

# City of Chicago, Illinois

Basic Financial Statements as of and for the Year Ended  
December 31, 2022, Independent Auditor's Report, and  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based upon an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards* for the  
Year Ended December 31, 2022

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**CITY OF CHICAGO, ILLINOIS  
 YEAR ENDED DECEMBER 31, 2022  
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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Brandon Johnson, Mayor  
and Members of the City Council  
City of Chicago, Illinois

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund and Pension Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City's Pension Trust Funds (the "Trust Funds"), which represent 100 percent of the assets and revenues of the Trust Funds as of December 31, 2022, and the respective changes in financial position for the year then ended. 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 Trust Funds, is based solely on the reports of the other auditors.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Trust Funds were not audited in accordance with *Government Auditing Standards*.

#### *Emphasis of Matter*

As discussed in Note 1, the City presented its financial statements to reflect the effects of the adoption of Governmental Accounting Standards Board Statement No. 87, *Leases*, on January 1, 2022. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of

Contributions, and Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Deloitte & Touche LLP

June 30, 2023

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## Management's Discussion and Analysis

As management of the City of Chicago, Illinois (City), we offer readers of the City's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage the readers to consider the information presented here.

### 2022 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 \$27,631.6 million (net deficit). The net deficit is composed of \$3,951.1 million in net investment in capital assets and \$4,965.1 million in net position restricted for specific purposes, offset by an unrestricted deficit of \$36,547.9 million. The net deficit increased in 2022 by \$510.3 million due to an increase in net pension liability due to the short-term impact of the global market volatility on recognized investment income, offset by a growth in economically sensitive revenues as the City continued to recover from the impacts of the COVID-19 pandemic for both governmental and business-type activities.
- The City's total assets increased by \$3,727.7 million. This increase primarily relates to a \$351.3 million increase in cash and cash equivalents and investments from increased local revenues as Chicago's economy continued its strong recovery; a \$221.2 million increase in accounts receivable and due from other governments; and \$637.3 million and \$815.2 million increase in the right of use asset and lease receivable that was established as a part of the GASB 87 implementation (discussed below). In addition, the growth in net capital assets of \$715.7 million due to the growth in activity from O'Hare 21, Invest South-West, and the Chicago Works programs increased total assets. The increase in accounts receivable and due from other governments primarily is due to the influx of grant funded expenditures.
- The City's deferred outflows increased by \$424.2 million due to the amortization of pension costs and deferred inflows increased by \$900.1 million, primarily due to changes in assumptions for pension activities as well as the implementation of the lessor portion of GASB 87 (discussed below). The City's total liabilities increased by \$3,762.2 million primarily due to an increase in long-term liabilities, mainly due to net pension liability, offset by a decrease in payables due to the timing difference of payments and various programs established to expedite payments to vendors.
- Total Revenues and Other Financing Sources (Uses), in the governmental fund financial statements, during 2022 were \$10,452.3 million, an increase of \$189.0 million (1.8%) from 2021. The increase was primarily due to a continued increase in economically sensitive revenues, such as sales tax, transaction tax, amusement and restaurant tax, as the City continued its strong recovery from the impact of the COVID-19 pandemic.
- The General Fund ended 2022 with a total Fund Balance of \$1,312.3 million, of which \$307.3 million was Unassigned. Total Fund Balance increased from 2021 by \$633.2 million primarily due to the continued recovery of revenues that were impacted by the COVID-19 pandemic and decreases in one time retro payments made to public safety employees during 2021.
- The City's General Obligation Bonds and notes outstanding increased by \$155.2 million during the current fiscal year due to a \$235.0 million drawn from two lines of credit in 2022 to fund ongoing capital programs, including Chicago Works and the Chicago Recovery Plan to reinvest in Chicago neighborhoods, offset by scheduled payments on General Obligation Bonds.
- The General Fund expenditures on a budgetary basis were \$115.2 million less than budgeted expenditures primarily due to overall operational efficiencies that reduced General Government expenses.
- During 2022, the City implemented GASB Statement No. 87, *Leases* ("GASB 87"). Due to this implementation, the City had a right of use asset of \$637.3 million and lease receivable of \$815.2 million (short-term and long-term portion), lease liability of \$639.0 million (short-term and long-term portions) and deferred inflows on leases of \$748.0 million related to the lessor and lessee activity of the City as of December 31, 2022.

## 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 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 infrastructure.

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, Skyway and airport activities.

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 22 individual governmental funds. Information for the eight 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 eight major governmental funds are as follows: The General Fund, the Federal, State and Local Grants Fund, the Special Taxing Areas Fund, the Service Concession and Reserve Fund, the Bond, Note Redemption and Interest Fund, the Sales Tax Securitization Corporation (STSC) Debt Service Fund, the Community Development and Improvement Projects Fund, and the Pension Fund. Data from the other governmental funds is 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 to demonstrate compliance with this budget. The basic governmental fund financial statements can be found immediately following the government-wide statements.

**Blended Component Unit.** The STSC and Chicago Community Catalyst Fund (CCCF) component units, despite being legally separate from the City, are reported as if these were part of the City because, in addition to being financially accountable for these, the STSC and CCCF provide services exclusively to the City. The STSC blended component unit is reported as the STSC Debt Service Fund and a Nonmajor Special Revenue Fund. The CCCF blended component unit is reported within the Service Concession and Reserve Fund.

**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 airport operations.

Proprietary funds provide the same type of information as the government-wide financial statements but provide more detail. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, Chicago Skyway Fund, Chicago O'Hare International Airport Fund and 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 a fiduciary 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.

### **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 \$27,631.7 million at December 31, 2022. Of this amount, \$3,951.1 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.

CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022

An additional portion of the City's net position, \$4,965.1 million, represents resources that are subject to external restrictions on how they may be used.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets .....	\$ 11,238.0	\$ 10,018.0	\$ 6,121.7	\$ 4,967.0	\$ 17,359.7	\$ 14,985.0
Capital and right of use assets .....	9,589.6	8,855.9	20,467.3	19,848.0	30,056.9	28,703.9
Total Assets .....	20,827.6	18,873.9	26,589.0	24,815.0	47,416.6	43,688.9
Deferred outflows .....	3,944.8	3,554.6	372.4	338.4	4,317.2	3,893.0
Total .....	24,772.4	22,428.5	26,961.4	25,153.4	51,733.8	47,581.9
Long-term liabilities outstanding .....	46,731.3	44,828.6	21,007.6	19,783.8	67,738.9	64,612.4
Other liabilities .....	5,005.4	4,303.0	1,221.0	1,287.7	6,226.4	5,590.7
Total Liabilities .....	51,736.7	49,131.6	22,228.6	21,071.5	73,965.3	70,203.1
Deferred Inflows .....	2,970.0	2,727.8	2,430.1	1,772.3	5,400.1	4,500.1
Net Position:						
Net investment in capital assets .....	(974.4)	(886.8)	4,925.5	5,211.5	3,951.1	4,324.7
Restricted .....	3,428.1	2,994.2	1,537.0	1,384.7	4,965.1	4,378.9
Unrestricted .....	(32,388.0)	(31,538.3)	(4,159.8)	(4,286.6)	(36,547.8)	(35,824.9)
Total net (deficit) position .....	\$ (29,934.3)	\$ (29,430.9)	\$ 2,302.7	\$ 2,309.6	\$ (27,631.6)	\$ (27,121.3)

**Governmental Activities.** Net position of the City's governmental activities decreased \$503.5 million to a deficit of \$29,934.4 million primarily due to an increase in pension expense and corresponding net pension liability, due to changes in pension assumptions as well as the impact on recognized investment income related to the global market volatility, offset by an increase in economically sensitive revenues, such as sales tax and recreation taxes, as the City continued to recover from the impacts of the COVID-19 pandemic. Expenditures increased in the areas of General Government and Public Safety due to the increase in labor and contractual services experienced globally, as well as pension expense. This was offset by a decrease in interest expense on long-term debt of \$181.0 million. 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 \$32,388.0 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 (\$1,033.9 million) and Municipal Employees', Laborers', Policemen's and Firemen's net pension liability and other post-employment benefits (\$33,591.5 million). The City will include these amounts in future years' budgets as they come due. In addition, the deferred inflow balance of \$1,408.2 million from long-term service concession arrangements will be amortized into income over the life of such agreements.

Revenues for all governmental activities in 2022 were \$9,883.7 million, a decrease of \$20.3 million (0.2%) from 2021. Approximately 42.9 percent of City's revenues were derived from taxes other than property taxes, which increased by \$438.1 million (11.5%) as these economically sensitive revenues continued to recover during 2022. Other revenues decreased by \$166.2 million (39.5%) primarily due to reductions in interest income as rates were lower in 2022, fair market value adjustments, and miscellaneous revenues.

Expenses for governmental activities in 2022 were \$10,389.7 million, an increase of \$1,385.8 million (15.4%) over 2021. The amount that taxpayers paid for these governmental activities through City taxes was \$5,566.4 million. Some of the cost was paid by those who directly benefited from the programs (\$1,156.4 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$1,051.2 million).

The City received revenues such as federal and state grants including \$385.0 million of ARP Act funds applied to replace lost revenues due to the impacts of the COVID-19 pandemic totaling \$1,855.0 million. These revenues were

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

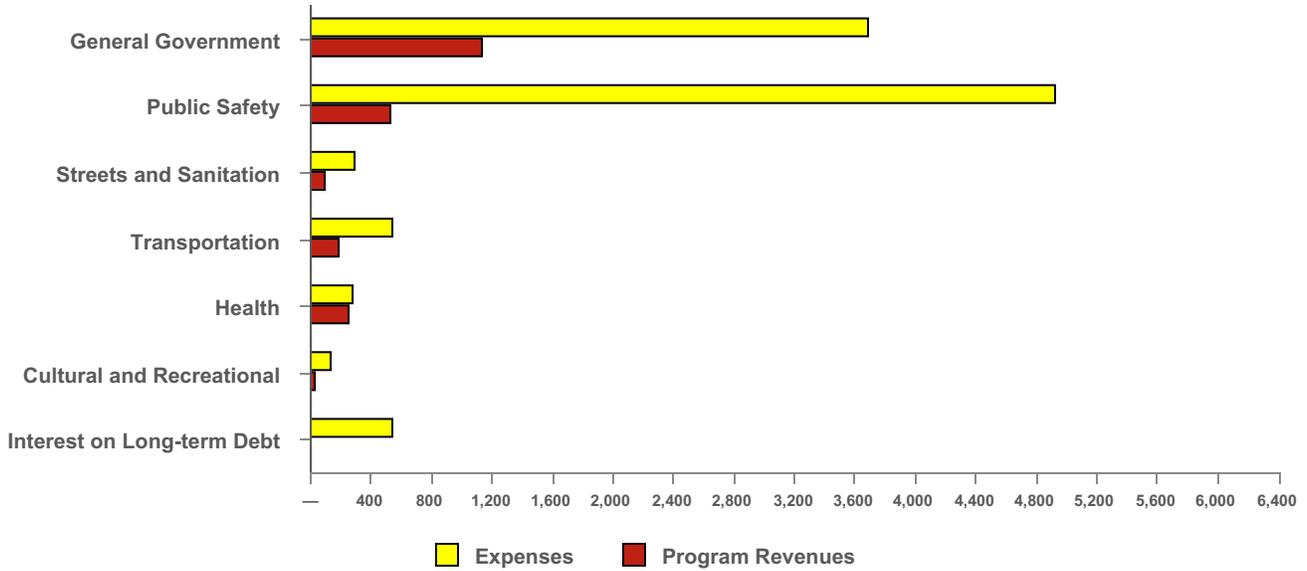
primarily applied to respond to the COVID-19 pandemic, such as housing and rental assistance, and public safety, as well as provide essential government services.

Although total net position of business-type activities was \$2,302.7 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.

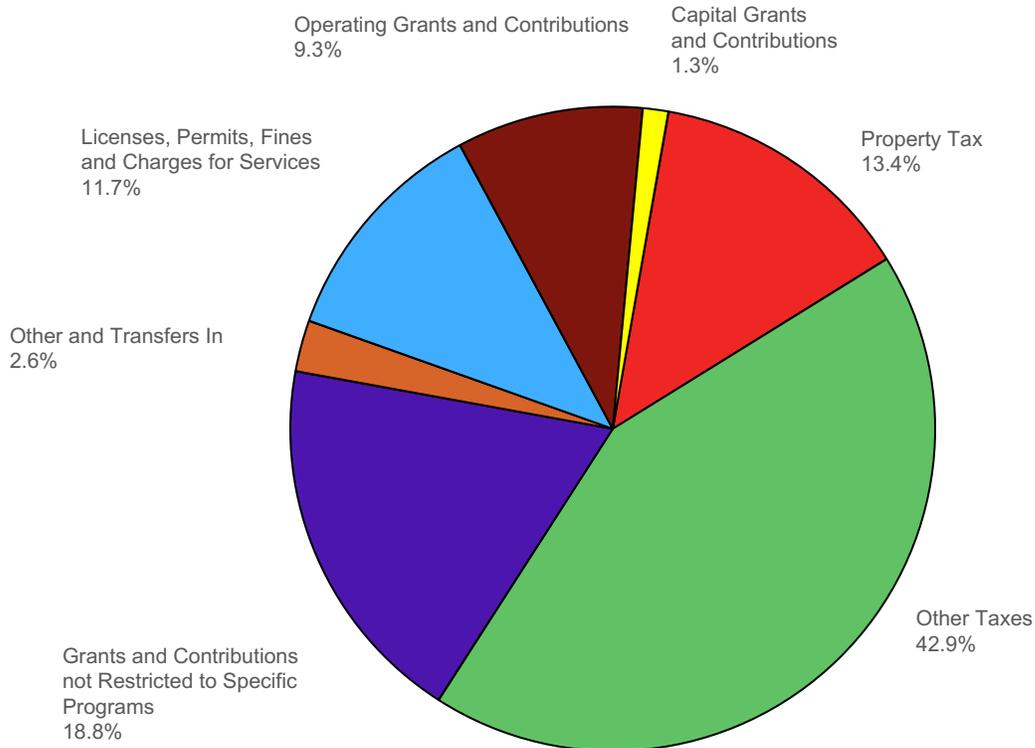
**City of Chicago, Illinois  
Changes in Net Position  
Years Ended December 31  
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues and Other Transfers:						
Program Revenues:						
Licenses, Permits, Fines and Charges for Services .....	\$ 1,156.4	\$ 1,078.7	\$ 3,032.4	\$ 2,890.8	\$ 4,188.8	\$ 3,969.5
Operating Grants and Contributions .....	924.3	1,002.6	—	—	924.3	1,002.6
Capital Grants and Contributions .....	126.9	42.1	57.7	87.3	184.6	129.4
General Revenues:						
Property Taxes .....	1,323.3	1,568.8	—	—	1,323.3	1,568.8
Other Taxes .....	4,243.1	3,805.0	—	—	4,243.1	3,805.0
Grants and Contributions not Restricted to Specific Programs .....	1,855.0	1,985.9	—	—	1,855.0	1,985.9
Other .....	254.7	420.9	(125.7)	27.0	129.0	447.9
Total Revenues .....	<u>9,883.7</u>	<u>9,904.0</u>	<u>2,964.4</u>	<u>3,005.1</u>	<u>12,848.1</u>	<u>12,909.1</u>
Expenses:						
General Government .....	3,688.2	2,592.8	—	—	3,688.2	2,592.8
Public Safety .....	4,926.9	4,534.2	—	—	4,926.9	4,534.2
Streets and Sanitation .....	292.6	294.6	—	—	292.6	294.6
Transportation .....	541.9	524.5	—	—	541.9	524.5
Health .....	271.8	225.6	—	—	271.8	225.6
Cultural and Recreational .....	132.4	115.3	—	—	132.4	115.3
Interest on Long-term Debt .....	535.9	716.9	—	—	535.9	716.9
Water .....	—	—	632.4	504.0	632.4	504.0
Sewer .....	—	—	301.8	278.8	301.8	278.8
Midway International Airport .....	—	—	312.2	310.2	312.2	310.2
Chicago-O'Hare International Airport .....	—	—	1,714.2	1,503.9	1,714.2	1,503.9
Chicago Skyway .....	—	—	8.1	8.1	8.1	8.1
Total Expenses .....	<u>10,389.7</u>	<u>9,003.9</u>	<u>2,968.7</u>	<u>2,605.0</u>	<u>13,358.4</u>	<u>11,608.9</u>
Change in Net Position Before Transfers .....	(506.0)	900.1	(4.3)	400.1	(510.3)	1,300.2
Transfers In (Out) .....	2.5	2.5	(2.5)	(2.5)	—	—
Change in Net Position .....	(503.5)	902.6	(6.8)	397.6	(510.3)	1,300.2
Net (Deficit) Position, Beginning of Year .....	(29,430.9)	(30,333.5)	2,309.6	1,912.0	(27,121.3)	(28,421.5)
Net (Deficit) Position, End of Year .....	<u>\$ (29,934.4)</u>	<u>\$ (29,430.9)</u>	<u>\$ 2,302.7</u>	<u>\$ 2,309.6</u>	<u>\$ (27,631.6)</u>	<u>\$ (27,121.3)</u>

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



Revenues by Source - Governmental Activities



**Business-type Activities.** Total revenues of the City's business-type activities decreased by \$44.0 million in 2022 from the reduction of COVID-19 relief fund revenues in 2022 as a large amount of funds were applied in 2021 to mitigate the impacts of COVID-19, offset by an increase in charges for services, rental income, and other general revenues primarily due to an increase in passenger activity as the airports continued to recover from the impacts of the COVID-19 pandemic on travel.

- The Water Fund's total operating revenues increased by \$4.1 million (0.5%) from 2021 primarily due to an increase in net water sales of \$3.6 million (0.5%) resulting from a 5% increase in water rate effective June 1, 2022, offset by the increase in provision for doubtful accounts of about \$17.9 million (117.5%). This increase was due to greater number of receivables were more than one year aged; the Water Fund estimates that 100% of outstanding receivables over 365 days old are uncollectible. Operating expenses before depreciation and amortization for the year 2022 increased by \$107.4 million (33.2%) from the year 2021 primarily due to increases in combined pension expenses of \$101.3 million due to changes in pension assumptions and investment losses due to the global market volatility and purification of \$11.2 million, central services and general fund reimbursement of \$12.0 million all due to the global market impact on commodity and labor costs. Depreciation and amortization increased by \$24.1 million due to the impact of the implementation of GASB 87, which reclassified lessee activity.
- The Sewer Fund's total net operating revenues increased in 2022 by \$1.4 million or 0.4% primarily due to a rate increase of 5.0% as of June 1, 2022. Operating expenses before depreciation and amortization decreased by \$1.0 million or 0.7% as compared to 2021 primarily due to a reallocation of expenses related to GASB 87 for the right of use asset amortization, a decrease in the change of deferred inflows due to changes in assumptions and a slight increase in the allocation of pension costs to the Sewer Fund compared to the Governmental and certain Enterprise Funds.
- Chicago-Midway International Airport's total operating revenues for 2022 increased by \$11.6 million compared to 2021 operating revenue primarily due to a significant increase in passenger traffic, terminal rental revenues and concessions due to the recovery from the impacts of the COVID-19 pandemic.

Operating expenses before depreciation and amortization for 2022 decreased by \$3.5 million compared to 2021 due to an increase in Salaries and wages of \$2.7 million (4.6%) in 2022 as compared to 2021 due to annual contractual salary increases and centralized support staff costs. Repairs and maintenance increased by \$4.2 million (8.6%) due to an increase in activity and increase in costs due to economic impacts. Other operating expenses decreased by \$20.3 million (60.8%) due to a reduction in vehicle purchases, grant expenses related to COVID-19 relief for concessions, and a reduction in bad debt expense. Pension expense increased by \$8.4 million (30.6%) from \$27.4 million in 2021 to \$35.9 million in 2022 as a result of composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments.

Midway's total net deficit at December 31, 2022, was \$344.3 million, an increase of \$3.7 million (1.1%), mainly due to the increase in investment loss of \$14.0 million (419.9%) as the global market volatility impacted the fair market value of investments, offset by an increase in passenger facility charges and customer facility charges of \$8.3 million (29.4%) and \$0.9 million (18.4%), respectively, as Midway's leisure travel demand continued to increase.

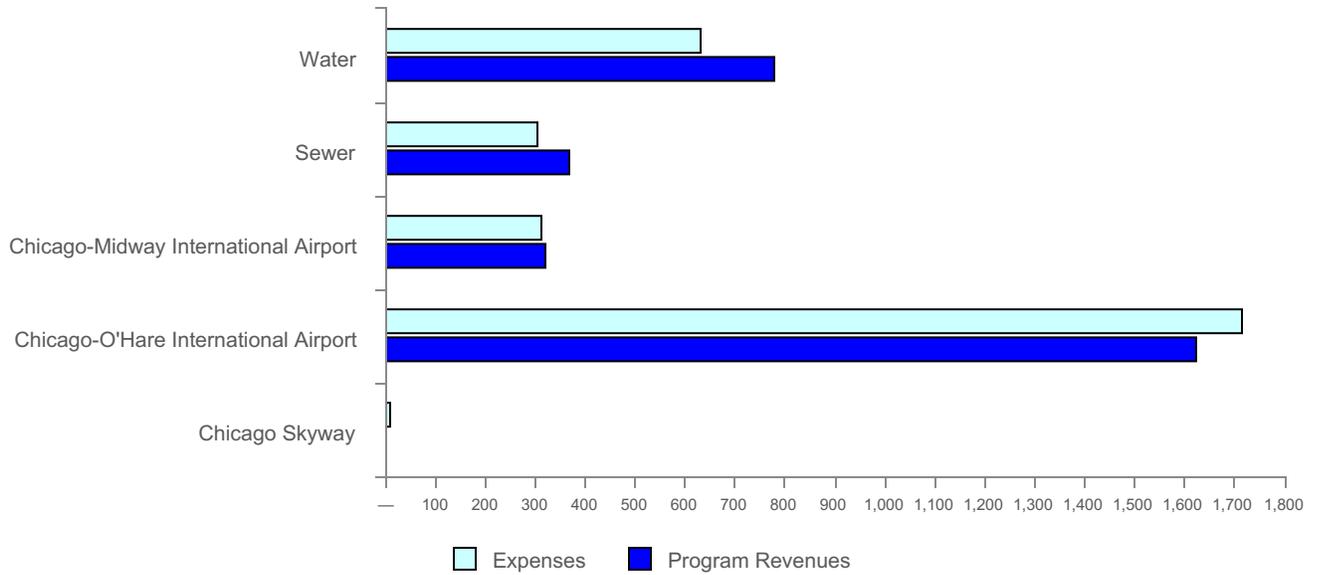
- Chicago O'Hare International Airport's total operating revenues for 2022 increased by \$114.2 million (10.0%) compared to prior year operating revenues due to an increase in terminal use charges and landing fees of \$24.4 million; increases in concessions revenue of \$66.7 million; and an increase in hotel revenues of \$23.2 million, all due to an increase in passenger and flight activity, as O'Hare continued to recover from the impacts of the COVID-19 pandemic on travel.

