation, sales tax revenue and motor fuel tax revenue credits to Ba1. Moody's indicated that further downgrades could follow upon the occurrence of any of the following: (a) a determination by a court of law that P.A. 98-641 is unconstitutional; (b) continued growth in the debt and/or unfunded pension liabilities of the City and overlapping governments; and (c) narrowing of the City's fund balances and liquidity. At the same time, Moody's downgraded the City's Water senior lien revenue bonds from A2 to Baa1, the Water second lien revenue bonds from A3 to Baa2 and the City's Wastewater senior lien bonds from A3 to Baa2 and the Wastewater second lien revenue bonds from Baa1 to Baa3, each with a negative outlook.

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In May 2015, Standard and Poor's downgraded the rating of the City's general obligation bonds to A- from A+, Water senior lien and Wastewater senior lien revenue bonds to A from AA, and Water second lien revenue bonds and Wastewater second lien revenue bonds to A- from AA-.

In May 2015, Fitch Ratings downgraded the rating of the City's general obligation bonds and sales tax revenue bonds to BBB+ from A-.

The rating actions by Standard & Poor's and Fitch, in part, cited the Moody's rating action and the resulting uncertainty regarding the City's liquidity position.

Due to the Moody's downgrade of the City's general obligation credit to Ba1 (below investment grade) from Baa2, an event of default was triggered under credit agreements the City had entered into with certain banks to provide letters of credit supporting the City's general obligation debt (including the general obligation variable rate demand bonds) and to provide letters of credit or revolving lines of credit for the City's general obligation commercial paper notes and line of credit facilities, which consisted of general obligation revolving lines of credit from four banks and two series of general obligation commercial paper notes (one series backed by a letter of credit from Wells Fargo Bank and the other series backed by a letter of credit from Bank of Montreal). Upon the event of default, the banks providing letters of credit for the general obligation debt as well as the banks supporting the commercial paper/line of credit program had the right to demand immediate repayment of amounts owed under their credit agreements. The Moody's downgrade also resulted in a termination event under the City's existing interest rate swaps on its general obligation variable rate bonds; pursuant to those swap agreements, the swap counterparties had the right to set an early termination date for the swaps and demand a termination payment from the City.

Shortly after the Moody's downgrades and resulting event of default/termination event, the City terminated the letter of credit from Wells Fargo Bank; there were no commercial paper notes outstanding secured by that letter of credit. With respect to the other banks supporting the commercial paper/line of credit program, the banks providing letters of credit for the City's general obligation debt, and the counterparties on the interest rate swaps for its general obligation variable rate bonds, the City entered into forbearance agreements pursuant to which the affected banks agreed to temporarily forbear from exercising their respective rights resulting from the event of default/termination event. In May and June 2015, the City converted (\$674 million) and/or redeemed (\$132 million) all of its general obligation variable rate bonds and converted sales tax variable rate revenue bonds (\$112 million) to long-term fixed rate bonds and terminated the associated letters of credit and interest rate swaps (termination payment of \$221 million) for those bonds. For the agreements with the banks supporting the commercial paper/line of credit program, the forbearance agreements (\$849 million) extend to September 30, 2015, but can terminate earlier if: (i) there are any other events of default by the City under the related credit agreements, (ii) there are further downgrades of the rating on the City's general obligation bonds, or (iii) the forbearance period in one of the other forbearance agreements terminates prior to its scheduled end date. The City plans to issue long-term general obligation fixed rate bonds in mid-2015 to repay most of the outstanding amounts under the commercial paper/line of credit program.

With respect to the City's Series 2000 and Series 2004 Water Second Lien Revenue Bonds, the downgrades triggered defaults under certain credit and/or liquidity facilities, and for the Series 2008C Wastewater Second Lien Revenue Bonds, certain continuing covenant agreements with those bondholders. The Moody's downgrades also triggered termination events under interest rate swap agreements relating to these bonds. In response to the triggering of these defaults and termination events, the City entered into forbearance agreements with the holders of its Series 2008C Wastewater Second Lien Revenue Bonds (\$332 million) to June 30, 2016; and amended and/or transferred the interest rate swap agreements for its Water Second Lien Revenue Bonds (estimated termination value of \$125 million) and its Wastewater Second Lien Revenue Bonds (estimated termination value of \$75 million) to remove such termination event from the swap agreements prior to any demand being made for a termination payment by the counterparties; and obtained a waiver of the event of default from the provider of a letter of credit relating to the Series 2000 Water Second Lien Revenue Bonds. With respect

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to the forbearance agreements with the holders of the Series 2008C Wastewater Second Lien Revenue Bonds, the forbearance period under each of those forbearance agreements extends to June 30, 2016, but can terminate earlier if: (i) there are any other events of default by the City under the related continuing covenant agreements, (ii) there are further downgrades of the rating on the Wastewater Second Lien Bonds, or (iii) the forbearance period in one of the other forbearance agreements for the Wastewater Second Lien Bonds terminates prior to its scheduled end date. With respect to the Series 2008C Water and Wastewater swap agreements, a ratings downgrade below Baa3 on the Second Lien Revenue Bonds for each of the respective credits would trigger a termination event with respect to the related swap agreement. With respect to the Water credit and/or liquidity facilities, a ratings downgrade below Baa3 on the Water Second Lien Revenue Bonds would trigger an event of default.

The City believes its expected revenues along with current assets are sufficient to fund its operations on a continuing basis, through 2015 and beyond, notwithstanding the City's plans to issue additional bonds in 2015.

**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. In the fund financials, grants that meet all of the eligibility criteria except for time availability and property taxes levied for a future period are also included in deferred inflows.

**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 positions 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 \$1,242.8 million are as follows (dollars in thousands):

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Deferred inflows - property tax.....	\$ 983,616
Deferred inflows - grants.....	<u>259,140</u>
Net adjustment to increase fund balance - total governmental funds - to arrive at net position - governmental activities .....	<u>\$ 1,242,756</u>

ii) Another element of that reconciliation explains that “Certain liabilities and deferred outflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$19,390.5 million are as follows (dollars in thousands):

Long-term liabilities:	
Total bonds, notes and certificates payable .....	\$ 9,606,475
Pension and other postemployment benefits .....	8,884,304
Lease obligation .....	116,858
Pollution remediation.....	8,532
Claims and judgments .....	<u>900,616</u>
Total Long-term liabilities .....	19,516,785
Accounts payable - infrastructure retainage.....	15,272
Bonds, notes and other obligations payable current .....	(86,059)
Other assets - issuance costs (bond insurance).....	(16,033)
Deferred outflows-unamortized loss on refunding .....	(158,102)
Accrued interest .....	2,330
Derivative instrument liability.....	25,538
Accrued and other liabilities - compensated absences.....	<u>90,860</u>
Net adjustment to reduce fund balance - total governmental funds - to arrive at net position - governmental activities .....	<u>\$ 19,390,591</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 \$303.2 million are as follows (dollars in thousands):

Capitalized asset expenditures .....	\$ 656,672
Donated assets .....	14,476
Depreciation expense .....	(367,845)
Loss - disposal of equipment .....	<u>(136)</u>
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	<u>\$ 303,167</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 \$115.6 million are as follows (dollars in thousands):

Proceeds of debt .....	\$ (1,004,347)
Premium .....	(17,465)
Payment of refunded bond escrow agent .....	302,862
Principal retirement .....	599,395
Interest expense .....	3,643
Cost of Issuance .....	<u>287</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	<u>\$ (115,625)</u>

Another 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 \$1,250.4 million are as follows (dollars in thousands):

Claims and judgments .....	\$ (20,849)
Pension and other post employment benefit liabilities and contractual obligations .....	(1,209,339)
Pollution remediation .....	66
Vacation .....	(1,532)
Lease obligations .....	(18,518)
Inventory .....	<u>(290)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	<u>\$ (1,250,462)</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

**CITY OF CHICAGO, ILLINOIS**  
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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.

- 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, 2014 is as follows (dollars in thousands):

	<b>General Fund</b>
Revenues, GAAP Basis .....	\$ 3,176,150
Add:	
Transfers In .....	39,700
Prior Year's Surplus Utilized .....	45,472
	<hr/>
Revenues, Budgetary Basis .....	<b>\$ 3,261,322</b>
Expenditures, GAAP Basis .....	\$ 3,231,258
Add:	
Transfers Out .....	10,081
Encumbered in 2014 .....	29,223
Deduct:	
Payments on Prior Years' Encumbrances .....	(6,943)
Provision for Doubtful Accounts and Other.....	(2,297)
	<hr/>
Expenditures, Budgetary Basis .....	<b>\$ 3,261,322</b>

- c) **Individual Fund Deficits** include the Chicago Skyway Fund, an Enterprise Fund, which has a fund deficit of \$1,364.3 million which management anticipates will be funded through recognition of deferred inflows. Midway International Airport Fund has a fund deficit of \$6.7 million which will be funded through future revenues. Federal State and Local Grants, a governmental fund, has a deficit of \$225.0 million and will be funded by the recognition of deferred grant inflows and unearned revenue. The Service Concession and Reserve Fund, a Special Revenue Fund, has a deficit fund balance of \$955.4 million which will be funded through the recognition of deferred inflows. Also, the Bond, Note Redemption and Interest Fund has a deficit of \$26.9 which will be funded through the issuance of General Obligation Bonds.

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

a) **Investments** As of December 31, 2014, 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. Agencies*.....	\$ 892,426	\$ 3,025,098	\$ 172,590	\$ 112,073	\$ 4,202,187
Commercial Paper.....	556,993	-	-	-	556,993
Corporate Bonds.....	73,420	182,564	120,707	73,998	450,689
Corporate Equities.....	910	-	-	-	910
Municipal Bonds.....	72,144	300,170	69,591	11,209	453,114
Certificates of Deposit and Other Short-term .....	1,593,657	-	-	-	1,593,657
<b>Total City Funds.....</b>	<b>\$ 3,189,550</b>	<b>\$ 3,507,832</b>	<b>\$ 362,888</b>	<b>\$ 197,280</b>	<b>\$ 7,257,550</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 Corporation

<b>Pension Trust Funds</b>					
U.S. and Foreign					
Government Agencies.....	\$ 293,168	\$ 369,223	\$ 155,772	\$ 467,811	\$ 1,285,974
Corporate Bonds.....	861,112	465,027	394,251	321,362	2,041,752
Corporate Equities.....	5,629,900	-	-	-	5,629,900
Pooled Funds.....	66,143	22,339	-	-	88,482
Real Estate.....	634,015	-	-	-	634,015
Securities Received from Securities Lending.....	906,189	-	-	-	906,189
Venture Capital.....	435,340	-	-	-	435,340
Certificates of Deposit and Other Short-term .....	178,686	-	-	-	178,686
Derivatives .....	787	-	-	-	787
Other .....	36,539	-	-	-	36,539
<b>Total Pension Trust Funds.....</b>	<b>\$ 9,041,879</b>	<b>\$ 856,589</b>	<b>\$ 550,023</b>	<b>\$ 789,173</b>	<b>\$ 11,237,664</b>
<b>Total.....</b>	<b>\$ 12,231,429</b>	<b>\$ 4,364,421</b>	<b>\$ 912,911</b>	<b>\$ 986,453</b>	<b>\$ 18,495,214</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, and shall show on their face that they are fully payable as to principal and interest, where applicable, if any, within ten years from the date of purchase.
- ii) **Credit Risk** – The Code limits investments in commercial paper to banks whose senior obligations are rated in the top two rating categories by at least two national rating agencies and who are required to maintain such rating during the term of such investment. The Code also limits investments to domestic money market mutual funds regulated by, and in good standing with, the Securities and Exchange Commission. Certificates of Deposit are also limited by the Code to national banks which provide collateral of at least 105 percent by marketable U.S. government securities marked to market at least monthly; or secured by a corporate surety bond issued by an insurance company licensed to do business

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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.....	\$ 176,616	Aaa/AAA.....	\$ 116,827
Aa/AA.....	4,150,011	Aa/AA.....	136,607
A/A.....	252,722	A/A.....	252,464
Baa/BBB.....	-	Baa/BBB.....	352,443
Ba/BB.....	-	Ba/BB.....	162,158
B/B.....	-	B/B.....	150,649
Caa/CCC.....	-	Caa/CCC.....	36,095
Ca.....	-	Ca.....	828
C/CC.....	-	C/CC.....	350
D/D.....	-	D/D.....	528
P1/A1.....	888,599	Not Rated.....	357,957
Not Rated*.....	<u>1,789,602</u>	Other.....	<u>932,256</u>
Total Funds.....	<u>\$ 7,257,550</u>		<u>\$ 2,499,162</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 \$318.2 million. 97.7 percent of the bank balance was either insured or collateralized with securities held by City agents in the City's name. \$7.4 million was uncollateralized at December 31, 2014, and thus was subject to custodial credit risk.
- 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.....	\$ 62,870
Brazilian real.....	43,414
British pound.....	303,227
Canadian dollar.....	79,768
Chilean peso.....	2,666
Chinese yuan.....	(1,493)
Columbian peso.....	1,941
Czech Republic koruna.....	2,661
Danish krone.....	21,222
Egyptian pound.....	434
European euro.....	394,560
Hong Kong dollar.....	185,487
Hungarian forint.....	832
Indian rupee.....	47,536
Indonesian rupiah.....	19,691
Japanese yen.....	317,654
Malaysian ringgit.....	7,704
Mexican peso.....	29,391
New Israeli shekel.....	9,136
New Romanian leu.....	377
New Taiwan dollar.....	30,860
New Zealand dollar.....	1,835
Nigeria Naira.....	(34)
Norwegian krone.....	19,080
Pakistan rupee.....	302
Peruvian Nuevo Sol.....	3
Philippines peso.....	3,252
Polish zloty.....	3,122
Qatari riyal.....	610
Russian ruble.....	337
Singapore dollar.....	18,145
South African rand.....	40,395
South Korean won.....	58,148
Swedish krona.....	57,088
Swiss franc.....	101,272
Taiwan dollar.....	5,175
Thailand baht.....	14,232
Turkish lira.....	19,608
United Arab Emirates dirham...	4,333
Uruguayan peso Uruguayo.....	466
Total Pension Trust Funds.....	<u>\$ 1,907,307</u>

**CITY OF CHICAGO, ILLINOIS  
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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.....	\$ 7,257,550
Investments - Pension Trust Funds.....	11,237,664
	<u>\$ 18,495,214</u>
Per Financial Statements:	
Restricted Investments.....	\$ 3,324,414
Unrestricted Investments.....	1,835,373
Investments with Fiduciary Funds.....	10,207,137
Investments with Escrow Agent.....	417,522
Invested Securities Lending Collateral.....	906,189
Investments Included as Cash and Cash Equivalents on the Statement of Net Position.....	1,804,579
	<u>\$ 18,495,214</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 fifteen 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 10.0 percent for certain residential, commercial, and industrial property to 25.0 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 and subtracts total amounts of EAV in Tax Increment Financing Districts to arrive at the base amount (Tax Base) used in calculating the annual tax rates.

The County Clerk computes the annual tax rate by dividing the levy by the Tax 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 55.0 percent of the prior year's tax bill. The second installment tax bill equals the total tax liability for the year minus the first installment tax bill amount.

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, based on the ordinance. The ordinance provides an exception for that portion of any property tax debt service levy equal to the aggregate interest and principal payments on the City's general obligation bonds and notes during the 12-month period ended January 1, 1994, subject to annual increase in the manner described above for the aggregate levy, all as provided by the ordinance. Most general obligation bond levies approved after 2001 have also been excluded from this limit.

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**6) Interfund Balances and Transfers**

a) The following balances at December 31, 2014 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.....	\$ 109,514	\$ 276,805
Federal, State and Local Grants.....	10,059	296,159
Special Taxing Areas.....	423,933	11,682
Service Concession and Reserve.....	5,000	5,140
Bond, Note Redemption and Interest.....	-	85,700
Community Development and Improvement Projects....	97,053	56,996
Nonmajor Governmental Funds.....	<u>79,210</u>	<u>94,698</u>
Total Governmental Funds.....	724,769	827,180
Enterprise Funds:		
Water.....	91,224	20,130
Sewer.....	29,416	71,228
Chicago Midway International Airport.....	527	9,134
Chicago-O'Hare International Airport.....	33,751	3,519
Chicago Skyway.....	<u>-</u>	<u>15</u>
Total Enterprise Funds.....	154,918	104,026
Fiduciary activities:		
Pension Trust.....	<u>51,519</u>	<u>-</u>
Total Fiduciary activities.....	51,519	-
Total.....	<u>\$ 931,206</u>	<u>\$ 931,206</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.

b) The following balances at December 31, 2014 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.....	\$ 39,700	\$ 10,081
Special Taxing Areas.....	97,513	44,463
Service Concession and Reserve.....	5,000	13,900
Bond, Note Redemption and Interest.....	366,198	164,268
Community Development and Improvement Projects....	7,004	279,009
Nonmajor Governmental Funds.....	<u>137,171</u>	<u>140,865</u>
Total Governmental Funds.....	<u>\$ 652,586</u>	<u>\$ 652,586</u>

Transfers are used to move revenues from the fund that the statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

**CITY OF CHICAGO, ILLINOIS  
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**7) Capital Assets**

a) **Capital Assets** activity for the year ended December 31, 2014 was as follows (dollars in thousands):

	<b>Balance January 1, 2014</b>	<b>Additions and Transfers</b>	<b>Disposals and Transfers</b>	<b>Balance December 31, 2014</b>
Governmental activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,392,613	\$ 220	\$ -	\$ 1,392,833
Works of Art and Historical Collections.....	30,749	14,483	-	45,232
Construction in Progress.....	260,192	576,209	(290,872)	545,529
Total capital assets, not being depreciated.....	<u>1,683,554</u>	<u>590,912</u>	<u>(290,872)</u>	<u>1,983,594</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	2,545,699	28,451	-	2,574,150
Machinery and Equipment.....	1,381,545	68,123	(10,374)	1,439,294
Infrastructure.....	8,151,833	258,959	-	8,410,792
Total capital assets, being depreciated.....	<u>12,079,077</u>	<u>355,533</u>	<u>(10,374)</u>	<u>12,424,236</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	877,695	66,389	-	944,084
Machinery and Equipment.....	1,155,690	58,534	(10,238)	1,203,986
Infrastructure.....	3,735,664	242,922	-	3,978,586
Total accumulated depreciation.....	<u>5,769,049</u>	<u>367,845</u>	<u>(10,238)</u>	<u>6,126,656</u>
Total capital assets, being depreciated, net.....	<u>6,310,028</u>	<u>(12,312)</u>	<u>(136)</u>	<u>6,297,580</u>
Total governmental activities.....	<u>\$ 7,993,582</u>	<u>\$ 578,600</u>	<u>\$ (291,008)</u>	<u>\$ 8,281,174</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,016,635	\$ 2,066	\$ -	\$ 1,018,701
Construction in Progress.....	1,207,828	701,092	(652,656)	1,256,264
Total capital assets, not being depreciated.....	<u>2,224,463</u>	<u>703,158</u>	<u>(652,656)</u>	<u>2,274,965</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	15,138,127	840,309	73,240	16,051,676
Machinery and Equipment.....	682,588	5,411	(2,366)	685,633
Total capital assets, being depreciated.....	<u>15,820,715</u>	<u>845,720</u>	<u>70,874</u>	<u>16,737,309</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	4,486,528	339,691	(1,605)	4,824,614
Machinery and Equipment.....	346,314	21,336	(2,476)	365,174
Total accumulated depreciation.....	<u>4,832,842</u>	<u>361,027</u>	<u>(4,081)</u>	<u>5,189,788</u>
Total capital assets, being depreciated, net.....	<u>10,987,873</u>	<u>484,693</u>	<u>74,955</u>	<u>11,547,521</u>
Total business-type activities.....	<u>\$ 13,212,336</u>	<u>\$ 1,187,851</u>	<u>\$ (577,701)</u>	<u>\$ 13,822,486</u>
Total Capital Assets.....	<u>\$ 21,205,918</u>	<u>\$ 1,766,451</u>	<u>\$ (868,709)</u>	<u>\$ 22,103,660</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.....	\$ 44,735
Public Safety.....	27,464
Streets and Sanitation.....	14,936
Transportation.....	251,702
Health.....	955
Cultural and Recreational.....	<u>28,053</u>
 Total Depreciation Expense - Governmental Activities.....	 <u>\$ 367,845</u>
 Business-type Activities:	
Water.....	\$ 54,802
Sewer.....	34,061
Chicago Midway International Airport.....	46,044
Chicago-O'Hare International Airport.....	215,918
Chicago Skyway.....	<u>10,202</u>
 Total Depreciation Expense - Business-type Activities.....	 <u>\$ 361,027</u>

8) **Leases**

a) **Operating Leases**

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$13.6 million for the year ended December 31, 2014.

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

2015.....	\$ 8,986
2016.....	4,096
2017.....	2,813
2018.....	2,457
2019.....	2,183
2020 - 2024.....	7,196
2025 - 2029.....	336
2030 - 2034.....	254
2035 - 2039.....	216
2040 - 2042.....	<u>66</u>
 Total Future Rental Expense.....	 <u>\$ 28,603</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 provided 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 was required to make future minimum lease payments.

**CITY OF CHICAGO, ILLINOIS**  
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In June 2014, the City terminated the two lease/leaseback transactions relating to its 911 and 311 systems (QTE-1 and QTE-2). Under the termination agreements, the leases were terminated and the City regained unrestricted title to its 911 and 311 systems. Under the termination agreement relating to QTE-1, the City paid a gross amount of \$1.0 million to Bank of America N.A. To terminate the QTE-2 transaction, the City made a net payment of \$1.3 million to SMBC Leasing Investment LLC.

During 2005, the City entered into a sale and leaseback agreement 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 lease. Under the lease, the City is required to make future minimum lease payments.

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

Year Ending	<u>Total</u>
December 31,	
2015.....	\$ -
2016.....	9,000
2017.....	9,000
2018.....	18,977
2019.....	3,003
2020 - 2024.....	15,016
2025 - 2029.....	2,000
2030 - 2032.....	<u>165,164</u>
Total Minimum Future Lease Payments.....	222,160
Less Interest.....	<u>105,302</u>
Present Value of Minimum	
Future Lease Payments.....	<u>\$ 116,858</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, 2014 (dollars in thousands):

2015.....	\$ 93,228
2016.....	93,222
2017.....	94,218
2018.....	93,283
2019.....	91,967
2020 - 2024.....	8,144
2025 - 2029.....	<u>9,432</u>
Total Minimum Future Rental Income.....	<u>\$ 483,494</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 \$418.5 million, including contingent rentals of \$89.0 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, 2014 (dollars in thousands):

2015.....	\$	48,634
2016.....		48,171
2017.....		26,763
2018.....		26,609
2019.....		26,609
2020 - 2024.....		133,045
2025 - 2029.....		133,045
Total Minimum Future Rental Income.....	\$	<u>442,876</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 \$92.9 million, including contingent rentals of \$39.6 million.

**9) Short-term Debt**

- a) **Matured bonds** represent principal due on coupon bonds in which the coupons have not been presented for payment. As of December 31, 2014, the outstanding balance was at \$0.7 million.
- b) **Line of Credit and Commercial Paper Notes** The City issues commercial paper notes and maintains revolving lines of credit for working capital in anticipation of receipt of other revenue and to fund capital projects, debt refinancing or restructuring; the latter are typically repaid from proceeds of later issuances of general obligation bonds. Historically, the commercial paper notes have been supported by underlying letters of credit that extend beyond one year from the date of the financial statements and the lines of credit have also extended beyond one year from the date of the financial statements. Thus, the outstanding amounts at December 31 have been historically recorded as long-term debt.

Due to the Moody's downgrade of the City's general obligation credit in May 2015, see Note 17, an event of default was triggered under each of the revolving credit agreements and the letter of credit reimbursement agreements for the commercial paper notes. Subsequent to December 31, 2014 the City terminated the letter of credit from Wells Fargo Bank; no commercial paper notes secured by that letter of credit were then outstanding. For the remaining banks, the City entered into forbearance agreements pursuant to which the affected banks agreed to forbear from exercising their respective rights resulting from the event of default. The forbearance period under each of the forbearance agreements extends to September 30, 2015, but can terminate earlier if: (i) there are any other events of default by the City under the related credit agreements, (ii) there are further downgrades of the rating on the City's general obligation bonds, or (iii) the forbearance period in one of the other forbearance agreements terminates prior to its scheduled end date. As the forbearance period with respect to the credit agreements and the underlying letter of credit associated with the outstanding commercial paper notes is less than one year from the date of the financial statements, the outstanding general obligation commercial paper notes and lines of credit at December 31, 2014 have been recorded as fund liabilities in the fund financials, as follows (dollars in thousands):

<u>Type</u>	<u>Fund</u>	<u>Outstanding at 12/31/14</u>
Line of Credit	Community Development and Improvement Projects	\$75,000
Commercial Paper	Community Development and Improvement Projects	2,800
Commercial Paper	Bond, Note Redemption and Interest	198,086
Commercial Paper	Other Governmental Funds	21,423
Total		<u>\$297,309</u>

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**10) Long-term Obligations**

a) **Long-term Debt** activity for the year ended December 31, 2014 was as follows (in thousands):

	<u>Balance January 1, 2014*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2014</u>	<u>Amounts Due within One Year</u>
Governmental activities:					
Bonds and notes payable:					
General obligation debt.....	\$ 7,730,178	\$ 883,420	\$ 278,092	\$ 8,335,506	\$ 100,094
Tax increment .....	88,397	33,410	47,412	74,395	9,035
Revenue .....	<u>753,162</u>	<u>123,063</u>	<u>132,430</u>	<u>743,795</u>	<u>18,400</u>
	8,571,737	1,039,893	457,934	9,153,696	127,529
Add unamortized premium .....	160,014	17,465	22,712	154,767	-
Add accretion of capital appreciation bonds .....	<u>293,789</u>	<u>32,595</u>	<u>28,372</u>	<u>298,012</u>	<u>22,213</u>
Total bonds, notes and certificates payable .....	9,025,540	1,089,953	509,018	9,606,475	149,742
Other liabilities:					
Pension and other postemployment					
benefits obligations .....	7,589,929	1,340,753	46,378	8,884,304	-
Lease obligations .....	171,674	20,805	75,621	116,858	-
Pollution Remediation .....	8,598	-	66	8,532	-
Claims and judgments .....	<u>879,768</u>	<u>170,356</u>	<u>149,508</u>	<u>900,616</u>	<u>164,940</u>
Total other liabilities .....	<u>8,649,969</u>	<u>1,531,914</u>	<u>271,573</u>	<u>9,910,310</u>	<u>164,940</u>
Total governmental activities .....	<u>\$ 17,675,509</u>	<u>\$ 2,621,867</u>	<u>\$ 780,591</u>	<u>\$ 19,516,785</u>	<u>\$ 314,682</u>
Business-type activities:					
Revenue bonds and notes payable:					
Water .....	\$ 1,996,858	\$ 428,889	\$ 43,976	\$ 2,381,771	\$ 51,535
Sewer .....	1,369,459	307,405	37,929	1,638,935	39,837
Chicago-O'Hare International Airport .....	7,665,205	31,026	168,895	7,527,336	189,605
Chicago Midway International Airport .....	<u>1,495,008</u>	<u>896,520</u>	<u>867,938</u>	<u>1,523,590</u>	<u>17,265</u>
	12,526,530	1,663,840	1,118,738	13,071,632	298,242
Add unamortized premium .....	330,022	149,885	37,648	442,259	-
Add accretion of capital appreciation bonds .....	<u>89,158</u>	<u>8,720</u>	<u>9,170</u>	<u>88,708</u>	<u>9,571</u>
Total business-type activities .....	<u>\$ 12,945,710</u>	<u>\$ 1,822,445</u>	<u>\$ 1,165,556</u>	<u>\$ 13,602,599</u>	<u>\$ 307,813</u>
Total long-term obligations .....	<u>\$ 30,621,219</u>	<u>\$ 4,444,312</u>	<u>\$ 1,946,147</u>	<u>\$ 33,119,384</u>	<u>\$ 622,495</u>

\* Commercial Paper and Line of Credit are no longer included due to reclassification as short term debt.