Operating expenses before depreciation, amortization and loss on capital asset disposals increased by \$117.5 million (15.2%) compared to 2021, primarily due to the increase salary and wages of \$12.6 million due to contractual increases and the increase in fringe benefit costs, increases in professional and engineering expenses of \$23.3 million (15.6%) due to ongoing planning efforts related to the O'Hare 21 program, which includes the Terminal Area Plan expansion, Terminal 5 expansion, major airfield projects including the completion of the O'Hare Modernization Program, on airport hotel developments and other capital projects, and planning of new

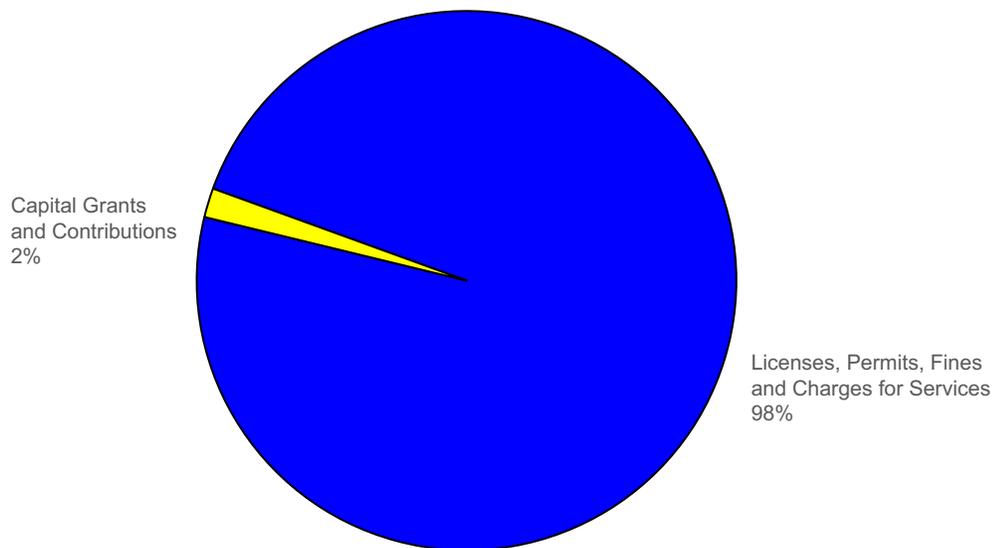
facilities which increased during 2022, hotel expenses of \$11.7 million (46.9%) due to the ongoing recovery of hotel business from the impact of the COVID-19 pandemic on travel and tourism, the completion of the majority of the Terminal 5 expansion and upgrades, and an increase in pension expense of \$101.5 million (162.6%) primarily due to the composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments, offset by a decrease in repairs and maintenance of \$16.7 million (9.8%) due to the impact of upgrades to existing infrastructure which require less maintenance, such as the Terminal 5 upgrades, and \$14.7 million (10.0%) for other operating maintenance related to grant expenses related to concessions relief during 2021 that were not incurred in 2022.

- The Chicago Skyway was leased for 99 years to a private company in 2005. 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). This transaction is accounted for in the Service Concession and Reserve Fund in the governmental fund financials.

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



**Revenues by Source - Business-type Activities**



## 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, 2022, the City's governmental funds reported combined ending fund balances of \$3,299.2 million, an increase of \$510.5 million in comparison with the prior year. Of this total amount, \$913.4 million was committed to specific expenditures, \$956.4 million was assigned to anticipated uses, a deficit of \$5,671.6 million was unassigned, \$2,976.1 million was restricted in use by legislation, and \$4,124.8 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 \$307.3 million with a total fund balance of \$1,312.3 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 31.7 percent of total General Fund expenditures. Although unassigned fund balance has increased, the percentage compared to expenditures remains stable. The fund balance of the City's General Fund increased by approximately \$633.2 million during the current fiscal year primarily due to the strong recovery of economically sensitive revenues that were impacted in 2020 due to the COVID-19 pandemic, and a decrease in expenditures as efforts were made to implement operational efficiencies.

The Federal, State and Local Grants Fund has a total deficit fund balance of \$502.5 million. The deficit is \$75.5 million higher than 2021 primarily due to slower reimbursement of expenditures. This fund had a significant increase in receivables from State and Federal agencies due to the large increase in grant awards during 2022 to respond to the COVID-19 pandemic.

The Special Taxing Areas Fund has a total fund balance of \$2,525.5 million. This is \$264.0 million higher than 2021 due to the restricted specific expenditures for special area operations and maintenance that follow state requirements for spending, and for redevelopment project costs as provided by tax levies on special areas.

The Service Concession and Reserve Fund accounts for deferred inflows from nonbusiness type long-term concessionaire agreement transactions and has \$593.0 million committed to specific expenditures. The unassigned deficit of \$1,408.0 million results from the deferred inflows from long-term asset leases.

The Bond, Note Redemption and Interest Fund has a total fund deficit of \$3,772.5 million. This deficit is \$112.3 million lower than 2021, primarily due to the scheduled debt service payments of certain outstanding City bonds.

The STSC Debt Service Fund has a total fund balance of \$4,197.8 million. The fund balance will be used for future debt service payments for certain outstanding bonds. In 2022, the STSC Fund Balance for nonspendable decreased by \$223.4 million due to the issuance of STSC Bond Series 2021A. The net proceeds will be amortized over the life of each bond.

The Community Development and Improvement Projects Fund has a total fund balance of \$188.1 million. This is \$42.0 million lower than 2021 as proceeds from bond funds are expended for capital project improvements throughout the City.

**Changes in fund balance.** The fund balance for the City's governmental funds increased by \$510.5 million in 2022. This includes an increase in inventory of \$11.2 million.

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

Unrestricted net position of the Water, Sewer, Chicago Skyway, Chicago O'Hare International Airport, and Chicago Midway International Airport Funds at the end of the year amounted to a deficit of \$4,159.8 million. The unrestricted net position deficit decreased by \$126.8 million primarily due to an increase in revenues that were previously impacted by the COVID-19 pandemic and started to recover during 2022. Other factors concerning the finances of these five funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

The City's 2022 General Fund Budget of \$4,970.1 million was approved by City Council on October 27, 2021. An amended General Fund Budget of \$4,982.6 million was passed on April 27, 2022. General Fund revenues ended the year \$513.5 million over the 2022 final General Fund Budget as a result of historically high collections from transaction taxes, which include the personal property lease tax and real property transaction tax, as well as collections from income tax and personal property replacement tax. Expenditures were \$115.2 million less than budgeted amounts as a result of favorable variances in general government expenditures. 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, 2022 amount to \$29,419.6 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:

- During 2022, the City completed \$114.7 million in infrastructure projects including \$79.9 million in street construction and resurfacing projects, \$25.6 million in street lighting and transit projects, and \$9.2 million in bridge and viaduct reconstruction. At year end, infrastructure projects still in process had expenses totaling nearly \$1,166.7 million, comprised of projects for Chicago Works, Invest South-West and Chicago Recovery Plan programs.
- At the end of 2022, the Water Fund had \$5,202.7 million invested in utility plant, net of accumulated depreciation. During 2022, the Water Fund expended \$176.3 million on capital activities. This included \$0.3 million for structures and improvements, \$96.9 million for distribution plant, \$6.2 million for equipment, and \$72.9 million for construction in progress. During 2022, net completed projects totaling \$71.1 million were transferred from construction in progress to applicable capital accounts. The major completed project was the installation and replacements of water mains (\$57.8 million) and meter save projects (\$8.5 million).
- At the end of 2022, the Sewer Fund had net utility plant of \$3,159.9 million. During 2022, the Sewer Fund had capital additions being depreciated of \$164.7 million, and completed projects totaling \$85.0 million were transferred from construction in progress to applicable facilities and structures capital accounts.
- At the end of 2022, Chicago Midway International Airport had \$1,229.9 million invested in net capital assets. During 2022, the Airport had additions of \$12.1 million related to capital activities. Construction projects include runway rehabilitation, passenger security checkpoint expansion and terminal garage enhancements. During 2022, completed projects totaling \$18.7 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to building security, runway and taxi improvements and parking enhancements.
- At the end of 2022, Chicago O'Hare International Airport had \$10.5 billion invested in net capital assets. During 2022, the Airport had additions of \$703.3 million related to capital activities. This included construction Terminal 5 expansion and upgrades, concourse improvement, ATS rail, terminal improvements and runway and taxiway improvements. During 2022, completed projects totaling \$552.4 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to the completion of certain areas of the Terminal 5 expansion including gates, the Automated Train System at O'Hare, parking garage upgrades, terminal improvements, and runway and taxiway improvements.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land .....	\$ 1,412.5	\$ 1,412.5	\$ 1,039.5	\$ 1,039.4	\$ 2,452.0	\$ 2,451.9
Works of Art and Historical Collections .....	49.7	49.2	—	—	49.7	49.2
Construction in Progress .....	1,207.3	783.1	2,224.2	2,092.7	3,431.5	2,875.8
Buildings and Other Improvements .....	1,562.8	1,506.4	16,634.2	16,329.6	18,197.0	17,836.0
Machinery and Equipment .....	357.4	327.4	373.4	386.3	730.8	713.7
Infrastructure .....	4,558.6	4,777.3	—	—	4,558.6	4,777.3
Total .....	<u>\$ 9,148.3</u>	<u>\$ 8,855.9</u>	<u>\$ 20,271.3</u>	<u>\$ 19,848.0</u>	<u>\$ 29,419.6</u>	<u>\$ 28,703.9</u>

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 \$5,785.4 million in General Obligation Bonds, \$450.0 million in two General Obligation Lines of Credit and \$75.2 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$4,609.0 million in Sales Tax Securitization Corporation Bonds (STSC Bonds); and \$16,270.2 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	
	2022	2021	2022	2021	2022	2021
General Obligation .....	\$ 6,310.6	\$ 6,155.4	\$ —	\$ —	\$ 6,310.6	\$ 6,155.4
Tax Increment .....	—	7.7	—	—	—	7.7
Revenue Bonds .....	—	4.9	16,270.2	15,318.2	16,270.2	15,323.1
STSC Bonds .....	4,609.0	4,609.0	—	—	4,609.0	4,609.0
Total .....	<u>\$ 10,919.6</u>	<u>\$ 10,777.0</u>	<u>\$ 16,270.2</u>	<u>\$ 15,318.2</u>	<u>\$ 27,189.8</u>	<u>\$ 26,095.2</u>

During 2022, the City and the STSC issued the following:

**General Obligation Bonds and Lines of Credit:**

- General Obligation Lines of Credit (\$235.0 million).

**Enterprise Fund Revenue Bonds and Notes:**

- Chicago O'Hare International General Airport Revolving Line of Credit (AMT) (\$497.1 million).
- Chicago O'Hare International General Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2022A (AMT), Series 2022B (Non-AMT), Series 2022C (AMT) and Series 2022D (Non-AMT) (\$1,768.0 million).
- Chicago Midway International Airport Commercial Paper Notes, Series A (AMT) (\$4.3 million).

**Sales Tax Securitization Corporation Bonds:**

- No Sales Tax Securitization Bonds issued in 2022.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

At December 31, 2022 the City had credit ratings with each of the four major rating agencies as follows:

<b>Rating Agency</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>	<b>Kroll</b>
General Obligation:				
City	Baa3	BBB+	BBB	A
Revenue Bonds:				
O'Hare Airport:				
Senior Lien General Airport Revenue Bonds	A2	A+	A+	A+
Senior Lien Passenger Facility Charge (PFC)	A2	A+	A	NR
Customer Facility Charge (CFC)	Baa1	BBB	NR	NR
Midway Airport:				
First Lien	A2	A-	NR	NR
Second Lien	A3	A-	A	A
Water:				
Second Lien	Baa1	A	A	AA
Wastewater:				
Senior Lien	Baa1	A+	NR	NR
Second Lien	Baa2	A	A	AA-
Sales Tax Securitization Corporation Bonds:				
Senior Lien	NR	AA-	AA	AAA
Second Lien	NR	AA-	AA-	AA+

In January 2022, Standard & Poor's revised the outlook for the Midway First Lien and Second Lien Bonds to Positive from Stable.

In June 2022, Standard & Poor's revised the outlook for the O'Hare Customer Facility Charge Bonds to Positive from Stable.

In August 2022, Standard & Poor's upgraded O'Hare General Airport Revenue Bonds and Passenger Facility Charge Bonds to A+ from A.

In August 2022, Fitch upgraded O'Hare General Airport Revenue Bonds to A+ from A.

In October 2022, Fitch upgraded the General Obligation Bonds to BBB from BBB- and revised the outlook to Positive from Stable.

In November 2022, Fitch upgraded the Sales Tax Securitization Bonds to AA from AA-.

In November 2022, Fitch upgraded the Second Lien Water Revenue Bonds and the Second Lien Wastewater Transmission Revenue Bonds to A from A-.

In November 2022, Moody's upgraded the General Obligation Bonds to Baa3 from Ba1.

In November 2022, Moody's upgraded the Second Lien Water Revenue Bonds to Baa1 from Baa2.

In November 2022, Moody's upgraded the Senior Lien Wastewater Transmission Revenue Bonds to Baa1 from Baa2 and the Second Lien Wastewater Transmission Revenue Bonds to Baa2 from Baa3.

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

Regional, national, and global economies play a major role in the City's finances and economic growth. In 2022, the unemployment rate in the Chicago metropolitan area was 4.7 percent, noting a labor market slowly recovering from the steep pandemic driven job losses from the prior year.

The City's 2023 Corporate Fund Budget, totaling \$5,523.2 million, was approved by a 32 to 18 vote of City Council on November 7, 2022. The 2023 budget closed an operating budget deficit of \$127.9 million through a combination of savings and efficiencies along with federal financial assistance through the American Rescue Plan (ARP) Act and the Local Fiscal Recovery Fund (LFRF). With the 2023 budget the City intends to continue its practice of making deposits to its operating liquidity funds from any growth in fund balance that may occur.

### **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.

**Exhibit 1**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**  
**(Amounts are in Thousands of Dollars)**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
Cash and Cash Equivalents .....	\$ 2,258,957	\$ 336,057	\$ 2,595,014
Investments .....	2,530,371	745,674	3,276,045
Receivables (Net of Allowances):			
Property Tax .....	2,710,995	—	2,710,995
Accounts and Due From Other Governments .....	1,901,946	467,303	2,369,249
Internal Balances .....	229,619	(229,619)	—
Inventories .....	48,861	25,811	74,672
Lease Receivable .....	108,229	706,922	815,151
Restricted Assets:			
Cash and Cash Equivalents .....	334,530	1,475,446	1,809,976
Investments .....	545,911	2,495,767	3,041,678
Cash and Investments with Escrow Agent .....	534,319	—	534,319
Interest Receivable .....	—	11,908	11,908
Other Assets .....	34,229	86,444	120,673
Right of Use Asset .....	441,341	195,991	637,332
Capital Assets:			
Land, Art, and Construction in Progress .....	2,669,491	3,263,706	5,933,197
Other Capital Assets, Net of Accumulated Depreciation .....	6,478,815	17,007,567	23,486,382
Total Capital and Right of Use Assets .....	9,589,647	20,467,264	30,056,911
Total Assets .....	20,827,614	26,588,977	47,416,591
Deferred Outflows .....	3,944,766	372,448	4,317,214
Total Assets and Deferred Outflows .....	<u>\$ 24,772,380</u>	<u>\$ 26,961,425</u>	<u>\$ 51,733,805</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
Voucher Warrants Payable .....	\$ 1,180,217	\$ 481,273	\$ 1,661,490
Accrued Interest .....	294,519	318,892	613,411
Accrued and Other Liabilities .....	2,481,874	312,403	2,794,277
Unearned Revenue .....	969,079	56,065	1,025,144
Derivative Instrument Liability .....	—	5,698	5,698
Long-term Liabilities:			
Due Within One Year .....	458,127	536,674	994,801
Due in More Than One Year .....	45,908,690	20,322,753	66,231,443
Lease Liability Due Within One Year .....	79,736	46,678	126,414
Lease Liability Due in More Than One Year .....	364,507	148,120	512,627
Total Liabilities .....	51,736,749	22,228,556	73,965,305
Deferred Inflows .....	2,970,026	2,430,139	5,400,165
Total Liabilities and Deferred Inflows .....	<u>54,706,775</u>	<u>24,658,695</u>	<u>79,365,470</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets .....	(974,425)	4,925,499	3,951,074
Restricted for:			
Capital Projects .....	253,504	203,681	457,185
Debt Service .....	649,024	305,496	954,520
Special Taxing Areas .....	2,525,543	—	2,525,543
Passenger Facility Charges .....	—	320,663	320,663
Contractual Use Agreement .....	—	423,959	423,959
Airport General Fund .....	—	218,940	218,940
Customer Facility Charges .....	—	43,037	43,037
Other Purposes .....	—	21,267	21,267
Unrestricted (Deficit) .....	(32,388,041)	(4,159,812)	(36,547,853)
Total Net (Deficit)/Position .....	<u>\$ (29,934,395)</u>	<u>\$ 2,302,730</u>	<u>\$ (27,631,665)</u>

See notes to basic financial statements.

**Exhibit 2**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2022**  
**(Amounts are in Thousands of Dollars)**

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government .....	\$ 3,688,171	\$ 525,530
Public Safety .....	4,926,941	465,908
Streets and Sanitation .....	292,646	92,382
Transportation .....	541,892	52,866
Health .....	271,788	13,004
Cultural and Recreational .....	132,430	6,729
Interest on Long-term Debt .....	535,907	—
Total Governmental Activities .....	<u>10,389,775</u>	<u>1,156,419</u>
Business-type Activities:		
Water .....	632,429	779,814
Sewer .....	301,764	367,712
Chicago-Midway International Airport .....	312,179	311,289
Chicago-O'Hare International Airport .....	1,714,245	1,573,613
Chicago Skyway .....	8,133	—
Total Business-type Activities .....	<u>2,968,750</u>	<u>3,032,428</u>
Total Primary Government .....	<u>\$ 13,358,525</u>	<u>\$ 4,188,847</u>

See notes to basic financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Primary Government			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
\$ 611,703	\$ —	\$ (2,550,938)	\$ —	\$ (2,550,938)	
62,217	—	(4,398,816)	—	(4,398,816)	
—	—	(200,264)	—	(200,264)	
—	126,876	(362,150)	—	(362,150)	
235,217	—	(23,567)	—	(23,567)	
15,152	—	(110,549)	—	(110,549)	
—	—	(535,907)	—	(535,907)	
924,289	126,876	(8,182,191)	—	(8,182,191)	
—	—	—	147,385	147,385	
—	—	—	65,948	65,948	
—	6,882	—	5,992	5,992	
—	50,836	—	(89,796)	(89,796)	
—	—	—	(8,133)	(8,133)	
—	57,718	—	121,396	121,396	
\$ 924,289	\$ 184,594	(8,182,191)	121,396	(8,060,795)	

General Revenues

Taxes:				
Property Tax .....	1,323,303	—	1,323,303	
Utility Tax .....	814,557	—	814,557	
Sales Tax .....	485,255	—	485,255	
Transportation Tax .....	556,283	—	556,283	
Transaction Tax .....	882,108	—	882,108	
Special Area Property Tax .....	1,000,145	—	1,000,145	
Recreation Tax .....	319,355	—	319,355	
Other Taxes .....	185,413	—	185,413	
Grants and Contributions not Restricted to Specific Programs .....				
Unrestricted Investment Earnings (Losses) .....	1,855,013	—	1,855,013	
Miscellaneous .....	(306,103)	(208,517)	(514,620)	
Transfers .....	560,785	82,799	643,584	
Total General Revenues and Transfers .....	2,540	(2,540)	—	
Change in Net Position .....	7,678,654	(128,258)	7,550,396	
Net Position - Beginning .....	(503,537)	(6,862)	(510,399)	
Net Position - Ending .....	(29,430,858)	2,309,592	(27,121,266)	
	\$ (29,934,395)	\$ 2,302,730	\$ (27,631,665)	

**Exhibit 3**  
**CITY OF CHICAGO, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2022**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 465,660	\$ 127,800	\$ 565,594
Investments .....	429,113	482,570	1,082,855
Receivables (Net of Allowances):			
Property Tax .....	—	—	1,015,918
Accounts .....	511,148	3,156	6,248
Due From Other Funds .....	692,370	292,686	722,190
Due From Other Governments .....	205,864	805,356	—
Inventories .....	48,861	—	—
Lease Receivable .....	60,153	—	—
Restricted Cash and Cash Equivalents .....	—	3,218	—
Restricted Investments .....	—	—	—
Restricted Cash and Investments with Escrow Agent .....	126	—	—
Other Assets .....	4,624	3,266	—
<b>Total Assets</b> .....	<b>\$ 2,417,919</b>	<b>\$ 1,718,052</b>	<b>\$ 3,392,805</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Voucher Warrants Payable .....	\$ 437,081	\$ 321,060	\$ 71,205
Bonds, Notes and Other Obligations Payable - Current .....	—	—	—
Accrued Interest .....	—	—	—
Due To Other Funds .....	352,886	321,572	5,814
Accrued and Other Liabilities .....	227,094	6,184	5,054
Claims Payable .....	25,693	—	—
Unearned Revenue .....	1,274	967,805	—
<b>Total Liabilities</b> .....	<b>1,044,028</b>	<b>1,616,621</b>	<b>82,073</b>
Deferred Inflows .....	61,581	603,979	785,189
<b>Fund Balance:</b>			
Nonspendable .....	48,861	—	—
Restricted .....	—	9,857	2,525,543
Committed .....	—	—	—
Assigned .....	956,160	—	—
Unassigned .....	307,289	(512,405)	—
<b>Total Fund Balance</b> .....	<b>1,312,310</b>	<b>(502,548)</b>	<b>2,525,543</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b> .....	<b>\$ 2,417,919</b>	<b>\$ 1,718,052</b>	<b>\$ 3,392,805</b>

See notes to basic financial statements.