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) General Obligation Bonds**

General Obligation Bonds, Project and Refunding Series 2014A (\$432.6 million), and Taxable Project and Refunding Series 2014B (\$450.8 million) were sold at a premium in March 2014. The bonds have interest rates ranging from 4.0 percent to 6.314 percent and maturity dates from January 1, 2018 to January 1, 2044. Net proceeds of \$881.6 million will be used to finance infrastructure improvements; transportation improvements; grants or loans to assist not-for-profit organizations or educational or cultural institutions; or to assist other municipal corporations or units of local government, or school districts; 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; repayment of Commercial Paper Notes and Lines of Credit; providing for facilities, services and equipment to protect and enhance public safety, and other uses permitted by the Ordinance (\$628.0 million), to refund certain maturities of bonds outstanding (\$185.2 million), and to fund capitalized interest (\$68.3 million). The current refunding of the bonds increased the City's total debt service payments by \$217.8 million, resulted in a net economic loss of approximately \$13.5 million and a book loss of approximately \$7.9 million.

**ii) Motor Fuel Tax Revenue Bonds**

Motor Fuel Tax Revenue Refunding Bonds, Series 2013 (\$105.9 million) were sold at a premium in June 2014. The bonds have interest rates ranging from 2.0 percent to 5.0 percent and maturity dates from January 1, 2015 to January 1, 2033. Net proceeds of \$114.7 million and prior bonds reserves of \$2.9 million were used to advance refund all maturities of the outstanding Motor Fuel Tax Revenue Bonds, Series 2003 (\$114.7 million) and fund the debt service reserve account (\$2.9 million). The advance refunding of the bonds decreased the City's total debt service payments by \$13.6 million and resulted in an economic gain of \$9.9 million and a book loss of approximately \$2.4 million.

**iii) Tax Increment Allocation Bonds**

Tax Increment Allocation Revenue Refunding Bonds (Pilsen Redevelopment Project), Series 2014A (\$17.3 million) and 2014B Taxable (\$16.1 million) were sold at a premium in November 2014. The bonds have interest rates ranging from 0.95 percent to 5.0 percent and maturity dates from June 1, 2015 to June 1, 2022. Net proceeds of \$35.0 million and prior bonds reserves of \$5.1 million were used to refund all maturities of principal and interest outstanding on the Series 2004B Pilsen Bonds (\$25.9 million), the Series 2004G Bonds for the Pilsen Redevelopment Project (\$10.7 million) and fund the debt service reserve account (\$3.5 million). The current refunding of the bonds decreased the City's total debt service payments by \$7.9 million, resulted in a net economic gain of approximately \$5.4 million and a book loss of approximately \$1.1 million.

**iv) Revenue Loans**

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 percent and the final maturity of the loan is January 1, 2048. There have been loan disbursements made to the City in the total of \$17.2 million as of December 31, 2014.

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

In August 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 fund a portion of Consolidated Rental Car Facility at O'Hare, additions, extensions and improvements to the airport transit system (ATS) including the purchase of new ATS vehicles and certain public parking facilities. The loan amount of \$288.1 million is subordinate to the O'Hare Customer Facility Charge Senior Lien Revenue Bonds, Series 2013. The interest rate is 3.86 percent and the final maturity of the loans is January 1, 2052. There were no loan disbursements made to the City as of December 31, 2014.

Chicago Midway International Airport Second Lien Revenue Bonds, Series 2014 A&B (\$771.8 million) were sold at premium in June 2014. The bonds have interest rates ranging from 4.0 percent to 5.0 percent and maturity dates from January 1, 2019 to January 1, 2041. Net proceeds of \$842.2 and other monies (\$20.6 million) were used to finance the costs of certain Airport projects (\$114.9 million), to refund certain maturities of bonds outstanding (\$673.7 million), fund capitalized and debt service reserve (\$16.5 million) and to repay the Commercial Paper notes (\$57.7 million). The current refunding decreased the City's total debt service payments by \$135.7 million, resulted in a net economic gain of approximately \$69.2 million and a book loss of approximately \$15.9 million.

Chicago Midway International Airport Second Lien Refunding Revenue Bonds, Series 2014C (\$124.7) were sold in June 2014. The bonds were issued at a daily rate of 0.08 percent. The bonds have maturities of January 1, 2041 to January 1, 2044. Net proceeds of \$124.4 million were used to refund certain maturities of bonds outstanding (\$124.1 million). The current refunding resulted in a book loss of approximately of \$0.6 million.

Second Lien Water Revenue Bonds, Series 2014 (\$367.9 million) were sold at a premium in September 2014. The bonds have interest rates ranging from 3.0 percent to 5.0 percent and maturity dates from November 1, 2015 to November 1, 2044. Net proceeds of \$400.0 million will be used to finance certain costs of improvements and extensions to the water system.

On May 27, 2014, a loan agreement was signed with the Illinois Environment Protection Agency to install water meters at residences throughout the City that are currently unmetered. In 2014 the Water Fund drew \$6.5 million from this loan agreement. The loan has an interest rate of 2.295% with maturity dates from September 21, 2014 to March 21, 2034.

On August 5, 2013, a loan agreement was signed with the Illinois Environment Protection Agency to replace approximately 10 miles of damaged, undersized and leaking watermains located throughout the City with new 8-inch diameters watermain. In 2014 the Water Fund drew \$39.4 million from this loan agreement. The loan has an interest rate of 1.93% with maturity dates from January 16, 2015 to July 16, 2034.

On September 19, 2013, a loan agreement was signed with the Illinois Environment Protection Agency to install water meters at residents throughout the City that are currently unmetered. Installations will be performed by a private contractor. Meters will be equipped with an AMR (Automatic Meter Reading) capabilities. In 2014 the Water Fund drew \$15.0 million from this loan agreement. The loan has an interest rate of 1.93% with maturity dates from April 16, 2015 to October 16, 2034.

Second Lien Wastewater Transmission Revenue Bonds, Series 2014 (\$292.4 million) were sold at a premium in September 2014. The bonds have interest rates ranging from 3.0 percent to 5.0 percent and maturity dates from January 1, 2016 to January 1, 2044. Net proceeds of \$320.0 million will be used to finance certain costs of improvements and extensions to the wastewater system.

In 2014, the Sewer Fund drew \$15.0 million from the Illinois Environment Protection Agency loan agreement line to replace existing sewer pipes throughout the city. The loan has an interest rate of 2.295 percent with maturity dates from March 4, 2015 to September 4, 2034.

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In 2014, \$31.0 million of Chicago O'Hare International Airport Commercial Paper Notes Series 2013 were issued. Outstanding O'Hare Commercial Paper Notes at December 31, 2014 were \$51.0 million. The proceeds were used to finance portions of the cost of authorized airport projects.

In 2014, \$30.0 million of Chicago Midway International Airport Commercial Notes Series 2013 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, 2015 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2014 are as follows (dollars in thousands):

Year Ending December 31,	General Obligation		Tax Increment	
	Principal	Interest	Principal	Interest
2015.....	\$ 235,676	\$ 438,328	\$ 9,335	\$ 3,272
2016.....	251,072	428,190	10,640	2,795
2017.....	274,537	417,278	11,795	2,306
2018.....	287,152	405,157	16,010	1,757
2019.....	296,244	392,075	6,020	960
2020-2024.....	1,554,715	1,780,488	16,195	1,392
2025-2029.....	1,532,769	1,452,485	-	-
2030-2034.....	1,790,238	1,025,642	-	-
2035-2039.....	1,277,419	554,626	-	-
2040-2043.....	772,425	94,623	-	-
	<u>\$8,272,247</u>	<u>\$6,988,892</u>	<u>\$ 69,995</u>	<u>\$ 12,482</u>

Year Ending December 31,	Revenue		Business-type Activities	
	Principal	Interest	Principal	Interest
2015 .....	\$ 18,170	\$ 34,316	\$ 314,322	\$ 640,650
2016 .....	17,880	33,397	392,640	624,517
2017 .....	18,250	32,487	445,178	606,773
2018 .....	19,150	31,590	457,732	586,321
2019 .....	20,335	30,649	441,142	567,407
2020-2024 .....	119,187	137,871	2,194,324	2,519,632
2025-2029 .....	141,116	120,681	2,614,614	1,963,663
2030-2034 .....	132,133	126,900	3,083,740	1,208,250
2035-2039 .....	200,730	39,362	2,134,220	517,087
2040-2043 .....	38,445	1,922	699,065	62,832
	<u>\$ 725,396</u>	<u>\$ 589,175</u>	<u>\$12,776,977</u>	<u>\$ 9,297,132</u>

For the debt requirements calculated above, interest rates for fixed rate bonds debt range from 1.92 percent to 7.78 percent and 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, 2014. 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

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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) 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 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, 2015 have been excluded in the following table because funds for their payment have been provided for.

	Changes in Fair Value		Fair Value at		Notional Amount
	Classification	Amount	Classification	Amount	
<b>Governmental Activities</b>					
Hedges:					
Interest Rate Swaps.....	Deferred Outflow of Resources	\$ (15,850)	Deferred Outflow of Resources	\$ (158,328)	\$ 1,192,175
Investment Derivative Instruments:					
Interest Rate Swaps.....	Investment Income	(4,821)	Investment Revenue	(32,467)	363,700
<b>Business-type Activities</b>					
Hedges:					
Interest Rate Swaps.....	Deferred Outflow of Resources	(50,998)	Deferred Outflow of Resources	(200,095)	924,280
Total.....				<u>\$ (390,890)</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, 2014, 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, 2015 have been excluded below because funds for their payment have been provided for. Under the swaps on a net basis for each related series of bonds, 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 as of December 31, 2014, 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>						
	\$ 150,000	11/8/2007	Pay 3.9982%; receive SIFMA	\$ (43,370)	1/1/2042	A3/A
	50,000	11/8/2007	Pay 3.9982%; receive SIFMA	(5,443)	8/1/2018	Baa2/A-
GO VRDB (Series 2007EFG).....	200,000	1/1/2014	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(17,373)	1/1/2042	Aa3/AA-
	155,953	8/17/2005	Pay 4.104%; receive SIFMA	(23,181)	7/1/2020	Baa1/A
	66,837	8/17/2005	Pay 4.104%; receive SIFMA	(20,287)	1/1/2040	Aa3/A+
			Pay SIFMA + .045%;			
	100,000	1/1/2014	receive 72.5% of 1 Mo. LIBOR *	(6,096)	1/1/2031	Aa2/AA-
	61,395	1/1/2014	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(3,343)	1/1/2031	A3/A
	61,395	1/1/2014	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(3,343)	1/1/2031	A3/A
			Pay SIFMA + .05%;			
GO VRDB (Series 2005D).....	207,880	1/1/2031	receive 72.5% of 1 Mo. LIBOR *	(6,028)	1/1/2040	A2/A
Sales Tax Revenue Refunding Bonds (VRDB Series 2002).....	111,715	6/27/2002	Pay 4.23%; receive 75.25% of 3 Mo. LIBOR	(26,657)	1/1/2034	Aa3/A+
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	27,000	9/1/1999	Pay 5.084%; receive 67% of 1 Mo. LIBOR	(3,207)	1/1/2019	A2/A
<b>Business-type Activities:</b>						
Chicago Midway International Airport Revenue Bonds (Series 2004C&D).....	84,405	12/14/2004	Pay 4.174%; receive SIFMA Plus .05%	(17,678)	1/1/2035	Baa1/A
	56,270	4/21/2011	Pay 4.247%; receive SIFMA Plus .05%	(12,450)	1/1/2035	Aa3/AA-
			Pay 3.886%; receive 95% of 3 Mo. LIBOR (if LIBOR is < 3%) or			
	232,560	1/3/2011	67% of 3 Mo. LIBOR (if LIBOR is > 3%)	(49,027)	1/1/2039	A3/A
			Pay 3.886%; receive SIFMA			
Wastewater Transmission Variable Rate Revenue Bonds (Series 2008C)....	49,835	7/29/2004	(if LIBOR is < 3%)	(11,472)	1/1/2039	A2/A
	49,835	7/29/2004	or 67% of 1 Mo. LIBOR (if LIBOR is > 3%)	(11,362)	1/1/2039	Aa3/A+
	173,345	8/5/2004	Pay 3.8694%; receive 67% of 1 Mo. Libor	(30,996)	11/1/2031	A2/A
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	182,230	8/5/2004	Pay 3.8669%; receive 67% of 1 Mo. Libor	(37,650)	11/1/2031	Aa3/AA-
Second Lien Water Revenue Refunding Bonds (Series 2000).....	100,000	4/16/2008	Pay 3.8694%; receive 67% of 1 Mo. Libor	(29,460)	11/1/2030	A2/A
<b>Investment Instruments</b>						
<b>Governmental Activities:</b>						
	136,385	8/7/2003	Pay 4.052%; receive 66.91% of 10 Yr USD ISDA Swap Rate	(20,434)	1/1/2034	Aa3/AA-
	45,465	8/7/2003	Pay 4.052%; receive 66.91% of 10 Yr USD ISDA Swap Rate	(6,755)	1/1/2034	Aa3/A+
	45,465	3/1/2014	.05%; receive 75% of 1 Mo. LIBOR *	(1,361)	1/1/2019	A2/A
GO VRDB (Series 2003B).....	136,385	11/1/2014	Pay 66.91% of 10 Yr USD ISDA Swap Rate receive 75% of 1 Mo. LIBOR *	(3,917)	1/1/2019	Aa2/AA-
			Total.....	\$ (390,890)		

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

See Footnote 18 – Subsequent Events for swap terminations and amendments to agreements effective in 2015.

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, 2014, the swaps had a negative fair value of \$390.9 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 \$390.9 million less the unamortized interest rate swap premium balance of \$6.9 million related to investment derivative instruments and \$34.9 million related to governmental cash flow hedges represent the total fair value of the derivative liability in the statement of net position. During 2014, the City terminated the swap associated with Series 2002B General Obligation Variable Rate Demand Bond (Neighborhoods Alive 21 Program); the termination payment amounted to \$36.3 million.
- (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) *Rollover Risk.* The risk that the City may be exposed to rising variable interest rates if (i) the swap expires or terminates prior to the maturity of the bonds and (ii) the City is unable to renew or replace the swap.
- (9) *Swap payments and associated debt.* Bonds maturing and interest payable January 1, 2015 have been excluded because funds for their payment have been provided for. As of December 31, 2014, 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	
2015.....	\$ 31,965	\$ 4,201	\$ 62,676	\$ 98,842
2016.....	51,365	4,215	61,330	116,910
2017.....	53,750	4,017	59,429	117,196
2018.....	59,865	3,810	57,437	121,112
2019.....	58,410	3,593	55,167	117,170
2020 - 2024.....	413,660	14,894	236,467	665,021
2025 - 2029.....	300,625	9,418	168,159	478,202
2030 - 2034.....	418,560	5,744	100,499	524,803
2035 - 2039.....	235,900	1,504	35,232	272,636
2040 - 2042.....	43,535	20	2,608	46,163
	<u>\$ 1,667,635</u>	<u>\$ 51,416</u>	<u>\$ 839,004</u>	<u>\$ 2,558,055</u>

**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, 2014. The Water Rate Stabilization account had a balance in restricted assets of \$88.4 million at December 31, 2014.

The ordinances authorizing the issuance of outstanding Second Lien Water Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues are equal to the sum of the aggregate annual debt service requirements for the fiscal year of the outstanding senior lien bonds and 110 percent of the aggregate annual debt service requirements of the outstanding second lien bonds. This requirement was met at December 31, 2014.

**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, 2014. The Sewer Rate Stabilization account had a balance in restricted assets of \$32.6 million at December 31, 2014.

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, 2014.

**iii) Chicago Midway International Airport Fund** - The Master Indenture of Trust securing Chicago Midway Airport Revenue Bonds requires in each year the City set rates and charges for the use and operation of Midway and for services rendered by the City in the 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 fiscal year not then 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 fiscal year and (b) to provide for the greater of (i) the

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amounts needed to be deposited into the First and Junior Lien Debt Service Funds, 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, 2014.

The Master Indenture of Trust Securing Chicago Midway Airport Second Lien Obligations requires that the City set rentals, rates and other charges for the use and operation of Midway and for certain services rendered by the City in the operation of Midway in order that in each Fiscal Year, Revenues, together with Other Available Moneys deposited with the First Lien Trustee or the Second Lien Trustee with respect to such Fiscal Year and any cash balance held in the First Lien Revenue Fund or the Second Lien Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or Account under the First Lien Indenture for the Second Lien Indenture, will be at least sufficient (1) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year and (2) to provide for the greater of (A) or (B) as follows: (A) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above; or (B) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above or an amount not less than 110 percent of the Aggregate First Lien Debt Service and Aggregate Second Lien Debt Service for the Bond Year commencing during such Fiscal Year, reduced by (X) any amount held in any Capitalized Interest Account for disbursement during such Bond Year to pay interest on First Lien Bonds, and (Y) any amount held in any capitalized interest account established pursuant to a Supplemental Indenture under the Second Lien Indenture for disbursement during such Bond Year to pay interest on Second Lien Obligations. These requirements were met at December 31, 2014.

- iv) Chicago-O'Hare International Airport Fund** - The Master Indenture of Trust securing Chicago O'Hare International Airport General Airport Senior 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 Senior Lien Bonds Obligations or other outstanding Airport Obligations are issued and secured, and (b) one and ten-hundredths times Aggregate 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 Senior Lien Obligations. This requirement was met at December 31, 2014.

The Master Trust Indenture securing Chicago O'Hare International Airport Passenger Facility Charge (PFC) Obligations requires PFC Revenues, as defined, to be deposited into the PFC Revenue Fund. The City covenants to pay from the PFC Revenue Fund not later than the twentieth day of each calendar month the following amounts in the following order of priority: (1) to the Trustee for deposit in the Bond Fund, the sum required to make all of the Sub-Fund Deposits and Other Required Deposits to be disbursed from the Bond Fund [to meet debt service and debt service reserve requirements] in the calendar month pursuant to the Master Indenture; (2) to make any payments required for the calendar month with respect to Subordinated PFC Obligations; and (3) all moneys and securities remaining in the PFC Revenue Fund shall be transferred by the City (or the Trustee if it then holds the PFC Revenue Fund pursuant to the Master Indenture) to the PFC Capital Fund.

The Indenture of Trust Securing Chicago O'Hare International Airport Customer Facility Charge Senior Lien Revenue Bonds requires that, as long as any Bonds remain Outstanding, in each Fiscal Year, the City shall set the amount of the CFC (when multiplied by the total number of projected Contract Days) plus projected Facility Rent at an annual level sufficient to provide sufficient funds (1) to pay principal of and interest on the Bonds due in such Fiscal Year, (2) to reimburse the Rolling Coverage Fund, the

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Supplemental Reserve Fund, the Debt Service Reserve Fund and any Subordinate Reserve Fund for any drawings upon such Funds over a period not to exceed twelve months, as determined by the City, (3) to provide funds necessary to pay any "yield reduction payments" or rebate amounts due to the United States under the Indenture for which funds in the Rebate Fund or the CFC Stabilization Fund are not otherwise available, (4) to maintain the balance of the CFC Stabilization Fund in an amount of no less than the CFC Stabilization Fund Minimum Requirement and to reimburse any drawings below the CFC Stabilization Fund Minimum Requirement over a period not to exceed twelve months, as determined by the City, and (5) to maintain the balance of the Operation and Maintenance Fund in an amount of no less than the Operation and Maintenance Fund Requirement and to reimburse any drawings below the Operation and Maintenance Fund Minimum Requirement over a period of not to exceed twelve months, as determined by the City.

- 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.
- 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, 2014, not including principal payments due January 1, 2015, are as follows (dollars in thousands):

	<u>Amount</u> <u>Defeased</u>	<u>Outstanding</u>
General Obligation Emergency Telephone System - Series 1993 .....	\$ 213,730	\$ 103,570
General Obligation Bonds - Series 2001A .....	406,571	64,805
General Obligation Project Bonds - Series 2004A .....	323,040	3,405
General Obligation Project and Refunding Bonds - Series 2005B .....	11,435	1,750
General Obligation Direct Access Bonds - Series 2005E .....	22,186	5,555
General Obligation Project and Refunding Bonds - Series 2006A .....	28,695	7,440
General Obligation Project and Refunding Bonds - Series 2007A .....	10,505	4,350
Lakefront Millennium Project Parking Facilities Bonds - Series 1998 .....	149,880	43,880
Special Transportation Revenue Bonds - Series 2001 .....	118,715	90,395
Total .....	<u>\$ 1,284,757</u>	<u>\$ 325,150</u>

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**11) Pension 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 of trustees comprised of City officials or their designees and of trustees elected by plan members. Certain employees of the Chicago Board of Education participate in the Municipal Employees' Fund or the Laborers' and Retirement Board Employees' Annuity and Benefit Fund. 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 154 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 39 days. The Plans cannot pledge to sell collateral securities received unless the borrower defaults. Loans outstanding as of December 31, 2014 are as follows: market value of securities loaned \$883.6 million, market value of cash collateral from borrowers \$906.2 million and market value of non-cash collateral from borrowers \$1.5 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 2.5 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.

Historically, State law required City contributions at statutorily, not actuarially, determined rates. The City's contribution was calculated based on the total amount of contributions by employees to the Plan made in the calendar year two years prior, multiplied by (in recent years) 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.

Beginning in 2016, current State law requires significantly increased contributions by the City to the Policemen's and Firemen's Plans. This is projected to require an increase in the City's contributions to the Policemen's and Firemen's Plans by more than \$548.6 million starting in 2016 and increasing by

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approximately three percent each year thereafter. A bill was recently passed by the Illinois General Assembly which would, among other things, institute an extension to 2055 of the period by which the unfunded liabilities of the Policemen's and Firemen's Plans are amortized to a 90 percent Funded Ratio. This would also phase-in over the next five years the increases in the City's contributions to the Policemen's and Firemen's Plans. A motion to reconsider this vote has been filed in the Illinois Senate and is under consideration.

Also beginning in 2016, State law requires significantly increased contributions by the City to the Municipal Employees' and Laborers' Plans. The multiplier determining the City contribution, based on the total amount of contributions by employees to the respective Plans made in the calendar year two years prior, will increase as follows: for the City contribution to be made in 2016, 1.60 (Laborers') and 1.85 (Municipal Employees'); for the contribution made in 2017, 1.90 (Laborers') and 2.15 (Municipal Employees'); for the contribution made in 2018, 2.20 (Laborers') and 2.45 (Municipal Employees'); for the contribution made in 2019, 2.50 (Laborers') and 2.75 (Municipal Employees'); and for the contribution made in 2020, 2.80 (Laborers') and 3.05 (Municipal Employees'). Beginning in 2021, the City's payment contributions for Laborers' and Municipal Employees' will equal the Normal Cost (based on actuarial calculations) for such year plus the amount, determined on a level percentage of payroll basis, that is sufficient to achieve a Funded Ratio of 90 percent in Laborers' and Municipal Employees' by the end of contribution year 2055. This will require an increase in the City's contributions to the Municipal Employees' and Laborers' Plans of more than \$89.1 million starting in 2016 and increasing by approximately three percent each year thereafter.

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%	9.0%	9.125%	n/a
Annual required contribution.....	\$ 839,038	\$ 106,018	\$ 491,651	\$ 304,265	\$ 1,740,972
Interest on net pension obligation.....	200,461	2,336	209,449	150,726	562,972
Adjustment to annual required contribution.....	(210,521)	(2,453)	(147,857)	(154,961)	(515,792)
Annual pension cost.....	828,978	105,901	553,243	300,030	1,788,152
Contributions made.....	149,747	12,160	178,158	107,334	447,399
Increase in net pension obligation.....	679,231	93,741	375,085	192,696	1,340,753
Net pension obligation, beginning of year.....	2,672,812	31,148	2,702,573	1,884,074	7,290,607
Net pension obligation, end of year.....	\$ 3,352,043	\$ 124,889	\$ 3,077,658	\$ 2,076,770	\$ 8,631,360

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	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>
Actuarial valuation date.....	12/31/2014	12/31/2014	12/31/2014	12/31/2014
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%	7.5%	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 1.9 percent over a full career.
- (d) Service-based increases equivalent to a level annual rate increase of 1.8 percent over a full career.
- (e) Service-based increases equivalent to a level annual rate increase of 1.8 percent over a full career.
- (f) The lesser of 3.0 percent or 1/2 of CPI (simple) per year, applied to the annuity in effect as of December 31, 2014, with a minimum of 1.0 percent per year for total annuities less than \$22,000.00. Beginning at the earlier of:
  - 1) the later of the first of January of the year after retirement and age 61;
  - 2) the later of the first of January of the year after the fourth anniversary of retirement and age 54.
- (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.  
 For participants that first became members on or after January 1, 2011, increases are equal to the lesser of 3.0 percent and 50 percent of CPU of the original benefit, commencing at age 60.