Service Concession and Reserve	Bond, Note Redemption and Interest	STSC Debt Service	Community Development and Improvement Projects	Pension	Nonmajor Governmental Funds	Total Governmental Funds
\$ 52,164	\$ 152,231	\$ —	\$ 149,928	\$ 692,798	\$ 52,782	\$ 2,258,957
—	119,894	—	194,665	—	221,274	2,530,371
—	287,797	—	—	1,366,766	40,514	2,710,995
16,080	770	111,871	4,053	—	195,133	848,459
—	104,679	4,075,975	12,260	59,498	347,426	6,307,084
—	—	—	—	—	42,267	1,053,487
—	—	—	—	—	—	48,861
—	3,562	—	43,245	—	1,269	108,229
5,134	—	—	—	—	326,178	334,530
545,911	—	—	—	—	—	545,911
—	263,755	257,667	—	—	12,771	534,319
3,534	—	—	—	19,263	864	31,551
<u>\$ 622,823</u>	<u>\$ 932,688</u>	<u>\$ 4,445,513</u>	<u>\$ 404,151</u>	<u>\$ 2,138,325</u>	<u>\$ 1,240,478</u>	<u>\$ 17,312,754</u>

\$ 8	\$ —	\$ —	\$ 151,434	\$ 90,431	\$ 107,547	\$ 1,178,766
—	55,193	149,165	—	—	4,365	208,723
—	197,855	96,468	—	—	196	294,519
29,836	4,217,702	2,140	20,270	405,913	762,666	6,118,799
—	—	—	1,752	600,746	160,053	1,000,883
—	—	—	—	—	—	25,693
—	—	—	—	—	—	969,079
<u>29,844</u>	<u>4,470,750</u>	<u>247,773</u>	<u>173,456</u>	<u>1,097,090</u>	<u>1,034,827</u>	<u>9,796,462</u>
<u>1,408,027</u>	<u>234,482</u>	<u>—</u>	<u>42,565</u>	<u>1,041,235</u>	<u>40,083</u>	<u>4,217,141</u>

—	—	4,075,975	—	—	—	4,124,836
—	—	121,765	188,130	—	130,840	2,976,135
592,973	—	—	—	—	320,397	913,370
—	—	—	—	—	245	956,405
(1,408,021)	(3,772,544)	—	—	—	(285,914)	(5,671,595)
<u>(815,048)</u>	<u>(3,772,544)</u>	<u>4,197,740</u>	<u>188,130</u>	<u>—</u>	<u>165,568</u>	<u>3,299,151</u>
<u>\$ 622,823</u>	<u>\$ 932,688</u>	<u>\$ 4,445,513</u>	<u>\$ 404,151</u>	<u>\$ 2,138,325</u>	<u>\$ 1,240,478</u>	<u>\$ 17,312,754</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 .....	\$ 9,589,647
Other long-term assets are not available to pay for current-period expenditures and therefore are recorded as deferred inflows in the funds .....	2,701,607
Bond issuance costs that are expensed in statement of revenues, expenditures and changes in fund balances but reported as other assets in the statement of activities .....	2,678
Certain liabilities, including bonds payable, deferred inflows and deferred outflows are not due and payable in the current period and therefore are not reported in the funds .....	(45,527,478)
Net position of governmental activities .....	<u>\$ (29,934,395)</u>

Exhibit 4  
CITY OF CHICAGO, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2022  
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
Revenues:			
Property Tax .....	\$ —	\$ —	\$ —
Utility Tax .....	432,868	—	—
Sales Tax - Local .....	93,877	—	—
Transportation Tax .....	333,164	—	—
State Income Tax .....	972,155	—	—
State Sales Tax .....	—	—	—
Transaction Tax .....	803,890	—	—
Special Area Property Tax .....	—	—	951,987
Recreation Tax .....	314,937	—	—
Other Taxes .....	151,143	—	—
Federal/State Grants .....	387,072	1,002,787	—
Internal Service .....	486,636	—	—
Licenses and Permits .....	113,476	—	—
Fines .....	307,556	—	—
Investment Income (Losses) .....	(84,211)	—	(69,502)
Charges for Services .....	466,155	—	8
Miscellaneous .....	137,542	—	269
Total Revenues .....	<u>4,916,260</u>	<u>1,002,787</u>	<u>882,762</u>
Expenditures:			
Current:			
General Government .....	1,158,326	600,602	502,860
Health .....	47,996	221,273	—
Public Safety .....	2,501,909	75,424	768
Streets and Sanitation .....	228,346	—	—
Transportation .....	33,851	160,918	125,084
Cultural and Recreational .....	2	16,797	183
Employee Pensions .....	154,000	—	—
Other .....	12,952	3,512	456
Capital Outlay .....	—	(167)	—
Debt Service:			
Principal Retirement .....	—	—	—
Interest and Other Fiscal Charges .....	1,422	—	—
Total Expenditures .....	<u>4,138,804</u>	<u>1,078,359</u>	<u>629,351</u>
Revenues (Under) Over Expenditures .....	<u>777,456</u>	<u>(75,572)</u>	<u>253,411</u>

Continued on following pages.

Service Concession and Reserve	Bond, Note Redemption and Interest	STSC Debt Service	Community Development and Improvement Projects	Pension	Nonmajor Governmental Funds	Total Governmental Funds
\$ —	\$ 209,310	\$ —	\$ —	\$ 1,183,216	\$ —	\$ 1,392,526
—	16,426	—	—	—	365,263	814,557
—	—	140,968	—	—	250,410	485,255
—	—	—	—	—	223,119	556,283
—	—	—	—	—	—	972,155
—	—	180,768	—	—	315,018	495,786
—	—	—	—	—	78,218	882,108
—	—	—	—	—	31,295	983,282
—	—	—	—	—	4,418	319,355
—	—	—	—	—	34,270	185,413
—	—	—	—	—	—	1,389,859
—	—	—	—	—	33,222	519,858
—	—	—	—	—	—	113,476
—	—	—	—	—	26,057	333,613
(75,291)	(11,558)	2,214	(15,241)	16	(52,530)	(306,103)
—	—	—	—	—	52,527	518,690
21,033	17,294	—	13,443	237,991	131,120	558,692
(54,258)	231,472	323,950	(1,798)	1,421,223	1,492,407	10,214,805
—	—	—	—	—	315,865	2,577,653
—	—	—	—	—	—	269,269
—	—	—	—	—	138,297	2,716,398
—	—	—	—	—	55,622	283,968
—	—	—	—	—	148,101	467,954
—	—	—	—	—	95,566	112,548
—	—	—	—	2,103,699	—	2,257,699
—	—	—	—	—	—	16,920
—	—	—	409,564	—	49,748	459,145
—	55,193	149,165	—	—	25,900	230,258
—	363,324	193,878	—	—	2,654	561,278
—	418,517	343,043	409,564	2,103,699	831,753	9,953,090
(54,258)	(187,045)	(19,093)	(411,362)	(682,476)	660,654	261,715

**Exhibit 4 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2022**  
**(Amounts are in Thousands of Dollars)**

	<u>General</u>	<u>Federal, State and Local Grants</u>	<u>Special Taxing Areas</u>
Other Financing Sources (Uses):			
Payment to Refunded Bond Escrow Agent .....	\$ —	\$ —	\$ —
Transfers In .....	587,221	—	13,717
Transfers Out .....	(742,723)	—	(3,040)
Total Other Financing Sources (Uses) .....	<u>(155,502)</u>	<u>—</u>	<u>10,677</u>
Net Changes in Fund Balance .....	621,954	(75,572)	264,088
Fund Balance, Beginning of Year .....	679,141	(426,976)	2,261,455
Change in Inventory .....	11,215	—	—
Fund Balance, End of Year .....	<u>\$ 1,312,310</u>	<u>\$ (502,548)</u>	<u>\$ 2,525,543</u>

See notes to basic financial statements.

<b>Service Concession and Reserve</b>	<b>Bond, Note Redemption and Interest</b>	<b>STSC Debt Service</b>	<b>Community Development and Improvement Projects</b>	<b>Pension</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ —	\$ —	\$ —	\$ 185,794	\$ —	\$ 49,206	\$ 235,000
—	637,026	—	183,616	682,476	165,520	2,269,576
(17,062)	(337,700)	(225,613)	—	—	(940,898)	(2,267,036)
(17,062)	299,326	(225,613)	369,410	682,476	(726,172)	237,540
(71,320)	112,281	(244,706)	(41,952)	—	(65,518)	499,255
(743,728)	(3,884,825)	4,442,446	230,082	—	231,086	2,788,681
—	—	—	—	—	—	11,215
<u>\$ (815,048)</u>	<u>\$ (3,772,544)</u>	<u>\$ 4,197,740</u>	<u>\$ 188,130</u>	<u>\$ —</u>	<u>\$ 165,568</u>	<u>\$ 3,299,151</u>

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**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, 2022**  
**(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 .....	\$ 499,255
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 .....	293,027
In the Statement of Activities, gain or loss on disposal and sale of capital assets is reported, whereas in the governmental funds, the entire proceeds are recorded .....	(497)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....	(514,212)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments .....	(209,629)
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>(795,075)</u>
Change in the net position of governmental activities .....	<u>\$ (503,537)</u>

See notes to basic financial statements.

**Exhibit 6**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2022**  
**(Amounts are in Thousands of Dollars)**

<b>Business-type Activities - Enterprise Funds</b>						
<b>Major Funds</b>						
	<b>Water</b>	<b>Sewer</b>	<b>Chicago- Midway International Airport</b>	<b>Chicago- O'Hare International Airport</b>	<b>Chicago Skyway</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
<b>CURRENT ASSETS:</b>						
Cash and Cash Equivalents .....	\$ 14,587	\$ 10,408	\$ 51,574	\$ 258,590	\$ 898	\$ 336,057
Investments .....	527,213	113,331	11,026	93,369	735	745,674
Accounts Receivable (Net of Allowances) .....	220,606	113,950	21,632	81,349	65	437,602
Interest Receivable .....	4,563	—	346	1,102	—	6,011
Due from Other Funds .....	67,226	30,041	6,589	64,639	—	168,495
Inventories .....	25,142	669	—	—	—	25,811
Due from Other Governments .....	—	—	9,450	—	—	9,450
Cash and Cash Equivalents - Restricted .....	82,198	131,650	106,307	730,376	—	1,050,531
Investments - Restricted .....	90,532	68,970	—	—	—	159,502
Interest Receivable - Restricted .....	22	1,010	—	—	—	1,032
Lease Receivable .....	—	—	19,169	34,393	—	53,562
Other Assets - Restricted .....	—	—	—	4,989	—	4,989
<b>TOTAL CURRENT ASSETS</b> .....	<b>1,032,089</b>	<b>470,029</b>	<b>226,093</b>	<b>1,268,807</b>	<b>1,698</b>	<b>2,998,716</b>
<b>NONCURRENT ASSETS:</b>						
Cash and Cash Equivalents - Restricted .....	—	—	16,359	408,556	—	424,915
Investments - Restricted .....	—	—	268,215	2,068,050	—	2,336,265
Lease Receivable .....	—	—	193,051	460,309	—	653,360
Right of Use Asset .....	97,768	85,015	127	13,081	—	195,991
Interest Receivable - Restricted .....	—	—	934	9,942	—	10,876
Other Assets - Restricted .....	—	—	2,570	61,279	—	63,849
Due from Other Governments - Restricted .....	—	—	3,760	10,480	—	14,240
Prepaid Expenses .....	—	—	54	—	—	54
Other Assets .....	2,094	899	417	5,085	9,057	17,552
<b>Property, Plant, and Equipment:</b>						
Land .....	16,483	560	116,798	893,044	12,609	1,039,494
Structures, Equipment and Improvements .....	6,273,903	3,902,675	2,033,815	13,001,426	490,818	25,702,637
Accumulated Depreciation .....	(1,537,921)	(869,549)	(931,113)	(5,057,272)	(299,215)	(8,695,070)
Construction Work in Progress .....	450,246	126,179	10,367	1,637,420	—	2,224,212
<b>Total Property, Plant and Equipment</b> .....	<b>5,202,711</b>	<b>3,159,865</b>	<b>1,229,867</b>	<b>10,474,618</b>	<b>204,212</b>	<b>20,271,273</b>
<b>TOTAL NONCURRENT ASSETS:</b> .....	<b>5,302,573</b>	<b>3,245,779</b>	<b>1,715,354</b>	<b>13,511,400</b>	<b>213,269</b>	<b>23,988,375</b>
<b>TOTAL ASSETS</b> .....	<b>6,334,662</b>	<b>3,715,808</b>	<b>1,941,447</b>	<b>14,780,207</b>	<b>214,967</b>	<b>26,987,091</b>
<b>DEFERRED OUTFLOWS</b> .....	<b>76,385</b>	<b>29,287</b>	<b>48,650</b>	<b>218,126</b>	<b>—</b>	<b>372,448</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> ..	<b>\$ 6,411,047</b>	<b>\$ 3,745,095</b>	<b>\$ 1,990,097</b>	<b>\$ 14,998,333</b>	<b>\$ 214,967</b>	<b>\$ 27,359,539</b>

<b>Business-type Activities - Enterprise Funds</b>						
<b>Major Funds</b>						
	<b>Water</b>	<b>Sewer</b>	<b>Chicago- Midway International Airport</b>	<b>Chicago- O'Hare International Airport</b>	<b>Chicago Skyway</b>	<b>Total</b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES:</b>						
Voucher Warrants Payable .....	\$ 27,428	\$ 4,766	\$ 26,454	\$ 113,333	\$ —	\$ 171,981
Due to Other Funds .....	260,519	42,142	31,448	63,990	15	398,114
Accrued and Other Liabilities .....	189,086	58,843	823	14,249	—	263,001
Unearned Revenue .....	—	—	105	55,960	—	56,065
Lease Liability .....	23,769	20,791	40	2,078	—	46,678
Current Liabilities Payable from Restricted Assets .....	172,752	201,294	106,307	730,376	—	1,210,729
<b>TOTAL CURRENT LIABILITIES</b> .....	<b>673,554</b>	<b>327,836</b>	<b>165,177</b>	<b>979,986</b>	<b>15</b>	<b>2,146,568</b>
<b>NONCURRENT LIABILITIES:</b>						
Revenue Bonds and						
Commercial Paper Payable .....	2,286,606	1,928,328	1,543,404	10,593,224	—	16,351,562
Line of Credit and TIFIA Loan Payable .....	—	—	—	291,038	—	291,038
Net Pension Liability .....	1,198,672	442,211	373,406	1,665,864	—	3,680,153
Derivative Instrument Liability .....	—	—	5,698	—	—	5,698
Lease Liability .....	73,263	63,630	86	11,141	—	148,120
Other .....	1,577	—	1,954	—	—	3,531
<b>TOTAL NONCURRENT LIABILITIES</b> .....	<b>3,560,118</b>	<b>2,434,169</b>	<b>1,924,548</b>	<b>12,561,267</b>	<b>—</b>	<b>20,480,102</b>
<b>TOTAL LIABILITIES</b> .....	<b>4,233,672</b>	<b>2,762,005</b>	<b>2,089,725</b>	<b>13,541,253</b>	<b>15</b>	<b>22,626,670</b>
DEFERRED INFLOWS .....	95,429	45,755	33,541	53,971	1,497,273	1,725,969
DEFERRED INFLOWS FOR LEASES .....	—	—	211,012	493,158	—	704,170
<b>NET POSITION:</b>						
Net Investment in Capital Assets .....	2,849,430	1,087,602	(160,863)	945,118	204,212	4,925,499
<b>Restricted Net Position:</b>						
Debt Service .....	—	—	63,743	241,753	—	305,496
Capital Projects .....	22	69,193	20,481	113,985	—	203,681
Passenger Facility Charges .....	—	—	4,413	316,250	—	320,663
Airport/Airline Use Agreement .....	—	—	39,171	384,788	—	423,959
Airport General/Development Fund .....	—	—	—	218,940	—	218,940
Customer Facility Charge .....	—	—	12,188	30,849	—	43,037
Other .....	—	—	9,697	11,570	—	21,267
Unrestricted Net Position (Deficit) .....	(767,506)	(219,460)	(333,011)	(1,353,302)	(1,486,533)	(4,159,812)
<b>TOTAL NET POSITION/(DEFICIT)</b> .....	<b>\$ 2,081,946</b>	<b>\$ 937,335</b>	<b>\$ (344,181)</b>	<b>\$ 909,951</b>	<b>\$ (1,282,321)</b>	<b>\$ 2,302,730</b>

See notes to basic financial statements.

**Exhibit 7**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2022**  
**(Amounts are in Thousands of Dollars)**

	<b>Business-type Activities - Enterprise Funds</b>					
	<b>Major Funds</b>					<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Chicago- Midway International Airport</b>	<b>Chicago- O'Hare International Airport</b>	<b>Chicago Skyway</b>	
<b>Operating Revenues:</b>						
Charges for Services - Net of Provision for Doubtful Accounts of \$33,092 for Water and \$172,336 for Sewer .....	\$ 752,235	\$ 366,876	\$ 137,226	\$ 840,343	\$ —	\$ 2,096,680
Rent .....	—	—	95,198	363,307	—	458,505
Hilton Revenues .....	—	—	—	55,783	—	55,783
Other .....	27,579	836	—	—	—	28,415
<b>Total Operating Revenues .....</b>	<b>779,814</b>	<b>367,712</b>	<b>232,424</b>	<b>1,259,433</b>	<b>—</b>	<b>2,639,383</b>
<b>Operating Expenses:</b>						
Personnel Services .....	161,353	14,093	60,146	232,514	—	468,106
Contractual Services .....	69,648	6,162	23,535	172,740	—	272,085
Repairs and Maintenance .....	2,510	41,919	53,124	153,522	—	251,075
Commodities and Materials .....	21,065	—	—	—	—	21,065
Depreciation and Amortization .....	110,978	78,728	57,345	375,346	8,133	630,530
Loss on Capital Asset Disposal .....	—	—	—	—	—	—
General Fund Reimbursements .....	92,626	55,478	—	—	—	148,104
Pension Expense .....	67,422	21,466	35,852	163,979	—	288,719
Hilton Expenses .....	—	—	—	35,598	—	35,598
Other .....	15,860	—	13,107	132,016	—	160,983
<b>Total Operating Expenses .....</b>	<b>541,462</b>	<b>217,846</b>	<b>243,109</b>	<b>1,265,715</b>	<b>8,133</b>	<b>2,276,265</b>
<b>Operating Income (Loss) .....</b>	<b>238,352</b>	<b>149,866</b>	<b>(10,685)</b>	<b>(6,282)</b>	<b>(8,133)</b>	<b>363,118</b>
<b>Nonoperating Revenues (Expenses):</b>						
Investment Income (Loss) .....	(66,924)	(17,178)	(17,365)	(106,997)	(53)	(208,517)
Interest Expense .....	(90,967)	(83,918)	(68,205)	(420,612)	—	(663,702)
Passenger Facility Charges .....	—	—	36,566	134,920	—	171,486
Customer Facility Charges .....	—	—	5,696	34,329	—	40,025
Noise Mitigation Costs .....	—	—	(865)	(16,129)	—	(16,994)
Cost of Issuance .....	—	—	—	(11,789)	—	(11,789)
Grant Revenues (1) .....	—	—	36,603	144,931	—	181,534
Lease Interest Income .....	—	—	7,710	20,139	—	27,849
Other .....	2,387	25,493	—	8,522	18,548	54,950
<b>Total Nonoperating Revenues (Expenses) .....</b>	<b>(155,504)</b>	<b>(75,603)</b>	<b>140</b>	<b>(212,686)</b>	<b>18,495</b>	<b>(425,158)</b>
Transfers Out .....	(2,420)	(120)	—	—	—	(2,540)
Capital Grants .....	—	—	6,882	50,836	—	57,718
<b>Net Income (Loss) .....</b>	<b>80,428</b>	<b>74,143</b>	<b>(3,663)</b>	<b>(168,132)</b>	<b>10,362</b>	<b>(6,862)</b>
<b>Net Position (Deficit) -</b>						
Beginning of Year .....	2,001,518	863,192	(340,518)	1,078,083	(1,292,683)	2,309,592
<b>Net Position (Deficit) – End of Year .....</b>	<b>\$ 2,081,946</b>	<b>\$ 937,335</b>	<b>\$ (344,181)</b>	<b>\$ 909,951</b>	<b>\$ (1,282,321)</b>	<b>\$ 2,302,730</b>

(1) CRRSA and ARP Acts

See notes to basic financial statements.

**Exhibit 8**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2022**  
**(Amounts are in Thousands of Dollars)**

	<b>Business-type Activities - Enterprise Funds</b>					
	<b>Major Funds</b>					
	<b>Water</b>	<b>Sewer</b>	<b>Chicago- Midway International Airport</b>	<b>Chicago- O'Hare International Airport</b>	<b>Chicago Skyway</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>						
Received from Customers .....	\$ 757,128	\$ 363,666	\$ 240,645	\$ 1,236,083	\$ —	\$ 2,597,522
Payments to Vendors .....	(77,049)	(7,360)	(125,233)	(440,035)	—	(649,677)
Payments to Employees .....	(161,264)	(52,541)	(53,269)	(222,628)	—	(489,702)
Transactions with Other City Funds .....	20,753	(137,545)	2,101	(191,998)	—	(306,689)
Cash Flows Provided By						
Operating Activities .....	539,568	166,220	64,244	381,422	—	1,151,454
<b>Cash Flows from Capital and Related</b>						
<b>Financing Activities:</b>						
Proceeds from Issuance of Bonds/Commercial Paper/IEPA Loans/TIFIA Loans/LOC .....	17,036	51,716	4,348	2,354,867	—	2,427,967
Acquisition and Construction of Capital Assets .....	(161,620)	(130,703)	(20,029)	(766,922)	—	(1,079,274)
Capital Grant Receipts .....	—	—	5,382	50,111	—	55,493
Bond Issuance Costs .....	—	—	—	(9,054)	—	(9,054)
Payment to Commercial Paper Note/LOC .....	—	—	—	(568,200)	—	(568,200)
Payment to Refund Bonds .....	—	—	—	(537,499)	—	(537,499)
Principal Paid on Debt .....	(110,326)	(76,597)	(60,140)	(99,825)	—	(346,888)
Interest Paid .....	(107,580)	(92,089)	(74,931)	(453,306)	—	(727,906)
Subsidy from Federal Program .....	—	25,493	—	—	—	25,493
Interest Income from Leases .....	—	—	7,710	20,139	—	27,849
Principal Payment on Leases .....	(25,101)	(21,212)	—	(2,031)	—	(48,344)
Principal Received from Leases .....	—	—	19,318	62,184	—	81,502
Passenger and Customer Facility Charges .....	—	—	41,876	152,177	—	194,053
Concessionaire Funds .....	—	—	—	—	41	41
Cash Flows Provided By (Used in) Capital and Related Financing Activities .....	(387,591)	(243,392)	(76,466)	202,641	41	(504,767)
<b>Cash Flows Provided by Non Capital Financing</b>						
<b>Activities:</b>						
Noise Mitigation Program .....	—	—	(865)	(16,129)	—	(16,994)
Proceeds from COVID-19 Relief Funding .....	—	—	38,976	193,716	—	232,692
Proceeds from miscellaneous settlements and agreements .....	—	—	—	65	—	65
Cash Flows Provided By						
Non Capital Financing Activities .....	—	—	38,111	177,652	—	215,763
<b>Cash Flows from Investing Activities:</b>						
Purchases (Sale) of Investments, Net .....	(134,781)	77,983	(7,113)	(247,534)	113	(311,332)
Investment Income (Loss) .....	14,367	4,222	3,920	37,386	(51)	59,844
Cash Flows Provided By (Used in)						
Investing Activities .....	(120,414)	82,205	(3,193)	(210,148)	62	(251,488)
Net Increase (Decrease) in Cash and Cash Equivalents .....	31,563	5,033	22,696	551,567	102	610,961
Cash and Cash Equivalents, Beginning of Year .....	65,222	137,025	151,544	845,955	796	1,200,542
Cash and Cash Equivalents, End of Year .....	<u>\$ 96,785</u>	<u>\$ 142,058</u>	<u>\$ 174,240</u>	<u>\$ 1,397,522</u>	<u>\$ 898</u>	<u>\$ 1,811,503</u>

Continued on following page.

**Exhibit 8 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2022**  
**(Amounts are in Thousands of Dollars)**

	<b>Business-type Activities - Enterprise Funds</b>					
	<b>Major Funds</b>					<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Chicago- Midway International Airport</b>	<b>Chicago- O'Hare International Airport</b>	<b>Chicago Skyway</b>	
Reconciliation of Operating Income to Cash Flows from Operating Activities:						
Operating Income (Loss) .....	\$ 238,352	\$ 149,866	\$ (10,685)	\$ (6,282)	\$ (8,133)	\$ 363,118
Adjustments to Reconcile:						
Depreciation, Amortization and Loss on Capital Asset Disposals .....	86,612	58,111	57,345	375,346	8,133	585,547
Amortization of Right of Use Assets .....	24,366	20,618	—	2,169	—	47,153
Pension Expense Other than Contribution .....	—	—	—	—	—	—
Provision for Uncollectible Accounts .....	33,092	23,183	(3,043)	—	—	53,232
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables .....	(55,778)	(27,229)	10,009	(1,259)	—	(74,257)
(Increase) Decrease in Due From Other Funds .....	(18,214)	(11,738)	(1,551)	(7,676)	—	(39,179)
Increase (Decrease) in Voucher Warrants Payable and Due to Other Funds .....	206,675	(40,511)	7,422	44,091	—	217,677
Increase (Decrease) in Unearned Revenue and Other Liabilities .....	35,452	1,106	13,798	(19,355)	—	31,001
(Increase) Decrease in Deferred Inflows .....	(7,903)	(7,552)	(8,854)	(7,221)	—	(31,530)
(Increase) Decrease in Inventories and Other Assets .....	(3,086)	366	(197)	1,609	—	(1,308)
Cash Flows from Operating Activities .....	<u>\$ 539,568</u>	<u>\$ 166,220</u>	<u>\$ 64,244</u>	<u>\$ 381,422</u>	<u>\$ —</u>	<u>\$ 1,151,454</u>

**Supplemental Disclosure of**

**Noncash Items:**

Capital asset additions in 2022 with outstanding accounts payable, accrued, or other liabilities .....	<u>\$ 38,385</u>	<u>\$ 75,822</u>	<u>\$ 3,487</u>	<u>\$ 210,100</u>	<u>\$ —</u>	<u>\$ 327,794</u>
The fair value adjustments (gain) to investments for 2022 .....	<u>\$ 84,100</u>	<u>\$ 5,495</u>	<u>\$ 26,371</u>	<u>\$ 168,789</u>	<u>\$ —</u>	<u>\$ 284,755</u>
The accretion adjustments to capital appreciation bonds for 2022 .....	<u>\$ —</u>	<u>\$ 4,478</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,478</u>

See notes to basic financial statements.

**Exhibit 9**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2022**  
**(Amounts are in Thousands of Dollars)**

	<b>Pension Trust</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents .....	\$ 308,140	\$ 7,317
Investments .....	—	3,315
Investments, at Fair Value		
Bonds and U.S. Government		
Obligations .....	1,407,445	—
Stocks .....	3,643,986	—
Mortgages and Real Estate .....	729,715	—
Other .....	1,797,757	—
Property Tax Receivable .....	—	143,535
Accounts Receivable, Net .....	2,129,657	2,237
Due From City .....	41,334	—
Right of Use Asset .....	3,616	—
Property, Plant, Equipment and Other .....	551	—
Invested Securities Lending Collateral .....	480,731	—
<b>Total Assets</b> .....	<b>10,542,932</b>	<b>156,404</b>
Deferred Outflows .....	2,049	—
<b>LIABILITIES</b>		
Voucher Warrants Payable .....	134,693	4,355
Accrued and Other Liabilities .....	—	152,049
Securities Lending Collateral .....	480,731	—
Lease Liability .....	4,281	—
<b>Total Liabilities</b> .....	<b>619,705</b>	<b>156,404</b>
Deferred Inflows .....	2,114	—
<b>Total Liabilities and Deferred Inflows</b> .....	<b>621,819</b>	<b>156,404</b>
<b>NET POSITION</b>		
Restricted for Pension Benefits .....	9,923,162	—
<b>Total Net Position</b> .....	<b>\$ 9,923,162</b>	<b>\$ —</b>

See notes to basic financial statements.

**Exhibit 10**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended December 31, 2022**  
**(Amounts are in Thousands of Dollars)**

	<u>Pension Trust</u>	<u>Custodial Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Employees .....	\$ 362,842	\$ —
City .....	2,277,741	—
Taxes Collected for Other Governments .....	—	125,425
Other Custodial Collections .....	—	9,910
Total Contributions .....	<u>2,640,583</u>	<u>135,335</u>
Investment Income:		
Net Depreciation in		
Fair Value of Investments .....	(1,197,281)	—
Interest, Dividends and Other .....	163,356	(257)
Investment Expense .....	(38,697)	—
Net Investment Income (Loss) .....	<u>(1,072,622)</u>	<u>(257)</u>
Securities Lending Transactions:		
Securities Lending Income .....	7,239	—
Securities Lending Expense .....	(5,685)	—
Net Securities Lending Transactions .....	<u>1,554</u>	<u>—</u>
Total Additions .....	<u>1,569,515</u>	<u>135,078</u>
<b>DEDUCTIONS</b>		
Benefits and Refunds of Deductions .....	2,583,403	—
Administrative and General .....	18,264	—
Taxes Distributed to Other Governments .....	—	125,392
Other Custodial Disbursements .....	—	9,686
Total Deductions .....	<u>2,601,667</u>	<u>135,078</u>
Net Increase in Net Position .....	(1,032,152)	—
Net Position:		
Beginning of Year .....	10,955,314	—
End of Year .....	<u>\$ 9,923,162</u>	<u>\$ —</u>

See notes to basic financial statements.

**1) Summary of Significant Accounting Policies**

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

The 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, 2022, the City adopted the following GASB Statements:

GASB Statement	Impact
GASB Statement No. 87, <i>Leases</i> (“GASB 87”)	This statement will better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The statement introduces a single lease model that defines a lease as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. A lessor recognizes a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease payable and an intangible right of use lease asset. The City adopted GASB 87 as of January 1, 2022. The adoption of GASB 87 resulted in a right to use asset, leases liability, leases receivable, and deferred inflows of resources. For governmental activities, right of use assets and leases payable were \$522.7 million, whereas leases receivable and deferred inflows of resources were \$126.4 million. For business-type activities, right-to-use assets and leases payable were \$243.2 million, whereas leases receivable and deferred inflows of resources were \$789.3 million. The adoption of GASB 87 had no impact on the beginning net position.
GASB Statement No. 91, <i>Conduit Debt Obligations</i> (“GASB 91”)	Establishes a single method of reporting conduit debt obligations by issuers and clarifies associated accounting requirements. The City adopted GASB 91 as of and for the year ended December 31, 2022. There was no material impact to the basic financial statements upon adoption.
GASB Statement No. 93, <i>Replacement of Interbank Offered Rates</i> (“GASB 93”) – Remaining provisions	Addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The City adopted GASB 93 as of and for the year ended December 31, 2022. There was no material impact to the basic financial statements upon adoption.
GASB Statement No. 97, <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i> (“GASB 97”) – Remaining provisions	Requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan. The City adopted the remaining provisions of GASB 97 as of and for the year ended December 31, 2022. There was no material impact to the basic financial statements upon adoption.

**Upcoming Accounting Standards—**

GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the City upon implementation. Management has not yet evaluated the effect of the implementation of these standards.

<b>GASB Accounting Standard</b>	<b>Required Year of Adoption</b>
GASB Statement No. 94, <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> ("GASB 94")	2023
GASB Statement No. 96, <i>Subscription-based Information Technology Arrangements</i> ("GASB 96")	2023
GASB Statement No. 99, <i>Omnibus 2022</i> ("GASB 99") – Remaining provisions	2023 & 2024
GASB Statement No. 100, <i>Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62</i> ("GASB 100")	2024
GASB Statement No. 101, <i>Compensated Absences</i> ("GASB 101")	2024

**Reporting Entity** – The financial reporting entity consists of the City and its component units, which are legally separate organizations for which the City is financially accountable. 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 includes the Chicago Public Library.

The City's financial statements include the following legal entities as fiduciary 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 Pension Plans' offices.

**Blended Component Unit**

The City's financial statements include, as a blended component unit, the Sales Tax Securitization Corporation (the "STSC"). The STSC is a special purpose not-for-profit corporation incorporated under the provisions of the General Not-For-Profit Corporation Act of 1986 of the State of Illinois (805 ILCS 105) (the "State"), as amended, and organized in accordance with an ordinance adopted by the City of Chicago City Council on October 11, 2017. The STSC is a non-stock corporation, has no members, and is governed by a board of directors (the "Board"). Except as described in the following sentence, the Board has five voting directors, all of whom are officials of the City. The STSC's Bylaws require the vote of an additional "independent director" as a condition to taking certain actions. The independent director would be appointed by the Mayor of the City prior to any such actions.

Pursuant to a sale agreement authorized by Division 13 of Article 8 of the Illinois Municipal Code, in 2017 the City entered into an Assignment, Purchase and Sale Agreement (“Sale Agreement”) with the STSC under which the City sold its right, title, and interest in and to certain sales tax revenues collected by the State (the “Sales Tax Revenues”). The Sales Tax Revenues consist of (a) revenues resulting from the collection of three separate taxes (collectively, the “Home Rule Sales Tax Revenues”) imposed by the City pursuant to its home rule powers and authority granted by State statute; and (b) revenues resulting from the collection of four separate taxes (collectively, the “Local Share Sales Tax Revenues”) imposed by the State. In exchange for selling its right, title, and interest in the Sales Tax Revenues, the City received a residual certificate which represents the City's ownership interest in excess Sales Tax Revenues to be received by the STSC to pay debt service requirements of any outstanding obligations and administrative costs during the term of the Sale Agreement. The Sale Agreement is effective until there are no secured obligations outstanding for the STSC.

The STSC provides benefits exclusively to the City, and as a result, is presented as a blended component unit of the City.

The City reports the General Fund of the STSC as a non-major special revenue fund and the Debt Service Fund of the STSC as a major debt-service fund.

Complete financial statements of the STSC can be obtained at [www.salestaxsecuritizationcorporation.com](http://www.salestaxsecuritizationcorporation.com).

The City's financial statements also include, as a blended component unit, the Chicago Community Catalyst Fund LLC (the “CCCF”). The CCCF is a special purpose investment-related limited liability company incorporated under the provisions of the Illinois Limited Liability Company Act of the State of Illinois (805 ILCS 180) (the “State”), as amended, and organized in accordance with an ordinance adopted by the City of Chicago City Council on November 16, 2016 (the “CCCF Ordinance”). The CCCF currently has one member (the City of Chicago) and is governed by a board of managers (the “Board”). The Board has seven voting managers, three of whom are officials of the City. The remaining four voting managers are selected by the Mayor, subject to approval by the City Council. The CCCF ordinance and the CCCF's organizational agreement allow for admission of additional members but to date no additional members have joined the CCCF. The CCCF Ordinance contemplates that up to six additional managers could be appointed to the Board if additional members join the CCCF.

The CCCF is an investment vehicle to provide funding in communities as a catalyst for economic development that can only be invested by the City, and thus provides benefits exclusively to the City. As a result, is presented as a blended component unit of the City.

The City reports the CCCF within the Service Concession and Reserve Fund. During 2020, the CCCF provided Small Business Resiliency Loans to eligible local small businesses to assist with the impact of the COVID-19 Pandemic. As of December 31, 2022, the loans receivable balance was \$13.6 million.

The City's 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.

**a) Government-wide and fund financial statements** - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 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.

- b) **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, except for Ground Emergency Medical Transportation services, which are recorded as revenue if collected within the first 90 days subsequent to year-end. 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 the 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-term 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 concessionaire agreement transactions whose proceeds are recognized as revenue over the term of the agreements. This fund also includes the CCCF blended component unit as described above.

**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.

**STSC Debt Service Fund** accounts for the expenditures for principal and interest as provided by sales tax revenues.

**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.

**Pension Fund** accounts for the City's contribution to the City's four Employees' Annuity and Benefit Funds as provided by the tax levy and other sources of revenue, including the allocable share from Enterprise Funds and Special Revenue Funds.

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 has 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 494,274 accounts that includes the City and the suburbs. The Water Fund operates two water purification facilities with a combined output pumping capacity of 2,160 million gallons per day 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 serving the Airport operate out of four terminal buildings with a total of 202 gates as of December 31, 2022. Three domestic terminal buildings, having a total of 172 aircraft gates serve the majority of O'Hare's domestic flights and certain international departures. Terminal 5 with 30 aircraft gates and five hardstand positions, serves the remaining international departures, all international arrivals, and some domestic flights.

**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.

**Custodial Funds** account for transactions for assets held by the City as agent for certain activities or for various entities, such as tax collected on behalf of another government (i.e., McCormick Departure Tax; Special Assessments; CPS Building and Improvement).

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. General revenues include internally dedicated resources and 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 O'Hare and Midway 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 (committed, assigned or unassigned) resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

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.

**c) Assets, liabilities, deferred inflows, deferred outflows, and net position or fund balance**

- 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; commercial paper and State and Local Government Series (SLGS), 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 derivative instruments, 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 or equal to 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 thirty 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, the City and the City's Pension Plans' policies permit lending 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.

Securities Lending by the Pension Plans - The State Statutes and the Board of Trustees permit the Pension Plans to lend its securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future. The Plans' custodians, acting as the lending agent, lend securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102 percent of the fair value of domestic securities plus accrued interest and 105 percent of the fair value of foreign securities plus accrued interest. The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults. All securities loans can be terminated on demand within a period specified in each agreement by either the Funds or the borrowers. The contracts with the Fund's custodian require the securities lending agent to indemnify the Funds.

Municipal Employees' - The average term of securities loaned was 178 days at December 31, 2022. The cash collateral is invested in tri-party repurchase agreements and bank deposits which had a weighted average maturity of 15 days at December 31, 2022.

Laborers' - The average term of securities loaned was 99 days at December 31, 2022. Cash collateral may be invested in a short-term investment pool, which had a weighted average maturity of 50 days at December 31, 2022.

Policemen's - The average term of the Fund's loan was approximately 5.7 days as of December 31, 2022. Cash collateral was reinvested in indemnified repurchase agreements which had an interest sensitivity of one day at December 31, 2022.

Firemen's - The average term of securities loaned was 50 days in 2022. Cash collateral may be invested in a short-term investment pool, which had a weighted average maturity of 15 days at December 31, 2022.

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

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

- iii) **Inventory** includes government-wide inventories, which are stated at cost determined principally, using the average cost method. For proprietary funds, the costs of inventories are recorded as 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. Donated commodities, such as COVID-19 personal protective equipment, are not treated as nonspendable resources thus are presented as part of the unassigned fund balance.
- iv) **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 and Customer Facility Charges as they are subject to State regulation to finance operating, capital, and debt-related activities of car rental consolidated facility and related activities.

- v) **Leases** - The City follows GASB Statement No. 87, Leases, which defines the City's leasing arrangement as the right of use an underlying asset as a lessor or lessee.

As lessee, the City recognizes a lease liability and an intangible right of use asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. As there is no implicit rate per the lease agreements, the right of use asset is measured based on the net present value of the future lease payments at inception using the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The City calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability.

As a lessee or lessor, the City does not consider variable lease payments in the lease liability and lease receivable calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

For lease contracts that are short-term, the City recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

As lessor, the City recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic payments are reflected as a reduction of the discounted lease receivable and as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

Re-measurement of lease receivables occur when there are modifications including, but not limited to, changes in the contract price, lease term and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

- 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 acquisition 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. The business-type activities prospectively adopted GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89") as of January 1, 2021. Prior to the adoption of GASB 89, interest expense was capitalized during construction of those capital projects that were paid for from the bond proceeds and were being amortized over the depreciable life of the related assets on a straight-line basis. Subsequent to the adoption of GASB 89, interest expense on construction bond proceeds was expensed as incurred.

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 .....	10 - 40	years
Airport runways, aprons, tunnels, taxiways, and paved roads .....	30	years
Bridge infrastructure .....	10 - 40	years
Lighting infrastructure .....	25	years
Street infrastructure .....	10 - 25	years
Transit infrastructure .....	25 - 40	years
Equipment (vehicle, office, and computer) .....	5 - 20	years

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

**vii) Deferred Outflows** represent unamortized loss on bond refundings, the fair value of derivative instruments that are deemed to be effective hedges, differences between estimated and actual investment earnings related to pensions, changes in actuarial assumptions related to pensions, and other pension related changes. Deferred Outflows for OPEB represent the difference between expected and actual non-investment experience and assumption changes.

**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 Sections 457 and 401(a). 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 relate 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 bond insurance 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.

Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include leases, except for contracts reported as a financed purchase of the underlying asset, or accounts payable.

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 Midway Bonds, airline approval is also required before entering into a swap agreement.

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 tax, or special area taxes.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's four pension plans and additions to/deductions from the City's Pension Plans' fiduciary net position have been determined on the same basis as they are reported by the Pension Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The financial statements of the Plans are prepared using the accrual basis of accounting.

- 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 and differences between projected and actual actuarial experience related to pensions, and other pension related changes. In the governmental 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. Deferred inflows for OPEB represent the difference between expected and actual non-investment experience and assumption changes.

- xii) **Net Position** in the government-wide statements is classified in three separate categories:

- (1) Net investment in capital assets - Consists of capital assets, both tangible and intangible and including restricted capital assets, net of accumulated depreciation (financed through borrowing, donated, purchased with existing resources) and reduced by the outstanding balances of any bonds, mortgages, notes or any other borrowings including accounts payable and retainage payable, that are attributable to the acquisition, construction, or improvement of those assets. Also, reduced by capital-related deferred inflows of resources and increased by capital-related deferred outflows of resources. The unspent resources and associated portion of outstanding capital-related debt, if any, are reported in the appropriate component of net position (restricted or unrestricted, depending on the constraints on the unexpended resources).

- (2) Net position-restricted net position - Consists of non-capital assets whose use is restricted less related liabilities and deferred inflows of resources. The limitation on the use of noncapital assets must be substantive to qualify as a restriction; and is considered restricted only if the limitation is considered externally enforceable. Externally enforceable limitations result from constraints imposed by: parties outside the government (creditors, grantors, donors, other governments); constitutional provisions; or enabling legislation (legislation that raises resources from external parties subject to a legally enforceable requirement that those resources “be used only for the specific purpose stipulated in the legislation”). Restricted net position for business activities is provided in Exhibit 6, Statement of Net Position, Proprietary Funds.
- (3) Net position-unrestricted - Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is classified as net position-unrestricted. As of December 31, 2022, the net position-unrestricted represents a deficit.