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):

<b>Year</b>	<b>Annual Pension Cost</b>	<b>% of Annual Pension Cost Contributed</b>	<b>Net Pension (Asset) / Obligation</b>
<b>Municipal Employees':</b>			
2012 .....	\$ 687,519	21.65 %	\$ 2,008,546
2013 .....	812,463	18.24	2,672,812
2014 .....	828,978	18.06	3,352,043
<b>Laborers':</b>			
2012 .....	77,857	15.22	(63,707)
2013 .....	106,439	10.88	31,148
2014 .....	105,901	11.48	124,889
<b>Policemen's:</b>			
2012 .....	483,359	40.94	2,350,739
2013 .....	531,355	33.79	2,702,573
2014 .....	553,243	32.20	3,077,658
<b>Firemen's:</b>			
2012 .....	268,112	30.41	1,696,679
2013 .....	291,064	35.62	1,884,074
2014 .....	300,030	35.77	2,076,770

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

<b>Year</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)</b>
<b>Municipal Employees':</b>							
2012 .....	12/31/12	\$ 5,073,320	\$ 13,475,377	\$ 8,402,057	38 %	\$ 1,590,794	528 %
2013 .....	12/31/13	5,114,208	13,828,920	8,714,712	37	1,580,289	551
2014 .....	12/31/14	5,039,297	12,307,094	7,267,797	41	1,602,978	453
<b>Laborers':</b>							
2012 .....	12/31/12	1,315,914	2,336,189	1,020,275	56	198,790	513
2013 .....	12/31/13	1,354,261	2,383,499	1,029,238	57	200,352	514
2014 .....	12/31/14	1,357,451	2,107,110	749,659	64	202,673	370
<b>Policemen's:</b>							
2012 .....	12/31/12	3,148,930	10,051,827	6,902,897	31	1,015,171	680
2013 .....	12/31/13	3,053,882	10,282,339	7,228,457	30	1,015,426	712
2014 .....	12/31/14	2,954,319	11,334,799	8,380,480	26	1,074,333	780
<b>Firemen's:</b>							
2012 .....	12/31/12	993,284	4,020,138	3,026,854	25	418,965	722
2013 .....	12/31/13	991,213	4,128,735	3,137,522	24	416,492	753
2014 .....	12/31/14	988,141	4,338,593	3,350,452	23	460,190	728

The unfunded liability to the Plans poses significant financial challenges. The unfunded liability has consistently increased in recent years, but is expected to decrease in the future. Such a decrease is expected to result from significantly increased City contributions to the Plans, beginning in 2016, as required by State law (see Note 1). These increased contributions to the Plans are expected to pose a substantial burden on the City's financial condition.

- b) **Other Post Employment Benefits (OPEB)** - The Pension Funds also contribute a portion of the City's contribution as subsidy toward the cost for each of their annuitants to participate in the City's health benefits plans, which include basic benefits for eligible annuitants and their dependents and supplemental benefits for Medicare eligible annuitants and their dependents. The amounts below represent the accrued liability of the City's pension plans related to their own annuitants and the subsidy paid to the City (see Note 12). The plan is financed on a pay as you go basis (dollars in thousands).

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**Annual OPEB Cost and Contributions Made  
For Fiscal Year Ended December 31, 2014**

	<b>Municipal</b>				
	<u><b>Employees'</b></u>	<u><b>Laborers'</b></u>	<u><b>Policemen's</b></u>	<u><b>Firemen's</b></u>	<u><b>Total</b></u>
Contribution Rates City:	A portion of the City's employer contribution to the Pension Funds is used to finance the health insurance supplement benefit payments.				
Annual Required Contribution	\$ 9,826	\$ 2,520	\$ 9,723	\$ 2,739	\$ 24,808
Interest on Net OPEB Obligation	3,404	290	547	536	4,777
Adjustment to Annual - Required Contribution	<u>(26,330)</u>	<u>(2,243)</u>	<u>(4,079)</u>	<u>(4,143)</u>	<u>(36,795)</u>
Annual OPEB Cost (Gain)	(13,100)	567	6,191	(868)	(7,210)
Contributions Made	<u>9,051</u>	<u>2,360</u>	<u>9,657</u>	<u>2,471</u>	<u>23,539</u>
Decrease in Net OPEB Obligation	(22,151)	(1,793)	(3,466)	(3,339)	(30,749)
Net OPEB Obligation, Beginning of Year	<u>75,637</u>	<u>6,442</u>	<u>12,150</u>	<u>11,902</u>	<u>106,131</u>
Net OPEB Obligation, End of Year	<u>\$ 53,486</u>	<u>\$ 4,649</u>	<u>\$ 8,684</u>	<u>\$ 8,563</u>	<u>\$ 75,382</u>

**Actuarial Method and Assumptions** - For the Pension Funds' subsidies, the actuarial valuation for the fiscal year ended December 31, 2014 was determined using the Entry Age Normal actuarial cost method. 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.

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	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>
Actuarial Valuation Date	12/31/2014	12/31/2014	12/31/2014	12/31/2014
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	2 years Closed	2 years Closed	2 years Closed	2 years Closed
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 )	( d )
Healthcare Cost Trend Rate (e)	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 1.9 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 ) 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'	2012	\$ 13,703	69.49 %	\$ 71,756
	2013	13,389	71.01	75,637
	2014	(13,100) *	-	53,486
Laborers'	2012	2,994	85.56	5,951
	2013	3,009	83.67	6,442
	2014	567	416.04	4,649
Policemen's	2012	10,573	92.37	11,461
	2013	10,536	93.46	12,150
	2014	6,191	155.99	8,684
Firemen's	2012	4,154	63.13	10,382
	2013	4,071	62.66	11,902
	2014	(868)	-	8,563

\* The negative cost is primarily due to the insurance subsidy ending in 2016.

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,

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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'	12/31/2014	\$ -	\$ 17,495	\$ 17,495	-	\$ 1,602,978	1.09
Laborers'	12/31/2014	-	4,593	4,593	-	202,673	2.27
Policemen's	12/31/2014	-	18,762	18,762	-	1,074,333	1.75
Firemen's	12/31/2014	-	4,995	4,995	-	460,190	1.09

**12) Other Post Employment Benefits – City Obligation**

Up to June 30, 2013, 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, known as the "Settlement Plan." The pension funds contributed their subsidies of \$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 \$84.8 million in 2014 to the gross cost of their retiree health care pursuant to premium amounts set forth in the below-referenced settlement agreement.

The City of Chicago subsidized a portion of the cost (based upon service) for hospital and medical coverage for eligible retired employees and their dependents based upon a settlement agreement entered in 2003 and which expired on June 30, 2013.

On May 15, 2013, the City announced plans to, among other things: (i) provide a lifetime healthcare plan to former employees who retired before August 23, 1989 with a contribution from the City of up to 55% of the cost of that plan; and (ii) beginning July 1, 2013, provide employees who retired on or after August 23, 1989 with healthcare benefits in a new Retiree Health Plan (Health Plan), but with significant changes to the terms including increases in premiums and deductibles, reduced benefits and the phase-out of the Health Plan for such employees by December 31, 2016.

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 2014, the net expense to the City for providing these benefits to approximately 24,381 annuitants plus their dependents was approximately \$79.3 million.

**Plan Description Summary** – The City of Chicago was party to a written legal settlement agreement outlining the provisions of the Settlement Plans, which ended June 30, 2013. The Health Plan provides for annual modifications to the City's level of subsidy. It is set to phase out over three years, at which the Health Plan, along with any further City subsidy, will expire by December 31, 2016, for all but the group of former employees (the Korshak class of members) who retired before August 23, 1989, who shall have lifetime benefits. Duty Disabled retirees who have statutory pre-63/65 coverage will continue to have fully subsidized coverage under the active health plan until age 65.

The provisions of the Health Plan 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 the specified period, ending December 31, 2016. The percentage subsidies were revised to reduce by approximately 25 percent of 2013 subsidy levels in 2014 and 50 percent of 2013 subsidy levels in 2015. Additional step downs in subsidy levels for 2016 have not yet been finalized.

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In addition, State law authorizes the four respective Pension Funds (Policemen's, Firemen's, Municipal Employees', and Laborers') to provide a fixed monthly dollar subsidy to each annuitant who has elected coverage under any City health plan through December 31, 2016. After that date, no Pension Fund subsidies are authorized. The liabilities for the monthly dollar Pension Fund subsidies contributed on behalf of annuitants enrolled in the medical plan by their respective Pension Funds are included in the NPO actuarial valuation reports of the respective four Pension Funds under GASB 43 (see Note 11).

**Special Benefits under the Collective Bargaining Agreements (CBA)** - Under the terms of the collective bargaining agreements for the Fraternal Order of Police (FOP) and the International Association of Fire Fighters (IAFF), 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 Policemen's Fund contributes \$95 per month towards coverage for police officers; the Firemen's Fund does not contribute.

Both of these agreements which provide pre-65 coverage originally expired at June 30, 2012. These benefits have been renegotiated to continue through 2016 or June 30, 2017, depending on bargaining unit agreements. This valuation assumes that the CBA special benefits, except for those who will have already retired as of December 31, 2016, will cease on December 31, 2016 or June 30, 2017, depending on bargaining unit agreements. The renegotiated agreements also provided that retirees will contribute 2% of their pension toward the cost of their health care coverage.

**Funding Policy** - 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 post-employment 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 ten years.

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 post-employment benefits – the Health Plan. The amount of the annual cost that is recorded in the Statement of Changes in Net Position for 2014 is the Annual OPEB Cost (expense).

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**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	\$ 67,713	\$ 60,912	\$ 128,625
Interest on Net OPEB Obligation	1,806	3,989	5,795
Adjustment to Annual Required Contribution	(6,853)	(15,135)	(21,988)
Annual OPEB Cost	62,666	49,766	112,432
Contributions Made	93,962	34,099	128,061
Decrease in Net OPEB Obligation	(31,296)	15,667	(15,629)
Net OPEB Obligation, Beginning of Year	60,210	132,981	193,191
Net OPEB Obligation, End of Year	<u>\$ 28,914</u>	<u>\$ 148,648</u>	<u>\$ 177,562</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 are as follows (dollars in thousands):

**Schedule of Contributions,  
 OPEB Costs and Net Obligations**

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
<b>Settlement Plan</b>			
12/31/2014	\$ 62,666	149.9%	\$ 28,914
12/31/2013	75,444	148.4	60,210
12/31/2012	37,444	260.5	96,760
<b>CBA Special Benefits</b>			
12/31/2014	\$ 49,766	68.5%	\$ 148,648
12/31/2013	41,722	65.5	132,981
12/31/2012	39,533	46.6	118,601
<b>Total</b>			
12/31/2014	\$ 112,432	113.9%	\$ 177,562
12/31/2013	117,166	118.9	193,191
12/31/2012	76,977	150.6	215,361

**Funded Status and Funding Progress** - As of January 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$964.6 million all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,425.0 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 39.8 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

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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>						
12/31/2013	\$ -	\$ 498,205	\$ 498,205	0%	\$ 2,425,000	20.5 %
<b>CBA Special Benefits</b>						
12/31/2013	\$ -	\$ 466,421	\$ 466,421	0%	\$ 1,400,269	33.3 %
<b>Total</b>						
12/31/2013	\$ -	\$ 964,626	\$ 964,626	0%	\$ 2,425,000	39.8 %

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

For the Health Plan benefits (not provided by the Pension Funds), the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% in 2026. The range of rates included a 3.0% inflation assumption. Rates included a 2.5% inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. However, the funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0%. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over ten years. The benefits include the provisions under the new Health Plan, which will be completely phased-out by December 31, 2016, except for the Korshak category, which is entitled to lifetime benefits. Also included in the Non-CBA benefits are the duty disability benefits under the active health plan payable to age 63/65.

For the Special Benefits under the CBA for Police and Fire, the renewed contracts' expiration dates of June 30, 2016 (for Police Captains, Sergeants and Lieutenants) and June 30, 2017 for all other Police and Fire are reflected, such that liabilities are included only for payments beyond the end of the calendar year of contract expiration on behalf of early retirees already retired and in pay status as of December 31 of the expiration year of the contract. The entry age normal method was selected. The actuarial assumptions included an annual healthcare cost trend rate of 8.0% in 2014, reduced by decrements to an ultimate rate of 5.0% in 2026. Rates included a 2.5% 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 3.0%. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over ten years.

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**Summary of Assumptions and Methods**

	Settlement Health Plan	CBA Special Benefits
Actuarial Valuation Date	December 31, 2013	December 31, 2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, open	Level Dollar, open
Remaining Amortization Period	10 years	10 years
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	3.0%	3.0%
Projected Salary Increases	2.5%	2.5%
Healthcare Inflation Rate	8.0% initial to 5.0% in 2026	8.0% initial to 5.0% in 2026

**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, 2014, the total amount of non-Enterprise Fund claims was \$483.2 million and Enterprise Fund was \$57.1 million. This liability is the City's best estimate based on available information. Changes in the reported liability for all funds are as follows (dollars in thousands):

	<u>2014</u>	<u>2013</u>
Balance, January 1.....	\$ 547,674	\$ 608,485
Claims incurred and change in estimates.....	627,488	699,582
Claims paid on current and prior year events.....	<u>(634,890)</u>	<u>(760,393)</u>
Balance, December 31.....	<u>\$ 540,272</u>	<u>\$ 547,674</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.

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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):

	General	Federal, State and Local Grants	Special Taxing Areas	Service Concession and Reserve	Bond, Note Redemption and Interest	Community Development Improvement Projects	Other Governmental Funds
Nonspendable Purpose:							
Inventory .....	\$ 24,498	-	-	-	-	-	-
Restricted Purpose:							
TIF and Special Service Area Programs and Redevelopment .....	-	-	-	-	-	-	-
Capital Projects .....	-	-	1,327,058	-	-	347,652	139,491
Grants .....	-	15,230	-	-	-	-	-
Debt Service .....	-	-	-	-	-	-	-
General Government .....	-	-	-	-	-	-	-
Committed Purpose:							
Debt Service .....	-	-	-	-	-	-	75,176
Budget and Credit Rating Stabilization .....	-	-	-	620,891	-	-	-
Repair, Maintenance and City Services .....	-	-	-	-	-	-	-
Assigned Purpose:							
Future obligations .....	-	-	-	-	-	-	-
Special Projects .....	65,223	-	-	-	-	-	-
Unassigned .....	51,557	(240,275)	-	(1,576,293)	(26,872)	-	-
Total Government Fund Balance .....	\$ 141,278	\$ (225,045)	\$ 1,327,058	\$ (955,402)	\$ (26,872)	\$ 347,652	\$ 214,667

At the end of the fiscal year, total encumbrances for the General Operating Fund amounted to \$29.2 million, \$47.3 million for the Special Taxing Areas Fund, \$75.5 million for the Capital Projects Fund and \$7.3 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.

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, 2014, the Enterprise Funds have entered into contracts for approximately \$518.1 million for construction projects.

The City's pollution remediation obligation of \$8.5 million is primarily related to Brownfield redevelopment projects.

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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 the 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 Chicago Loop Parking, LLC (CLP) 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 2014, CLP assigned all of its interests in the concession and lease agreement to LMG2, LLC, the designee of its lenders, in lieu of foreclosure by the lenders on their leasehold mortgage on the underground garages.

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**

**Ratings**

In February 2015, Moody's Investors Service (Moody's) downgraded the ratings of the City's General Obligation bonds, Sales Tax revenue bonds and Motor Fuel Tax revenue bonds from Baa1 to Baa2, the City's Wastewater senior lien revenue bonds from A2 to A3, and the Wastewater second lien revenue bonds from A3 to Baa1, each with a negative outlook.

In March 2015, Kroll Bond Rating Agency (Kroll) rated the City's General Obligation bonds A- with a stable outlook.

In May 2015 Moody's downgraded the City's General Obligation bonds, Sales Tax revenue bonds and Motor Fuel Tax revenue bonds from Baa2 to Ba1, with a negative outlook. At the same time, Moody's downgraded the City's Water senior lien revenue bonds from A2 to Baa1, the Water second lien revenue bonds from A3 to Baa2 and the City's Wastewater senior lien bonds from A3 to Baa2 and the Wastewater second lien revenue bonds from Baa1 to Baa3, each with a negative outlook. The Moody's May 2015 downgrades triggered (with respect to the City's General Obligation debt, Sales Tax revenue bonds, Water second lien revenue bonds and Wastewater second lien revenue bonds) defaults under certain credit and/or liquidity facilities, certain general obligation revolving credit agreements and, for the Series 2008C Wastewater second lien revenue bonds, certain continuing covenant agreements with those bondholders. The Moody's May 2015 downgrades also triggered termination events under interest rate swap

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agreements to which the City is a party. The City does not have any such facilities or agreements relating to its Motor Fuel Tax revenue bonds. In response to the triggering of these defaults and termination events, the City took several actions: (i) it terminated the Wells Fargo letter of credit securing two series of its General Obligation commercial paper notes (no such notes were outstanding at the time of termination) and terminated the associated reimbursement agreement; (ii) it entered into forbearance agreements with (A) the providers of credit and/or liquidity facilities for its General Obligation bonds, General Obligation commercial paper notes and Sales Tax revenue bonds, (B) the lenders on its General Obligation revolving credit agreements, (C) the counterparties on its General Obligation and Sales Tax Revenue interest rate swap agreements, and (D) the holders of its Series 2008C Wastewater second lien revenue bonds; (iii) it amended and/or transferred the interest rate swap agreements for its Water second lien revenue bonds and its Wastewater second lien revenue bonds to remove such termination event from the swap agreements prior to any demand being made for a termination payment by the counterparties; and (iv) it obtained a waiver of the event of default from the provider of a letter of credit relating to its Water second lien revenue bonds.

In May 2015, subsequent to the Moody's downgrades, Standard and Poor's (S&P) downgraded the City's General Obligation bonds from A+ to A- with a negative watch. S&P also downgraded the City's Water senior lien revenue bonds from AA to A, the Water second lien revenue bonds from AA- to A- the City's Wastewater senior lien bonds from AA to A and the Wastewater second lien revenue bonds from AA- to A-, each with a negative watch.

In May 2015, subsequent to the Moody's downgrades, Fitch Ratings (Fitch) downgraded the City's General Obligation bonds and Sales Tax revenue bonds from A- to BBB+, with a negative watch.

In June 2015, Kroll rated the Sales Tax revenue bonds AA+ with a stable outlook.

**Bonds**

In May 2015, the City converted its General Obligation Bonds (Neighborhoods Alive 21 Program), Series 2002B (\$176.2 million) from variable rate to fixed rate. The bonds were converted at interest rates ranging from 5.0 percent to 5.5 percent and mandatory sinking fund or maturity dates from January 1, 2016 to January 1, 2037. Proceeds were used to pay a portion of the purchase price of the bonds mandatorily tendered on the conversion date and the costs of conversion. The remaining portion of \$24.8 million was redeemed by the City.

In May 2015, the City converted its General Obligation Bonds, Project and Refunding Series 2003B (\$170.1 million) from variable rate to fixed rate. The bonds were converted at interest rates ranging from 5.0 percent to 5.5 percent and maturity dates from January 1, 2016 to January 1, 2034. Proceeds were used to pay a portion of the purchase price of the bonds mandatorily tendered on the conversion date and the costs of conversion. The remaining portion of \$11.8 million was redeemed by the City.

In June 2015, the City converted its General Obligation Bonds, Project and Refunding Series 2005D (\$174.0 million) from variable rate to fixed rate. The bonds were converted at an interest rate of 5.5 percent and mandatory sinking fund or maturity dates from January 1, 2033 to January 1, 2040. Proceeds were used to pay a portion of the purchase price of the bonds mandatorily tendered on the conversion date and the costs of conversion. The remaining portion of \$48.8 million was redeemed by the City.

In June 2015, the City converted its General Obligation Bonds, Refunding Series 2007E, F and G (\$153.7 million) from variable rate to fixed rate. The bonds were converted at an interest rate of 5.5 percent and mandatory sinking fund or maturity dates from January 1, 2034 to January 1, 2042. Proceeds were used to pay a portion of the purchase price of the bonds mandatorily tendered on the conversion date and the costs of conversion. The remaining portion of \$46.3 million was redeemed by the City.

In June 2015, the City converted its Sales Tax Revenue Refunding Bonds, Series 2002 (\$111.7 million) from variable rate to fixed rate. The bonds were converted at interest rates ranging from 2.0 percent to 5.0 percent. Proceeds were used to pay the purchase price of the bonds mandatorily tendered on the conversion date and the costs of conversion.

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**Swaps**

In May and June 2015, the City terminated all of its General Obligation and Sales Tax revenue swaps and transferred and modified certain thresholds with respect to Additional Termination Events for its Water second lien revenue swaps and Wastewater second lien revenue swaps.

The City terminated the swaps relating to its (1) General Obligation Bonds, Project and Refunding Series 2003B for total termination payments of \$31.0 million, (2) General Obligation Bonds, Project and Refunding Series 2005D for total termination payments of \$62.8 million, (3) General Obligation Bonds, Refunding Series 2007 E, F and G for total termination payments of \$62.0 million and 4) Sales Tax Revenue Refunding Bonds, Series 2002 for a termination payment of \$29.0 million.

The City transferred the swaps with UBS related to its Water Second Lien Revenue Bonds, Series 2000 (\$100.0 million notional amount) and Series 2004 (\$173.3 million notional amount) to Barclays. At the same time, the ATE rating threshold was reduced from below Baa1 by Moody's or BBB+ by S&P to below Baa3 or BBB- by Moody's and S&P respectively. In addition, the swap with Royal Bank of Canada relating to the City's Water Second Lien Revenue Bonds, Series 2004 (\$182.2 million notional amount) was modified to reduce the ATE rating threshold from below Baa1 by Moody's or BBB+ by S&P to below BBB+ by S&P or Fitch.

The City modified the ATE rating thresholds related to its Second Lien Wastewater Transmission Revenue Bonds, Series 2008C swaps with JPMorgan (\$49.8 million notional amount) and Bank of America (\$49.8 million notional amount) from below Baa1 by Moody's or BBB+ by S&P to below Baa3 or BBB- by Moody's or S&P, respectively.

**Commercial Paper, Letters of Credit, Lines of Credit and Continuing Covenant Agreements**

As of December 31, 2014, the outstanding balance for the City's General Obligation Commercial Paper Notes and General Obligation Lines of Credit (G.O. CP) was \$297.4 million. Since January 2015, the City has paid down \$54.2 million of G.O. CP and has issued \$591.8 million to refund certain outstanding bonds, facilitate the conversion of variable rate bonds to fixed rate, fund swap termination payments and pay certain settlements and judgments. The current G.O. CP outstanding is approximately \$835.0 million.

In February 2015, the City's Midway Commercial Paper program was reduced from \$150 million to \$85 million. As such, the PNC letter of credit was not extended.

In April 2015, the City issued \$30.5 million aggregate principal amount of its Chicago O'Hare International Airport Commercial Paper Notes (O'Hare CP Notes). The proceeds of these O'Hare CP Notes were used to finance a portion of the cost of authorized airport projects.

In May and June 2015, the City converted its General Obligation bonds and Sales Tax revenue bonds from variable rate to fixed rate, as discussed above. The related letters of credit and liquidity facilities were terminated at the time of the conversion.

Due to the May 2015 downgrades by Moody's, the City entered into forbearance agreements with its General Obligation commercial paper credit providers (except Wells Fargo), the lenders on its General Obligation revolving credit agreements and the Orange Line letter of credit provider. The forbearance agreements extend to September 30, 2015, unless another event of default is triggered, including another rating downgrade by Moody's or a downgrade below investment grade by S&P or Fitch. The Wells Fargo letter of credit was terminated; there were no such General Obligation commercial paper notes outstanding secured by that letter of credit. The City also entered into forbearance agreements with the holders of its Series 2008C Wastewater second lien revenue bonds. Each of those holders has a continuing covenant agreement with the City with respect to its bonds. An event of default was triggered under each continuing covenant agreement due to the May 2015 downgrades by Moody's. The forbearance agreements extend to June 30, 2016 (provided that the City has taken certain steps prior to June 30, 2016 to convert the Series 2008C Wastewater second lien revenue bonds to fixed rates of interest), unless another event of default is triggered, including another rating downgrade by Moody's or a downgrade below investment grade by S&P or Fitch.

In May 2015, the City entered into a Line of Credit Agreement with DNT Asset Trust, which allows the City to draw on the line of credit in an aggregate amount not to exceed \$200.0 million to facilitate the conversions of the City's

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

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General Obligation variable rate bonds to fixed rate, by funding a portion of the purchase price of tendered bonds as well as paying for the redemption of bonds which were not converted to fixed rate. The line of credit was subsequently reduced to \$151.6 million, to reflect the amount of the draws related to the conversions. The City's repayment obligation under the line of credit is a general obligation of the City. The line of credit expires September 30, 2015. In June 2015, the City amended its Revolving Credit Agreement with Bank of America, which increases the line of credit amount to \$348.4 million. The City's repayment obligation under the line of credit is a general obligation of the City. The line of credit remains in effect through the forbearance period ending on September 30, 2015, although any draws on the line of credit during and after the forbearance period are subject to approval by the bank in its sole discretion.

**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>							
2012 .....	12/31/2012	\$ -	\$ 162,083	\$ 162,083	- %	\$ 1,590,794	10.19 %
2013 .....	12/31/2013	-	27,573	27,573	-	1,580,289	1.74
2014 .....	12/31/2014	-	17,495	17,495	-	1,602,978	1.09
<b>Laborers'</b>							
2012 .....	12/31/2012	-	38,654	38,654	- %	198,790	19.44 %
2013 .....	12/31/2013	-	7,074	7,074	-	200,352	3.53
2014 .....	12/31/2014	-	4,593	4,593	-	202,673	2.27
<b>Policemen's</b>							
2012 .....	12/31/2012	-	168,811	168,811	- %	1,015,171	16.63 %
2013 .....	12/31/2013	-	28,376	28,376	-	1,015,426	2.79
2014 .....	12/31/2014	-	18,762	18,762	-	1,074,333	1.75
<b>Firemen's</b>							
2012 .....	12/31/2012	-	46,206	46,206	- %	418,965	11.03 %
2013 .....	12/31/2013	-	7,692	7,692	-	416,492	1.85
2014 .....	12/31/2014	-	4,995	4,995	-	460,190	1.09
<b>City of Chicago</b>							
2012 .....	12/31/2011	-	470,952	470,952	- %	2,518,735	18.70 %
2013 .....	12/31/2012	-	997,281	997,281	-	2,385,198	41.81
2014 .....	12/31/2013	-	964,626	964,626	-	2,425,000	39.78

**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, 2014**  
**(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 .....	\$ 119,084	\$ 119,084	\$ 153,274	\$ 34,190
Electric .....	97,412	97,412	96,353	(1,059)
Telecommunication .....	116,598	116,598	106,129	(10,469)
Commonwealth Edison .....	89,519	89,519	90,202	683
Cable Television .....	27,661	27,661	27,538	(123)
Total Utility Tax .....	<u>450,274</u>	<u>450,274</u>	<u>473,496</u>	<u>23,222</u>
<b>SALES TAX:</b>				
Home Rule Retailers' Occupation .....	<u>274,505</u>	<u>274,505</u>	<u>285,773</u>	<u>11,268</u>
<b>TRANSPORTATION TAX:</b>				
Parking .....	126,571	126,571	126,516	(55)
Vehicle Fuel .....	48,061	48,061	48,161	100
Ground Transportation .....	9,100	9,100	10,399	1,299
Total Transportation Tax .....	<u>183,732</u>	<u>183,732</u>	<u>185,076</u>	<u>1,344</u>
<b>TRANSACTION TAX:</b>				
Real Property .....	139,492	139,492	157,194	17,702
Personal Property Lease .....	138,873	138,873	152,576	13,703
Motor Vehicle Lessor .....	6,262	6,262	6,431	169
Total Transaction Tax .....	<u>284,627</u>	<u>284,627</u>	<u>316,201</u>	<u>31,574</u>
<b>RECREATION TAX:</b>				
Amusement .....	103,146	103,146	112,895	9,749
Automatic Amusement .....	625	625	584	(41)
Liquor .....	32,237	32,237	32,113	(124)
Boat Mooring .....	1,341	1,341	1,309	(32)
Cigarette .....	22,923	22,923	24,022	1,099
Off Track Betting .....	595	595	547	(48)
Soft Drink .....	21,698	21,698	22,210	512
Total Recreation Tax .....	<u>182,565</u>	<u>182,565</u>	<u>193,680</u>	<u>11,115</u>
<b>BUSINESS TAX:</b>				
Hotel .....	97,745	97,745	100,407	2,662
Foreign Fire Insurance .....	4,725	4,725	4,422	(303)
Total Business Tax .....	<u>102,470</u>	<u>102,470</u>	<u>104,829</u>	<u>2,359</u>
<b>TOTAL LOCAL TAX REVENUE .....</b>	<u><b>1,478,173</b></u>	<u><b>1,478,173</b></u>	<u><b>1,559,055</b></u>	<u><b>80,882</b></u>

**Schedule A-1 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2014**  
**(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 .....	\$ 262,700	\$ 262,700	\$ 250,279	\$ (12,421)
Personal Property Replacement .....	31,000	31,000	27,752	(3,248)
Total State Income Tax .....	<u>293,700</u>	<u>293,700</u>	<u>278,031</u>	<u>(15,669)</u>
<b>STATE SALES TAX:</b>				
State Retailers' Occupation .....	<u>322,272</u>	<u>322,272</u>	<u>334,526</u>	<u>12,254</u>
<b>STATE AUTO RENTAL TAX:</b>				
Municipal Auto Rental .....	<u>4,100</u>	<u>4,100</u>	<u>4,175</u>	<u>75</u>
<b>FEDERAL/STATE GRANTS:</b>				
Grants .....	<u>1,500</u>	<u>1,500</u>	<u>2,335</u>	<u>835</u>
TOTAL INTERGOVERNMENTAL REVENUE .....	<u>621,572</u>	<u>621,572</u>	<u>619,067</u>	<u>(2,505)</u>
<b>LOCAL NON-TAX REVENUE</b>				
<b>INTERNAL SERVICE:</b>				
Water Fund .....	77,371	77,371	77,371	-
Chicago-O'Hare International Airport Fund .....	42,889	42,889	39,976	(2,913)
Vehicle Tax Fund .....	20,411	20,411	20,411	-
Chicago Midway International Airport Fund .....	9,953	9,953	10,901	948
Federal Funds .....	22,214	22,214	19,409	(2,805)
Sewer Fund .....	34,860	34,860	34,860	-
Emergency Communication Fund .....	67,006	67,006	67,005	(1)
Federal Funds - Pensions .....	15,822	15,822	15,248	(574)
Intergovernmental Vouchers (IV) .....	784	784	83	(701)
Department of Housing & Economic Development .	786	786	-	(786)
Transportation .....	4,481	4,481	4,705	224
Department of Fleet and Facility Management .....	8,331	8,331	6,204	(2,127)
Miscellaneous - Planning, Purchasing, etc. ....	3,044	3,044	4,444	1,400
Public Safety - Police, Fire and OEMC .....	7,054	7,054	2,587	(4,467)
Other .....	3,206	3,206	2,512	(694)
Total Internal Service .....	<u>318,212</u>	<u>318,212</u>	<u>305,716</u>	<u>(12,496)</u>
<b>LICENSES AND PERMITS:</b>				
Alcoholic Liquor Dealers' License .....	11,617	11,617	11,592	(25)
Building License .....	21,630	21,630	18,142	(3,488)
Building Permits .....	41,689	41,689	39,311	(2,378)
Fines and Penalties .....	6,360	6,360	6,006	(354)
Other .....	50,372	50,372	44,889	(5,483)
Total Licenses and Permits .....	<u>131,668</u>	<u>131,668</u>	<u>119,940</u>	<u>(11,728)</u>

**Schedule A-1 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>LOCAL NON-TAX REVENUE - Concluded</b>				
<b>FINES:</b>				
Fines, Forfeitures and Penalties .....	\$ 414,680	\$ 414,680	\$ 338,329	\$ (76,351)
<b>INVESTMENT INCOME:</b>				
Interest on Investments .....	4,725	4,725	1,573	(3,152)
<b>CHARGES FOR SERVICES:</b>				
Inspection .....	9,873	9,873	14,399	4,526
Information .....	924	924	664	(260)
Safety .....	80,300	80,300	90,001	9,701
Reimbursement of Current Expense .....	8,734	8,734	5,781	(2,953)
Other .....	24,645	24,645	23,748	(897)
Total Charges for Services .....	124,476	124,476	134,593	10,117
<b>MUNICIPAL UTILITIES:</b>				
Parking .....	6,656	6,656	7,257	601
Total Municipal Utilities .....	6,656	6,656	7,257	601
<b>LEASES, RENTALS AND SALES:</b>				
Sale of Land and Buildings .....	3,500	3,500	2,942	(558)
Vacation of Streets and Alleys .....	1,000	1,000	5,636	4,636
Sale of Impounded Autos .....	60	60	38	(22)
Sale of Materials .....	2,200	2,200	1,972	(228)
Rentals and Leases .....	15,358	15,358	13,539	(1,819)
Total Leases, Rentals and Sales .....	22,118	22,118	24,127	2,009
<b>MISCELLANEOUS:</b>				
Property Damage .....	7	7	202	195
Other .....	55,913	55,913	66,291	10,378
Total Miscellaneous .....	55,920	55,920	66,493	10,573
TOTAL LOCAL NON-TAX REVENUE .....	1,078,455	1,078,455	998,028	(80,427)
<b>Issuance of Debt, Net of Original</b>				
Discount .....	-	-	-	-
<b>Budgeted Prior Years' Surplus</b>				
and Reappropriations .....	53,417	53,417	45,472	(7,945)
Transfers In .....	58,608	58,608	39,700	(18,908)
Total Revenues .....	\$ 3,290,225	\$ 3,290,225	\$ 3,261,322	\$ (28,903)

## **NONMAJOR GOVERNMENTAL FUNDS**

**Schedule B-1  
CITY OF CHICAGO, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
December 31, 2014  
(Amounts are in Thousands of Dollars)**

	Total Nonmajor Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 8,768	\$ 6,373	\$ 412	\$ 15,553
Investments .....	88,871	4,531	97,045	190,447
Cash and Investments with Escrow Agent .....	257	72,295	-	72,552
Receivables (Net of Allowances):				
Property Tax .....	340,506	30,401	-	370,907
Accounts .....	16,234	33	341	16,608
Due from Other Funds .....	71,602	-	7,608	79,210
Due from Other Governments .....	20,284	-	18,179	38,463
<b>Total Assets .....</b>	<b>\$ 546,522</b>	<b>\$ 113,633</b>	<b>\$ 123,585</b>	<b>\$ 783,740</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Voucher Warrants Payable .....	\$ 44,053	\$ -	\$ 20,824	\$ 64,877
Bonds, Notes and Other Obligations Payable - Current ...	-	4,400	-	4,400
Accrued Interest .....	-	1,464	-	1,464
Due to Other Funds .....	74,434	-	20,264	94,698
Accrued and Other Liabilities .....	42,316	391	24,941	67,648
Line of Credit and Commercial Paper .....	18,500	2,923	-	21,423
<b>Total Liabilities .....</b>	<b>179,303</b>	<b>9,178</b>	<b>66,029</b>	<b>254,510</b>
Deferred Inflows .....	288,986	25,577	-	314,563
<b>Fund Balance:</b>				
Restricted .....	3,057	78,878	57,556	139,491
Committed .....	75,176	-	-	75,176
<b>Total Fund Balance .....</b>	<b>78,233</b>	<b>78,878</b>	<b>57,556</b>	<b>214,667</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance ..</b>	<b>\$ 546,522</b>	<b>\$ 113,633</b>	<b>\$ 123,585</b>	<b>\$ 783,740</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, 2014

(Amounts are in Thousands of Dollars)

	Total Nonmajor Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property Tax .....	\$ 357,457	\$ 90,686	\$ -	\$ 448,143
Utility Tax .....	74,641	-	-	74,641
Sales Tax .....	-	-	-	-
Transportation Tax .....	208,996	-	-	208,996
State Income Tax .....	126,019	-	-	126,019
Transaction Tax .....	63,055	-	-	63,055
Special Area Tax .....	-	-	-	-
Other Taxes .....	21,245	-	-	21,245
Federal/State Grants .....	-	-	-	-
Internal Service .....	30,046	-	-	30,046
Fines .....	15,188	-	-	15,188
Investment Income .....	(658)	54	710	106
Charges for Services .....	31,073	-	-	31,073
Miscellaneous .....	19,731	920	2,645	23,296
Total Revenues .....	<u>946,793</u>	<u>91,660</u>	<u>3,355</u>	<u>1,041,808</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government .....	306,081	-	-	306,081
Health .....	502	-	-	502
Public Safety .....	6,785	-	-	6,785
Streets and Sanitation .....	73,584	-	-	73,584
Transportation .....	93,298	-	-	93,298
Cultural and Recreational .....	81,238	-	-	81,238
Employee Pensions .....	483,493	-	-	483,493
Other .....	915	-	-	915
Capital Outlay .....	-	-	67,854	67,854
<b>Debt Service:</b>				
Principal Retirement .....	3,575	69,912	-	73,487
Interest and Other Fiscal Charges .....	757	30,963	-	31,720
Total Expenditures .....	<u>1,050,228</u>	<u>100,875</u>	<u>67,854</u>	<u>1,218,957</u>
Revenues Over (Under) Expenditures .....	<u>(103,435)</u>	<u>(9,215)</u>	<u>(64,499)</u>	<u>(177,149)</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, 2014**  
**(Amounts are in Thousands of Dollars)**

	Total Nonmajor Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt .....	\$ 600	\$ 32,741	\$ 90,127	\$ 123,468
Payment to Refunded Bond Escrow Agent .....	-	2,262	-	2,262
Transfers In .....	81,520	45,215	10,436	137,171
Transfers Out .....	(6,500)	(104,604)	(29,761)	(140,865)
Total Other Financing Sources (Uses) .....	<u>75,620</u>	<u>(24,386)</u>	<u>70,802</u>	<u>122,036</u>
Net Change in Fund Balances .....	(27,815)	(33,601)	6,303	(55,113)
Fund Balance - Beginning of Year .....	106,048	112,479	51,253	269,780
Fund Balance - End of Year .....	<u>\$ 78,233</u>	<u>\$ 78,878</u>	<u>\$ 57,556</u>	<u>\$ 214,667</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, 2014  
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 492	\$ 1,509	\$ -
Investments .....	11,366	23,161	75
Cash and Investments with Escrow Agent .....	-	257	-
Receivables (Net of Allowances):			
Property Tax .....	-	-	340,506
Accounts .....	2,756	1,566	191
Due from Other Funds .....	49,305	254	-
Due from Other Governments .....	-	10,599	-
<b>Total Assets .....</b>	<b><u>\$ 63,919</u></b>	<b><u>\$ 37,346</u></b>	<b><u>\$ 340,772</u></b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Voucher Warrants Payable .....	\$ 6,707	\$ 17,601	\$ 181
Due to Other Funds .....	235	-	51,520
Accrued and Other Liabilities .....	28,678	386	85
Line of Credit and Commercial Paper .....	-	-	-
<b>Total Liabilities .....</b>	<b><u>35,620</u></b>	<b><u>17,987</u></b>	<b><u>51,786</u></b>
Deferred Inflows .....	-	-	288,986
<b>Fund Balance (Deficit):</b>			
Restricted .....	-	-	-
Committed .....	28,299	19,359	-
<b>Total Fund Balance (Deficit) .....</b>	<b><u>28,299</u></b>	<b><u>19,359</u></b>	<b><u>-</u></b>
<b>Total Liabilities and Fund Balance .....</b>	<b><u>\$ 63,919</u></b>	<b><u>\$ 37,346</u></b>	<b><u>\$ 340,772</u></b>

<u>Public Building Commission</u>	<u>Miscellaneous</u>	<u>Chicago Public Library</u>	<u>Special Events, Tourism and Festivals</u>	<u>Health and Welfare</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 70	\$ 4,794	\$ 118	\$ 1,137	\$ 648	\$ 8,768
-	46,399	-	3,982	3,888	88,871
-	-	-	-	-	257
-	-	-	-	-	340,506
-	10,364	143	976	238	16,234
-	2	20,247	1,794	-	71,602
4,179	-	-	5,506	-	20,284
<u>\$ 4,249</u>	<u>\$ 61,559</u>	<u>\$ 20,508</u>	<u>\$ 13,395</u>	<u>\$ 4,774</u>	<u>\$ 546,522</u>
\$ -	\$ 12,830	\$ 3,327	\$ 3,407	\$ -	\$ 44,053
-	19,869	-	2,810	-	74,434
100	37	8,800	230	4,000	42,316
-	18,500	-	-	-	18,500
<u>100</u>	<u>51,236</u>	<u>12,127</u>	<u>6,447</u>	<u>4,000</u>	<u>179,303</u>
-	-	-	-	-	288,986
-	3,057	-	-	-	3,057
4,149	7,266	8,381	6,948	774	75,176
<u>4,149</u>	<u>10,323</u>	<u>8,381</u>	<u>6,948</u>	<u>774</u>	<u>78,233</u>
<u>\$ 4,249</u>	<u>\$ 61,559</u>	<u>\$ 20,508</u>	<u>\$ 13,395</u>	<u>\$ 4,774</u>	<u>\$ 546,522</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, 2014  
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
Revenues:			
Property Tax .....	\$ -	\$ -	\$ 357,457
Utility Tax .....	-	-	-
Transportation Tax .....	129,572	77,894	-
State Income Tax .....	-	-	126,019
Transaction Tax .....	-	-	-
Other Taxes .....	-	-	-
Internal Service .....	29,660	386	-
Fines .....	13,409	-	-
Investment Income .....	(118)	(517)	17
Charges for Services .....	16,463	-	-
Miscellaneous .....	43	-	-
Total Revenues .....	<u>189,029</u>	<u>77,763</u>	<u>483,493</u>
Expenditures:			
Current:			
General Government .....	72,705	27,330	-
Health .....	-	-	-
Public Safety .....	213	-	-
Streets and Sanitation .....	37,572	36,012	-
Transportation .....	72,391	20,833	-
Cultural and Recreational .....	-	-	-
Employee Pensions .....	-	-	483,493
Other .....	-	-	-
Debt Service:			
Principal Retirement .....	-	-	-
Interest and Other Fiscal Charges .....	-	450	-
Total Expenditures .....	<u>182,881</u>	<u>84,625</u>	<u>483,493</u>
Revenues Over (Under) Expenditures .....	<u>6,148</u>	<u>(6,862)</u>	<u>-</u>
Other Financing Sources (Uses):			
Issuance of Debt .....	-	600	-
Transfers In .....	-	-	-
Transfers Out .....	-	-	-
Total Other Financing Sources (Uses) .....	<u>-</u>	<u>600</u>	<u>-</u>
Net Change in Fund Balances .....	6,148	(6,262)	-
Fund Balance (Deficit) - Beginning of Year .....	22,151	25,621	-
Fund Balance (Deficit) - End of Year .....	<u>\$ 28,299</u>	<u>\$ 19,359</u>	<u>\$ -</u>

Public Building Commission	Miscellaneous	Chicago Public Library	Special Events, Tourism and Festivals	Health and Welfare	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,457
-	74,641	-	-	-	74,641
-	-	-	1,530	-	208,996
-	-	-	-	-	126,019
-	63,055	-	-	-	63,055
-	-	-	21,245	-	21,245
-	-	-	-	-	30,046
-	-	1,779	-	-	15,188
-	175	(4)	(232)	21	(658)
-	2,397	125	12,088	-	31,073
5,000	7,862	165	6,661	-	19,731
<u>5,000</u>	<u>148,130</u>	<u>2,065</u>	<u>41,292</u>	<u>21</u>	<u>946,793</u>
5,878	158,035	32,446	9,193	494	306,081
-	502	-	-	-	502
-	6,387	-	185	-	6,785
-	-	-	-	-	73,584
-	72	-	2	-	93,298
-	-	51,642	29,596	-	81,238
-	-	-	-	-	483,493
-	-	-	915	-	915
-	-	-	3,575	-	3,575
-	-	307	-	-	757
<u>5,878</u>	<u>164,996</u>	<u>84,395</u>	<u>43,466</u>	<u>494</u>	<u>1,050,228</u>
<u>(878)</u>	<u>(16,866)</u>	<u>(82,330)</u>	<u>(2,174)</u>	<u>(473)</u>	<u>(103,435)</u>
-	-	-	-	-	600
-	-	81,520	-	-	81,520
-	-	-	-	(6,500)	(6,500)
-	-	<u>81,520</u>	-	<u>(6,500)</u>	<u>75,620</u>
(878)	(16,866)	(810)	(2,174)	(6,973)	(27,815)
5,027	27,189	9,191	9,122	7,747	106,048
<u>\$ 4,149</u>	<u>\$ 10,323</u>	<u>\$ 8,381</u>	<u>\$ 6,948</u>	<u>\$ 774</u>	<u>\$ 78,233</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, 2014**  
**(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 .....	\$ -	\$ -	\$ 121,800	\$ -
Motor Fuel Tax and Project .....	-	-	39,905	-
Pension .....	342,845	-	-	126,053
Miscellaneous .....	55,797	67,105	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	1,589	22,000
Health and Welfare .....	-	-	-	-
Special Taxing Areas .....	-	-	-	-
Total Original and Final Budgeted Revenues ....	<u>398,642</u>	<u>67,105</u>	<u>163,294</u>	<u>148,053</u>
<b>Actual Revenues:</b>				
Vehicle Tax .....	-	-	129,572	-
Motor Fuel Tax and Project .....	-	-	77,894	-
Pension .....	340,829	-	-	126,019
Miscellaneous .....	63,055	74,641	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	1,530	21,245
Health and Welfare .....	-	-	-	-
Special Taxing Areas .....	296,862	-	-	-
Total Actual Revenues .....	<u>700,746</u>	<u>74,641</u>	<u>208,996</u>	<u>147,264</u>
Variance Positive (Negative) .....	<u>\$ 302,104</u>	<u>\$ 7,536</u>	<u>\$ 45,702</u>	<u>\$ (789)</u>

Note: Original and Final Budgets are the same for all funds except Motor Fuel Tax and Project. There was a \$9.2 million increase in Miscellaneous revenues in Motor Fuel Tax and Project.

<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>
\$ 27,089	\$ 10,500	\$ -	\$ 13,234	\$ -	\$ -	\$ 6,142	\$ 178,765
-	-	6,000	-	9,222	-	13,941	69,068
-	-	-	-	-	-	-	468,898
-	-	-	-	12,954	-	22,329	158,185
-	2,000	25	350	950	75,686	8,450	87,461
-	-	2	10,600	6,500	-	5,802	46,493
-	-	-	-	-	-	572	572
-	-	-	-	8,514	-	-	8,514
<u>27,089</u>	<u>12,500</u>	<u>6,027</u>	<u>24,184</u>	<u>38,140</u>	<u>75,686</u>	<u>57,236</u>	<u>1,017,956</u>
29,660	13,409	(118)	16,463	43	-	-	189,029
386	-	(517)	-	-	600	-	78,363
-	-	17	-	-	-	-	466,865
-	-	175	1,348	5,302	-	-	144,521
-	1,779	(4)	125	165	-	81,520	83,585
-	-	(232)	10,240	6,661	-	-	39,444
-	-	21	-	-	-	-	21
-	-	4,822	155	1,999	-	97,513	401,351
<u>30,046</u>	<u>15,188</u>	<u>4,164</u>	<u>28,331</u>	<u>14,170</u>	<u>600</u>	<u>179,033</u>	<u>1,403,179</u>
<u>\$ 2,957</u>	<u>\$ 2,688</u>	<u>\$ (1,863)</u>	<u>\$ 4,147</u>	<u>\$ (23,970)</u>	<u>\$ (75,086)</u>	<u>\$ 121,797</u>	<u>\$ 385,223</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, 2014**  
**(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 .....	\$ 73,515	\$ -	\$ 546	\$ 38,712
Motor Fuel Tax and Project .....	25,658	-	-	16,995
Pension .....	468,898	-	-	-
Miscellaneous .....	149,778	-	8,408	-
Chicago Public Library .....	36,143	-	-	-
Special Events, Tourism and Festivals .....	14,739	-	185	-
Health and Welfare .....	572	-	-	-
Special Taxing Area .....	8,139	-	375	-
Total Original and Final Budget .....	<u>777,442</u>	<u>-</u>	<u>9,514</u>	<u>55,707</u>
Actual Expenditures and Encumbrances:				
Vehicle Tax .....	73,012	-	209	36,945
Motor Fuel Tax and Project .....	24,660	-	-	25,385
Pension .....	483,494	-	-	-
Miscellaneous .....	154,799	-	5,164	-
Chicago Public Library .....	33,160	-	-	-
Special Events, Tourism and Festivals .....	13,681	-	185	-
Total Actual Expenditures and Encumbrances ...	<u>782,806</u>	<u>-</u>	<u>5,558</u>	<u>62,330</u>
Variance Positive (Negative) .....	<u>\$ (5,364)</u>	<u>\$ -</u>	<u>\$ 3,956</u>	<u>\$ (6,623)</u>

Note: Original and Final Budgets are the same for all funds except Motor Fuel Tax and Project. There was a \$9.2 million increase in transportation expenditures in Motor Fuel Tax and Project.

<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>
\$ 65,992	\$ -	\$ -	\$ -	\$ -	\$ 178,765
26,415	-	-	-	-	69,068
-	-	-	-	-	468,898
-	-	-	-	-	158,186
-	51,318	-	-	-	87,461
-	31,569	-	-	-	46,493
-	-	-	-	-	572
-	-	-	-	-	8,514
<u>92,407</u>	<u>82,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,017,957</u>
70,974	-	-	-	-	181,140
23,897	-	-	-	-	73,942
-	-	-	-	-	483,494
-	-	-	-	-	159,963
-	50,434	-	-	-	83,594
-	29,617	-	-	-	43,483
<u>94,871</u>	<u>80,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025,616</u>
<u>\$ (2,464)</u>	<u>\$ 2,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,659)</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, 2014  
(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 .....	\$ 14	\$ 26	\$ 372	\$ -	\$ 412
Investments .....	7	72	96,966	-	97,045
Accounts Receivable (Net of Allowances) .....	-	-	341	-	341
Due from Other Funds .....	-	-	7,608	-	7,608
Due from Other Governments .....	-	-	-	18,179	18,179
Total Assets .....	<u>\$ 21</u>	<u>\$ 98</u>	<u>\$ 105,287</u>	<u>\$ 18,179</u>	<u>\$ 123,585</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Voucher Warrants Payable .....	\$ 122	\$ 1	\$ 20,701	\$ -	\$ 20,824
Due to Other Funds .....	-	-	2,085	18,179	20,264
Accrued and Other Liabilities .....	-	700	24,241	-	24,941
Total Liabilities .....	<u>122</u>	<u>701</u>	<u>47,027</u>	<u>18,179</u>	<u>66,029</u>
Fund Balance:					
Restricted .....	<u>(101)</u>	<u>(603)</u>	<u>58,260</u>	<u>-</u>	<u>57,556</u>
Total Fund Balance .....	<u>(101)</u>	<u>(603)</u>	<u>58,260</u>	<u>-</u>	<u>57,556</u>
Total Liabilities and Fund Balance .....	<u>\$ 21</u>	<u>\$ 98</u>	<u>\$ 105,287</u>	<u>\$ 18,179</u>	<u>\$ 123,585</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, 2014

(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 .....	\$ -	\$ -	\$ 710	\$ -	\$ 710
Miscellaneous .....	-	-	2,645	-	2,645
Total Revenues .....	-	-	3,355	-	3,355
<b>EXPENDITURES</b>					
Capital Outlay .....	-	-	67,854	-	67,854
Total Expenditures .....	-	-	67,854	-	67,854
Revenues Over (Under) Expenditures .....	-	-	(64,499)	-	(64,499)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt .....	-	-	90,127	-	90,127
Transfers In .....	-	-	10,436	-	10,436
Transfers Out .....	-	-	(29,761)	-	(29,761)
Total Other Financing Sources (Uses) ...	-	-	70,802	-	70,802
Net Change in Fund Balance .....	-	-	6,303	-	6,303
Fund Balance - Beginning of Year .....	(101)	(603)	51,957	-	51,253
Fund Balance - End of Year .....	<u>\$ (101)</u>	<u>\$ (603)</u>	<u>\$ 58,260</u>	<u>\$ -</u>	<u>\$ 57,556</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, 2014  
(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:</b>						
Cash,						
January 1, 2014.....	\$ 332	\$ 11,814	\$ 66,531	\$ 30,540	\$ 789	\$ 110,006
Additions.....	3,759,174	5,586	505,245	106,178	3,387	4,379,570
Deductions.....	3,759,070	7,238	548,839	119,041	2,186	4,436,374
Cash,						
December 31, 2014.....	436	10,162	22,937	17,677	1,990	53,202
Investments,						
January 1, 2014.....	183	5,586	60,234	20,113	3,342	89,458
Additions.....	35,883	7,238	3,745,679	20,159	2,758	3,811,717
Deductions.....	183	5,586	3,756,785	25,224	3,950	3,791,728
Investments,						
December 31, 2014.....	35,883	7,238	49,128	15,048	2,150	109,447
Cash and Investments with Escrow Agent,						
January 1, 2014.....	-	-	8,181	122	-	8,303
Additions.....	-	-	93,913	-	-	93,913
Deductions.....	-	-	95,779	-	-	95,779
Cash and Investments with Escrow Agent,						
December 31, 2014.....	-	-	6,315	122	-	6,437
Accounts Receivables,						
January 1, 2014.....	2	3,846	98,713	50,251	1,036	153,848
Additions.....	4	-	183,631	140,436	8	324,079
Deductions.....	5	-	144,089	128,049	10	272,153
Accounts Receivables,						
December 31, 2014.....	1	3,846	138,255	62,638	1,034	205,774