**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 \$(63.7) million are as follows (dollars in thousands):

Deferred inflows - property tax .....	\$	(3,449)
Deferred inflows - grants .....		—
Deferred inflows - charge for services .....		(60,222)
Net adjustment to increase fund balance - total governmental funds - to arrive at net position - governmental activities .....	\$	(63,671)

- ii) Another element of that reconciliation explains that “Certain liabilities, deferred inflows 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 \$45,736.2 million are as follows (dollars in thousands):

Long-term liabilities:		
Total bonds, notes and certificates payable .....	\$	(11,692,873)
Pension benefits .....		(31,756,452)
Other postemployment benefits .....		(1,835,039)
Pollution remediation .....		(48,550)
Claims and judgments .....		(1,033,903)
Total Long-term liabilities .....		(46,366,817)
Accounts payable - infrastructure retainage .....		(1,451)
Bonds, notes and other obligations payable current .....		—
Deferred outflows - unamortized loss on refunding .....		164,451
Deferred outflows - pension costs .....		2,613,669
Deferred outflows - other postemployment benefits costs .....		1,166,646
Deferred inflows - pension .....		(1,090,056)
Deferred inflows - other postemployment benefits .....		(364,436)
Accrued and other liabilities - compensated absences .....		(99,846)
Accrued and other liabilities - pension payable to pension funds .....		(1,314,118)
Lease liability .....		(444,243)
Net adjustment to reduce fund balance - total governmental funds - to arrive at net position - governmental activities .....	\$	(45,736,201)

**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 \$293.0 million are as follows (dollars in thousands):

Capitalized asset expenditures .....	\$ 774,029
Donated assets .....	2,097
Depreciation expense .....	(483,099)
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	<u>\$ 293,027</u>

ii) Another element of that reconciliation states that "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position." The details of this decrease of \$209.6 million are as follows (dollars in thousands):

Proceeds from line of credit .....	(235,000)
Principal retirement .....	—
Interest expense .....	25,371
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	<u>\$ (209,629)</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 \$795.1 million are as follows (dollars in thousands):

Claims and judgments .....	\$ —
Pension costs .....	(1,112,916)
Other post employment benefit liabilities .....	(186,992)
Pollution remediation .....	—
Vacation .....	(14,926)
Inventory .....	—
Net effect of lease transactions .....	519,759
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	<u>\$ (795,075)</u>

**3) Stewardship, Compliance and Accountability**

a) **Annual Appropriation Budgets** are established for the Corporate (General) Fund and the Vehicle Tax; Motor Fuel Tax and Project; Pension; Chicago Public Library; Special Events, Tourism and Festivals; and Cannabis Tax Funds, on a non-GAAP budgetary basis:

- i) In October, 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.
- 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 budgetary purposes, grant reimbursements to other funds are counted as revenues and not netted against expenditures. For GAAP purposes, proceeds of long-term debt and transfers out are treated as other financing sources. For GAAP purposes, in-kind contributions and expenditures related to in-kind contributions are recorded as revenues and expenditures. Provision for doubtful account expenditures are not budgeted. In 2022, the \$385.0 million of ARP Revenue Replacement was recorded as a Transfer In within the General Fund on the budgetary basis but was recorded as Federal and State Grant Revenue in the fund financials in accordance with GAAP. A reconciliation of the different basis of revenue and expenditure recognition for the year ended December 31, 2022 is as follows (dollars in thousands):

	<b>Fund</b>	
	<b>(See Exhibit 4)</b>	
	<b>General</b>	<b>Pension</b>
Revenues, GAAP Basis .....	\$ 4,916,260	\$ 1,421,223
Add:		
Transfers In .....	587,221	682,476
Net Effect of Revenue Reclassification for Lease Transactions .....	70	—
Deduct:		
In-Kind Contribution .....	(7,492)	—
Revenues, Budgetary Basis .....	<u>\$ 5,496,059</u>	<u>\$ 2,103,699</u>
Expenditures, GAAP Basis .....	\$ 4,138,804	\$ 2,103,699
Add:		
Transfers Out .....	742,723	—
Encumbered in 2022 .....	11,249	—
Deduct:		
In-Kind Contribution .....	(2,869)	—
Payments on Prior Years' Encumbrances .....	(20,828)	—
Provision for Doubtful Accounts and Other .....	(1,705)	—
Expenditures, Budgetary Basis .....	<u>\$ 4,867,374</u>	<u>\$ 2,103,699</u>

**c) Individual Fund Deficits** include the Chicago Skyway Fund, an Enterprise Fund, which has a deficit fund balance of \$1,282.3 million which management anticipates will be funded through recognition of deferred inflows. Midway International Airport Fund has a deficit fund balance of \$344.2 million which will be funded through future revenues. Federal State and Local Grants, a governmental fund, has a deficit fund balance of \$502.5 million and will be funded by the recognition of deferred grant inflows. The Service Concession and Reserve Fund, a Special Revenue Fund, has a deficit fund balance of \$815.0 million which will be funded through the recognition of deferred inflows. The Bond, Note Redemption and Interest Fund, a Debt Service Fund, has a deficit fund balance of \$3,772.5 million which will be funded through the amortization of the deferred inflow (reclassified to Due to Other Funds on the blended fund financials) associated with the City's sale of sales tax revenues to the STSC. The STSC is a blended component unit and for presentation purposes deferred inflows have been reclassified as internal balances.

4) Restricted and Unrestricted Cash, Cash Equivalents and Investments

a) **Investments** As of December 31, 2022, the City had the following Investments (dollars in thousands):

Investment Type	Maturities (in Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
<b>City Funds</b>					
U.S. Treasury .....	\$ 11,122	\$ —	\$ —	\$ —	\$ 11,122
Agency MBS* .....	—	1,987	76,204	333,764	411,955
Agency Bonds .....	68,784	1,437,493	30,851	—	1,537,128
Commercial Paper .....	2,341,658	—	—	—	2,341,658
Corporate ABS* .....	6,001	196,933	50,557	446,655	700,146
Corporate Bonds .....	55,804	975,450	961,402	193,499	2,186,155
ETF-Corporate Equity .....	839	—	—	—	839
Money Market Funds .....	2,399,882	—	—	—	2,399,882
Municipal Bonds .....	39,386	314,812	198,081	278,343	830,622
State and Local					
Government Series .....	21,412	—	—	—	21,412
Supranational Bonds .....	—	120,010	22,089	—	142,099
Total City Funds .....	<u>\$ 4,944,888</u>	<u>\$ 3,046,685</u>	<u>\$ 1,339,184</u>	<u>\$ 1,252,261</u>	<u>\$ 10,583,018</u>

\* In 2020, Asset Backed Securities were further divided into Agency MBS and Corporate ABS.

Included in the table above are investments held with escrow agent.

<b>Pension Trust Funds</b>					
U.S. and Foreign Government Agencies ...	\$ 26,567	\$ 158,842	\$ 119,650	\$ 329,588	\$ 634,647
Corporate Bonds .....	885,576	377,355	170,968	116,950	1,550,849
Corporate Equities .....	3,450,617	—	—	—	3,450,617
Pooled Funds .....	232,730	21,620	10,700	—	265,050
Real Estate .....	660,318	—	—	—	660,318
Securities Received from Securities					
Lending .....	480,732	—	—	—	480,732
Venture Capital .....	781,601	—	—	—	781,601
Certificates of Deposit and Other Short-term .....	290,949	—	—	—	290,949
Derivatives .....	68	—	—	—	68
Other .....	238,770	11,901	2,272	—	252,943
Total Pension Trust Funds .....	<u>\$ 7,047,928</u>	<u>\$ 569,718</u>	<u>\$ 303,590</u>	<u>\$ 446,538</u>	<u>\$ 8,367,774</u>
Total .....	<u>\$ 11,992,816</u>	<u>\$ 3,616,403</u>	<u>\$ 1,642,774</u>	<u>\$ 1,698,799</u>	<u>\$ 18,950,792</u>

City's Fair Value Measurements for Investments:

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation techniques used to measure fair value.

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets

Level 2 - Observable inputs other than quoted market prices, and

Level 3 - Unobservable Inputs

Investments that are valued using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Investments that are valued through other observable inputs (Level 2), are valued using methods that include, but are not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing.

The City's investments measured at fair value as of December 31, 2022 are as follows (dollars in thousands):

Investments by Fair Value Level	Level 1	Level 2	Level 3
U.S. Treasury .....	\$ —	\$ 11,122	\$ —
State and Local Government Series .....	—	21,412	—
Agency Bonds .....	—	1,503,194	—
Agency MBS .....	—	411,955	—
Corporate ABS .....	—	699,165	—
Corporate Bonds .....	—	2,161,455	—
Municipal Bonds .....	—	823,387	—
Supranational Bonds .....	—	142,099	—
Total Investments at Fair Value .....	<u>\$ —</u>	<u>\$ 5,773,789</u>	<u>\$ —</u>

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than the external investment pools are measured at amortized cost and are not reflected in the table above. The total of these investments at amortized cost for the City are \$4,809.2 million.

CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

Pension Trust Funds' Investments measured at fair value as of December 31, 2022 are as follows (dollars in thousands):

<u>Summary</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. and Foreign				
Government Agencies .....	\$ 634,647	\$ 1,476	\$ 633,171	\$ —
Corporate Bonds .....	1,110,686	538,785	568,757	3,144
Corporate Equities .....	3,072,326	3,067,013	30	5,283
Pooled Funds .....	209,682	28,857	180,825	—
Securities Received from				
Securities Lending .....	480,732	—	480,732	—
Venture Capital .....	41,505	—	—	41,505
Certificates of Deposit and				
Other Short-term .....	233,695	59,524	174,145	26
Derivatives .....	68	—	68	—
Other .....	15,326	—	14,575	751
Subtotal .....	<u>5,798,667</u>	<u>3,695,655</u>	<u>2,052,303</u>	<u>50,709</u>

<u>Pension Trust Funds' Investments measured at net asset value:</u>		<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
Corporate Bonds .....	\$ 440,163	\$ 33,389	Daily	5 Days
Corporate Equities .....	378,291	—		
Pooled Funds .....	55,368	—		
Real Estate .....	660,318	50,782	As needed, N/A, Illiquid	30-45 Days, Not eligible, N/A
Venture Capital .....	740,096	195,132	Quarterly, Not eligible, As needed, N/A, Illiquid, Closed-end / Quarterly	180 Day or N/A, 30-95 Days, Not eligible, N/A, 90 Days
Certificates of Deposit and				
Other Short-term .....	57,254	—		
Other * .....	237,617	13,790	Illiquid	N/A
Subtotal .....	<u>2,569,107</u>			
Pension Trust Funds' Investments Total ...	<u>\$ 8,367,774</u>			

\* Other includes Fixed Assets & Hedge Fund of Funds.

**Corporate bonds** - Include debt instruments created by companies for the purpose of raising capital and pay a specified amount of interest on a regular basis.

**Corporate equities** - Include investments in funds primarily holding publicly traded US and non-US equity securities.

**Pooled funds** - Include investments that are pooled to maximize the total return.

**Real estate funds** - Include investments in open and closed-end real estate funds. Investments in open-end funds have limited redemption availability as redemption opportunities are based on available liquidity. Closed-end funds do not offer redemptions. Distributions from closed-end funds will be received as the underlying investments are liquidated.

**Venture capital** - Includes investments where the objective is to achieve long-term capital appreciation, preserve capital, and achieve a consistent pattern of returns through investments in limited partnerships, privately issued securities, private equity funds, and other pooled investments with a focus on the venture sector and undervalued alternative investments. Closed-end limited partnership interests are generally illiquid and cannot be redeemed.

**Short-term investments** - Include short-term investments of high quality and low risk to protect capital while achieving investment returns.

**Other** - Includes Hedge Funds of long/short equity hedge fund-of-funds.

- i) *Interest Rate Risk* - The interest rate risk, or market risk, refers to the chance that investments in bonds – also known as fixed-income securities – will suffer as the result of unexpected interest rate changes. However, the City mitigates interest rate risks by diversifying portfolios to include a multitude of different bonds that have varying maturation schedules.
- ii) *Credit Risk* - With regard to credit risk, the Code limits the investments in securities to:
- (1) Interest-bearing general obligations of the United States and the State of Illinois;
  - (2) United States treasury bills and other non-interest-bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the City a return on such investment in lieu of interest;
  - (3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City, the Chicago Board of Education, the Chicago Housing Authority, the Chicago Park District, the Chicago Transit Authority, and the City Colleges of Chicago;
  - (4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;
  - (5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement. Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;
  - (6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance or demand deposits in banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in *Custodial Credit Risk – Cash and Certificates of Deposit* below;
  - (7) Bankers acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;
  - (8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;
  - (9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;
  - (10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;

- (11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non-interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the Treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;
- (12) Bonds of companies with assets exceeding \$500.0 million that, at the time of purchase, are rated investment grade by at least two accredited ratings agencies;
- (13) Debt instruments of international financial institutions, including but not limited to the World Bank and the International Monetary Fund, that, at the time of purchase, are rated within four intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A- rating, or equivalent rating. The maturity of investments authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;
- (14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within four intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A- rating or equivalent rating;
- (15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the City or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;
- (16) Bonds registered and regulated by the Securities and Exchange Commission and for which the full faith and credit of the State of Israel is pledged for payment; provided that the bonds have an A-rating or above or equivalent rating by at least two accredited ratings agencies;
- (17) Bonds, notes, debentures, or other similar obligations of agencies of the United States.
- (18) Asset-backed or agency mortgage-backed securities, any of which are rated at least investment grade by at least two accredited rating agencies, but no funds may be invested in: (1) obligations the payment of which represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral that pays no principal (e.g., MBS Interest-Only Strips); (2) obligations the payment of which represents the principal balance repayments from the underlying mortgage-backed security collateral that pays no interest (e.g., MBS Principal-Only Strips); (3) collateralized mortgage obligations ("CMOs") that have a stated final maturity date of greater than 10 years; and (4) CMOs the interest rate of which is determined in a manner that adjusts in the opposite direction to the changes in a market index (e.g., Inverse Floating Rate CMOs).
- (19) Interest in the Chicago Community Catalyst Fund.

Total holdings across all funds held by the City shall have no less than an overall average rating of Aa or equivalent rating without regard to any refinement or gradation of rating category by numerical modifier or otherwise on a quarterly basis.

The following schedule summarizes the City's and Pension Trust Funds' exposure to credit risk (in thousands):

Quality Rating	City	Quality Rating	Pension Trust Funds
Aaa/AAA	\$ 5,456,799	Aaa/AAA	\$ 202,423
Aa/AA	964,391	Aa/AA	66,737
A/A	662,382	A/A	130,510
Baa/BBB	1,161,717	Baa/BBB	201,492
Ba/BB	—	Ba/BB	112,006
B/B	—	B/B	116,470
Caa/CCC	—	Caa/CCC	19,058
Ca	—	Ca/CC	40
C/CC	—	CC/C	1,074
D/D	—	D/D	569
P1/A1	1,411,458	Not Rated	253,680
P2/A2	903,384	Other	402,868
MIG1/SP-1+	—		
MIG2/SP-1+	—		
Not Rated*	22,887		
Total Funds	<u>\$ 10,583,018</u>		<u>\$ 1,506,927</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 to protect the City public fund deposits, depository institutions are to maintain collateral pledges on City deposits and certificates of deposit during the term of the deposit.

For deposits in banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance, any amount of the deposit in excess of the federal deposit insurance shall be either: (1) fully collateralized at least 100 percent by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; (2) secured by a corporate surety bond issued by an insurance company licensed to do business in the State of Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment; or (3) fully collateralized at least 100 percent by an irrevocable letter of credit issued in favor of the City by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the deposit.

The collateral required to secure City funds must be held in third-party safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the City Treasurer.

The bank balance of cash and certificates of deposit with the City's various municipal depositories was \$307.6 million. 100.0 percent of the bank balance was either insured or collateralized with securities held by City agents in the City's name. There was no uncollateralized bank balance at December 31, 2022.

- iv) *Custodial Credit Risk - Investments:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City limits custodial credit risk

exposure because investment securities are registered in the City's name and held by the City's third-party custodians.

- v) *Foreign Currency Risk* - In the case of the Pension Trust Funds, this 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>	
Argentine Peso .....	\$ 29
Australian Dollar .....	55,996
Brazilian Real .....	22,984
British Pound .....	129,682
Canadian Dollar .....	55,767
Chilean Peso .....	1,888
Chinese Yuan .....	2,358
Colombian Peso .....	2,410
Czech Republic Koruna .....	1,915
Danish Krone .....	29,378
Egyptian Pound .....	472
European Euro .....	255,227
HK Chinese Yuan Renminbi .....	12,500
Hong Kong Dollar .....	117,730
Hungarian Forint .....	2,119
Indian Rupee .....	40,519
Indonesian Rupiah .....	21,951
Japanese Yen .....	176,995
Kenyan Shilling .....	47
Kuwaiti Dinar .....	697
Malaysian Ringgit .....	4,196
Mexican Peso .....	15,512
New Israeli Shekel .....	7,273
New Taiwan Dollar .....	43,291
New Zealand Dollar .....	1,454
Norwegian Krone .....	18,461
Philippine Peso .....	3,401
Polish Zloty .....	4,835
Qatari Riyal .....	1,867
Russian Ruble .....	2,129
Saudi Riyal .....	577
Singapore Dollar .....	15,882
South African Rand .....	15,334
South Korean Won .....	35,467
Swedish Krona .....	25,498
Swiss Franc .....	64,912
Thai Baht .....	9,786
Turkish Lira .....	1,621
United Arab Emirates Dirham .....	4,952
Total Pension Trust Funds .....	<u>\$ 1,207,112</u>

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

Per Note 4:	
Investments - City .....	\$ 10,583,018
Investments - Pension Trust Funds .....	8,367,774
	<u>\$ 18,950,792</u>
Per Financial Statements:	
Restricted Investments .....	\$ 3,041,678
Unrestricted Investments .....	3,276,045
Investments with Fiduciary Funds .....	7,582,218
Investments with Escrow Agent .....	534,319
Invested Securities Lending Collateral .....	480,731
Investments Included as Cash and Cash Equivalents on the Statement of Net Position .....	4,035,801
	<u>\$ 18,950,792</u>

## 5) Property Tax

The City's property tax becomes a lien on real property on January 1 of the year for which 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 and a limited number of other property types assessed directly by the State. The Cook 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 determined by the Assessor.

Property in the County is separated into multiple classifications for assessment purposes. After the Assessor establishes a property's fair market value, 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 percent for certain residential, commercial, and industrial property to 25 percent for other commercial and industrial property.

In addition, the City uses Tax Increment Financing (TIF) for Special Areas. TIF funds are used to build and repair roads and infrastructure, to clean polluted land, and to put vacant properties back to productive use, usually in conjunction with private development projects. TIF Funds can be generated by growth in the Equalized Assessed Valuation (EAV) of properties within a designated district over a period of years. The length of this period may vary, but generally, TIF districts expire when the City Council dissolves the TIF district's special allocation fund or as otherwise provided under state law. Funding levels for specific projects are coordinated with area plans and goals. When an area is declared a TIF district, a base EAV is established and the amount of property tax distributed annually among the taxing districts having levying authority over that area is limited to that derived from the base EAV. As property values increase in the area, all property tax growth generated from any incremental EAV above the base EAV, minus certain exemptions, can be used to fund redevelopment costs within the TIF district. The increase, or increment, can be used to pay back bonds issued to pay upfront costs, or can be used on a pay-as-you-go basis for individual projects. When the TIF district expires, the incremental EAV is combined with the base EAV and all property tax revenue from the area is distributed annually among the levying taxing districts.

The Illinois Department of Revenue (Department) has the statutory responsibility of ensuring uniformity of real property assessments on an inter-county basis throughout the state. Each year, the Department furnishes the county clerks with an adjustment factor to equalize the level of assessment among counties (Equalization Factor). The 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 taxable real property in the County to the valuation of property assessed directly by the State of Illinois and subtracts total amounts of EAV in TIF districts to arrive at the base amount (Tax Base) used in calculating the annual tax rates.

The County Clerk computes the annual tax rates for the different taxing districts sufficient to produce their allowable levies. 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 for a certain tax year become due and payable in two installments during the following calendar year. The installments are due on March 1 and either August 1 or 30

days after mailing the of second installment if issued after July 1. The first installment is 55 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 adopted an ordinance effective in 1993 that, starting with the City's 1994 fiscal year, limited any increase in the City's aggregate property tax levy to the lesser of (a) five percent or (b) the percentage increase in the annualized Consumer Price Index during the 12-month period most recently announced preceding the filing of the City's preliminary budget estimate report over the prior year's aggregate levy, unless the city reduced the prior year's aggregate levy, in which case the highest aggregate levy from the last three preceding tax years would be used to compute the limiting amount (Limit). The ordinance provides that the Limit shall not reduce that portion of each levy attributable to: (a) the greater of: (i) for any levy year, interest and principal on the general obligation notes and bonds of the city outstanding on January 1, 1994, to be paid from collections of the levy made for such levy year, or (ii) interest and principal on the general obligation notes and bonds of the City up to an amount not to exceed the amount of interest and principal payments on the City's general obligation notes and bonds during the period of January 2, 1993, to January 1, 1994; (b) payments by the City under installment contracts or under Public Building Commission (Commission) leases for the retirement of bonds issued by the Commission to pay for the subject properties, not to exceed the amount of such payments during the period of January 2, 1993, to January 1, 1994; or (c) payments due as a result of the refunding one or more times of any of the foregoing. The ordinance further provides that the amounts described in clauses (a), (b), and (c) are subject to annual increase in the same 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 the Limit. In 2015, the City Council added an exception to the Limit for amounts of the annual property tax levy specifically levied for pensions. In 2020, the City Council amended this ordinance again and reaffirmed the levies required to meet the City's pension contribution obligations under the Illinois Pension Code are not included in the aggregate levy when computing the Limit. The 2020 amendment also required the City to, beginning with the budget for fiscal year 2021, include in each year's budget an increase in the property tax levy equal to the lesser of the most recent annual increase in the CPI or 5 percent unless and until the City meets its contribution obligations required under the Illinois Pension Code and listed in this section of the ordinance. The 2020 amendment does not limit the City Council's authority to make other adjustments in the property tax levy as it deems appropriate at any time.

**6) Interfund Balances and Transfers**

a) The following balances at December 31, 2022 represent due from/to balances among all funds (dollars in thousands):

Fund Type/Fund	Due From	Due To
Governmental Funds:		
General .....	\$ 692,370	\$ 352,886
Federal, State and Local Grants .....	292,686	321,572
Special Taxing Areas .....	722,190	5,814
Service Concession and Reserve .....	—	29,836
Bond, Note Redemption and Interest * .....	104,679	4,217,702
STSC Debt Service * .....	4,075,975	2,140
Community Development and Improvement Projects .....	12,260	20,270
Pension .....	59,498	405,913
Nonmajor Governmental Funds .....	347,426	762,666
Total Governmental Funds .....	6,307,084	6,118,799
Enterprise Funds:		
Water .....	67,226	260,519
Sewer .....	30,041	42,142
Chicago-Midway International Airport .....	6,589	31,448
Chicago-O'Hare International Airport .....	64,639	63,990
Chicago Skyway .....	—	15
Total Enterprise Funds .....	168,495	398,114
Fiduciary activities:		
Pension Trust .....	41,334	—
Total Fiduciary activities .....	41,334	—
Total .....	\$ 6,516,913	\$ 6,516,913

The balances result 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.