**Schedule E-1 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**December 31, 2014**  
**(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, 2014.....	\$ 517	\$ 21,246	\$ 233,659	\$ 101,026	\$ 5,167	\$ 361,615
Additions.....	3,795,061	12,824	4,528,468	266,773	6,153	8,609,279
Deductions.....	<u>3,759,258</u>	<u>12,824</u>	<u>4,545,492</u>	<u>272,314</u>	<u>6,146</u>	<u>8,596,034</u>
<b>Total Assets,</b>						
December 31, 2014.....	<u>\$ 36,320</u>	<u>\$ 21,246</u>	<u>\$ 216,635</u>	<u>\$ 95,485</u>	<u>\$ 5,174</u>	<u>\$ 374,860</u>
<b>LIABILITIES:</b>						
<b>Voucher Warrants Payable,</b>						
January 1, 2014.....	\$ 4,218	\$ 34	\$ 31,333	\$ 2,564	\$ 4	\$ 38,153
Additions.....	8,274,699	-	434,292	9,224	12	8,718,227
Deductions.....	<u>8,265,455</u>	<u>-</u>	<u>443,489</u>	<u>9,890</u>	<u>12</u>	<u>8,718,846</u>
<b>Voucher Warrants Payable,</b>						
December 31, 2014.....	<u>13,462</u>	<u>34</u>	<u>22,136</u>	<u>1,898</u>	<u>4</u>	<u>37,534</u>
<b>Accrued Liabilities,</b>						
January 1, 2014.....	(3,701)	21,212	122,492	98,462	5,163	243,628
Additions.....	1,198,137	-	152,571	4,092	23	1,354,823
Deductions.....	<u>1,171,578</u>	<u>-</u>	<u>158,267</u>	<u>8,967</u>	<u>16</u>	<u>1,338,828</u>
<b>Accrued Liabilities,</b>						
December 31, 2014.....	<u>22,858</u>	<u>21,212</u>	<u>116,796</u>	<u>93,587</u>	<u>5,170</u>	<u>259,623</u>
<b>Total Liabilities,</b>						
January 1, 2014.....	517	21,246	153,825	101,026	5,167	281,781
Additions.....	9,472,836	-	586,863	13,316	35	10,073,050
Deductions.....	<u>9,437,033</u>	<u>-</u>	<u>601,756</u>	<u>18,857</u>	<u>28</u>	<u>10,057,674</u>
<b>Total Liabilities,</b>						
December 31, 2014.....	<u>\$ 36,320</u>	<u>\$ 21,246</u>	<u>\$ 138,932</u>	<u>\$ 95,485</u>	<u>\$ 5,174</u>	<u>\$ 297,157</u>
<b>Deferred Inflows,</b>						
January 1, 2014.....	-	-	79,834	-	-	79,834
Additions.....	-	-	105,774	-	-	105,774
Deductions.....	<u>-</u>	<u>-</u>	<u>107,905</u>	<u>-</u>	<u>-</u>	<u>107,905</u>
<b>Deferred Inflows,</b>						
December 31, 2014.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,703</u>
<b>Total Liabilities and</b>						
<b>Deferred Inflows,</b>						
December 31, 2014.....	<u>\$ 36,320</u>	<u>\$ 21,246</u>	<u>\$ 216,635</u>	<u>\$ 95,485</u>	<u>\$ 5,174</u>	<u>\$ 374,860</u>

**Schedule E-2**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF PLAN NET POSITION**  
**December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 489	\$ 49,893	\$ 135,836	\$ 48,055	\$ 234,273
Receivables					
Employer and Other .....	192,742	19,120	286,557	101,530	599,949
Interest and Dividends .....	12,940	1,844	6,099	3,042	23,925
Total Receivables .....	205,682	20,964	292,656	104,572	623,874
Due from City .....	17,989	1,590	19,981	11,959	51,519
Property, Plant, Equipment and Other .....	15	417	-	138	570
<b>Investments, at Fair Value</b>					
Bonds and U.S. Government Obligations .....	1,284,769	250,010	719,988	171,902	2,426,669
Stocks .....	2,271,545	739,792	1,493,568	634,793	5,139,698
Mortgages and Real Estate .....	493,998	45,735	94,281	34,370	668,384
Other .....	1,017,195	285,677	526,682	33,385	1,862,939
Total Investments .....	5,067,507	1,321,214	2,834,519	874,450	10,097,690
Invested Securities Lending					
Collateral .....	391,443	65,235	288,542	160,969	906,189
Total Assets .....	5,683,125	1,459,313	3,571,534	1,200,143	11,914,115
<b>LIABILITIES</b>					
Voucher Warrants Payable .....	112,197	5,196	220,978	3,166	341,537
Securities Lending Collateral .....	391,443	65,235	288,542	160,969	906,189
Total Liabilities .....	503,640	70,431	509,520	164,135	1,247,726
Deferred Inflows .....	-	787	-	-	787
Net Position Restricted for Pension Benefits .....	<u>\$ 5,179,485</u>	<u>\$ 1,388,095</u>	<u>\$ 3,062,014</u>	<u>\$ 1,036,008</u>	<u>\$ 10,665,602</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, 2014**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ADDITIONS</b>					
Contributions					
Employees .....	\$ 129,972	\$ 16,359	\$ 95,676	\$ 48,056	\$ 290,063
City .....	158,798	14,521	187,075	109,805	470,199
Total Contributions .....	<u>288,770</u>	<u>30,880</u>	<u>282,751</u>	<u>157,861</u>	<u>760,262</u>
Investment Income					
Net Appreciation in Fair					
Value of Investments .....	174,388	40,042	136,127	14,637	365,194
Interest, Dividends and Other ....	132,049	23,194	55,333	21,542	232,118
Investment Expense .....	(24,628)	(10,305)	(9,984)	(5,989)	(50,906)
Net Investment Income .....	<u>281,809</u>	<u>52,931</u>	<u>181,476</u>	<u>30,190</u>	<u>546,406</u>
Securities Lending Transactions					
Securities Lending Income .....	701	138	985	887	2,711
Securities Lending Expense .....	772	324	181	(202)	1,075
Net Securities Lending Transactions .....	<u>1,473</u>	<u>462</u>	<u>1,166</u>	<u>685</u>	<u>3,786</u>
Total Additions .....	<u>572,052</u>	<u>84,273</u>	<u>465,393</u>	<u>188,736</u>	<u>1,310,454</u>
<b>DEDUCTIONS</b>					
Benefits and Refunds of					
Deductions .....	807,674	150,017	664,338	266,363	1,888,392
Administrative and General .....	6,569	3,832	4,243	3,069	17,713
Total Deductions .....	<u>814,243</u>	<u>153,849</u>	<u>668,581</u>	<u>269,432</u>	<u>1,906,105</u>
Net Decrease in Net Position .....	<u>(242,191)</u>	<u>(69,576)</u>	<u>(203,188)</u>	<u>(80,696)</u>	<u>(595,651)</u>
Net Position Restricted for					
Pension Benefits:					
Beginning of Year .....	<u>5,421,676</u>	<u>1,457,671</u>	<u>3,265,202</u>	<u>1,116,704</u>	<u>11,261,253</u>
End of Year .....	<u>\$ 5,179,485</u>	<u>\$ 1,388,095</u>	<u>\$ 3,062,014</u>	<u>\$ 1,036,008</u>	<u>\$ 10,665,602</u>

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# **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, 2014**  
**(Amounts are in Thousands of Dollars)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities:</b>				
Net Investment in Capital Assets ....	\$ 514,271	\$ 574,393	\$ 570,665	\$ 494,930
Restricted .....	2,632,804	2,451,160	2,980,207	2,842,149
Unrestricted (deficit) .....	<u>(1,597,634)</u>	<u>(2,003,328)</u>	<u>(3,435,506)</u>	<u>(4,092,388)</u>
Total governmental activities, net position .....	<u>\$ 1,549,441</u>	<u>\$ 1,022,225</u>	<u>\$ 115,366</u>	<u>\$ (755,309)</u>
<b>Business-type activities:</b>				
Net Investment in Capital Assets ....	\$ 1,879,343	\$ 1,940,069	\$ 2,168,833	\$ 2,323,394
Restricted .....	886,488	971,669	881,908	779,894
Unrestricted .....	<u>(1,603,766)</u>	<u>(1,587,939)</u>	<u>(1,561,634)</u>	<u>(1,517,891)</u>
Total business type activities, net position .....	<u>\$ 1,162,065</u>	<u>\$ 1,323,799</u>	<u>\$ 1,489,107</u>	<u>\$ 1,585,397</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets ....	\$ 2,393,614	\$ 2,514,462	\$ 2,739,498	\$ 2,818,324
Restricted .....	3,519,292	3,422,829	3,862,115	3,622,043
Unrestricted .....	<u>(3,201,400)</u>	<u>(3,591,267)</u>	<u>(4,997,140)</u>	<u>(5,610,279)</u>
Total primary government, net position .....	<u>\$ 2,711,506</u>	<u>\$ 2,346,024</u>	<u>\$ 1,604,473</u>	<u>\$ 830,088</u>

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

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

<u>2009 (1)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 251,103	\$ (324,284)	\$ (299,859)	\$ (215,961)	\$ (242,862)	\$ 28,744
3,735,128	3,611,533	1,596,408	1,908,516	1,940,911	1,491,995
<u>(5,840,026)</u>	<u>(6,582,562)</u>	<u>(5,691,215)</u>	<u>(7,537,057)</u>	<u>(9,120,377)</u>	<u>(10,564,064)</u>
<u>\$ (1,853,795)</u>	<u>\$ (3,295,313)</u>	<u>\$ (4,394,666)</u>	<u>\$ (5,844,502)</u>	<u>\$ (7,422,328)</u>	<u>\$ (9,043,325)</u>
\$ 2,286,658	\$ 2,365,522	\$ 2,451,787	\$ 2,388,310	\$ 2,446,242	\$ 2,713,825
821,909	790,881	874,837	982,517	883,758	978,972
<u>(1,541,136)</u>	<u>(1,431,859)</u>	<u>(1,541,515)</u>	<u>(1,354,572)</u>	<u>(1,278,777)</u>	<u>(1,185,755)</u>
<u>\$ 1,567,431</u>	<u>\$ 1,724,544</u>	<u>\$ 1,785,109</u>	<u>\$ 2,016,255</u>	<u>\$ 2,051,223</u>	<u>\$ 2,507,042</u>
\$ 2,537,761	\$ 2,041,238	\$ 2,151,928	\$ 2,172,349	\$ 2,203,380	\$ 2,742,569
4,557,037	4,402,414	2,471,245	2,891,033	2,824,669	2,470,967
<u>(7,381,162)</u>	<u>(8,014,421)</u>	<u>(7,232,730)</u>	<u>(8,891,629)</u>	<u>(10,399,154)</u>	<u>(11,749,819)</u>
<u>\$ (286,364)</u>	<u>\$ (1,570,769)</u>	<u>\$ (2,609,557)</u>	<u>\$ (3,828,247)</u>	<u>\$ (5,371,105)</u>	<u>\$ (6,536,283)</u>

**Table 2**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	2005	2006	2007	2008
<b>Expenses</b>				
Governmental Activities:				
General Government .....	\$ 1,842,353	\$ 2,088,299	\$ 2,452,145	\$ 2,384,586
Public Safety .....	1,834,008	2,300,048	2,435,437	2,434,842
Employee Pensions .....	388,053	-	-	-
Streets and Sanitation .....	353,976	337,103	367,222	371,112
Transportation .....	285,598	292,679	333,401	381,090
Health .....	147,376	170,769	175,577	170,838
Cultural and Recreational .....	114,504	119,193	128,003	140,065
Other .....	9,892	-	-	-
Interest on Long-term Debt .....	335,373	371,523	385,305	381,504
Total Governmental Activities .....	<u>5,311,133</u>	<u>5,679,614</u>	<u>6,277,090</u>	<u>6,264,037</u>
Business-type Activities:				
Water .....	326,444	324,075	350,181	371,441
Sewer .....	132,727	130,471	136,961	158,292
Chicago Midway International Airport .....	170,959	188,092	211,082	217,609
Chicago-O'Hare International Airport .....	692,575	697,497	751,351	803,404
Chicago Skyway .....	16,915	12,752	13,555	12,359
Total Business-type Activities .....	<u>1,339,620</u>	<u>1,352,887</u>	<u>1,463,130</u>	<u>1,563,105</u>
Total Primary Government .....	<u>\$ 6,650,753</u>	<u>\$ 7,032,501</u>	<u>\$ 7,740,220</u>	<u>\$ 7,827,142</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.

	2009	2010	2011	2012	2013	2014
\$	2,364,754	\$ 2,557,681	\$ 2,734,419	\$ 2,751,944	\$ 2,667,205	\$ 2,857,789
	2,521,151	2,824,028	2,689,471	2,910,160	3,044,811	2,913,469
	-	-	-	-	-	-
	297,156	235,863	245,898	228,622	242,500	275,814
	351,101	373,437	410,802	383,510	400,506	475,751
	166,914	142,352	151,152	123,055	119,678	125,068
	129,996	126,939	102,808	146,283	128,302	121,548
	-	-	-	-	-	-
	386,125	404,218	474,226	460,660	477,959	580,701
	<u>6,217,197</u>	<u>6,664,518</u>	<u>6,808,776</u>	<u>7,004,234</u>	<u>7,080,961</u>	<u>7,350,140</u>
	382,502	399,347	416,289	417,499	442,474	455,433
	169,982	184,888	194,838	195,911	216,587	225,600
	206,613	224,465	218,172	225,867	241,080	248,231
	811,710	834,487	879,281	955,276	920,781	1,029,559
	11,775	11,312	10,930	10,621	10,585	10,314
	<u>1,582,582</u>	<u>1,654,499</u>	<u>1,719,510</u>	<u>1,805,174</u>	<u>1,831,507</u>	<u>1,969,137</u>
\$	<u>7,799,779</u>	<u>8,319,017</u>	<u>8,528,286</u>	<u>8,809,408</u>	<u>8,912,468</u>	<u>9,319,277</u>

**Table 2 - Continued**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	2005	2006	2007	2008
<b>Program Revenues</b>				
Governmental Activities:				
Licenses, Permits, Fines and Charges for Services:				
General Government .....	\$ 363,196	\$ 385,082	\$ 422,363	\$ 440,023
Public Safety .....	120,853	151,835	155,529	129,518
Streets and Sanitation .....	36,980	36,058	41,467	40,578
Transportation .....	23,260	10,224	13,262	14,071
Health .....	4,165	5,529	2,795	3,157
Cultural and Recreational .....	24,288	23,127	24,412	25,725
Operating Grants and Contributions ...	637,655	659,279	610,974	624,356
Capital Grants and Contributions .....	133,673	142,705	137,613	139,949
Total Governmental Activities .....	<u>1,344,070</u>	<u>1,413,839</u>	<u>1,408,415</u>	<u>1,417,377</u>
Business-type Activities:				
Licenses, Permits, Fines and Charges for Services:				
Water .....	344,267	330,439	334,377	370,244
Sewer .....	143,522	136,437	138,681	160,005
Chicago Midway International Airport .....	92,228	105,570	107,253	124,985
Chicago-O'Hare International Airport .....	532,877	545,916	652,763	684,282
Chicago Skyway .....	1,896	-	-	-
Capital Grants and Contributions .....	228,467	273,320	268,331	224,823
Total Business-type Activities and Program Revenues .....	<u>1,343,257</u>	<u>1,391,682</u>	<u>1,501,405</u>	<u>1,564,339</u>
Total Primary Government Program Revenues .....	<u>\$ 2,687,327</u>	<u>\$ 2,805,521</u>	<u>\$ 2,909,820</u>	<u>\$ 2,981,716</u>
<b>Net (Expenses)/Revenues</b>				
Governmental Activities .....	\$ (3,967,063)	\$ (4,265,775)	\$ (4,868,675)	\$ (4,846,660)
Business-type Activities .....	3,637	38,795	38,275	1,234
Total Primary Government Net Expense .....	<u>\$ (3,963,426)</u>	<u>\$ (4,226,980)</u>	<u>\$ (4,830,400)</u>	<u>\$ (4,845,426)</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	382,617	\$ 370,028	\$ 388,886	\$ 452,892	\$ 467,423	\$ 505,275
	158,490	150,710	211,157	199,572	196,344	208,206
	30,990	38,092	37,291	42,138	45,629	44,552
	24,895	21,640	28,613	39,343	46,076	44,278
	2,504	8,332	7,796	1,751	2,023	2,281
	22,375	21,635	7,201	14,454	15,947	14,643
	611,301	674,677	788,812	748,256	634,384	470,659
	115,261	114,871	282,008	172,456	184,415	249,860
	<u>1,348,433</u>	<u>1,399,985</u>	<u>1,751,764</u>	<u>1,670,862</u>	<u>1,592,241</u>	<u>1,539,754</u>
	410,213	458,395	454,221	576,287	637,114	692,634
	175,163	198,229	203,349	253,912	292,290	322,228
	122,301	149,056	157,371	201,749	221,205	216,662
	624,443	702,603	679,402	857,114	870,654	1,012,529
	-	-	-	-	-	-
	211,174	246,309	257,438	83,219	213,067	95,624
	<u>1,543,294</u>	<u>1,754,592</u>	<u>1,751,781</u>	<u>1,972,281</u>	<u>2,234,330</u>	<u>2,339,677</u>
\$	<u><u>2,891,727</u></u>	<u><u>3,154,577</u></u>	<u><u>3,503,545</u></u>	<u><u>3,643,143</u></u>	<u><u>3,826,571</u></u>	<u><u>3,879,431</u></u>
\$	(4,868,764)	\$ (5,264,533)	\$ (5,057,012)	\$ (5,333,372)	\$ (5,488,720)	\$ (5,810,386)
	(39,288)	100,093	32,271	167,107	402,823	370,540
\$	<u><u>(4,908,052)</u></u>	<u><u>(5,164,440)</u></u>	<u><u>(5,024,741)</u></u>	<u><u>(5,166,265)</u></u>	<u><u>(5,085,897)</u></u>	<u><u>(5,439,846)</u></u>

**Table 2 - Concluded**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	2005	2006	2007	2008
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental Activities:				
Taxes				
Property Tax .....	\$ 696,085	\$ 700,636	\$ 732,415	\$ 799,878
Utility Tax .....	539,325	522,089	552,179	629,497
Sales Tax .....	248,807	288,052	293,078	273,951
Transportation Tax .....	337,993	337,780	332,459	321,362
Transaction Tax .....	325,227	339,020	304,715	275,434
Special Area Tax .....	386,537	460,940	533,260	531,314
Other Taxes .....	205,811	233,620	245,408	262,734
Grants and Contributions Not				
Restricted to Specific Programs .....	606,509	654,017	714,661	712,360
Unrestricted Investment Earnings .....	80,728	148,631	182,700	90,176
Loss on Capital Assets .....	-	-	-	-
Transfers .....	1,236,099	2,000	1,000	-
Miscellaneous .....	89,825	51,774	69,941	79,279
Total Governmental Activities .....	<u>4,752,946</u>	<u>3,738,559</u>	<u>3,961,816</u>	<u>3,975,985</u>
Business-type Activities:				
Investment Earnings .....	57,916	97,556	100,720	57,451
Miscellaneous .....	(34,720)	27,383	27,313	37,605
Special Item .....	-	-	-	-
Transfers .....	(1,236,099)	(2,000)	(1,000)	-
Total Business-type Activities .....	<u>(1,212,903)</u>	<u>122,939</u>	<u>127,033</u>	<u>95,056</u>
Total Primary Government .....	<u>\$ 3,540,043</u>	<u>\$ 3,861,498</u>	<u>\$ 4,088,849</u>	<u>\$ 4,071,041</u>
<b>Change in Net Position</b>				
Governmental Activities .....	\$ 785,883	\$ (527,216)	\$ (906,859)	\$ (870,675)
Business-type Activities .....	(1,209,266)	161,734	165,308	96,290
Total Primary Government .....	<u>\$ (423,383)</u>	<u>\$ (365,482)</u>	<u>\$ (741,551)</u>	<u>\$ (774,385)</u>

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

	<u>2009 (1)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	797,026	\$ 796,928	\$ 934,870	\$ 896,246	\$ 906,740	\$ 926,839
	579,101	561,936	564,236	548,682	547,651	570,469
	252,282	260,364	310,626	294,417	307,837	324,273
	333,199	335,235	331,441	373,544	381,080	406,624
	205,026	227,772	250,486	281,957	344,493	379,256
	501,042	477,241	457,192	274,617	306,057	260,256
	250,982	259,325	269,258	294,280	298,951	323,946
	601,198	654,043	598,498	692,232	754,716	740,911
	12,296	100,269	64,294	92,050	(6,259)	62,400
	-	-	-	-	(16,886)	-
	-	-	1,000	-	-	-
	238,126	149,902	175,758	135,511	139,710	194,415
	<u>3,770,278</u>	<u>3,823,015</u>	<u>3,957,659</u>	<u>3,883,536</u>	<u>3,964,090</u>	<u>4,189,389</u>
	12,381	6,831	48,517	25,197	(13,243)	35,849
	8,941	50,190	34,687	38,842	47,354	49,430
	-	-	(53,910)	-	-	-
	-	-	(1,000)	-	-	-
	21,322	57,021	28,294	64,039	34,111	85,279
\$	<u>3,791,600</u>	<u>3,880,036</u>	<u>3,985,953</u>	<u>3,947,575</u>	<u>3,998,201</u>	<u>4,274,668</u>
\$	(1,098,486)	\$ (1,441,518)	\$ (1,099,353)	\$ (1,449,836)	\$ (1,524,630)	\$ (1,620,997)
	(17,966)	157,114	60,565	231,146	436,934	455,819
\$	<u>(1,116,452)</u>	<u>(1,284,404)</u>	<u>(1,038,788)</u>	<u>(1,218,690)</u>	<u>(1,087,696)</u>	<u>(1,165,178)</u>

**Table 3**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**Last Ten Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

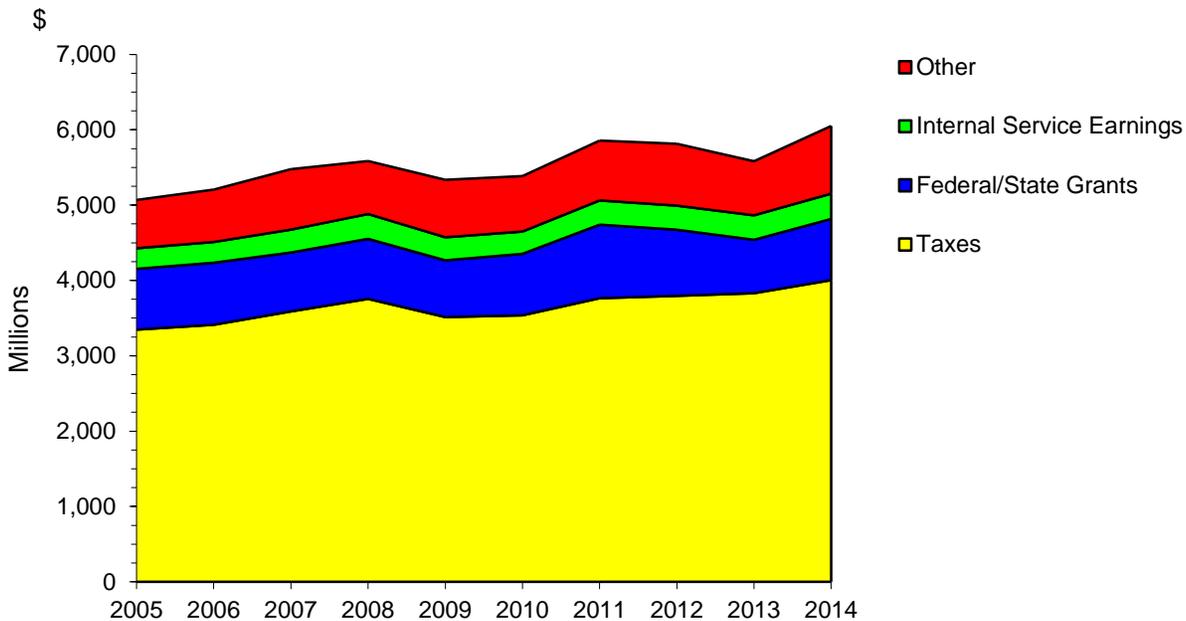
	2005	Percent of Total	2006	Percent of Total	2007	Percent of Total
Revenues:						
Property Tax .....	\$ 739,419	14.6 %	\$ 665,990	12.8 %	\$ 661,707	12.1 %
Utility Tax .....	539,325	10.6	522,089	10.0	552,179	10.1
Sales Tax .....	499,228	9.8	559,156	10.7	570,927	10.4
Transportation Tax .....	337,993	6.7	337,780	6.5	332,459	6.1
State Income Tax .....	354,022	7.0	380,111	7.3	433,446	7.9
Transaction Tax .....	325,227	6.4	339,020	6.5	304,715	5.6
Special Area Tax .....	346,580	6.8	374,342	7.2	488,193	8.9
Other Taxes .....	205,811	4.1	233,620	4.5	245,408	4.5
Total Taxes .....	<u>3,347,605</u>	<u>66.1</u>	<u>3,412,108</u>	<u>65.5</u>	<u>3,589,034</u>	<u>65.6</u>
Federal/State Grants .....	806,472	15.9	823,504	15.8	781,967	14.3
Internal Service .....	273,516	5.4	275,191	5.3	303,827	5.5
Licenses and Permits .....	120,904	2.4	117,689	2.3	148,172	2.7
Fines .....	210,850	4.2	221,819	4.3	240,277	4.4
Investment Income .....	80,728	1.6	148,631	2.8	182,700	3.3
Charges for Services .....	131,139	2.6	155,215	3.0	151,369	2.8
Miscellaneous .....	97,093	1.9	51,774	1.0	79,956	1.4
Total Revenues .....	<u>\$ 5,068,307</u>	<u>100.0 %</u>	<u>\$ 5,205,931</u>	<u>100.0 %</u>	<u>\$ 5,477,302</u>	<u>100.0 %</u>
	2012	Percent of Total	2013	Percent of Total	2014	Percent of Total
Revenues:						
Property Tax .....	\$ 941,398	16.2 %	\$ 866,149	15.5 %	\$ 929,841	15.4 %
Utility Tax .....	548,682	9.4	547,651	9.8	570,469	9.4
Sales Tax .....	594,290	10.2	623,942	11.2	658,799	10.9
Transportation Tax .....	373,544	6.5	381,080	6.8	406,624	6.7
State Income Tax .....	391,285	6.7	436,740	7.8	404,050	6.7
Transaction Tax .....	281,957	4.9	344,493	6.2	379,256	6.3
Special Area Tax .....	370,454	6.3	332,040	5.9	331,380	5.5
Other Taxes .....	294,280	5.0	298,951	5.4	323,946	5.4
Total Taxes .....	<u>3,795,890</u>	<u>65.2</u>	<u>3,831,046</u>	<u>68.6</u>	<u>4,004,365</u>	<u>66.3</u>
Federal/State Grants .....	877,864	15.1	708,702	12.7	812,175	13.3
Internal Service .....	319,285	5.5	324,601	5.8	335,762	5.5
Licenses and Permits .....	117,568	2.1	123,633	2.2	122,143	2.0
Fines .....	306,510	5.3	329,460	5.9	353,517	5.8
Investment Income .....	90,885	1.6	(19,111)	(0.3)	69,650	1.2
Charges for Services .....	170,724	2.9	161,415	2.9	172,928	2.9
Miscellaneous .....	135,511	2.3	122,710	2.2	179,939	3.0
Total Revenues .....	<u>\$ 5,814,237</u>	<u>100.0 %</u>	<u>\$ 5,582,456</u>	<u>100.0 %</u>	<u>\$ 6,050,479</u>	<u>100.0 %</u>