\* The STSC is a blended component unit of the City. The due from balance within the STSC Debt Service fund relates to the reclassification of amounts as a result of blending deferred outflows. The Due From within the STSC Debt Service fund and the Due To within the City's Bond, Notes Redemption and Interest fund represent the sale of sales tax revenues that will be amortized over the duration of the related bonds.

b) The following balances at December 31, 2022 represent interfund transfers among all funds (dollars in thousands):

Fund Type/Fund	Transfer In	Transfer Out
Governmental Funds:		
General .....	\$ 587,221	\$ 742,723
Special Taxing Areas .....	13,717	3,040
Service Concession and Reserve .....	—	17,062
Bond, Note Redemption and Interest .....	637,026	337,700
STSC Debt Service * .....	—	225,613
Community Development and Improvement Projects .....	183,616	—
Pension .....	682,476	—
Nonmajor Governmental Funds * .....	165,520	940,898
Total Governmental Funds .....	2,269,576	2,267,036
Business-type activities:		
Water .....	—	2,420
Sewer .....	—	120
Total Business-type activities .....	—	2,540
Total .....	\$ 2,269,576	\$ 2,269,576

Transfers are used to move revenues from the fund that the statute or budget requires to collect them to the fund that the 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.

\* The STSC is a blended component unit of the City. Included within the Transfer Out balance of the Nonmajor Governmental Funds is the transfer of the residual sales tax revenues from the STSC General Fund (blended as a nonmajor special revenue fund) to the City's General Fund.

7) Capital Assets

a) **Capital Assets** activity for the year ended December 31, 2022 was as follows (dollars in thousands):

	Balance January 1, 2022	Additions and Transfers	Disposals and Transfers	Balance December 31, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Land .....	\$ 1,412,506	\$ —	\$ —	\$ 1,412,506
Works of Art and Historical Collections .....	49,213	485	—	49,698
Construction in Progress .....	783,123	587,532	(163,368)	1,207,287
Total capital assets, not being depreciated .....	<u>2,244,842</u>	<u>588,017</u>	<u>(163,368)</u>	<u>2,669,491</u>
Capital assets, being depreciated:				
Buildings and Other Improvements .....	2,919,884	131,957	(254)	3,051,587
Machinery and Equipment .....	1,831,146	104,301	(6,030)	1,929,417
Infrastructure .....	10,834,718	114,584	—	10,949,302
Total capital assets, being depreciated .....	<u>15,585,748</u>	<u>350,842</u>	<u>(6,284)</u>	<u>15,930,306</u>
Less accumulated depreciation for:				
Buildings and Other Improvements .....	1,413,510	75,481	(247)	1,488,744
Machinery and Equipment .....	1,503,782	74,235	(6,030)	1,571,987
Infrastructure .....	6,057,378	333,382	—	6,390,760
Total accumulated depreciation .....	<u>8,974,670</u>	<u>483,098</u>	<u>(6,277)</u>	<u>9,451,491</u>
Total capital assets, being depreciated, net .....	<u>6,611,078</u>	<u>(132,256)</u>	<u>(7)</u>	<u>6,478,815</u>
Total governmental activities .....	<u>\$ 8,855,920</u>	<u>\$ 455,761</u>	<u>\$ (163,375)</u>	<u>\$ 9,148,306</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land .....	\$ 1,039,362	\$ 132	\$ —	\$ 1,039,494
Construction in Progress .....	2,092,744	861,454	(729,986)	2,224,212
Total capital assets, not being depreciated .....	<u>3,132,106</u>	<u>861,586</u>	<u>(729,986)</u>	<u>3,263,706</u>
Capital assets, being depreciated:				
Buildings and Other Improvements .....	23,934,945	905,100	(42,045)	24,798,000
Machinery and Equipment .....	896,761	10,633	(2,759)	904,635
Total capital assets, being depreciated .....	<u>24,831,706</u>	<u>915,733</u>	<u>(44,804)</u>	<u>25,702,635</u>
Less accumulated depreciation for:				
Buildings and Other Improvements .....	7,605,360	560,068	(1,601)	8,163,827
Machinery and Equipment .....	510,478	21,843	(1,080)	531,241
Total accumulated depreciation .....	<u>8,115,838</u>	<u>581,911</u>	<u>(2,681)</u>	<u>8,695,068</u>
Total capital assets, being depreciated, net .....	<u>16,715,868</u>	<u>333,822</u>	<u>(42,123)</u>	<u>17,007,567</u>
Total business-type activities .....	<u>\$ 19,847,974</u>	<u>\$ 1,195,408</u>	<u>\$ (772,109)</u>	<u>\$ 20,271,273</u>
Total Capital Assets .....	<u>\$ 28,703,894</u>	<u>\$ 1,651,169</u>	<u>\$ (935,484)</u>	<u>\$ 29,419,579</u>

**b) Right of Use Asset**

As of December 31, 2022, the total amount of right of use assets by major class, and the related accumulated amortization, disclosed separately from other capital assets, is as follows (dollars in thousands):

	<b>Balance January 1, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2022</b>
Governmental activities:				
Leased assets being amortized:				
Leased - Building .....	\$ 154,743	\$ —	\$ —	\$ 154,743
Leased - Equipment .....	367,922	—	—	367,922
Total leased assets being amortized ...	<u>522,665</u>	<u>—</u>	<u>—</u>	<u>522,665</u>
Less accumulated amortization:				
Leased - Building .....	—	(10,435)	—	(10,435)
Leased - Equipment .....	—	(70,889)	—	(70,889)
Total accumulated amortization .....	<u>—</u>	<u>(81,324)</u>	<u>—</u>	<u>(81,324)</u>
Total, net of accumulated amortization .....	<u>\$ 522,665</u>	<u>\$ (81,324)</u>	<u>\$ —</u>	<u>\$ 441,341</u>
Business-type activities:				
Leased assets being amortized:				
Leased - Building .....	\$ 6,250	\$ —	\$ —	\$ 6,250
Leased - Equipment .....	236,931	—	—	236,931
Total leased assets being amortized ...	<u>243,181</u>	<u>—</u>	<u>—</u>	<u>243,181</u>
Less accumulated amortization:				
Leased - Building .....	—	(450)	—	(450)
Leased - Equipment .....	—	(46,740)	—	(46,740)
Total accumulated amortization .....	<u>—</u>	<u>(47,190)</u>	<u>—</u>	<u>(47,190)</u>
Total, net of accumulated amortization .....	<u>\$ 243,181</u>	<u>\$ (47,190)</u>	<u>\$ —</u>	<u>\$ 195,991</u>

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

Governmental activities:	
General Government .....	\$ 34,072
Public Safety .....	65,078
Streets and Sanitation .....	16,578
Transportation .....	343,832
Health .....	2,398
Cultural and Recreational .....	21,140
Total Depreciation Expense - Governmental activities .....	<u>\$ 483,098</u>
Business-type activities:	
Water .....	\$ 84,232
Sewer .....	56,966
Chicago Midway International Airport .....	57,345
Chicago-O'Hare International Airport .....	375,347
Chicago Skyway .....	8,021
Total Depreciation Expense - Business-type activities .....	<u>\$ 581,911</u>

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

Governmental activities:	
General Government .....	\$ 15,589
Public Safety .....	4,369
Streets and Sanitation .....	2,055
Transportation .....	58,262
Health .....	919
Cultural and Recreational .....	130
Total Amortization Expense - Governmental activities .....	<u>\$ 81,324</u>
Business-type activities:	
Water .....	\$ 24,366
Sewer .....	20,618
Chicago Midway International Airport .....	38
Chicago-O'Hare International Airport .....	2,168
Total Amortization Expense - Business-type activities .....	<u>\$ 47,190</u>

**8) Leases**

**a) As Lessee:**

The City leases facilities and equipment from others and these leases have terms between two and 24, and two and six years, respectively, requiring monthly or annual payments.

The Water Fund leases building and equipment under noncancelable operating leases. These leases have terms between one and 23 years.

The Sewer Fund leases equipment from other vendors. These leases have terms between three and six years.

The Midway International Airport Fund leases equipment from other vendors. These leases have terms between three and five years.

The O'Hare International Airport Fund leases equipment from other vendors. These leases have terms between one and five years.

Refer to the Capital Assets footnote for the right of use asset balances by major class and related accumulated amortization as of December 31, 2022.

There are no variable payments for the period ending December 31, 2022. The City did not have other payments attributable to residual value guarantees or termination penalties not previously included in the measurement of the lease liability.

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As of December 31, 2022, the principal and interest requirements to maturity for the lease liability is as follows (dollars in thousands):

Year Ended	Governmental			Business-type		
	Principal	Interest	Total	Principal	Interest	Total
December 31,						
2023 .....	\$ 79,736	\$ 16,831	\$ 96,567	\$ 46,678	\$ 6,576	\$ 53,254
2024 .....	81,977	13,715	95,692	48,286	4,832	53,118
2025 .....	80,000	10,602	90,602	47,299	3,010	50,309
2026 .....	79,348	7,551	86,899	47,224	1,226	48,450
2027 .....	5,210	5,798	11,008	545	239	784
2028-2032 .....	21,626	26,015	47,641	874	1,051	1,925
2033-2037 .....	31,150	19,716	50,866	1,257	796	2,053
2038-2042 .....	39,335	11,277	50,612	1,589	456	2,045
2043-2045 .....	25,861	1,716	27,577	1,046	69	1,115
Total .....	<u>\$ 444,243</u>	<u>\$ 113,221</u>	<u>\$ 557,464</u>	<u>\$ 194,798</u>	<u>\$ 18,255</u>	<u>\$ 213,053</u>

**b) As Lessor:**

- i) The City leases office and equipment space in its managed facilities to others. These leases have terms between two and 43 years.

The total amount of inflows of resources recognized for the period ending December 31, 2022 is as follows (dollars in thousands):

Lease Revenue .....	\$ 18,856
Interest Income .....	4,107
Other Variable Payments .....	23,314

The City did not have any revenues associated with residual value guarantees and termination penalties. In addition to the lease revenues recognized of \$23.0 million, the City recognized other related revenues which consist of Community Marketplace and Riverwalk concessions and other concession revenues of \$9.1 million as well as facility and equipment, and street furniture rentals of \$14.2 million.

Below is a schedule of future payments that are included in the measurement of the lease receivables as of December 31, 2022 (dollars in thousands):

Year Ended	Principal	Interest	Total
December 31,			
2023 .....	\$ 18,728	\$ 3,818	\$ 22,546
2024 .....	19,759	3,088	22,847
2025 .....	20,803	2,318	23,121
2026 .....	21,943	1,506	23,449
2027 .....	23,060	651	23,711
2028-2032 .....	2,019	582	2,601
2033-2037 .....	1,720	261	1,981
2038-2042 .....	61	36	97
Thereafter .....	136	86	222
Total .....	<u>\$ 108,229</u>	<u>\$ 12,346</u>	<u>\$ 120,575</u>

**ii) Chicago O'Hare and Midway International Airports**

The Chicago O'Hare and Midway International Airports (Airports) lease terminal square footage (except for regulated leases), aircraft maintenance, cargo facilities, hangars, and other structures to air carriers and other tenants under various operating leases, a majority of which is non-cancellable and terminate no later than August 2055 for O'Hare and April 2033 for Midway. Certain provisions of the leases provide for fixed and variable rental payments to be received by the Airports, and all are generally designed to allow the Airports to meet their debt service requirements and recover certain operating, maintenance and fund deposit costs. In addition, certain agreements under which the Airports receive revenue under concessions operations at the Airports provide for payment of fee based on the greater of an aggregated percentage of gross receipts or guaranteed minimum.

In accordance with GASB 87, the Airports recognize a lease receivable and a deferred inflow of resources at commencement of the lease term, with exceptions for regulated leases, and short-term leases. This provision was implemented as of January 1, 2022.

**1) Regulated Leases**

Regulated leases comprise certain agreements with airline tenants that govern the use of airport gates, aprons, airline ticket counters, ticketing and check-in stations, baggage claim facilities, and other aeronautical uses. These agreements are subject to the U.S. Department of Transportation and the Federal Aviation Administration regulations and oversight that set limits on lease rates and require consistent terms to tenants. The regulations require leasing opportunities are made available to any potential lessee should a facility become vacant. In accordance with GASB 87, the Airports recognize lease payments related to regulated leases as inflows of resources (revenues) based on payment provisions of those agreements.

The Airports operate under signatory airlines use and lease agreements and non-signatory airlines lease agreements. These agreements define the responsibilities of the Airports and the airlines, and establish a cost structure to operate airfield and terminal facilities primarily through charges to airlines in the forms of landing fees, terminal rentals, joint use fees, terminal ramp fees, consortium equipment and fuel usage fees, and federal inspection service fees. Landing fees are charged for each landing at the Airports based on the maximum weight of the aircraft. Terminal rents are set at the beginning of each fiscal year and adjusted during the year to estimate the annual cost to operate terminal buildings. They are allocated to airlines based on square footage occupied. Joint use fees are calculated based on a combination of terminal square footage and landed weight activity. Terminal ramp fees are calculated based on landed weight activity. Federal inspection service fees are charged for each arriving international passenger. The total revenues related to regulated leases for O'Hare was \$840,343 plus \$97,638 which is included in the rentals, concessions, and other revenues of \$363,307. Revenues recognized from regulated leases for Midway for the year ended December 31, 2022 was \$172,767.

Expected future minimum lease payments to be received from regulated leases at December 31, 2022 are as follows (dollars in thousands), projected using the following assumptions: 1) revenues earned from the signatory airlines (long-term and short-term) for the year ended December 31, 2022, 2) through the expiration of the agreements with the signatory airlines, 3) without considering future expansion changes in operations by the Airport:

Years Ending December 31,	Chicago O'Hare International Airport	Chicago Midway International Airport	Total
2023 .....	\$ 350,734	\$ 54,798	\$ 405,532
2024 .....	345,058	54,314	399,372
2025 .....	345,058	53,870	398,928
2026 .....	345,058	53,684	398,742
2027 .....	345,058	51,426	396,484
2028 - 2032 .....	1,621,980	12,789	1,634,769
2033 - 2037 .....	731,487	10,232	741,719
2038 - 2042 .....	147,566	—	147,566
2043 - 2047 .....	135,958	—	135,958
2048 - 2052 .....	17,634	—	17,634
Total Minimum Future Rental Income .....	<u>\$ 4,385,591</u>	<u>\$ 291,113</u>	<u>\$ 4,676,704</u>

**2) Non-regulated Leases**

These contracts allow control of the right of use the Airports' assets and facilities to lessees for non-aeronautical uses. They are not subject to external laws, regulations, or legal rulings. Lease inflows for non-regulated leases with maximum possible term greater 12 months at commencement of the leases are recognized in accordance with the provisions of GASB 87. Lease inflows for non-regulated leases with maximum possible term of 12 months or less at commencement of the leases are recognized in accordance with the payment provisions of those leases. The Airports' non-regulated leases are grouped into the following categories:

**a. Ground and facilities**

The Airports are lessors for agreements with tenants that develop the Airports' real estate for airport-related uses, and concurrent commercial development. The agreements require periodic payments based on ground and facilities rental rates or other amounts as specified in each lease agreement and is based on square footage. In addition, these agreements may require payment of reimbursable costs and other variable payments. These variable inflows were not included in the measurement of the lease receivable.

**b. Concessions**

The Airports are lessors on contracts that provide concessionaires the right to operate at the Airports. These agreements typically require an operator to pay a minimum guaranteed annual rent amount plus a percentage of the concession operator's gross receipts above a certain threshold. The agreements may also require the operator to reimburse the Airports of costs they incur to maintain areas and facilities used for operations. Performance based and other variable inflows are not included in the measurement of the lease receivable.

**c. Rent-A-Car**

The Airports lease square footage to car rental companies at the on-site car rental facility. These agreements require payment of ground rents based on the Airports' ground rental rate and acreage leased. Inflows for ground rents were included in the measurements of the lease receivable. Additionally, these agreements require certain payments based on the lessees' gross receipts in the form of minimum annual guaranteed rents and percent rents, and reimbursement to the Airports of certain costs they incur to maintain the car rental facility and transportation to and from the terminal areas. Lessees that conduct rental operations from other facilities outside of the Airports' boundaries are required to pay a percent rent based on their gross receipts and

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certain reimbursable costs to the Airports. The performance-based and variable inflows are not included in the measurement of the lease receivable.

The expected future principal and interest payments that are included in the measurement of the lease receivable as of December 31, 2022 are as follows (dollars in thousands):

Years Ending December 31,	Chicago O'Hare International Airport			Chicago Midway International Airport		
	Principal	Interest	Total	Principal	Interest	Total
2023 .....	\$ 34,394	\$ 20,903	\$ 55,297	\$ 19,175	\$ 7,737	\$ 26,912
2024 .....	18,752	19,970	38,722	19,154	7,014	26,168
2025 .....	19,496	19,147	38,643	19,886	6,274	26,160
2026 .....	20,139	18,293	38,432	20,562	5,506	26,068
2027 .....	21,029	17,404	38,433	21,357	4,710	26,067
2028 - 2032 .....	117,573	72,403	189,976	108,859	10,616	119,475
2033 - 2037 .....	115,305	46,020	161,325	3,227	26	3,253
2038 - 2042 .....	131,620	19,270	150,890	—	—	—
2043 - 2047 .....	15,284	497	15,781	—	—	—
2048 - 2052 .....	656	169	825	—	—	—
2053 - 2055 .....	454	27	481	—	—	—
Total Minimum Future Rental Income .....	<u>\$ 494,702</u>	<u>\$ 234,103</u>	<u>\$ 728,805</u>	<u>\$ 212,220</u>	<u>\$ 41,883</u>	<u>\$ 254,103</u>

The inflows (revenues) recognized in the year ended December 31, 2022, are as follows (in thousands):

	Chicago O'Hare International Airport			Chicago Midway International Airport		
	Amortization of Leases Deferred Inflows	Inflows from Short-term Leases and Variable Lease Payments	Total	Amortization of Leases Deferred Inflows	Inflows from Short-term Leases and Variable Lease Payments	Total
Ground and Facilities .....	\$ 1,779	\$ 8,345	\$ 10,124	\$ —	\$ —	\$ —
Concessions .....	21,644	180,252	201,896	8,891	41,981	50,872
Rent-A-Car .....	29,399	23,686	53,085	6,766	2,019	8,785
Total .....	<u>\$ 52,822</u>	<u>\$ 212,283</u>	<u>\$ 265,105</u>	<u>\$ 15,657</u>	<u>\$ 44,000</u>	<u>\$ 59,657</u>

**9) Short-term Debt**

There was no short-term debt issued during 2022.

10) Long-term Obligations

a) Long-term Debt activity for the year ended December 31, 2022 was as follows (in thousands):

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Amounts Due within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation and other debt .....	\$ 5,940,409	\$ —	\$ 79,804	\$ 5,860,605	\$ 61,963
Line of Credit (LOC) .....	215,000	235,000	—	450,000	—
Total General Obligation Debt, other debt and LOC .....	6,155,409	235,000	79,804	6,310,605	61,963
Tax increment .....	7,685	—	7,685	—	—
Revenue .....	4,895	—	4,895	—	—
STSC .....	4,608,965	—	—	4,608,965	149,165
	10,776,954	235,000	92,384	10,919,570	211,128
Add unamortized premium/(discount) .....	485,946	—	52,514	433,432	—
Add accretion of capital appreciation bonds .....	337,491	28,811	26,431	339,871	33,096
Total bonds, notes and certificates payable .....	11,600,391	263,811	171,329	11,692,873	244,224
Other liabilities:					
Net pension liability .....	30,163,647	1,592,805	—	31,756,452	—
Net other postemployment benefits liability .....	2,000,017	—	164,978	1,835,039	—
Pollution remediation .....	49,535	—	985	48,550	—
Claims and judgments .....	1,015,039	240,675	221,811	1,033,903	213,903
Total other liabilities .....	33,228,238	1,833,480	387,774	34,673,944	213,903
Lease liability .....	522,665	—	78,422	444,243	79,736
Total governmental activities .....	<u>\$ 45,351,294</u>	<u>\$ 2,097,291</u>	<u>\$ 637,525</u>	<u>\$ 46,811,060</u>	<u>\$ 537,863</u>
Business-type activities:					
Revenue bonds and notes payable:					
Water .....	\$ 2,341,421	\$ 55,861	\$ 110,325	\$ 2,286,957	\$ 116,655
Sewer .....	1,895,795	51,716	71,321	1,876,190	76,241
Chicago-O'Hare International Airport .....	9,486,016	2,281,310	1,199,430	10,567,896	265,378
Chicago-Midway International Airport .....	1,594,952	4,348	60,140	1,539,160	68,460
	15,318,184	2,393,235	1,441,216	16,270,203	526,734
Add unamortized premium/(discount) .....	863,893	71,137	89,488	845,542	—
Add accretion of capital appreciation bonds .....	68,806	4,478	9,756	63,528	9,940
Net pension liability .....	3,532,938	150,770	3,554	3,680,154	—
Lease liability:					
Water .....	\$ 122,134	\$ —	\$ 25,101	\$ 97,033	\$ 23,769
Sewer .....	105,633	—	21,212	84,421	20,791
Chicago-O'Hare International Airport .....	15,249	—	2,031	13,218	2,078
Chicago-Midway International Airport .....	165	—	39	126	40
Total business-type activities .....	<u>\$ 20,027,002</u>	<u>\$ 2,619,620</u>	<u>\$ 1,592,397</u>	<u>\$ 21,054,225</u>	<u>\$ 583,352</u>
Total long-term obligations .....	<u>\$ 65,378,296</u>	<u>\$ 4,716,911</u>	<u>\$ 2,229,922</u>	<u>\$ 67,865,285</u>	<u>\$ 1,121,215</u>

The Net pension liability will be liquidated through a Special Revenue Fund (Pension Fund) as provided by tax levy and other operating revenues. The Net other postemployment benefit liability will be liquidated with resources from the General Fund.

**b) Issuance of New Debt**

**i) General Obligation Line of Credit**

The City entered into a Revolving Line of Credit Agreement in December 2021 with RBC Capital Markets, LLC and Royal Bank of Canada with a borrowing capacity of up to \$225.0 million (the "RBC Line of Credit Agreement") and a Revolving Line of Credit Agreement in December 2021 with Wells Fargo Bank, National Association with a borrowing capacity of up to \$225.0 million (the "Wells Fargo Line of Credit Agreement") to provide funding for Chicago Works. In December 2022, the City drew an additional \$117.5 million from the RBC Line of Credit Agreement million and \$117.5 million on the Wells Fargo Line of Credit. As of December 31, 2022, the outstanding balance on the RBC Line of Credit Agreement was \$225.0 million and also \$225.0 million on the Wells Fargo Line of Credit

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

In December 2021, the City entered into a Revolving Line of Credit Agreement (AMT) with Bank of America, N.A. that allows the City to draw on the line of credit in an aggregate amount not to exceed \$300.0 million. In April 2022, the City increased its revolving line of credit agreement from \$300.0 million to \$500.0 million. In 2022, the Airport drew \$424.0 million from its line of credit to finance certain capital projects at O'Hare. As of December 31, 2022, O'Hare had an unused line of credit of \$500.0 million. The line of credit was paid off through issuance of the Chicago O'Hare International Airport General Airport Senior Lien Revenue and Revenue Refunding Bonds Series 2022 A&B.