**NOTE:**

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

2008	Percent of Total	2009	Percent of Total	2010	Percent of Total	2011	Percent of Total
\$ 729,823	13.1 %	\$ 806,010	15.1 %	\$ 754,081	14.0 %	\$ 888,531	15.2 %
629,497	11.3	579,101	10.9	561,936	10.4	564,236	9.6
548,571	9.9	503,952	9.4	527,004	9.8	563,156	9.6
321,362	5.8	333,199	6.2	335,235	6.2	331,441	5.7
435,393	7.8	347,814	6.5	385,668	7.2	344,674	5.9
275,434	4.9	205,026	3.8	227,772	4.2	250,486	4.3
552,709	9.9	487,909	9.1	486,526	9.0	552,894	9.4
262,734	4.7	250,982	4.7	259,325	4.8	269,258	4.5
<u>3,755,523</u>	<u>67.4</u>	<u>3,513,993</u>	<u>65.7</u>	<u>3,537,547</u>	<u>65.6</u>	<u>3,764,676</u>	<u>64.2</u>
796,911	14.2	753,269	14.1	815,879	15.2	976,051	16.7
329,643	5.9	306,095	5.8	295,765	5.5	321,138	5.5
114,707	2.1	100,458	1.9	96,240	1.8	102,702	1.8
274,443	4.9	267,891	5.0	272,667	5.1	283,822	4.8
90,176	1.6	31,520	0.6	103,725	1.9	73,921	1.3
144,161	2.6	124,557	2.4	113,565	2.1	160,649	2.7
79,279	1.3	238,126	4.5	149,902	2.8	173,768	3.0
<u>\$ 5,584,843</u>	<u>100.0 %</u>	<u>\$ 5,335,909</u>	<u>100.0 %</u>	<u>\$ 5,385,290</u>	<u>100.0 %</u>	<u>\$ 5,856,727</u>	<u>100.0 %</u>

### REVENUE SOURCES



**Table 4**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**Last Ten Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	2005	Percent of Total	2006	Percent of Total	2007	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 1,611,923	28.0 %	\$ 1,851,356	29.5 %	\$ 1,880,599	30.8 %
General Government .....	1,620,307	28.2	1,523,482	24.3	1,650,679	27.1
Employee Pensions .....	388,053	6.7	396,923	6.3	371,649	6.1
Streets and Sanitation .....	339,760	5.9	353,828	5.6	377,485	6.1
Transportation .....	221,377	3.8	244,381	3.9	267,476	4.4
Health .....	166,580	2.9	173,594	2.8	195,254	3.2
Cultural and Recreational .....	95,153	1.7	99,841	1.6	108,527	1.8
Other .....	9,382	0.1	9,112	0.1	4,427	0.1
Capital Outlay .....	452,284	7.9	915,311	14.6	602,433	9.9
Debt Service:						
Principal Retirement .....	543,413	9.5	375,028	6.0	297,503	4.9
Interest and Other Fiscal Charges .....	301,662	5.3	331,507	5.3	342,489	5.6
Total Expenditures .....	<u>\$ 5,749,894</u>	<u>100.0 %</u>	<u>\$ 6,274,363</u>	<u>100.0 %</u>	<u>\$ 6,098,521</u>	<u>100.0 %</u>
Debt Service as a Percentage of Non Capital Expenditures (2) .....		<u>15.8 %</u>		<u>12.9 %</u>		<u>11.4 %</u>
	2012	Percent of Total	2013	Percent of Total	2014	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 2,075,959	31.7 %	\$ 2,034,896	32.1 %	\$ 2,066,979	28.8 %
General Government .....	1,806,541	27.5	1,834,558	29.0	2,043,557	28.5
Employee Pensions .....	458,951	7.0	444,748	7.0	483,493	6.7
Streets and Sanitation .....	228,100	3.6	241,787	3.8	269,393	3.8
Transportation .....	514,303	7.8	443,199	7.0	518,501	7.2
Health .....	127,567	1.9	126,599	2.0	128,769	1.8
Cultural and Recreational .....	102,384	1.6	97,487	1.6	93,525	1.4
Other .....	11,725	0.1	7,681	0.1	5,410	0.0
Capital Outlay .....	435,600	6.6	340,481	5.4	395,216	5.5
Debt Service:						
Principal Retirement .....	340,754	5.2	297,152	4.7	599,395	8.4
Interest and Other Fiscal Charges .....	461,962	7.0	464,587	7.3	568,156	7.9
Total Expenditures .....	<u>\$ 6,563,846</u>	<u>100.0 %</u>	<u>\$ 6,333,175</u>	<u>100.0 %</u>	<u>\$ 7,172,394</u>	<u>100.0 %</u>
Debt Service as a Percentage of Non Capital Expenditures (2) .....		<u>13.7 %</u>		<u>13.1 %</u>		<u>17.9 %</u>

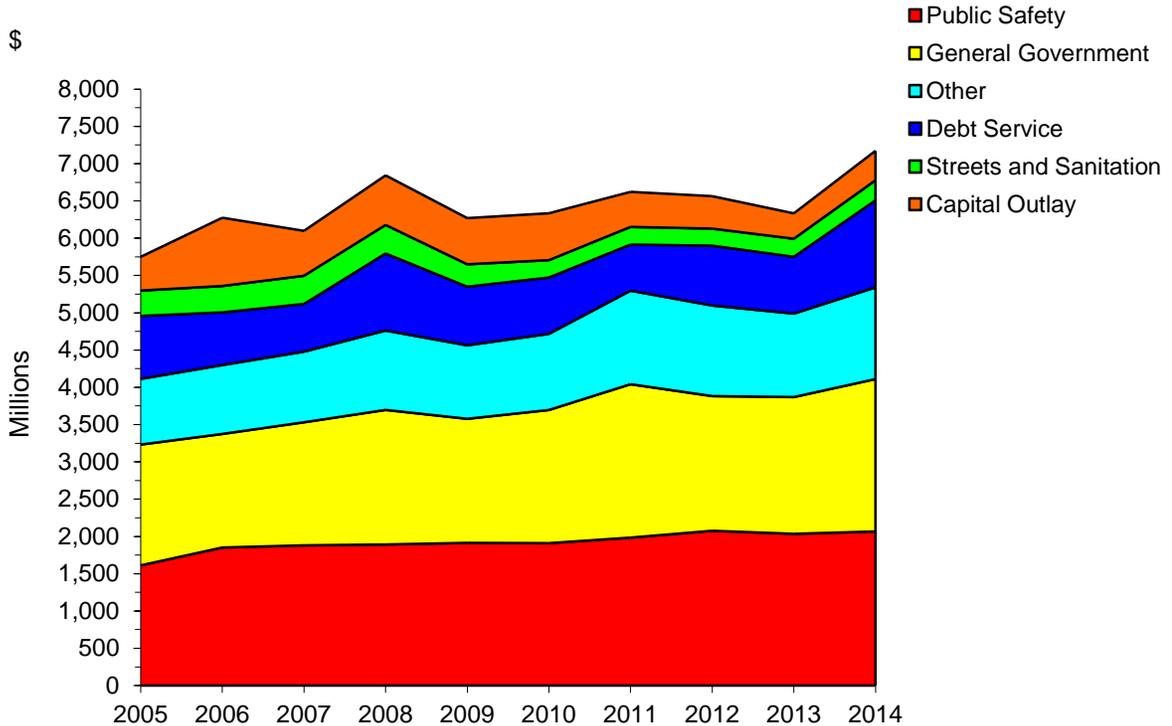
**NOTES:**

(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.

2008	Percent of Total	2009	Percent of Total	2010	Percent of Total	2011	Percent of Total
\$ 1,892,152	27.7 %	\$ 1,913,711	30.5 %	\$ 1,909,728	30.1 %	\$ 1,984,312	30.0 %
1,804,925	26.4	1,663,990	26.5	1,786,450	28.2	2,057,524	31.1
413,690	6.0	430,915	6.9	435,432	6.9	481,407	7.3
382,628	5.6	300,131	4.8	232,426	3.7	236,591	3.6
334,684	4.9	261,948	4.2	297,339	4.7	507,589	7.7
184,597	2.7	177,812	2.8	153,877	2.4	148,449	2.2
117,664	1.7	107,604	1.7	104,297	1.6	90,905	1.4
14,483	0.2	7,676	0.2	30,000	0.5	26,211	0.3
661,464	9.7	619,273	9.9	628,910	9.9	470,213	7.1
656,805	9.6	434,905	6.9	389,928	6.2	188,608	2.8
376,297	5.5	351,430	5.6	366,035	5.8	429,822	6.5
<u>\$ 6,839,389</u>	<u>100.0 %</u>	<u>\$ 6,269,395</u>	<u>100.0 %</u>	<u>\$ 6,334,422</u>	<u>100.0 %</u>	<u>\$ 6,621,631</u>	<u>100.0 %</u>
	<u>16.7 %</u>		<u>13.6 %</u>		<u>12.6 %</u>		<u>10.3 %</u>

### EXPENDITURES BY FUNCTION



**Table 4A**  
**CITY OF CHICAGO, ILLINOIS**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**  
**Modified Accrual Basis of Accounting**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Excess of revenues over (under) expenditures .....	\$ (681,587)	\$ (1,068,432)	\$ (621,219)	\$ (1,254,546)
Other Financing Sources (Uses):				
Issuance of Debt, including premium/discount .....	\$ 1,871,896	\$ 762,833	\$ 1,653,881	\$ 795,432
Payment to Refunded Bond Escrow Agent .....	(1,186,065)	(276,607)	(951,419)	(186,421)
Issuance of line of credit .....		-	-	-
Transfers in .....	1,469,857	670,035	332,016	293,448
Transfers out .....	(233,758)	(668,035)	(331,016)	(293,448)
Total other financing sources (uses) .....	<u>1,921,930</u>	<u>488,226</u>	<u>703,462</u>	<u>609,011</u>
Net change in fund balances .....	<u>\$ 1,240,343</u>	<u>\$ (580,206)</u>	<u>\$ 82,243</u>	<u>\$ (645,535)</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>\$ (933,486)</u>	<u>\$ (949,132)</u>	<u>\$ (764,110)</u>	<u>\$ (749,609)</u>	<u>\$ (750,719)</u>	<u>\$ (1,121,915)</u>
\$ 1,001,302	\$ 1,434,390	\$ 1,212,326	\$ 758,557	\$ 235,367	\$ 1,021,812
(213,435)	(412,184)	(476,787)	(268,397)	-	(302,862)
-	-	-	-	144,673	-
2,253,459	647,407	572,211	178,750	160,322	652,586
(2,253,459)	(647,407)	(571,210)	(178,750)	(160,322)	(652,586)
<u>787,867</u>	<u>1,022,206</u>	<u>736,540</u>	<u>490,160</u>	<u>380,040</u>	<u>718,950</u>
<u>\$ (145,619)</u>	<u>\$ 73,074</u>	<u>\$ (27,570)</u>	<u>\$ (259,449)</u>	<u>\$ (370,679)</u>	<u>\$ (402,965)</u>

**Table 5**  
**CITY OF CHICAGO, ILLINOIS**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ended December 31, 2014**  
**(Amounts Are in Thousands of Dollars)**  
**(Modified Accrual Basis of Accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund:				
Reserved .....	\$ 53,171	\$ 35,557	\$ 39,673	\$ 48,217
Unreserved .....	<u>57,648</u>	<u>26,834</u>	<u>4,634</u>	<u>226</u>
Total General Fund .....	110,819	62,391	44,307	48,443
General Fund Balance: (2)				
Nonspendable .....	\$ -	\$ -	\$ -	\$ -
Assigned .....	-	-	-	-
Unassigned .....	-	-	-	-
Total Fund Balance .....	-	-	-	-
Other Governmental Funds:				
Reserved .....	\$ 1,350,927	\$ 800,546	\$ 1,191,674	\$ 461,830
Unreserved, Reported in:				
Special Revenue Funds .....	525,769	723,353	816,551	959,424
Capital Projects Funds .....	832,129	696,630	906,603	372,063
Debt Service Funds .....	-	-	(556,819)	(551,137)
Permanent Fund (1) .....	<u>274,272</u>	<u>231,017</u>	<u>191,391</u>	<u>660,333</u>
Total All Other Governmental Funds .....	2,983,097	2,451,546	2,549,400	1,902,513
Total Governmental Funds .....	<u>\$ 3,093,916</u>	<u>\$ 2,513,937</u>	<u>\$ 2,593,707</u>	<u>\$ 1,950,956</u>
Other Governmental Fund Balance: (2)				
Restricted .....	\$ -	\$ -	\$ -	\$ -
Committed .....	-	-	-	-
Assigned .....	-	-	-	-
Unassigned .....	-	-	-	-
Total Fund Balance .....	-	-	-	-
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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 52,048	\$ 54,390	\$ -	\$ -	\$ -	\$ -
2,658	81,151	-	-	-	-
<u>54,706</u>	<u>135,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ 24,055	\$ 20,885	\$ 24,788	\$ 24,498
-	-	143,549	177,000	108,424	65,223
-	-	167,929	33,417	33,845	51,557
<u>-</u>	<u>-</u>	<u>335,533</u>	<u>231,302</u>	<u>167,057</u>	<u>141,278</u>
\$ 1,418,399	\$ 1,419,714	\$ -	\$ -	\$ -	\$ -
(409,796)	(349,517)	-	-	-	-
321,251	534,013	-	-	-	-
-	-	-	-	-	-
422,319	138,724	-	-	-	-
<u>1,752,173</u>	<u>1,742,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,806,879</u>	<u>\$ 1,878,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 2,317,734	\$ 2,332,911	\$ 2,262,028	\$ 1,829,431
-	-	961,246	882,127	699,073	696,067
-	-	2,550	-	-	-
-	-	(1,761,077)	(1,852,973)	(1,901,567)	(1,843,440)
<u>-</u>	<u>-</u>	<u>1,520,453</u>	<u>1,362,065</u>	<u>1,059,534</u>	<u>682,058</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,855,986</u>	<u>\$ 1,593,367</u>	<u>\$ 1,226,591</u>	<u>\$ 823,336</u>

**Table 6**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	2010 (3)	2011 (3)	2012 (3)	2013 (3)	2014 (3)
<b>Revenues:</b>					
Utility Tax .....	\$ 467,411	\$ 467,630	\$ 462,475	\$ 456,869	\$ 473,496
Sales Tax .....	495,842	536,281	572,185	583,681	620,299
State Income Tax .....	282,011	236,521	282,779	308,899	278,031
Other Taxes .....	590,575	618,384	694,383	749,742	803,961
Federal/State Grants .....	1,735	1,294	1,074	1,871	2,335
Other Revenues (1) .....	773,278	921,056	907,760	929,429	998,028
Total Revenues .....	<u>2,610,852</u>	<u>2,781,166</u>	<u>2,920,656</u>	<u>3,030,491</u>	<u>3,176,150</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	1,828,984	1,895,404	1,956,152	1,953,572	2,020,072
General Government .....	903,890	863,622	864,556	885,268	929,918
Other (2) .....	296,063	278,561	258,501	267,852	270,899
Debt Service .....	5,004	2,849	2,160	2,382	10,369
Total Expenditures .....	<u>3,033,941</u>	<u>3,040,436</u>	<u>3,081,369</u>	<u>3,109,074</u>	<u>3,231,258</u>
Revenues Under Expenditures .....	<u>(423,089)</u>	<u>(259,270)</u>	<u>(160,713)</u>	<u>(78,583)</u>	<u>(55,108)</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original Discount/Including Premium .....	16,500	95,000	55,000	-	-
Transfers In .....	502,502	372,744	31,617	21,018	39,700
Transfers Out .....	(13,600)	(14,357)	(26,965)	(10,583)	(10,081)
Total Other Financing Sources (Uses) .	<u>505,402</u>	<u>453,387</u>	<u>59,652</u>	<u>10,435</u>	<u>29,619</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	82,313	194,117	(101,061)	(68,148)	(25,489)
Fund Balance - Beginning of Year .....	54,706	135,541	335,533	231,302	167,057
Change in Inventory .....	<u>(1,478)</u>	<u>5,875</u>	<u>(3,170)</u>	<u>3,903</u>	<u>(290)</u>
Fund Balance - End of Year .....	<u>\$ 135,541</u>	<u>\$ 335,533</u>	<u>\$ 231,302</u>	<u>\$ 167,057</u>	<u>\$ 141,278</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, 2010-2014.

**Table 7**  
**CITY OF CHICAGO, ILLINOIS**  
**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	<u>2010 (3)</u>	<u>2011 (3)</u>	<u>2012 (3)</u>	<u>2013 (3)</u>	<u>2014 (3)</u>
<b>Revenues:</b>					
Property Tax .....	\$ 316,618	\$ 373,163	\$ 350,408	\$ 316,958	\$ 357,457
Utility Tax .....	72,201	83,317	63,883	68,458	74,641
State Income Tax .....	103,657	108,153	108,506	127,841	126,019
Other Taxes .....	588,717	217,188	607,135	589,422	624,676
Federal/State Grants .....	814,144	974,757	876,790	706,831	809,840
Other Revenues (1) .....	121,017	105,705	149,956	96,263	162,996
Total Revenues .....	<u>2,016,354</u>	<u>1,862,283</u>	<u>2,156,678</u>	<u>1,905,773</u>	<u>2,155,629</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	80,744	88,908	119,807	81,324	46,907
General Government .....	882,553	1,193,781	941,885	949,290	1,113,639
Employee Pensions .....	435,432	481,407	458,951	444,748	483,493
Other (2) .....	521,876	522,377	725,578	648,901	744,699
Capital Outlay .....	4,903	2,964	5,259	7,187	9,863
Debt Service .....	3,898	2,533	723	115	4,332
Total Expenditures .....	<u>1,929,406</u>	<u>2,291,970</u>	<u>2,252,203</u>	<u>2,131,565</u>	<u>2,402,933</u>
Revenues Under Expenditures .....	<u>86,948</u>	<u>(429,687)</u>	<u>(95,525)</u>	<u>(225,792)</u>	<u>(247,304)</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original Discount/Including Premium .....	88,018	72,925	70,541	125,063	17,768
Transfers In .....	94,424	149,574	76,640	91,022	184,033
Transfers Out .....	(65,807)	(380,543)	(56,622)	(59,631)	(64,863)
Total Other Financing Sources (Uses) ...	<u>116,635</u>	<u>(158,044)</u>	<u>90,559</u>	<u>156,454</u>	<u>136,938</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	203,583	(587,731)	(4,966)	(69,338)	(110,366)
Fund Balance - Beginning of Year .....	<u>(344,888)</u>	<u>(141,305)</u>	<u>(729,036)</u>	<u>(734,002)</u>	<u>(803,340)</u>
Fund Balance - End of Year .....	<u>\$ (141,305)</u>	<u>\$ (729,036)</u>	<u>\$ (734,002)</u>	<u>\$ (803,340)</u>	<u>\$ (913,706)</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, 2010-2014.

**Table 8**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	<u>2010 (2)</u>	<u>2011 (2)</u>	<u>2012 (2)</u>	<u>2013 (2)</u>	<u>2014 (2)</u>
<b>Revenues:</b>					
Property Tax .....	\$ 437,463	\$ 515,368	\$ 590,990	\$ 549,191	\$ 572,384
Utility Tax .....	22,324	13,289	22,324	22,324	22,332
Sales Tax .....	31,162	26,875	22,105	40,261	38,500
Other Taxes .....	129,566	146,126	18,717	17,400	12,569
Other Revenues (1) .....	61,004	44,101	53,340	11,888	36,443
Total Revenues .....	<u>681,519</u>	<u>745,759</u>	<u>707,476</u>	<u>641,064</u>	<u>682,228</u>
<b>Expenditures:</b>					
Debt Service .....	<u>747,061</u>	<u>613,048</u>	<u>799,833</u>	<u>759,242</u>	<u>1,152,850</u>
Total Expenditures .....	<u>747,061</u>	<u>613,048</u>	<u>799,833</u>	<u>759,242</u>	<u>1,152,850</u>
Revenues Over (Under) Expenditures ....	<u>(65,542)</u>	<u>132,711</u>	<u>(92,357)</u>	<u>(118,178)</u>	<u>(470,622)</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original					
Discount/Including Premium .....	560,524	580,015	337,410	4	371,207
Payment to Refunded Bond Escrow Agent .	(412,184)	(476,787)	(268,397)	-	(300,600)
Transfers In .....	44,185	47,134	47,322	46,352	411,413
Transfers Out .....	(110,049)	(176,285)	(83,359)	(89,157)	(268,872)
Total Other Financing Sources (Uses) ...	<u>82,476</u>	<u>(25,923)</u>	<u>32,976</u>	<u>(42,801)</u>	<u>213,148</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	16,934	106,788	(59,381)	(160,979)	(257,474)
Fund Balance - Beginning of Year .....	<u>406,118</u>	<u>423,052</u>	<u>529,840</u>	<u>470,459</u>	<u>309,480</u>
Fund Balance - End of Year .....	<u>\$ 423,052</u>	<u>\$ 529,840</u>	<u>\$ 470,459</u>	<u>\$ 309,480</u>	<u>\$ 52,006</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, 2010-2014.

**Table 9**  
**CITY OF CHICAGO, ILLINOIS**  
**CAPITAL PROJECT FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	<u>2010 (2)</u>	<u>2011 (2)</u>	<u>2012 (2)</u>	<u>2013 (2)</u>	<u>2014 (2)</u>
Revenues:					
Other Revenues (1) .....	\$ 43,135	\$ 16,243	\$ 11,343	\$ 5,128	\$ 36,472
Total Revenues .....	<u>43,135</u>	<u>16,243</u>	<u>11,343</u>	<u>5,128</u>	<u>36,472</u>
Expenditures:					
Capital Outlay .....	624,007	467,249	430,341	333,294	385,353
Total Expenditures .....	<u>624,007</u>	<u>467,249</u>	<u>430,341</u>	<u>333,294</u>	<u>385,353</u>
Revenues Under Expenditures .....	<u>(580,872)</u>	<u>(451,006)</u>	<u>(418,998)</u>	<u>(328,166)</u>	<u>(348,881)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original Discount/Including Premium .....	769,348	464,386	295,606	110,300	630,575
Issuance Line of Credit .....	-	-	-	144,673	-
Transfers In .....	6,296	2,759	22,843	1,930	17,440
Transfers Out .....	(99)	(25)	(11,804)	(951)	(308,770)
Total Other Financing Sources (Uses) .	<u>775,545</u>	<u>467,120</u>	<u>306,645</u>	<u>255,952</u>	<u>339,245</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	194,673	16,114	(112,353)	(72,214)	(9,636)
Fund Balance - Beginning of Year .....	<u>388,624</u>	<u>583,297</u>	<u>599,411</u>	<u>487,058</u>	<u>414,844</u>
Fund Balance - End of Year .....	<u>\$ 583,297</u>	<u>\$ 599,411</u>	<u>\$ 487,058</u>	<u>\$ 414,844</u>	<u>\$ 405,208</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, 2010-2014.

**Table 10**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY TAX LEVIES BY FUND (1)**  
**Five Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	<u>2010</u>	<u>2011</u>	<u>Percent Change</u>
Note Redemption and Interest (2) .....	\$ 73,377	\$ 73,377	- %
Bond Redemption and Interest .....	409,979	411,905	0.47
Policemen's Annuity and Benefit (3) .....	140,165	143,785	2.58
Municipal Employees' Annuity and Benefit (3) .....	132,531	126,997	(4.18)
Firemen's Annuity and Benefit (3) .....	64,323	66,125	2.80
Laborers' and Retirement Board Employees' Annuity and Benefit (3) .....	<u>13,714</u>	<u>11,759</u>	<u>(14.26)</u>
Total .....	<u>\$ 834,089</u>	<u>\$ 833,948</u>	<u>(0.02)</u>

**NOTES:**

- (1) See Table 11 - PROPERTY LEVIES, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES 2005 - 2014. 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>2012</u>	<u>Percent Change</u>	<u>2013</u>	<u>Percent Change</u>	<u>2014</u>	<u>Percent Change</u>
\$ 73,481	0.14 %	\$ 74,231	1.02 %	\$ 97,061	30.76 %
411,489	(0.10)	411,807	0.08	411,459	(0.08)
143,865	0.06	138,146	(3.98)	136,680	(1.06)
129,138	1.69	122,066	(5.48)	123,239	0.96
65,461	(1.00)	81,518	24.53	81,363	(0.19)
<u>11,202</u>	<u>(4.74)</u>	<u>10,486</u>	<u>(6.39)</u>	<u>10,934</u>	<u>4.27</u>
<u>\$ 834,636</u>	0.08	<u>\$ 838,254</u>	0.43	<u>\$ 860,736 (4)</u>	2.68

**Table 11**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY LEVIES, COLLECTIONS AND**  
**ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES**  
**Last Ten Years Ended December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

Tax Year (1)	Total Tax Levy for Fiscal Year (2), (3)	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		
2005 .....	\$ 718,071	\$ 694,593	96.73 %	\$ 6,098	\$ 700,691	97.58 %	\$ 17,380	\$ -
2006 .....	719,230	630,666	87.69	59,984	690,650	96.03	28,580	-
2007 .....	749,351	712,008	95.02	13,196	725,204	96.78	24,147	-
2008 .....	834,152	776,522	93.09	32,676	809,198	97.01	24,954	-
2009 .....	834,109	700,579	83.99	105,548	806,127	96.65	27,982	-
2010 .....	834,089	790,141	94.73	22,202	812,343	97.39	21,746	-
2011 .....	833,948	800,582	96.00	13,410	813,992	97.61	19,597	359
2012 .....	834,636	804,245	96.36	21,314	825,559	98.91	8,895	182
2013 .....	838,254	807,985	96.39	-	807,985	96.39	25,137	5,132
2014 .....	860,736 (4)	-	N/A	-	-	N/A	34,429	826,307
Total Net Outstanding Taxes Receivable .....								<u>\$ 831,980</u>

**NOTES:**

- (1) Taxes for each year become due and payable in the following year. For example, taxes for the 2014 tax levy become due and payable in 2015.
- (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	2013 EAV	Rank	Percent- tage of Total EAV	2004 EAV	Rank	Percent- tage of Total EAV
Willis Tower (4) .....	\$ 370,197	1	0.59 %	\$ 489,383	1	0.89 %
AON Building (3) .....	248,906	2	0.40	322,214	2	0.58
Health Care service Corporation Blue Cross ...	201,987	3	0.32			
Prudential Plaza .....	193,495	4	0.31	279,002	4	0.50
Water Tower Place .....	190,952	5	0.31	172,700	10	0.31
Chase Plaza .....	190,441	6	0.31	244,202	6	0.44
AT&T Corporate Center 1 .....	183,113	7	0.29	253,165	5	0.46
Three First National Plaza .....	177,863	8	0.29	179,451	8	0.32
Citadel Center .....	177,008	9	0.28			
300 N. LaSalle .....	159,537	10	0.26			
Chicago Mercantile Exchange .....				321,563	3	0.58
Leo Burnett Building .....				177,450	9	0.32
Citicorp Plaza .....				193,557	7	0.35
<b>Totals .....</b>	<b>\$ 2,093,499</b>		<b>3.36 %</b>	<b>\$ 2,632,687</b>		<b>4.75 %</b>

**NOTES:**

- (1) Source: Cook County Treasurer's Office, Cook County Assessor's Office.
- (2) 2014 information not available at time of publication.
- (3) AON Building formerly known as AMOCO Building.
- (4) Willis Tower formerly known as Sears Tower.

**Table 13**  
**CITY OF CHICAGO, ILLINOIS**  
**ASSESSED AND ESTIMATED FAIR MARKET VALUE OF ALL TAXABLE PROPERTY**  
**Last Ten Years**  
**(Amounts are in Thousands of Dollars)**

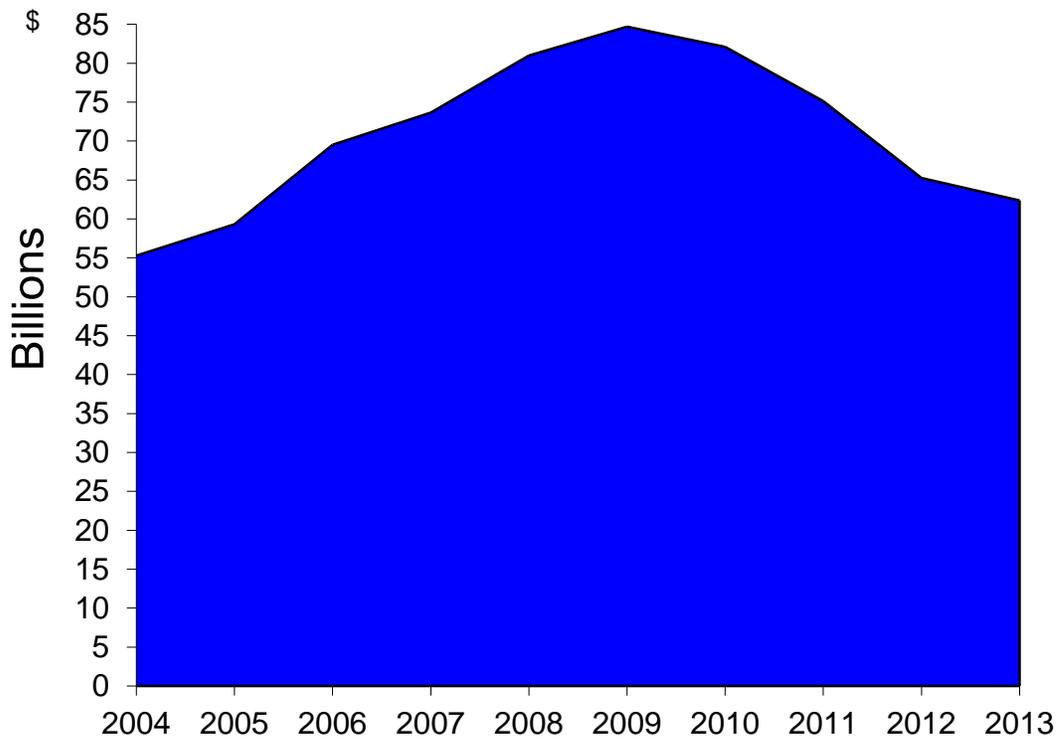
Tax Year	Assessed Values (1)				
	Class 2 (2)	Class 3 (3)	Class 5 (4)	Other (5)	Total
2004	\$ 12,988,216	\$ 1,883,048	\$ 10,401,429	\$ 465,462	\$ 25,738,155
2005	13,420,538	1,842,613	10,502,698	462,099	26,227,948
2006	18,521,873	2,006,898	12,157,149	688,868	33,374,788
2007	18,937,256	1,768,927	12,239,086	678,196	33,623,465
2008	19,339,574	1,602,768	12,359,537	693,239	33,995,118
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	17,932,671	1,116,175	10,456,103	588,672	30,093,621
2012	15,529,678	1,208,620	10,233,051	498,310	27,469,659
2013 (9)	15,410,659	1,236,401	10,172,186	494,714	27,313,960

**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) 2014 information not available at time of publication.
- (10) 2013 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)
2.5757	\$ 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	222,856,064	33.71
2.8056	65,250,387	1.279	206,915,723	31.53
2.6621	62,363,876	1.344	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
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	1.110	0.119	-	2.875	0.165
2012	1.279	0.146	-	3.422	0.190
2013 (1)	1.344	0.152	-	3.671	0.199

**NOTE:**

(1) 2014 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 (2)	Bond, Note Redemption and Interest	Chicago Public Library Bond, Note Redemption and Interest	Policemen's Annuity and Benefit
2004	\$ 719,780	\$ 0.647396	\$ 0.113280	\$ 0.216752
2005	718,071	0.606566	0.090041	0.231467
2006	719,230	0.519706	0.049968	0.194953
2007	749,351	0.550055	0.039514	0.191548
2008	834,152	0.508488	0.094354	0.172426
2009	834,109	0.478955	0.091851	0.167552
2010	834,089	0.494109	0.094665	0.170734
2011	833,948	0.542475	0.103443	0.191381
2012	834,636	0.623916	0.119254	0.220459
2013 (1)	838,254	0.653302	0.125978	0.221494

**NOTES:**

- (1) 2014 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
\$ 0.455	\$ 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
0.395	0.370	0.063	0.531	6.396
0.420	0.417	0.069	0.560	6.832

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Municipal Employees' Annuity and Benefit	Firemen's Annuity and Benefit	Laborers' and Retirement Board Employees' Annuity and Benefit	Total
\$ 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
0.197892	0.100313	0.017166	1.279
0.195713	0.130700	0.016813	1.344

**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)**

<u>Tax Year</u>	<u>Population (1)</u>	<u>Equalized Assessed Value (2)</u>	<u>G. O. Bonds</u>	<u>G. O. Notes &amp; Commercial Paper</u>	<u>General Certificates Obligation and Other</u>	<u>Unamortized Premiums (6)</u>
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	2,896,016	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	65,250,387	7,244,917	166,460	528,305	-
2013	2,695,598	62,363,876	7,159,396	270,188	501,490	-
2014	2,695,598	N/A (4)	7,798,956	-	473,290	129,002

**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.
- (6) Beginning in 2014, the City will present Unamortized Premiums and Accreted Interest amounts applicable to General Obligation Bonds, Commercial Paper and Other General Obligation Debt.

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<u>Accreted Interest (6)</u>	<u>Total Gross -Net of Premiums &amp; Accretions- Bonded Debt (3)</u>	<u>Less Reserve for Debt Service</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Equalized Assessed Value</u>	<u>Net Bonded Debt Per Capita (5)</u>
\$ -	\$ 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	2,527.97
-	7,750,122	249,355	7,500,767	9.98	2,782.60
-	7,939,682	105,582	7,834,100	12.01	2,906.26
-	7,931,074	16,298	7,914,776	12.69	2,936.19
290,179	8,691,427	99,725	8,591,702	N/A (4)	3,187.31

**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 (2)	Interest (3)	General Obligation Debt Service Expenditures	Governmental Expenditures	Ratio of Debt Service Expenditures to Governmental Expenditures (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
2013 .....	218,918	399,794	618,712	6,333,175	9.8
2014 .....	446,749	442,705	889,454	7,172,394	12.4

(1) The City issued bonds backed by a property tax levy on behalf of Community College District No. 508. The annual debt service related to the bonds is, as follows (in thousands): \$5,729 in 2004-2006, \$33,509 in 2007 and \$36,632 since 2008.

(2) This includes G. O. Bonds, G. O. Notes, G. O. Certificates, G. O. Commercial Paper, G. O. Line of Credit, Other G. O. Debt, and City Colleges of Chicago Bonds. For FY 2014 the principal payments for LOC and CP were \$144.6 million and 234.6 million, respectively.

(3) For FY 2014, interest payments exclude Michael Reese Loan, QTE and Swap termination fees.

**Table 18**  
**CITY OF CHICAGO, ILLINOIS**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

	<u>City of Chicago Direct Debt</u>	<u>Net Direct Long-term Debt (1)</u>	Percentage of Overlapping Bonded Debt (2)	<u>Net Debt Applicable</u>
City of Chicago G. O. Bonds (3) .....	\$ 8,339,626	\$ 8,339,626	100.00 %	\$ 8,339,626
Board of Education .....		6,038,973	100.00	6,038,973
Chicago Park District .....		844,460	100.00	844,460
City Colleges of Chicago .....		250,000	100.00	250,000
Cook County .....		3,466,977	48.18	1,670,390
Cook County Forest Preserve District .....		172,535	49.53	85,457
Metropolitan Water Reclamation District of Greater Chicago .....		<u>2,422,619</u>	50.53	<u>1,224,149</u>
Total Overlapping Debt .....		<u>13,195,564</u>		<u>10,113,429</u>
Net Direct and Overlapping Long-term Debt ....		<u>\$ 21,535,190</u>		<u>\$ 18,453,055</u>

**NOTES:**

- (1) Source: Amount of Net Direct Debt was obtained from each of the respective taxing bodies.
- (2) Cook County Clerk's Office
- (3) Does not include outstanding General Obligation Commercial Paper Notes and Lines of Credit.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Direct Debt	\$ 5,123,729	\$ 5,422,232	\$ 5,805,921	\$ 6,126,295
Overlapping Debt	<u>7,574,950</u>	<u>7,750,883</u>	<u>7,904,184</u>	<u>7,529,359</u>
Total Debt	<u>\$ 12,698,679</u>	<u>\$ 13,173,115</u>	<u>\$ 13,710,105</u>	<u>\$ 13,655,654</u>
Equalized				
Assessed Valuation (1)	\$ 59,304,530	\$ 69,517,264	\$ 73,645,316	\$ 80,977,543
Direct Debt Burden (2)	9.27%	9.14%	8.35%	8.32%
Total Debt Burden (2)	22.97%	22.21%	19.72%	18.54%
Estimated Fair Market				
Value (FMV) (5)	\$ 286,354,518	\$ 329,770,733	\$ 320,503,503	\$ 310,888,609
% of Direct Debt to FMV	1.79%	1.64%	1.81%	1.97%
% of Total Direct Debt to FMV	4.43%	3.99%	4.28%	4.39%
Population (3)	2,896,016	2,896,016	2,896,016	2,896,016
Direct Debt Per Capita (4)	\$ 1,769.23	\$ 1,872.31	\$ 2,004.80	\$ 2,115.42
Total Debt Per Capita (4)	4,384.88	4,548.70	4,734.13	4,715.32

**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 2004 is \$55,277,096.
- (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.

2009	2010	2011	2012	2013	2014
\$ 6,866,270	\$ 7,328,452	\$ 7,628,222	\$ 7,939,682	\$ 7,670,298	\$ 8,339,626
8,539,070	9,158,243	9,877,084	10,384,421	10,338,490	10,113,429
<u>\$ 15,405,340</u>	<u>\$ 16,486,695</u>	<u>\$ 17,505,306</u>	<u>\$ 18,324,103</u>	<u>\$ 18,008,788</u>	<u>\$ 18,453,055</u>
\$ 84,685,258	\$ 82,087,170	\$ 75,122,914	\$ 65,250,387	\$ 62,363,876	\$ N/A (6)
8.48%	8.65%	9.29%	10.57%	11.76%	13.37%
19.02%	19.47%	21.33%	24.39%	27.60%	29.59%
\$ 280,288,730	\$ 231,986,397	222,856,064	206,915,723	N/A (6)	N/A (6)
2.45%	3.16%	3.42%	3.84%	N/A (6)	N/A (6)
5.50%	7.11%	7.85%	8.86%	N/A (6)	N/A (6)
2,896,016	2,695,598	2,695,598	2,695,598	2,695,598	2,695,598
\$ 2,370.94	\$ 2,718.67	\$ 2,829.88	\$ 2,945.43	\$ 2,845.49	\$ 3,093.79
5,319.49	6,116.15	6,494.03	6,797.79	6,680.81	6,845.63

**Table 20**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**Last Ten Years Ended December 31, 2014**  
**(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	
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
2013	2,020,371	969,551	1,050,820	277,225	494,226	771,451	136
2014 *	2,306,308	1,042,605	1,263,703	290,340	569,475	859,815	147

\* Beginning in 2014, revenues are net of provision for doubtful accounts.

**Table 20 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**Last Seven Years Ended December 31, 2014**  
**(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
2013	427,287	334,414	92,873	51,194	27,721	78,915	118
2014	410,018	567,079	(157,061)	69,912	30,963	100,875	(156)

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		
2013	706,315	18,040	36,968	55,008	1284		
2014	414,720	18,400	33,933	52,333	792		

**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, 2014**  
**(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	Chicago O'Hare International Airport Customer Facility Charge Revenue Bonds
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	-	-
2013	7,931,074	80,127	735,122	-	171,673	1,954,020	-	248,750
2014	8,272,246	69,995	725,395	-	116,858	2,381,770	-	248,750

**NOTES:**

- (1) See Table 13 for Estimated Fair Market Value
- (2) Amounts in Dollars
- (3) 2013 information not available at time of publication.
- (4) 2014 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)
\$ 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	7,052.17
6,481,960	797,769	1,439,185	1,084,224	20,293,411	9.11	7,528.35
6,270,770	750,706	1,383,215	1,334,918	20,690,361	10.00	7,675.61
6,563,780	683,780	1,470,343	1,333,984	21,172,653	N/A (3)	7,854.53
6,406,710	682,271	1,506,325	1,602,175	22,012,495	N/A (4)	8,166.09

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**Table 22**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL LONG-TERM DEBT (1)**  
**December 31, 2014**

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
2015 ..	\$ 235,676,371	\$ 438,327,989	\$ 18,170,000	\$ 34,316,048	\$ 9,335,000	\$ 3,272,448	\$ 263,181,371	\$ 475,916,485
2016 ..	251,071,761	428,190,029	17,880,000	33,396,970	10,640,000	2,795,065	279,591,761	464,382,064
2017 ..	274,536,947	417,278,025	18,250,000	32,487,136	11,795,000	2,306,236	304,581,947	452,071,397
2018 ..	287,151,972	405,156,796	19,150,000	31,590,119	16,010,000	1,756,563	322,311,972	438,503,478
2019 ..	296,243,700	392,074,650	20,334,654	30,648,834	6,020,000	959,730	322,598,354	423,683,214
2020 ..	310,673,918	380,656,051	21,440,292	29,688,122	4,135,000	706,375	336,249,210	411,050,548
2021 ..	313,592,240	366,603,415	22,567,526	28,710,511	4,375,000	493,625	340,534,766	395,807,551
2022 ..	317,338,400	358,074,554	23,737,119	27,637,586	7,685,000	192,125	348,760,519	385,904,265
2023 ..	308,653,319	344,358,411	25,039,882	26,510,808	-	-	333,693,201	370,869,219
2024 ..	304,457,012	330,795,518	26,401,683	25,323,813	-	-	330,858,695	356,119,331
2025 ..	286,518,971	317,922,975	27,843,447	24,073,996	-	-	314,362,418	341,996,971
2026 ..	294,491,163	305,724,330	29,361,159	22,757,902	-	-	323,852,322	328,482,232
2027 ..	306,594,720	286,553,453	28,708,425	23,709,471	-	-	335,303,145	310,262,924
2028 ..	314,069,806	279,468,121	32,523,716	20,079,438	-	-	346,593,522	299,547,559
2029 ..	331,094,515	262,816,724	22,679,282	30,060,516	-	-	353,773,797	292,877,240
2030 ..	342,657,520	250,782,400	25,039,348	27,934,920	-	-	367,696,868	278,717,320
2031 ..	360,543,596	233,271,393	22,997,033	28,897,880	-	-	383,540,629	262,169,273
2032 ..	393,923,762	200,278,124	22,007,868	28,265,905	-	-	415,931,630	228,544,029
2033 ..	372,676,194	180,186,372	23,144,107	27,627,546	-	-	395,820,301	207,813,918
2034 ..	320,437,377	161,123,964	38,945,000	14,174,055	-	-	359,382,377	175,298,019
2035 ..	290,017,607	144,210,745	40,925,000	12,195,050	-	-	330,942,607	156,405,795
2036 ..	242,156,559	129,763,191	43,045,000	10,074,025	-	-	285,201,559	139,837,216
2037 ..	236,632,925	117,049,991	45,275,000	7,843,075	-	-	281,907,925	124,893,066
2038 ..	249,831,380	103,859,530	34,870,000	5,496,500	-	-	284,701,380	109,356,030
2039 ..	258,780,000	59,742,170	36,615,000	3,753,000	-	-	295,395,000	63,495,170
2040 ..	273,540,000	44,981,636	38,445,000	1,922,250	-	-	311,985,000	46,903,886
2041 ..	288,970,000	29,557,581	-	-	-	-	288,970,000	29,557,581
2042 ..	101,745,000	13,254,033	-	-	-	-	101,745,000	13,254,033
2043 ..	108,170,000	6,829,854	-	-	-	-	108,170,000	6,829,854
	<u>\$ 8,272,246,735</u>	<u>\$ 6,988,892,025</u>	<u>\$ 725,395,541</u>	<u>\$ 589,175,476</u>	<u>\$ 69,995,000</u>	<u>\$ 12,482,167</u>	<u>\$ 9,067,637,276</u>	<u>\$ 7,590,549,668</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, 2015, 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, 2014. 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, 2014**

Year Ended Dec. 31,	General Obligation Bonds		Alternative Revenue Bonds (2)		Other General Obligation Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2015 ...	\$ 182,431,371	\$ 406,561,758	\$ 42,215,000	\$ 26,173,241	\$ 11,030,000	\$ 5,592,990
2016 ...	193,716,761	399,222,847	46,220,000	24,032,431	11,135,000	4,934,751
2017 ...	210,626,947	391,269,960	52,665,000	21,712,085	11,245,000	4,295,980
2018 ...	219,846,972	382,399,571	55,955,000	19,118,525	11,350,000	3,638,700
2019 ...	227,928,700	372,840,125	59,215,000	16,258,775	9,100,000	2,975,750
2020 ...	235,233,918	365,005,267	66,340,000	13,223,135	9,100,000	2,427,649
2021 ...	245,622,240	354,857,839	58,870,000	9,852,726	9,100,000	1,892,850
2022 ...	250,833,400	349,923,388	57,405,000	6,799,766	9,100,000	1,351,400
2023 ...	261,258,319	339,733,313	38,295,000	3,815,148	9,100,000	809,950
2024 ...	274,597,012	328,620,301	20,760,000	1,907,451	9,100,000	267,766
2025 ...	279,573,971	317,058,788	6,945,000	864,187	-	-
2026 ...	286,826,163	305,212,418	7,665,000	511,912	-	-
2027 ...	305,919,720	286,433,299	675,000	120,154	-	-
2028 ...	313,354,806	279,384,174	715,000	83,947	-	-
2029 ...	330,244,515	262,771,130	850,000	45,594	-	-
2030 ...	342,657,520	250,782,400	-	-	-	-
2031 ...	360,543,596	233,271,393	-	-	-	-
2032 ...	393,923,762	200,278,124	-	-	-	-
2033 ...	372,676,194	180,186,372	-	-	-	-
2034 ...	320,437,377	161,123,964	-	-	-	-
2035 ...	290,017,607	144,210,745	-	-	-	-
2036 ...	242,156,559	129,763,191	-	-	-	-
2037 ...	236,632,925	117,049,991	-	-	-	-
2038 ...	249,831,380	103,859,530	-	-	-	-
2039 ...	258,780,000	59,742,170	-	-	-	-
2040 ...	273,540,000	44,981,636	-	-	-	-
2041 ...	288,970,000	29,557,581	-	-	-	-
2042 ...	101,745,000	13,254,033	-	-	-	-
2043 ...	108,170,000	6,829,854	-	-	-	-
	<u>\$ 7,658,096,735</u>	<u>\$ 6,816,185,162</u>	<u>\$ 514,790,000</u>	<u>\$ 144,519,077</u>	<u>\$ 99,360,000</u>	<u>\$ 28,187,786</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, 2015, 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, 2014. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

(2) Alternative Revenue Bonds include General Obligation Bonds (Emergency Telephone System), Series 1999 and Series 2004, and General Obligation Bonds (Modern Schools Across Chicago Program) Series 2007A-K and 2010A/B.

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Totals		
Principal	Interest	Total
\$ 235,676,371	\$ 438,327,989	\$ 674,004,360
251,071,761	428,190,029	679,261,790
274,536,947	417,278,025	691,814,972
287,151,972	405,156,796	692,308,768
296,243,700	392,074,650	688,318,350
310,673,918	380,656,051	691,329,969
313,592,240	366,603,415	680,195,655
317,338,400	358,074,554	675,412,954
308,653,319	344,358,411	653,011,730
304,457,012	330,795,518	635,252,530
286,518,971	317,922,975	604,441,946
294,491,163	305,724,330	600,215,493
306,594,720	286,553,453	593,148,173
314,069,806	279,468,121	593,537,927
331,094,515	262,816,724	593,911,239
342,657,520	250,782,400	593,439,920
360,543,596	233,271,393	593,814,989
393,923,762	200,278,124	594,201,886
372,676,194	180,186,372	552,862,566
320,437,377	161,123,964	481,561,341
290,017,607	144,210,745	434,228,352
242,156,559	129,763,191	371,919,750
236,632,925	117,049,991	353,682,916
249,831,380	103,859,530	353,690,910
258,780,000	59,742,170	318,522,170
273,540,000	44,981,636	318,521,636
288,970,000	29,557,581	318,527,581
101,745,000	13,254,033	114,999,033
108,170,000	6,829,854	114,999,854
<u>\$ 8,272,246,735</u>	<u>\$ 6,988,892,025</u>	<u>\$ 15,261,138,760</u>

**Table 24**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR PROPRIETARY FUNDS (1)**  
**December 31, 2014**

Year Ended December 31,	Water Revenue Bonds		Wastewater Transmission Revenue Bonds	
	Principal	Interest	Principal	Interest
2015 .....	\$ 51,535,284	\$ 125,420,341	\$ 46,392,266	\$ 76,480,278
2016 .....	63,167,995	121,520,790	48,481,585	74,421,495
2017 .....	65,343,747	119,364,160	50,633,418	72,361,146
2018 .....	67,685,879	117,073,321	52,890,886	70,214,100
2019 .....	75,686,904	109,101,487	48,315,630	75,064,986
2020 .....	78,786,447	106,148,094	47,890,313	75,411,815
2021 .....	87,270,089	97,507,256	49,521,614	73,911,753
2022 .....	91,111,298	93,760,516	51,367,892	72,172,072
2023 .....	94,919,414	89,790,956	53,275,595	70,353,548
2024 .....	99,621,559	85,556,906	65,555,144	58,507,599
2025 .....	101,130,091	81,327,054	49,359,227	74,228,373
2026 .....	91,763,724	76,821,297	51,143,780	72,510,869
2027 .....	95,575,551	72,335,089	53,008,776	70,677,143
2028 .....	108,978,731	67,664,911	59,871,548	48,915,979
2029 .....	113,558,291	62,682,200	62,789,289	45,965,392
2030 .....	115,099,256	57,414,711	65,652,761	42,866,191
2031 .....	86,411,654	52,136,480	68,524,457	39,576,257
2032 .....	79,708,551	47,762,916	71,196,911	36,110,461
2033 .....	82,834,402	43,662,986	73,033,471	32,477,610
2034 .....	86,577,993	39,413,592	75,870,624	28,685,975
2035 .....	86,865,000	34,986,246	78,420,000	24,725,978
2036 .....	90,945,000	30,405,689	73,005,000	20,471,277
2037 .....	85,650,000	25,609,597	76,530,000	16,412,974
2038 .....	89,620,000	20,988,588	68,460,000	12,208,647
2039 .....	77,395,000	15,946,126	59,225,000	8,445,785
2040 .....	81,035,000	11,415,896	31,955,000	4,988,000
2041 .....	43,530,000	6,674,750	33,525,000	3,440,250
2042 .....	45,705,000	4,498,250	17,685,000	1,814,000
2043 .....	21,590,000	2,213,000	18,595,000	929,750
2044 .....	22,670,000	1,133,500	-	-
	<u>\$ 2,381,771,860</u>	<u>\$ 1,820,336,705</u>	<u>\$ 1,602,175,187</u>	<u>\$ 1,304,349,703</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, 2015, 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, 2014. 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		Total	Year Ended December 31,
Principal	Interest	Principal	Interest		
\$ 216,395,000	\$ 438,749,808	\$ 314,322,550	\$ 640,650,427	\$ 954,972,977	..... 2015
280,990,000	428,574,398	392,639,580	624,516,683	1,017,156,263	..... 2016
329,200,000	415,047,671	445,177,165	606,772,977	1,051,950,142	..... 2017
337,155,000	399,033,948	457,731,765	586,321,369	1,044,053,134	..... 2018
317,140,000	383,240,485	441,142,534	567,406,958	1,008,549,492	..... 2019
273,240,000	367,806,061	399,916,760	549,365,970	949,282,730	..... 2020
290,525,000	354,244,639	427,316,703	525,663,648	952,980,351	..... 2021
288,395,000	339,692,105	430,874,190	505,624,693	936,498,883	..... 2022
302,385,000	325,071,217	450,580,009	485,215,721	935,795,730	..... 2023
320,460,000	309,697,562	485,636,703	453,762,067	939,398,770	..... 2024
332,630,000	293,457,597	483,119,318	449,013,024	932,132,342	..... 2025
348,725,000	276,571,634	491,632,504	425,903,800	917,536,304	..... 2026
365,345,000	258,844,814	513,929,327	401,857,046	915,786,373	..... 2027
401,215,000	240,523,720	570,065,279	357,104,610	927,169,889	..... 2028
379,520,000	221,137,005	555,867,580	329,784,597	885,652,177	..... 2029
417,885,000	200,974,200	598,637,017	301,255,102	899,892,119	..... 2030
434,025,000	179,644,090	588,961,111	271,356,827	860,317,938	..... 2031
460,090,000	157,653,635	610,995,462	241,527,012	852,522,474	..... 2032
468,735,000	135,702,698	624,602,873	211,843,294	836,446,167	..... 2033
498,095,000	114,167,784	660,543,617	182,267,351	842,810,968	..... 2034
260,680,000	93,604,150	425,965,000	153,316,374	579,281,374	..... 2035
278,565,000	78,377,395	442,515,000	129,254,361	571,769,361	..... 2036
292,450,000	62,130,816	454,630,000	104,153,387	558,783,387	..... 2037
306,155,000	45,374,062	464,235,000	78,571,297	542,806,297	..... 2038
210,255,000	27,400,182	346,875,000	51,792,093	398,667,093	..... 2039
164,685,000	14,915,472	277,675,000	31,319,368	308,994,368	..... 2040
74,975,000	5,803,417	152,030,000	15,918,417	167,948,417	..... 2041
78,730,000	3,641,551	142,120,000	9,953,801	152,073,801	..... 2042
64,385,000	1,363,695	104,570,000	4,506,445	109,076,445	..... 2043
-	-	22,670,000	1,133,500	23,803,500	..... 2044
<u>\$ 8,793,030,000</u>	<u>\$ 6,172,445,811</u>	<u>\$ 12,776,977,047</u>	<u>\$ 9,297,132,219</u>	<u>\$ 22,074,109,266</u>	

**Table 25**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2014**

Long-term debt is comprised of the following issues at December 31, 2014 (dollars in thousands):

	Original Principal	Outstanding at December 31, 2014
General Long-term Debt:		
General Obligation Debt:		
General Obligation Bonds:		
Refunding Series of 1993 B - 4.25% to 5.125% .....	\$ 153,280	\$ 49,390
Project and Refunding Series 1995 A-2 - 5.0% to 6.25% .....	220,390	51,780
Project and Refunding Series 1998 - 3.85% to 5.5% .....	426,600	30,405
* Emergency Telephone System Refunding Series 1999 - 4.5% to 5.5% .....	213,110	104,365
City Colleges of Chicago Capital Improvement Project Series 1999 - 6.0% .....	308,964	159,838
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	73,920
Project and Refunding Series 2002 A - 4.0% to 5.65% .....	169,765	2,305
Neighborhoods Alive 21 Program Series 2002 B - 3.575% .....	206,700	201,000
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	35,830
Project and Refunding Series 2003 B - 4.052% .....	202,500	181,850
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	36,495
Project and Refunding Series 2004 - 1.92% to 5.5% .....	489,455	84,390
Refunding Series 2005 A - 2.5% to 5.0% .....	441,090	239,880
Project and Refunding Series 2005 B and C - 3.5% to 5.0% .....	339,275	288,720
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	70,300
Direct Access Bonds, Series 2006 - 3.5% to 4.4% .....	35,753	30,683
Project and Refunding Series 2006 A and B - 3.5% to 5.375% .....	649,995	558,905
Project and Refunding Series 2007 A and B - 3.75% to 5.462% .....	589,590	535,080
City Colleges of Chicago Capital Improvement Project Series 2007 - 4.0% to 5.0% .....	39,110	34,465
Project and Refunding Series 2007 C and D - 4.0% to 5.44% .....	330,890	290,050
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	461,960
Project and Refunding Series 2008 C through E - 1.0% to 6.05% .....	611,017	602,937
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
Project and Refunding Series 2014 A and B - 4.0% to 6.314% .....	883,420	883,420
Total General Obligation Bonds .....	<u>\$ 10,998,150</u>	<u>\$ 7,798,956</u>

\* Secured by alternate revenues.