In July 2022, the City entered into a Revolving Line of Credit Agreement (AMT) with Wells Fargo Bank, N.A. that allows the City to draw on the line of credit in an aggregate amount not to exceed \$100.0 million. In 2022, the City drew \$73.1 million from its line of credit to finance certain capital projects at O'Hare. As of December 31, 2022, O'Hare had an unused line of credit of \$100.0 million. The line of credit was paid off through the issuance of the Chicago O'Hare International Airport General Airport Senior Lien Revenue and Revenue Refunding Bonds Series 2022 A&B, as mentioned below. The line of credit expires July 22, 2024.

Chicago O'Hare International Airport General Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2022A (AMT) (\$1,110.1 million), Series 2022B (Non-AMT) (\$150.5 million), 2022C (AMT) (\$164.4 million) and Series 2022C (Non-AMT) (\$343.0 million) were sold at a premium of \$71.1 million in October 2022. The bonds have interest rates ranging from 4.00 percent to 5.50 percent and maturity dates from January 1, 2023 to January 1, 2056. The net proceeds of \$1,825.3 million will be used to fund certain capital projects (\$557.7 million), to fund the common debt service reserve (\$89.7 million), to repay Line of Credit Agreement Notes (\$568.2 million), to fund capitalized interest (\$68.7 million), and to refund certain maturities (\$541.0 million) of General Airport Revenue Bonds outstanding. The current refunding of the bonds decreased the City's total debt service payments by \$45.7 million, resulting in a net economic gain of approximately \$43.0 million and a book gain of approximately \$1.1 million.

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 loan is January 1, 2052. Disbursement of \$16.2 million was made in 2022. As of December 31, 2022, the total disbursements for the TIFIA loan were \$288.1 million and the outstanding loan amount including \$6.9 million of accrued interest, was \$295.0 million.

In 2022, \$4.3 million of Chicago Midway International Airport Commercial Paper Notes were issued. The proceeds were used to finance portions of the costs of authorized airport projects. As of December 31, 2021, there were \$24.4 million of commercial paper notes outstanding. An irrevocable letter of credit (LOC) (\$111.2 million) provided for the timely payment of principal and interest on the notes until June 21, 2024. Amounts paid by drawing on the LOC shall be reimbursed by the Airport on said day; any amounts not reimbursed shall constitute an advance and will bear interest at the greater of the most recent prime rate, plus 1.50% or the federal funds rate, plus 2.0% and 7.5% (Base Rate). Advances outstanding greater than 90 days will bear interest at the Base Rate, plus 1.0% beginning on the 90-first day after

such advance is made. At December 31, 2022, there were no outstanding LOC advances. As of December 31, 2022, Midway had an unused line of credit of \$75.6 million. In an event of default, the facility fee rate that is in effect on the date of the default will increase by 1.00 percent per annum.

On July 2, 2018, a loan agreement was signed with the Illinois Environmental Protection Agency for a project that consists of the replacement of the outdated steam driven pumps at the City's Central Park Pumping Station with modern electrical system. Amounts initially drawn from this agreement are classified as advances until repayment terms are established. Once repayment terms are established, the total advances are converted to long-term debt. During the year ended December 31, 2022, the total funds drawn from this loan agreement is \$55.9 million. The loan agreement has an interest rate of 1.76 percent with maturity dates from May 21, 2023 to November 21, 2042.

A loan agreement was signed on March 18, 2019, with the Illinois Environment Protection Agency as part of a 5-year rehabilitation program conducted throughout the City. Approximately nice miles of 12-to-60-inch diameter sewer main will replace existing, aging sewer main. The amount drawn from this loan agreement by the Sewer fund in 2021 and 2020 was \$0.7 million and \$29.8 million, respectively. In 2022, the Sewer Fund drew an additional \$0.9 million. Total funds drawn from this loan are \$31.4 million. The loan agreement has an interest rate of 1.84 percent with a maturity from April 7, 2021 to October 7, 2040.

A loan agreement was signed on September 30, 2020, with the Illinois Environment Protection Agency. The loan proceeds will be utilized for the rehabilitation of sewers by lining a total of 250,000 linear feet of sewers ranging in diameter between eight inches and 60 inches. The amount drawn from the loan agreement by the Sewer fund in 2022 was \$50.8 million. The loan agreement has an interest rate of 1.35 percent with a maturity from February 9, 2023 to August 9, 2042.

- c) **Annual requirements** listed below for each year include amounts payable January 1 of the following year. Except for the Business-type activities, bonds maturing and interest payable January 1, 2023 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2022 are as follows (dollars in thousands):

Year Ended December 31,	General Obligation	
	Principal	Interest
2023 .....	\$ 193,169	\$ 358,792
2024 .....	232,155	349,106
2025 .....	206,961	339,716
2026 .....	226,298	330,283
2027 .....	225,775	313,201
2028-2032 .....	1,409,434	1,396,200
2033-2037 .....	1,942,803	877,108
2038-2042 .....	967,735	294,621
2043-2047 .....	337,482	62,369
2048 .....	59,235	3,155
	<u>\$ 5,801,047</u>	<u>\$ 4,324,551</u>

Amounts above exclude the Line of Credit as the timing of payments is not certain. As of June 1, 2022, the Pilsen Industrial Corridor Tax Increment Allocation Bonds reached their final maturity and were paid off.

Year Ended	Sales Tax			
	Securitization Corporation		Business-type Activities	
	Principal	Interest	Principal	Interest
December 31,				
2023 .....	\$ 131,235	\$ 189,549	\$ 526,734	\$ 740,194
2024 .....	143,580	184,874	534,020	740,782
2025 .....	137,010	178,840	606,171	706,435
2026 .....	167,645	172,385	613,229	698,041
2027 .....	159,070	164,395	639,230	670,537
2028-2032 .....	920,640	703,910	3,332,842	2,826,167
2033-2037 .....	975,505	505,921	3,415,036	2,003,537
2038-2042 .....	1,043,020	298,353	2,466,455	1,257,554
2043-2047 .....	782,095	107,696	1,323,995	819,723
2048-2052 .....	—	—	1,637,561	474,611
2053-2056 .....	—	—	1,150,555	101,182
	<u>\$ 4,459,800</u>	<u>\$ 2,505,923</u>	<u>\$ 16,245,828</u>	<u>\$ 11,038,763</u>

For the debt requirements calculated above, interest rates for fixed rate bonds debt range from 0.79 percent to 7.781 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, 2022. Letters of credit were issued by third party financial institutions that are expected to be financially capable of honoring their agreements.

Midway has variable rate bonds that 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 on the Midway variable rate Bonds. In the event that variable rate bonds are tendered by the owners thereof for purchase by the City and not successfully remarketed, the City would be obligated to reimburse the letter of credit bank for amounts drawn under the letter of credit to fund the purchase of such tendered bonds. If the City fails to reimburse the bank, the City's obligation to reimburse the bank may be converted to a term loan. There are no term loans currently outstanding under any reimbursement agreement. As of December 31, 2022, the principal balance of variable rate bonds was \$226.3 million for Midway.

**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. Midway has the following outstanding swaps (dollars in thousands):

	Changes in Fair Value		Fair Value at December 31, 2022		Notional Amount
	Classification	Amount	Classification	Amount	
<b>Business-type Activities</b>					
Hedges:					
Interest Rate Swaps ...	Deferred Outflow of Resources	\$ 15,534	Deferred Outflow of Resources	\$ (5,698)	\$ 101,600

(2) *Terms, fair values, and credit risk.* The notional amounts of the swaps approximate the principal amounts of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category. Under the swaps 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, including fair values and credit ratings, as of December 31, 2022, are as follows (dollars in thousands):

Associated Bond Issue	Notional Amounts	Effective Date	Terms	Fair Values	Termination Date	Counter-party Credit Rating
<b>Hedging Instruments</b>						
<b>Business-type Activities:</b>						
Chicago-Midway International Airport Revenue Bonds (Series 2004C&D):						
Counterparty Goldman Sachs Bank USA	\$ 60,960	12/14/2004	Pay 4.174%; receive SIFMA Plus .05%	\$ (3,308)	1/1/2035	A1/A+
Counterparty Wells Fargo Bank NA	40,640	4/21/2011	Pay 4.247%; receive SIFMA Plus .05%	(2,390)	1/1/2035	Aa2/AA-
			Total	<u>\$ (5,698)</u>		

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

(3) *Fair Value.* As of December 31, 2022, the swaps had a negative fair value of \$5.7 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.

Derivative instruments are valued in the market using regression analysis. Significant inputs to the derivative valuation for interest rate swaps are observable in active markets and are classified as Level 2 in the fair value hierarchy.

(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.* As of December 31, 2022, 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):

Year Ended	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
December 31,				
2023 .....	\$ 5,925	\$ 3,545	\$ 497	\$ 9,967
2024 .....	6,200	3,317	466	9,983
2025 .....	6,475	3,079	432	9,986
2026 .....	6,775	2,831	397	10,003
2027 .....	7,025	2,572	361	9,958
2028-2032 .....	40,375	8,545	1,199	50,119
2033-2035 .....	28,825	1,183	166	30,174
	<u>\$ 101,600</u>	<u>\$ 25,072</u>	<u>\$ 3,518</u>	<u>\$ 130,190</u>

**e) Debt Covenants**

- i) **Water Fund** - The ordinances authorizing the issuance of outstanding Water Revenue Bonds require that net revenues available for bonds, as adjusted, shall each fiscal year at least equal the greater of (i) 120 percent of the aggregate debt service requirement for the fiscal year on all the outstanding senior lien bonds, or (ii) the sum of (A) aggregate debt service requirements for the fiscal year on the outstanding senior lien bonds, plus (B) 110 percent of the aggregate debt service requirements for the fiscal year on the outstanding second lien bonds, plus (C) aggregate outstanding debt service requirements for the fiscal year on the outstanding IEPA loans, plus (D) annual debt service requirement for the fiscal year on aggregate outstanding water commercial paper notes, plus (E) annual debt service requirement on any outstanding water line of credit. This requirement was met at December 31, 2022.
- ii) **Sewer Fund** - The ordinances authorizing the issuance of outstanding 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 available for bonds, as adjusted, shall each fiscal year at least equal (A) 115 percent of the aggregate debt service requirement for the fiscal year on the outstanding senior lien bonds, plus (B) the sum of the aggregate annual debt service requirements for the fiscal year on the outstanding second lien bonds, plus (C) 115 percent of the aggregate outstanding debt service requirements for the fiscal year on the outstanding IEPA loans, plus (D) annual debt service requirement for the fiscal year on aggregate outstanding debt service on any outstanding wastewater line of credit and commercial paper notes. This requirement was met at December 31, 2022.

- iii) **Chicago-Midway International Airport Fund** - The Master Indenture of Trust securing Chicago-Midway Airport Revenue Bonds requires that the City fix and establish, and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of Midway and for 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 Trustee with respect to such Fiscal Year and any 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 payment of Operation and Maintenance Expenses for the Fiscal Year and (b) to provide for the greater of (i) the amounts needed to make the Deposits required during such Fiscal Year into the Debt Service Funds, the Operations & Maintenance Reserve Account, the Working Capital Account, the Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund, and the Special Project Fund and (ii) an amount not less than 125 percent of the Aggregate Debt Service for the Bond Year commencing during such Fiscal Year reduced by an amount equal to the sum of any amount held in any Capitalized Interest Account for disbursement during such Fiscal Year to pay interest on First Lien Bonds. These requirements were met at December 31, 2022.

The Master Indenture of Trust securing Chicago Midway Airport Second Lien Obligations requires that the City fix and establish and revise from time to time whenever necessary, such 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 sum of 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, 2022.

Midway was awarded a total of \$172.4 million of COVID-19 Relief Funds. Excluding Concessionaire Relief Grants, Midway has applied \$161.7 million of the COVID-19 Relief Funds through 2022 to airline rates and charges. Additionally, the City will apply \$8.6 million of the Grants directly to Concessionaire Relief in 2023 and future years. These funds are available for any airport purpose, including debt service payments, thus COVID-19 Relief Funds have been included in the calculation of the debt service covenant.

- 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 the City will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of O'Hare in order 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 Obligations or other outstanding Airport Obligations are issued and secured, and (b) one and twenty-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, 2022.

The Master Trust Indenture securing Chicago O'Hare International Airport Passenger Facility Charge (PFC) Obligations requires PFC Revenues, as defined, received by the City 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 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.

O'Hare was awarded a total of \$651.8 million of COVID-19 Relief Funds. Excluding Concessionaire Relief Grants, the City has applied \$526.0 million of the COVID-19 Relief Funds through 2022 to airline rates and charges, PFCs and CFCs and has \$43.1 million of funds remaining to be applied in 2023 and future years. Additionally, the City will apply \$35.0 million of the Grants directly to Concessionaire Relief in 2023.

- 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.

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, 2022 are as follows (dollars in thousands):

	<u>Amount Defeased</u>	<u>Outstanding</u>
General Obligation Emergency Telephone System - Series 1993 .....	\$ 213,730	\$ 15,555
General Obligation Refunding Bonds - Series 1993B .....	11,550	—
General Obligation Project and Refunding Bonds - Series 2003B .....	42,535	15,295
General Obligation Project and Refunding Bonds - Series 2008E .....	67,195	2,000
General Obligation Refunding Bonds - Series 2012C .....	94,850	—
General Obligation Project and Refunding Bonds - Series 2014A .....	164,325	4,920
General Obligation Bonds - Series 2015A .....	79,860	8,845
General Obligation Bonds - Series 2015B .....	477,063	332,505
General Obligation Refunding Bonds - Series 2015C .....	204,135	78,965
General Obligation Project Bonds - Series 2017B .....	81,270	25,895
Motor Fuel Tax Revenue Bonds - Series 2013 .....	73,040	41,130
Lakefront Millennium Project Parking Facilities Bonds - Series 1998 .....	149,880	11,235
Sales Tax Revenue Bonds - Series 2002 .....	110,580	92,865
Sales Tax Revenue Refunding Bonds - Series 2009C .....	20,012	20,012
Sales Tax Revenue Refunding Bonds - Series 2011A .....	214,340	—
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2012A ...	167,435	—
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2012B ...	186,000	—
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2013A ...	115,320	82,475
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2013B ...	117,955	101,650
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2013C .....	88,550	86,415
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2013D .....	267,435	260,865
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2015B ...	53,490	—
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2015D .....	2,820	—
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2016B ...	2,105	—
Special Transportation Revenue Bonds - Series 2001 .....	118,715	59,620
	<u>\$ 3,124,190</u>	<u>\$ 1,240,247</u>

h) **Conduit Debt** - To further the goal of providing affordable housing, the City is an issuer of bonds that provide capital financing to private-sector entities for the acquisition, construction and/or rehabilitation of multi-family residential buildings. The bond proceeds are loaned by the City, directly or indirectly, to the building owners, the third-party obligors. The bonds are repayable from the building owner's repayment of the loan of the bond proceeds or from other collateral provided by the building owner. The City is not obligated to provide any other assurance of repayment to the bondholders beyond that provided by the building owner. The building owner, and not the City, is also responsible for ensuring the tax-exempt status of the bonds.

O'Hare from time-to-time, issues special facility revenue bonds on behalf of various airlines, as well as certain non-airline parties, as third-party obligors of such bonds, to finance or refinance a portion of the capital improvements at O'Hare. These special facility revenue bonds are secured separately from general O'Hare revenue bonds and customer facility charge revenue bonds and are secured solely by amounts received by a debt trustee from such airlines and non-airline parties pursuant to the terms of related special facility financing agreements. Further, with respect to the special facility revenue bonds, airline or non-airline party, respectively, and not O'Hare, is responsible for fulfilling the debt service obligations of such bonds and ensuring the tax-exempt status of such bonds. Given O'Hare limited commitment, there has been no obligation recognized as of December 31, 2022.

11) Pension Funds and Other Postemployment Benefits

a) Pension

**General Information about the Pension Plan**

**Plan Description** – Eligible City employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees' Annuity and Benefit Fund of Chicago (Municipal Employees'); the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers'); the Policemen's Annuity and Benefit Fund of Chicago (Policemen's); and the Firemen's Annuity and Benefit Fund of Chicago (Firemen's). The 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 Municipal Employees' or Laborers'. Each Plan issues a publicly available financial report that includes financial statements and additional required supplementary information that may be obtained at [www.meabf.org](http://www.meabf.org), [www.labfchicago.org](http://www.labfchicago.org), [www.chipabf.org](http://www.chipabf.org), and [www.fabf.org](http://www.fabf.org).

**Benefits provided** – The Plans provide retirement, disability, and death benefits as established by State of Illinois law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirements of age and service are different for employees depending on when they first became members of their respective Plans. For all four Plans, employees who became members before January 1, 2011 are considered Tier 1 Employees. For Policemen's and Firemen's, those employees who became members on or after January 1, 2011 are considered Tier 2 Employees. For Municipal Employees' and Laborers', those employees who became members on or after January 1, 2011 but before July 6, 2017 are considered Tier 2 Employees. For Municipal Employees' and Laborers', those employees who became members on or after July 6, 2017 are considered Tier 3 Employees. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2 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 for participants who are Tier 1 Employees and any eight consecutive years within the last 10 years of credited service for participants who are Tier 2 Employees or Tier 3 Employees.

Benefit terms provide for annual adjustments to each employee's retirement allowance subsequent to the employees' retirement date. For Tier 1 Employees, the annual adjustments for Municipal Employees' and Laborers' are 3.0 percent, compounded, and for Policemen's and the majority of participants in Firemen's 3.0 percent, simple, for annuitants born before January 1, 1966 and 1.5 percent, simple, born after January 1, 1966 or later. For Tier 2 Employees and Tier 3 Employees, the annual adjustments are equal to the lesser of 3.0 percent and 50 percent of CPI-U of the original benefit.

**Employees covered by benefit terms** - At December 31, 2022, the following employees were covered by the benefit terms:

	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
Inactive employees or beneficiaries currently receiving benefits .....	25,894	3,527	14,639	5,300	49,360
Inactive employees entitled to but not yet receiving benefits .....	22,586	1,388	1,151	139	25,264
Active employees .....	35,369	2,624	11,868	4,767	54,628
	83,849	7,539	27,658	10,206	129,252

**Contributions** – For the Municipal Employees' and Laborers' Plans, Public Act 100-0023 (P.A. 100-0023) was enacted on July 6, 2017. P.A. 100-0023 requires the City to contribute specific amounts to the Municipal Employees' and the Laborers' Plans in the aggregate amounts as follows: in payment year 2019, \$392.0 million; in payment year 2020, \$481.0 million; in payment year 2021, \$571.0 million; and in payment year 2022, \$660.0 million. Additionally, P.A. 100-0023 requires that beginning in payment year 2023, the City's annual contributions to MEABF and LABF each be an amount actuarially determined to be sufficient to produce a funding level of 90 percent for each such Plan by the end of 2058.

For Policemen's and Firemen's, P.A. 99-0506 was enacted on May 31, 2016. P.A. 99-0506 requires the City to contribute specific amounts to the Policemen's and Firemen's Plans in the aggregate amounts as follows: in payment year 2019, \$792.0 million; and in payment year 2020, \$824.0 million. Additionally, P.A. 99-0506 requires that beginning in payment year 2021, the City's annual contributions to PABF and FABF each be an amount actuarially determined to be sufficient to produce a funding level of 90 percent for each such Plan by the end of 2055. In 2021, P.A. 101-0673 was enacted, which changed the terms of the automatic benefit increase provisions and eligibility for certain Tier 1 participants for Firemen's.

The City's contributions are budgeted in the same year as the applicable levy year for the property taxes funding the contributions. The City's contributions are then paid to the pension funds in the following year which is when the levied property taxes are collected and paid to the City by the Cook County Treasurer.

**Net Pension Liability**

The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial reports were provided by each of the pension funds.