**Table 25 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2014**

	Original Principal	Outstanding at December 31, 2014
General Obligation Certificates and Other Obligations:		
** Building Acquisition Certificates (Limited Tax) Series 1997 - 4.4% to 5.4% .....	\$ 28,800	\$ 8,360
* Modern Schools Across Chicago Program - Series 2007 A through K - 3.6% to 5.0% .....	356,005	241,095
* Modern Schools Across Chicago Program - Series 2010 A and B - 3.0% to 5.364% .....	150,115	132,835
** 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>473,290</u>
Total General Obligation Debt .....	<u>11,624,070</u>	<u>8,272,246</u>
Tax Increment Allocation Bonds and Notes:		
Near North Tax Increment - Series 1999 A and B - 5.084% to 6.89% .....	55,000	27,000
Goose Island Redevelopment Tax Increment - Series 2000 - 7.45% .....	16,800	9,585
Pilsen Redevelopment Project - Series 2014 A and B - 0.95% to 5.0% .....	33,410	33,410
Total Tax Increment Allocation Bonds and Notes .....	<u>105,210</u>	<u>69,995</u>
Motor Fuel Tax and Sales Tax Revenue Bonds:		
Motor Fuel Tax Revenue Bonds - Series 2008 A and B - 4.0% to 5.0% .....	66,635	63,835
Motor Fuel Tax Revenue Bonds - Series 2013 - 2.0% to 5.0% .....	105,895	102,780
Motor Fuel Tax Revenue Bonds - Riverwalk TIFIA Loan - 3.33% .....	17,168	17,168
Sales Tax Revenue Bonds - Series 1998 - 4.5% to 5.5% .....	125,000	8,885
Sales Tax Revenue Bonds - Series 2002 - 4.23% .....	116,595	111,715
Sales Tax Revenue Refunding Bonds - Series 2005 - 3.25% to 5.0% .....	142,825	97,215
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>897,915</u>	<u>725,395</u>
Total General Long-term Debt .....	<u>\$ 12,627,195</u>	<u>\$ 9,067,636</u>

\* Secured by alternate revenues.

\*\* General Obligation Certificates and other obligations without property tax levy.

**Table 25 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2014**

	Original Principal	Outstanding at December 31, 2014
Proprietary Fund Revenue Bonds:		
Water Revenue Bonds:		
Refunding Series 1993 - 4.125% to 6.5% .....	\$ 49,880	\$ 10,790
Series 1997 - 3.9% to 5.25% .....	277,911	10,849
Series 2000 - 2nd Lien - 3.867% .....	100,000	100,000
Series 2000 - 4.375% to 5.875% .....	156,819	15,858
Series 2001 - 3.0% to 5.75% .....	353,905	80,850
Series 2004 - 2nd Lien - 3.867% .....	500,000	355,575
Series 2006A - 2nd Lien - 4.5% to 5.0% .....	215,400	184,425
Series 2008 - 2nd Lien - 4.0% to 5.25% .....	549,915	470,035
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
Series 2014 - 2nd Lien - 3.0% to 5.0% .....	367,925	367,925
Illinois Environmental Protection Agency Loan - 2.905% .....	3,605	1,723
Illinois Environmental Protection Agency Loan - 2.57% .....	2,642	1,669
Illinois Environmental Protection Agency Loan - 1.25% .....	6,000	5,192
Illinois Environmental Protection Agency Loan - 0.00% .....	9,077	7,750
Illinois Environmental Protection Agency Loan - 1.25% .....	1,528	1,423
Illinois Environmental Protection Agency Loan - 1.25% .....	1,502	1,399
Illinois Environmental Protection Agency Loan - 1.25% .....	6,092	5,673
Illinois Environmental Protection Agency Loan - 2.29% .....	6,542	6,413
Illinois Environmental Protection Agency Loan - 1.93% .....	39,421	39,421
Illinois Environmental Protection Agency Loan - 1.93% .....	15,000	15,000
Total Water Revenue Bonds .....	<u>3,376,189</u>	<u>2,381,770</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	517,855
Series of 2003 D through F - 3rd Lien - 2.125% to 5.5% .....	149,330	75,915
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	1,104,225
Series of 2005 C and D - 3rd Lien - Variable Rate (.04% at December 31, 2014) .....	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	774,165
Series of 2010 A through F - 3rd Lien - 1.75% to 6.845% .....	1,039,985	953,015
Series of 2011 A through C - 3rd Lien - 3.0% to 6.5% .....	1,000,000	983,120
Refunding Series of 2012 A through C - Senior Lien - 1.0% to 5.0% .....	728,895	605,675
Refunding Series of 2013 A and B - Senior Lien - 2.0% to 5.25% .....	501,785	483,560
Series of 2013 C and D - Senior Lien - 3.0% to 5.5% .....	396,120	396,120
Total Chicago-O'Hare International Airport Revenue Bonds .....	<u>7,623,535</u>	<u>6,406,710</u>
Chicago-O'Hare International Airport Customer Facility Charge Revenue Bonds:		
Series of 2013 A Senior Lien - 4.125% to 5.75% .....	248,750	248,750
Total Chicago-O'Hare International Airport Customer Facility Charge Revenue Bonds .....	<u>248,750</u>	<u>248,750</u>

**Table 25 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2014**

	Original Principal	Outstanding at December 31, 2014
Proprietary Fund Revenue Bonds - Concluded:		
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds:		
Refunding Series of 2008 A - 4.0% to 5.0% .....	\$ 111,425	\$ 24,465
Refunding Series of 2010 A through D - 2.0% to 6.322% .....	137,665	132,465
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	428,310
Commercial Paper Notes - Variable Rate (.10% to .13% at December 31, 2014) .....	51,026	51,026
Total Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds .....	<u>798,216</u>	<u>682,271</u>
Chicago Midway International Airport Revenue Bonds:		
Series 1998 A, B and C - 4.3% to 5.5% .....	397,715	31,530
Refunding Series 2004 A and B - 2nd Lien - 3.2% to 5.5% .....	77,565	49,350
Series 2004 C and D - 2nd Lien - 4.174% to 4.274% .....	152,150	136,475
Series 2010 B through D - 2nd Lien - 3.532% to 7.168% .....	246,540	63,470
Refunding Series 2013 A through C - 2nd Lien - .74% to 5.5% .....	333,960	328,980
Series 2014 A through B - 2nd Lien - 5.0% .....	771,810	771,810
Refunding Series 2014C - Variable Rate (.07% at December 31, 2014) .....	124,710	124,710
Total Chicago Midway International Airport Revenue Bonds .....	<u>2,825,345</u>	<u>1,506,325</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	58,575
Refunding Series 2004 B - 2nd Lien - 3.0% to 5.25% .....	61,925	16,185
Series 2006 A and B - 2nd Lien - 4.5% to 5.0% .....	155,030	122,240
Series 2008 A - 2nd Lien - 4.0% to 5.5% .....	167,635	150,485
Series 2008 C1 through C3 - 2nd Lien - 3.886% .....	332,230	332,230
Series 2010 - 2nd Lien - 2.0% to 6.9% .....	275,865	266,105
Series 2012 - 2nd Lien - 3.0% to 5.0% .....	276,470	266,705
Series 2014 - 2nd Lien - 3.0% to 5.0% .....	292,405	292,405
Illinois Environmental Protection Agency Loan - 2.5% .....	1,546	1,101
Illinois Environmental Protection Agency Loan - 0.00% .....	15,000	12,623
Illinois Environmental Protection Agency Loan - 1.25% .....	17,564	16,763
Illinois Environmental Protection Agency Loan - 1.25% .....	17,812	16,590
Illinois Environmental Protection Agency Loan - 1.25% .....	15,000	15,000
Total Wastewater Transmission Revenue Bonds .....	<u>1,878,590</u>	<u>1,602,175</u>
Total Proprietary Fund Revenue Bonds .....	<u>\$ 16,750,625</u>	<u>\$ 12,828,001</u>

NOTE: The balance outstanding at December 31, 2014 listed above for each year excluded amounts payable January 1, 2015.

**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>City Employment</u>	<u>Unemployment Rate (3)</u>	<u>Per Capita Income (4)</u>	<u>Total Income</u>
2005 ....	2,896,016	33.0	1,045,282	1,198,929	7.0 %	\$ 38,439	\$ 111,319,959,024
2006 ....	2,896,016	33.5	1,040,000	1,228,075	5.2	41,887	121,305,422,192
2007 ....	2,896,016	33.7	1,033,328	1,249,238	5.7	43,714	126,596,443,424
2008 ....	2,896,016	34.1	1,032,746	1,237,856	6.4	45,328	131,270,613,248
2009 ....	2,896,016	34.5	1,037,069	1,171,841	10.0	43,727	126,634,091,632
2010 ....	2,695,598	34.8	1,045,666	1,116,830	10.1	45,957	123,881,597,286
2011 ....	2,695,598	33.2	1,048,222	1,120,402	9.3	45,977	123,935,509,246
2012 ....	2,695,598	33.2	1,054,488	1,144,896	8.9	48,305	130,210,861,390
2013 ....	2,695,598	33.5	1,062,029	1,153,725	8.3	49,071	132,275,689,458
2014 ....	2,695,598	N/A	N/A	1,264,234 *	5.7	N/A (5)	N/A (5)

**NOTES:**

(1) Source: U.S. Census Bureau.

(2) Source: World Business Chicago Website and Environmental System Research Institute data estimates.  
 Data not available for 2014.

(3) Source: Bureau of Labor Statistics 2014, 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 2014 dollars).

(5) N/A means not available at time of publication.

\* December 2014 data.

**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	2014 (1)			2005 (4)		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Advocate Health Care .....	18,556	1	1.47 %			
University of Chicago .....	16,025	2	1.27			
JPMorgan Chase & Co. (2) .....	15,015	3	1.19	9,200	1	0.87 %
Northwestern Memorial Healthcare .....	14,550	4	1.15			
United Continental Holdings Inc. ....	14,000	5	1.11	5,995	2	0.56
Walgreen Co. ....	13,797	6	1.09			
AT&T (3) .....	13,000	7	1.03	4,311	5	0.41
Presence Health .....	11,279	8	0.89			
University of Illinois at Chicago .....	10,100	9	0.80			
Abbott Laboratories .....	10,000	10	0.79			
Accenture LLP .....				4,341	4	0.41
Northern Trust Corporation .....				4,574	3	0.43
Ford Motor Company .....				2,992	7	0.28
Bank of America NT & SA .....				2,811	9	0.26
American Airlines .....				4,054	6	0.38
UPS .....				2,464	10	0.23
ABN Amro .....				2,876	8	0.27

**NOTES:**

- (1) Source: Reprinted with permission, Crain's Chicago Business [January 19, 2015], Crain Communications, Inc.
- (2) J. P. Morgan Chase formerly known as Banc One.
- (3) AT&T Inc. formerly known as SBC Ameritech. 2014 number of employees is a statewide number.
- (4) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.  
 Prior to 2014, the source for information was the City of Chicago, Bureau of Revenue-Tax Division report, which is no longer available.

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

Function	Budgeted Full Time Equivalent Positions								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government .....	3,759	3,729	3,856	4,363	4,401	4,419	5,112	5,195	5,214
Public Safety .....	21,139	21,068	21,040	22,716	22,912	22,954	23,313	23,397	23,345
Streets and Sanitation .....	2,341	2,351	2,303	2,576	2,605	3,087	3,648	3,609	3,578
Transportation .....	1,171	932	929	980	1,022	718	819	829	862
Health .....	713	739	904	991	1,117	1,257	1,535	1,554	1,570
Cultural and Recreational .....	1,245	1,215	1,153	1,207	1,213	1,318	1,596	1,608	1,620
Business-type Activities .....	3,614	3,529	3,523	3,615	3,619	3,666	3,898	4,015	4,108
<b>Total .....</b>	<b>33,982</b>	<b>33,563</b>	<b>33,708</b>	<b>36,448</b>	<b>36,889</b>	<b>37,419</b>	<b>39,921</b>	<b>40,207</b>	<b>40,297</b>

**NOTES:**

- (1) Source: City of Chicago 2015 Budget Overview, 2014 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 Nine Years (See Note at the End of this Page)**

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police									
Physical									
Arrests .....	129,166	143,618	145,390	152,740	167,355	181,254	196,621	221,915	227,576
Fire									
Emergency									
Responses (1) .....	685,588	675,570	472,752	343,749	343,214	363,519	377,808	402,403	300,971
Refuse Collection									
Refuse Collected									
(Tons per Day) .....	3,265	3,562	3,763	3,983	3,931	3,974	4,240	4,320	4,451
Cultural									
Volumes in									
Library (2) .....	11,526,900	11,451,732	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									
(Thousands of									
Gallons) .....	752,362	756,486	793,274	770,925	773,612	808,551	827,156	860,285	884,970

Notes: (1) In 2013, Office of Emergency Management and Communications implemented new system that accounts for Administrative calls as well.  
(2) Beginning in 2013, Chicago Public Library utilizes new process to identify library holdings.

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

Function	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police Stations .....	25	25	25	26	25	25	25	25	25
Fire Stations .....	104	104	104	104	103	103	101	102	102
Other Public Works									
Streets ( Miles) .....	4,116	4,116	4,116	4,091	3,775	3,775	3,775	3,775	3,775
Streetlights .....	327,613	327,613	279,668	278,788	261,019	259,699	285,989	192,511	190,000
Traffic Signals .....	3,035	3,035	3,035	2,960	2,960	2,960	2,960	2,727	2,795
Water Mains (Miles) .....	4,322	4,321	4,349	4,360	4,300	4,300	4,375	4,236	4,230
Sewers Mains (Miles) ....	4,428	4,428	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, 2014**  
**(Amounts are in Thousands of Dollars)**

Associated Bond Issue	Current Notional Amounts	Counterparty Credit Rating Moody's/S&P	Counterparty Entity	City ATE Level (1)
	\$ 150,000	A3/A	Deutsche Bank (2)	Baa3/BBB-
	50,000	Baa2/A-	Morgan Stanley	Baa3/BBB-
GO VRDB (Series 2007EFG).....	200,000 **	Aa3/AA-	Wells Fargo	Baa1/BBB+
	155,953	Baa1/A	Goldman Sachs	Baa3/BBB-
	66,837	Aa3/A+	BMO (3)	Baa1/BBB+
	100,000 **	Aa2/AA-	Bank of New York Mellon	Baa2/BBB
	61,395 **	A3/A	Deutsche Bank (2)	Baa3/BBB-
	61,395 **	A3/A	Deutsche Bank	Baa3/BBB-
GO VRDB (Series 2005D).....	207,880 **	A2/A	PNC Bank	Baa3/BBB-
Sales Tax Revenue Refunding Bonds (VRDB Series 2002).....	111,715	Aa3/A+	JP Morgan	Baa2/BBB
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	27,000	A2/A	Bank of America	N/A
Chicago Midway International Airport Revenue Bonds (Series 2004C&D ).....	84,405	Baa1/A	Goldman Sachs	Baa1/BBB+
	56,270	Aa3/AA-	Wells Fargo	Baa2/BBB
	232,560	A3/A	Deutsche Bank (2)	Baa3/BBB-
Wastewater Transmission Variable Rate Revenue Bonds (Series 2008C).....	49,835	A2/A	Bank of America	Baa1/BBB+
	49,835	Aa3/A+	JP Morgan	Baa1/BBB+
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	173,345	A2/A	UBS	Baa1/BBB+
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	182,230	Aa3/AA-	RBC	Baa1/BBB+
Second Lien Water Revenue Refunding Bonds (Series 2000).....	100,000	A2/A	UBS	Baa1/BBB+
	136,385	Aa3/AA-	Wells Fargo	Baa1/BBB+
	45,465	Aa3/A+	JP Morgan	Baa3/BBB-
	136,385 **	Aa2/AA-	Bank of New York Mellon	Baa2/BBB
GO VRDB (Series 2003B).....	45,465 **	A2/A	PNC Bank	Baa3/BBB-
Total.....	<u>\$ 2,484,355</u>			

Source: Survey of Derivative Instruments - Notional amount related to bonds maturing on January 1, 2015 have been excluded because funds for their payment have been provided for.

\*\* Reflects Swap overlay agreement.

- (1) A counterparty may terminate its related interest rate swap if the City rating for the respective credit falls below the rating listed in the column City ATE Level by Moody's or Standard and Poor's.
- (2) In July 2014 the interest rate swap for the GO Variable Rate Demand Bonds (2007EFG and 2005D) and Wastewater Transmission Variable Rate Revenue Bonds (2008C) with Loop Financial Products I was transferred to Deutsche Bank.
- (3) In July 2014 the interest rate swap for the GO Variable Rate Demand Bonds (2005D) with Loop Financial Products III was transferred

**Table 32**  
**CITY OF CHICAGO, ILLINOIS**  
**BANK FACILITIES**  
**As of December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

Bond Liquidity, Letters of Credit and Direct Purchase Facilities						Ratings Thresholds <sup>(1)</sup>		
Issue	Series	Principal Outstanding	Expiration or Termination	Bond Maturity Date	Bank	Fitch	Moody's	S&P
G.O. Project & Refunding	2003 B-1	\$ 96,375	09/25/2017	01/01/2034	JPMorgan	BBB-	Baa3	BBB-
G.O. Project & Refunding	2003 B-2	\$ 48,195	09/25/2017	01/01/2034	JPMorgan	BBB-	Baa3	BBB-
G.O. Project & Refunding	2003 B-3	\$ 48,195	09/25/2017	01/01/2034	JPMorgan	BBB-	Baa3	BBB-
G.O. Refunding	2007F	\$ 80,000	12/31/2017	01/01/2042	JPMorgan	BBB-	Baa3	BBB-
G.O. Refunding	2007E	\$ 100,000	11/30/2015	01/01/2042	Barclays	BBB-	Baa3	BBB-
G.O. Refunding	2007G	\$ 20,000	11/30/2015	01/01/2042	Barclays	BBB-	Baa3	BBB-
G.O. Project & Refunding	2005 D-1	\$ 111,395	01/12/2018	01/01/2040	Bank of Montreal	BBB-	Baa3	BBB-
G.O. Project & Refunding	2005 D-2	\$ 111,395	01/12/2018	01/01/2040	Northern Trust	BBB-	Baa3	BBB-
G.O.N.A. 21 Program	2002 B-3	\$ 103,350	10/02/2015	01/01/2037	RBC	BBB-	Baa3	BBB-
G.O.N.A. 21 Program	2002 B-4	\$ 51,675	10/02/2015	01/01/2037	Bank of New York	(2)	(2)	(2)
G.O.N.A. 21 Program	2002 B-5	\$ 51,675	10/02/2015	01/01/2037	Bank of New York	(2)	(2)	(2)
Midway 2nd Lien	2004 C-1	\$ 58,225	11/25/2016	01/01/2035	Bank of Montreal	BBB-	Baa3	BBB-
Midway 2nd Lien	2004 C-2	\$ 68,550	11/25/2016	01/01/2035	Wells Fargo	BBB-	Baa3	BBB-
Midway 2nd Lien	2004 D	\$ 13,900	11/25/2016	01/01/2035	Bank of Montreal	BBB-	Baa3	BBB-
Midway 2nd Lien	2014 C	\$ 124,710	11/25/2017	01/01/2035	JPMorgan	BBB-	Baa3	BBB-
O'Hare 3rd Lien	2005 C	\$ 140,600	08/15/2017	01/01/2035	Citibank	BBB	Baa2	BBB
O'Hare 3rd Lien	2005 D	\$ 100,000	08/15/2017	01/01/2035	Barclays	(3)	(3)	(3)
Sales Tax Revenue Refunding	2002	\$ 112,245	12/31/2015	01/01/2034	JPMorgan	BBB-	Baa3	BBB-
TIF Near North	1999 A	\$ 31,400	08/15/2016	01/01/2019	Bank of New York	N/A	N/A	N/A
Wastewater 2nd Lien	2008 C-1	\$ 116,115	12/01/2017	01/01/2039	PNC Bank	BBB	Baa2	BBB
Wastewater 2nd Lien	2008 C-2	\$ 116,115	12/01/2017	01/01/2039	US Bank	BBB	Baa2	BBB
Wastewater 2nd Lien	2008 C-3	\$ 100,000	12/01/2017	01/01/2039	Wells Fargo	BBB	Baa2	BBB
Water 2nd Lien	2000	\$ 100,000	10/30/2017	11/01/2030	JPMorgan	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-1	\$ 157,565	11/05/2018	11/01/2031	Bank of Tokyo	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-2	\$ 157,565	11/05/2018	11/01/2031	State Street	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-3	\$ 40,445	11/05/2018	11/01/2031	State Street	BBB-	Baa3	BBB-

See next page.

**Table 32 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**BANK FACILITIES**  
**As of December 31, 2014**  
**(Amounts are in Thousands of Dollars)**

**Commercial Paper (CP) Letters of Credit and Lines of Credit Providers**

Issue	Series	Borrowing Authority	Amount Outstanding (Dec. 31, 2014)	Expiration or Termination	Bank	Ratings Thresholds <sup>(1)</sup>		
						Fitch	Moody's	S&P
G. O. CP	2002A/B	\$ 200,000	129,160	05/08/2015	Wells Fargo	N/A	Baa3	BBB-
G. O. CP	2002C/D	\$ 100,000	93,220	05/08/2015	BMO Harris	N/A	Baa3	BBB-
G. O. Line of Credit	2013	\$ 200,000	75,000	05/08/2015	Bank of America	BBB-	Baa3	BBB-
G. O. Line of Credit	2014	\$ 100,000	-	11/30/2015	Barclays	BBB-	Baa3	BBB-
G. O. Line of Credit	2014	\$ 100,000	-	02/20/2016	Morgan Stanley	BBB-	Baa3	BBB-
G. O. Line of Credit	2014	\$ 200,000	-	04/25/2016	JPMorgan	BBB-	Baa3	BBB-
Midway CP	2003A-D	\$ 85,000	-	07/12/2017	JPMorgan	BBB-	Baa3	BBB-
Midway CP	2003E-G	\$ 65,000	-	02/14/2015	PNC	BBB-	Baa3	BBB-
O'Hare CP	2005-A	\$ 75,000	-	09/30/2016	JPMorgan	BBB-	Baa3	BBB-
O'Hare CP	2005-B	\$ 50,000	31,019	09/30/2016	Wells Fargo	N/A	Baa3	BBB-
O'Hare CP	2005-C	\$ 50,000	-	09/30/2016	PNC	N/A	Baa3	BBB-
O'Hare CP	2005-D	\$ 50,000	20,007	09/30/2016	BMO/Harris	N/A	Baa3	BBB-
O'Hare CP	2005-E	\$ 50,000	-	09/30/2016	BAML	N/A	Baa3	BBB-

**Other Letters of Credit**

Transaction	Initial Letter of Credit	Credit Capacity	Expiration or Termination	Bond Maturity Date	Bank	Ratings Thresholds <sup>(4)</sup>		
						Fitch	Moody's	S&P
Orange Line	2014	\$ 165,000	02/13/2015	N/A	PNC	BBB-	Baa3	BBB-

**Notes:**

(1) An underlying rating by any rating agency for the related debt (or lowest rated lien of the related credit) below what is shown in the chart in the "Ratings Threshold" column would constitute an event of default under the agreements with the related banks.

(2) The agreements with The Bank of New York Mellon provide that until February 15, 2015, the Ratings Threshold shall be "Baa3" by Moody's and "BBB-" by Fitch and S&P. After February 15, 2015, the Rating Threshold becomes "Baa2" by Moody's and "BBB" by Fitch and S&P. The agreements were subsequently amended in 2015 changing February 15, 2015 to October 2, 2015. On April 30, 2015, The Bank of New York Mellon entered into a participation agreement with JP Morgan for the full amount of the bonds.

(3) The agreement with Barclays provides that it is an event of default if (A) any two Rating Agencies then rating the Debt of the City payable from or secured by Pledged Revenues which is senior to or on parity with the Bonds shall have downgraded their rating on such Debt to or below "Baa2" (or its equivalent) or "BBB" (or its equivalent), respectively, or (B) any Rating Agency shall have downgraded its rating of any Debt of the City payable from or secured by the Pledged Revenues which is senior to or on a parity with the Bonds to below "Baa3" (or its equivalent) or "BBB-" (or its equivalent), respectively, or suspended or withdrawn its rating of the same and such downgrade, suspension or withdrawal shall remain for a period of 180 days.

(4) The Event of Default is triggered if the General Obligation rating falls below the threshold above by any of the rating agencies. A covenant to use reasonable efforts to replace the letter of credit within 30 days is triggered if the rating is below Baa1 or BBB+ by Moody's or S&P respectively.

(5) The Letter of Credit amount varies up to a maximum \$180.7 million.