*Actuarial assumptions.* The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Municipal Employees'	Laborers'	Policemen's	Firemen's
Inflation .....	2.50 %	2.25 %	2.25 %	2.50 %
Salary Increases .....	2.50%-14.00% (a)	3.00 % (b)	3.50 % (c)	3.50%-25.00% (d)
Investment Rate of Return .....	6.75 % (e)	7.25 % (e)	6.75 %	6.75 % (e)

- (a) varying by years of service and employer
- (b) plus a service-based increase in the first 9 years
- (c) plus service based increases consistent with bargaining contracts
- (d) varying by years of service
- (e) net of investment expense

*Mortality Assumptions*

<i>Pension Plans</i>		<i>Mortality Table Name</i>	<i>Mortality Improvement</i>
<i>Municipal Employees'</i>	<i>Post Retirement</i>	<i>PubG-2010 Retiree Amount-weighted Below Median Mortality Table (sex-specific)</i>	<i>Generational – Scale MP-2021</i>
	<i>Beneficiary</i>	<i>PubG-2010 Contingent Survivor Table Amount-weighted Below Median Mortality Table (sex-specific)</i>	<i>Generational – Scale MP-2021</i>
	<i>Pre-Retirement</i>	<i>PubG-2010 Employee Amount-weighted Below Median Mortality Table (sex-specific)</i>	<i>Generational – Scale MP-2021</i>
<i>Laborers'</i>	<i>Post Retirement</i>	<i>Pub-2010 Amount-weighted Below Median Income General Healthy Retiree Mortality Tables, Sex Distinct</i>	<i>Generational – Scale MP-2020 2-dimensional</i>
	<i>Pre-Retirement</i>	<i>Pub-2010 Amount-weighted Below Median Income General Employee Mortality Tables, Sex Distinct</i>	<i>Generational – Scale MP-2020 2-dimensional</i>
<i>Policemen's</i>	<i>Post Retirement</i>	<i>Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Table, Sex Distinct</i>	<i>Generational – Scale MP-2018 2-dimensional</i>
	<i>Disabled</i>	<i>Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Table, Sex Distinct</i>	<i>Generational – Scale MP-2018 2-dimensional</i>
	<i>Pre-Retirement</i>	<i>Pub-2010 Amount-weighted Safety Employee Mortality Table, Sex Distinct</i>	<i>Generational – Scale MP-2018 2-dimensional</i>
<i>Firemen's</i>	<i>Post Retirement</i>	<i>PubS-2010 Retiree Amount-weighted Mortality Table</i>	<i>Generational – Scale MP-2021</i>
	<i>Disabled</i>	<i>PubS-2010 Disabled Retiree Amount-weighted Mortality Table</i>	<i>Generational – Scale MP-2021</i>
	<i>Beneficiary</i>	<i>Pub-2010 Contingent Survivor Amount-weighted Mortality Table</i>	<i>Generational – Scale MP-2021</i>
	<i>Pre-Retirement</i>	<i>PubS-2010 Employee Amount-weighted Mortality Table</i>	<i>Generational – Scale MP-2021</i>

The mortality actuarial assumptions used in the December 31, 2022 valuation were adjusted based on the results of actuarial experience study for the period as noted below:

- Municipal Employees' - January 1, 2017 - December 31, 2021
- Laborers' - January 1, 2017 - December 31, 2019
- Policemen's - January 1, 2014 - December 31, 2018
- Firemen's - January 1, 2017 - December 31, 2021

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class:	Target Allocation				Long-Term Expected Real Rate of Return			
	Municipal				Municipal			
	Employees'	Laborers'	Policemen's	Firemen's	Employees'	Laborers'	Policemen's	Firemen's
Equity .....	— %	— %	29.5 %	57.0 %	— %	— %	7.85 %	7.40 %
Domestic equity .....	26.00	—	—	—	7.10	—	—	—
U.S. equity .....	—	25.0	—	—	—	5.2	—	—
Non U.S. equity .....	—	20.0	19.5	—	—	5.40	9.65	—
Global equity .....	5.0	—	—	—	6.80	—	—	—
Global low volatility equity .....	—	5.0	—	—	—	4.50	—	—
International equity ..	17.0	—	—	—	7.40	—	—	—
Fixed income .....	22.0	20.0	15.0	22.0	4.90	1.60	3.62	4.60
Hedge funds .....	10.0	10.0	5.0	—	5.30	3.10	5.48	—
Infrastructure .....	3.0	—	—	—	6.90	—	—	—
Private debt .....	4.0	3.0	—	—	10.10	8.20	—	—
Private equity .....	4.0	4.0	—	—	11.40	9.30	—	—
Private markets .....	—	—	20.0	—	—	—	11.20	—
Real estate .....	9.0	10.0	11.0	—	6.80	4.50	5.99	—
Private real assets ..	—	3.0	—	—	—	4.80	—	—
Other investments ..	—	—	—	21.0	—	—	—	6.50
Total .....	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>				

*Discount Rate*

Municipal Employees' - The Single Discount Rate used to measure the total pension liability as of December 31, 2022 was 6.57 percent. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 100-0023. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the year 2078. Therefore, the long-term expected rate of return on pension plan investments of 6.75 percent was applied to projected benefits for all periods through 2077 and the municipal bond index rate of 3.72 percent was applied thereafter to determine total pension liability.

Laborers' - A Single Discount Rate of 7.13 percent was used to measure the total pension liability as of December 31, 2022. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 4.05 percent (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the statutory funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

Policemen's - A Single Discount Rate of 6.64 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75 percent and a municipal bond rate of 4.05 percent (based on the most recent date available on or before the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and employer contributions are made in accordance with the statutory requirements. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance benefit payments through the year 2079. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2079, and the municipal bond rate was applied to all benefit payments after that date.

Firemen's - A Single Discount Rate of 6.75 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75 percent and a municipal bond rate of 3.72 percent (based on the Bond Buyer 20-Bond Index of general obligation municipal bonds). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 99-0506. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members throughout the projection period. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefits for all periods.

*Changes in the Net Pension Liability (dollars in thousands):*

	Employees'	Laborers'	Policemen's	Firemen's	Total
Total pension liability					
Service cost .....	\$ 263,993	\$ 39,331 *	\$ 294,515 *	\$ 111,917	\$ 709,756
Interest .....	1,269,645	193,347	1,011,977	466,819	2,941,788
Benefit changes .....	—	—	40,210	11,737	51,947
Differences between expected and actual experience .....	84,258	(27,236)	179,968	(30,667)	206,323
Assumption changes .....	143,996	(109,355)	(700,065)	53,665	(611,759)
Benefit payments including refunds .....	(1,055,585)	(177,162)	(947,589)	(401,968)	(2,582,304)
Pension plan administrative expenses .....	—	(3,607)	(4,394)	—	(8,001)
Net change in total pension liability	706,307	(84,682)	(125,378)	211,503	707,750
Total pension liability:					
Total pension liability - beginning .....	18,401,580	2,905,524	16,340,008	7,004,906	44,652,018
Total pension liability - ending (a) .....	\$ 19,107,887	\$ 2,820,842	\$ 16,214,630	\$ 7,216,409	\$ 45,359,768
Plan fiduciary net position					
Contributions-employer .....	\$ 959,550	\$ 116,176	\$ 801,706	\$ 399,210	\$ 2,276,642
Contributions-employee .....	176,339	19,069	114,403	53,031	362,842
Net investment income (loss) .....	(429,912)	(161,680)	(324,259)	(155,590)	(1,071,441)
Benefit payments including refunds of employee contribution .....	(1,055,585)	(177,162)	(947,589)	(401,968)	(2,582,304)
Administrative expenses .....	(6,873)	(3,607)	(4,394)	(3,390)	(18,264)
Other .....	—	—	368	5	373
Net change in plan fiduciary net position ..	(356,481)	(207,204)	(359,765)	(108,702)	(1,032,152)
Adjustment as of January 1, 2022 .....	—	—	(119)	—	(119)
Plan fiduciary net position - beginning .....	4,308,269	1,334,102	3,846,664	1,466,398	10,955,433
Plan fiduciary net position - ending (b) .....	\$ 3,951,788	\$ 1,126,898	\$ 3,486,780	\$ 1,357,696	\$ 9,923,162
Net pension liability-ending (a)-(b) .....	\$ 15,156,099	\$ 1,693,944	\$ 12,727,850	\$ 5,858,713	\$ 35,436,606

\* Includes pension plan administrative expense

*Changes in Actuarial Assumptions:* Changes in the municipal bond rate resulted in an increase in the single discount rate for Laborers' and Policemen's and a decrease in the single discount rate for Municipal Employees'. See discount rate section above.

The change in the single discount rate and other assumptions decreased the net pension liability by \$109.4 million for Laborers' and \$700.01 million for Policemen's and increased the net pension liability by \$144.0 million for Municipal Employees' and \$53.7 million for Firemen's. These changes are being amortized into expense over a four-year period for Municipal Employees' and Laborers' and a six-year period for Policemen's and Firemen's.

*Sensitivity of the net pension liability to changes in the discount rate*

Municipal Employees' - The following presents the net pension liability as of December 31, 2022, calculated using the discount rate of 6.57 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.57 percent) or 1 percentage point higher (7.57 percent) than the current rate (dollars in thousands):

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability December 31, 2022			
Municipal Employees' discount rate .....	5.57 %	6.57 %	7.57 %
Municipal Employees' net pension liability .....	\$ 17,481,065	\$ 15,156,099	\$ 13,213,817

Laborers' - The following presents the net pension liability as of December 31, 2022, calculated using the discount rate of 7.13 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.13 percent) or 1 percentage point higher (8.13 percent) than the current rate (dollars in thousands):

Net pension liability December 31, 2022	1% Decrease	Current Discount Rate	1% Increase
Laborers' discount rate .....	6.13 %	7.13 %	8.13 %
Laborers' net pension liability .....	\$ 2,015,542	\$ 1,693,944	\$ 1,422,992

Policemen's - The following presents the net pension liability as of December 31, 2022, calculated using the discount rate of 6.64 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.64 percent) or 1 percentage point higher (7.64 percent) than the current rate (dollars in thousands):

Net pension liability December 31, 2022	1% Decrease	Current Discount Rate	1% Increase
Policemen's discount rate .....	5.64 %	6.64 %	7.64 %
Policemen's net pension liability .....	\$ 14,681,038	\$ 12,727,850	\$ 11,097,289

Firemen's - The following presents the net pension liability as of December 31, 2022, calculated using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate (dollars in thousands):

Net pension liability December 31, 2022	1% Decrease	Current Discount Rate	1% Increase
Firemen's discount rate .....	5.75 %	6.75 %	7.75 %
Firemen's net pension liability .....	\$ 6,706,056	\$ 5,858,713	\$ 5,147,009

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Pension Plans reports.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended December 31, 2022, the City recognized pension expense/(benefit) of \$1,326.5 million for Municipal Employees', \$136.0 million for Laborers', \$1,194.7 million for Policemen's, and \$637.2 million for Firemen's, for a total pension expense of \$3,294.4 million. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

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	Municipal Employees'		Laborers'		Policemen's		Firemen's	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience .....	\$ 172,111	\$ —	\$ —	\$ 42,167	\$ 490,742	\$ 83,239	\$ 159,360	\$ 57,661
Changes of assumptions .....	115,197	—	23,112	84,232	626,637	634,734	190,430	238,636
Net difference between projected and actual earnings on pension plan investments .....	326,418	—	112,503	—	327,260	—	124,377	—
<b>Total .....</b>	<b>\$ 613,726</b>	<b>\$ —</b>	<b>\$ 135,615</b>	<b>\$ 126,399</b>	<b>\$ 1,444,639</b>	<b>\$ 717,973</b>	<b>\$ 474,167</b>	<b>\$ 296,297</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(benefit) as follows (dollars in thousands):

Year ended December 31:	Municipal Employees'	Laborers'	Policemen's	Firemen's
2023 .....	\$ 116,607	\$ (26,523)	\$ 158,060	\$ 81,673
2024 .....	173,178	(10,905)	256,592	48,579
2025 .....	137,785	7,604	240,712	37,392
2026 .....	186,156	39,040	137,033	29,509
2027 .....	—	—	(64,737)	(22,099)
Thereafter .....	—	—	(994)	2,816
<b>Total .....</b>	<b>\$ 613,726</b>	<b>\$ 9,216</b>	<b>\$ 726,666</b>	<b>\$ 177,870</b>

*Deferred outflows and deferred inflows related to changes in proportionate share of contributions*

For the year ended December 31, 2022, the City reported a pension expense/(benefit) of (\$27.2) million, deferred inflows of \$178.1 million and deferred outflows of \$175.6 million related to changes in its proportionate share of contributions. These deferred amounts will be recognized as pension expense/(benefit) over a period of five years:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2023 .....	\$ 72,368	\$ (97,635)
2024 .....	55,700	(43,443)
2025 .....	34,889	(26,900)
2026 .....	11,936	(9,707)
2027 .....	678	(398)
<b>Total .....</b>	<b>\$ 175,571</b>	<b>\$ (178,083)</b>

*Payable to the Pension Plans*

At December 31, 2022, the City reported a payable of \$1,069.0 million in accrued and other liabilities for the outstanding amount of contributions to the pension plans required for the year ended December 31, 2022.

**b) Other Post Employment Benefits (OPEB) - City Obligation**

***General Information about the OPEB Plan***

*Plans Description* – The City's defined benefit OPEB plans are single-employer plans administered by the City. Certain annuitants are: (1) provided special benefits under the applicable collective bargaining agreements (CBA); (2) entitled to retiree health benefits pursuant to the City's prior promise; (3) entitled to certain Pension Fund subsidies required by court order under the 1983 and 1985 amendments to the Pension Codes; or (4) provided statutorily required duty disabled benefits. Applicable state law authorized the four respective Pension Funds (Policemen's, Firemen's, Municipal Employees', and Laborers') to provide a fixed monthly dollar subsidy to each annuitant who had elected coverage under any City health plan through December 31, 2016. Based upon the Illinois Appellate Court Decision of 2017, the Pension Funds were determined to be obligated to provide the fixed monthly dollar subsidies to certain eligible annuitants pursuant to the 1983 and 1985 amendments to the Pension Code. The subsidies are no longer included in the City OPEB obligation.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 and benefits are funded on a pay-as-you-go basis.

**Benefits provided**

CBA – Under the terms of the latest collective bargaining agreements for the Fraternal Order of Police, the Police Captains, Sergeants and Lieutenants and the International Association of Fire Fighters, certain employees who retire after attaining age 55 with the required years of service are permitted to enroll themselves and their dependents in the healthcare benefit program offered to actively employed members. They may keep this coverage until they reach the age of Medicare eligibility. CBA special early retirement benefits cease at Medicare eligibility age. Those employees retiring at age 55 but before 60 are required to contribute 3.5 percent of their pension for health care coverage; those retiring at ages 60 through 63 are required to contribute 1.5 percent of their pension for health care coverage. This represents an increase in retiree contributions of 1.5 percent of their pension for those who retire after 2020.

The OPEB CBA liability is determined based upon the assumed phase in of higher contributions from new retirees. The phase in will apply in 2025 (1.5 percent increments) and again in 2029 (additional 1.5 percent increments).

Prior reporting was based upon an assumed expiration date of 2022 for the CBA benefit. The City's position is to eliminate all post-retirement health benefits except for statutorily required benefits and benefits promised to a closed group of certain annuitants who retired prior to August 23, 1989. At this time, it is not known whether or when the CBA special early retirement health benefits will be specifically eliminated, modified, or extended. Therefore, this year's reporting of liabilities is based upon the assumption of indefinite continuation of benefits. This is a change in assumption from 2019, which assumed that the expiration date of the benefits for new retirements would be December 31, 2022.

*Non-CBA* – As of January 1, 2014, the City promised to provide a healthcare plan with a subsidy of 55 percent of the cost of that plan to those City annuitants who retired prior to August 23, 1989. These are lifetime benefits provided to this defined, closed retiree group. The eligible members were previously defined as the Korshak/Window group in the Korshak settlement agreement, which provided post-retirement health benefits for most City employees. The Korshak settlement agreement expired in 2013.

In 2017, the Illinois Appellate Court, in the Underwood v. City of Chicago case, held that current and future annuitants hired prior to the execution of the Korshak settlement agreement (which covered most of the City employees and retirees) subject to certain eligibility requirements, were entitled to receive lifetime fixed rate monthly subsidies equal to the subsidy amounts provided in the 1983 and 1985 amendments to the Pension Code. Those subsidies are, for Policemen's and Firemen's, \$21 per month or \$55 per month, depending on the annuitant's Medicare eligibility, and for Municipal Employees' and Laborers', \$25 per month for those annuitants who are 65 or older with at least 15 years of service. Upon remand, the circuit court later ruled that the Pension Funds are obligated to make the subsidy payments to the annuitants. Regardless, the City is still

statutorily obligated to make contributions to the Pension Funds in accordance with applicable levels required by the Pension Code. The Pension Funds issued retroactive payments for the 1983 and 1985 subsidies for the period of time of January 1, 2017, through December 31, 2019 and continue to make the required monthly subsidy payments from December 31, 2019. Liabilities for these subsidies have been accrued within the applicable pension funds and are not reflected in the City's OPEB reporting.

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.

**Employees covered by benefit terms** – At December 31, 2022, the following employees were covered by the benefit terms:

	CBA Benefits	Non-CBA Benefits	Total
Active employees .....	16,607	13,717	30,324
Inactive employees or beneficiaries currently receiving benefits .....	3,587	2,132	5,719
Inactive employees entitled to but not yet receiving benefits .....	—	—	—
Total .....	<u>20,194</u>	<u>15,849</u>	<u>36,043</u>

**Net OPEB Liability**

The City's net OPEB liability of \$1.8 billion was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The net OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Actuarial Cost Method:	Entry Normal Age
Asset Valuation Method:	Market Value
Funding Policy:	Pay as You Go
Discount Rate:	4.05%
Health Care Trend Rates:	Graded 7.25% to ultimate rate of 5.00%
Retirement Age:	Varies by Bargaining Group – Rates are Graded by age and service

The valuation assumptions reflected the actuarial experience studies prepared by the Pension Funds. The discount rate of 4.05 percent was used to measure the total OPEB liability. This Discount Rate was based upon the average 20-year general obligation AA Municipal Bond rate index reported by Fidelity Fixed Income Market Data for the period ending December 31, 2022.

Mortality Assumptions

<i>Bargaining Plan Members</i>		<i>Mortality Table Name</i>	<i>Scaling</i>	<i>Mortality Improvement</i>
<i>Firemen's</i>	<i>Post Retirement</i>	<i>PubS-2010 Retiree Amount-weighted Mortality Table, Sex Distinct</i>	<i>119% M 100% F</i>	<i>Generational – Scale MP-2021</i>
	<i>Disabled</i>	<i>PubS-2010 Disabled Annuitant Amount-weighted Mortality Table</i>	<i>107% M 99% F</i>	<i>Generational – Scale MP-2021</i>
	<i>Pre-Retirement</i>	<i>PubS-2010 Employee Amount-weighted Mortality Table</i>	<i>92% M 100% F</i>	<i>Generational – Scale MP-2021</i>
<i>Policemen'</i>	<i>Post Retirement</i>	<i>PubS-2010 Amount-weighted Healthy Retiree Mortality Table, Sex Distinct</i>	<i>119% M 102% F</i>	<i>Generational – Scale MP-2018 2-dimentional</i>
	<i>Disabled</i>	<i>PubS-2010 Amount-weighted Healthy Retiree Mortality Table, Sex Distinct</i>	<i>129% M 112% F</i>	<i>Generational – Scale MP-2018 2-dimentional</i>
	<i>Pre-Retirement</i>	<i>PubS-2010 Amount-weighted Healthy Employee Mortality Table, Sex Distinct</i>	<i>100% M 100% F</i>	<i>Generational – Scale MP-2018 2-dimentional</i>
<i>Municipal Employee's</i>	<i>Post Retirement</i>	<i>PubG-2010 Retiree Amount-weighted Below Median Mortality Table (sex-specific)</i>	<i>111% M 117% F</i>	<i>Generational – Scale MP-2021</i>
	<i>Beneficiary</i>	<i>PubG-2010 Contingent Survivor Amount-weighted Below Median Mortality Table (sex-specific)</i>	<i>113% M 111% F</i>	<i>Generational – Scale MP-2021</i>
	<i>Pre-Retirement</i>	<i>PubG-2010 Employee Amount-weighted Below Median Mortality Table (sex-specific)</i>	<i>90% M 92% F</i>	<i>Generational – Scale MP-2021</i>
<i>Laborers'</i>	<i>Post Retirement</i>	<i>PubG-2010 Amount-weighted Below Median Income Healthy Retiree Mortality Table, Sex Distinct</i>	<i>109% M 108% F</i>	<i>Generational – Scale MP-2020 2-Dimensional</i>
	<i>Pre-Retirement</i>	<i>PubG-2010 Amount-weighted Below Median Income Healthy Employee Mortality Table, Sex Distinct</i>	<i>111% M 115% F</i>	<i>Generational – Scale MP-2020 2-Dimensional</i>

*Changes in the Net OPEB Liability (dollars in thousands):*

	<u>CBA Benefits</u>	<u>Non-CBA Benefits</u>	<u>Total</u>
Total OPEB liability			
Service cost .....	\$ 121,211	\$ 15,266	\$ 136,477
Interest .....	32,523	3,475	35,998
Benefit changes (Contribution Increases) .....	—	—	—
Differences between expected and actual experience .....	28,013	7,810	35,823
Assumption changes .....	(248,217)	(37,848)	(286,065)
Benefit payments including refunds .....	(68,621)	(18,590)	(87,211)
OPEB plan administrative expense .....	—	—	—
Net change in total OPEB liability .....	(135,091)	(29,887)	(164,978)
Total OPEB liability:			
Total OPEB liability - beginning .....	1,801,868	198,149	2,000,017
Total OPEB liability - ending (a) .....	1,666,777	168,262	1,835,039
Plan fiduciary net position			
Contributions-employer .....	68,621	18,590	87,211
Contributions-employee .....	—	—	—
Net investment income (loss) .....	—	—	—
Benefit payments including refunds of employee contribution .....	(68,621)	(18,590)	(87,211)
Administrative expenses .....	—	—	—
Other .....	—	—	—
Net change in plan fiduciary net position .....	—	—	—
Plan fiduciary net position - beginning .....	—	—	—
Plan fiduciary net position - ending (b) .....	—	—	—
Net OPEB liability-ending (a)-(b) .....	<u>\$ 1,666,777</u>	<u>\$ 168,262</u>	<u>\$ 1,835,039</u>

Assumption changes reflect a change in the discount rate from 1.84 percent for beginning of the year values to 4.05 percent for the disclosure date, and the change from an assumed date of termination of the program from 2022 to an ongoing basis with no specific termination date. In addition, assumptions regarding future retiree contribution increases were included in the end of year determinations such that contributions would increase by 1.5 percent for retirements between 2025 and 2028 and increase again in 2029 by 1.5 percent for retirements thereafter.

*Sensitivity of the total OPEB liability to changes in the discount rate*

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.05 percent) or 1 percentage point higher (5.05 percent) than the current discount rate (dollars in thousands):

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	3.05 %	4.05 %	5.05 %
CBA Benefits .....	\$ 1,795,207	\$ 1,666,777	\$ 1,548,747
Non-CBA Benefits .....	178,466	168,262	159,060
Total .....	<u>\$ 1,973,673</u>	<u>\$ 1,835,039</u>	<u>\$ 1,707,807</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates*

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.25 percent decreasing to 4.00 percent) or 1 percentage point higher (8.25 percent decreasing to 6.00 percent) than the current healthcare cost trend rates (dollars in thousands):

	1% Decrease	Current	1% Increase
	6.25%-4.00%	Trend Rates 7.25%-5.00%	8.25%-6.00%
CBA Benefits .....	\$ 1,505,441	\$ 1,666,777	\$ 1,851,804
Non-CBA Benefits .....	153,089	168,262	185,833
Total .....	<u>\$ 1,658,530</u>	<u>\$ 1,835,039</u>	<u>\$ 2,037,637</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2022, the City recognized OPEB expense/(benefit) of \$274.2 million. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

	CBA Benefits		Non-CBA Benefits		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience .....	\$ 37,527	\$ 25,339	\$ 24,674	\$ 11,822	\$ 62,201	\$ 37,161
Assumption Changes .....	1,091,413	279,821	13,032	47,454	1,104,445	327,275
Total .....	<u>\$ 1,128,940</u>	<u>\$ 305,160</u>	<u>\$ 37,706</u>	<u>\$ 59,276</u>	<u>\$ 1,166,646</u>	<u>\$ 364,436</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense/(benefit) as follows (dollars in thousands):

Year Ended December 31:	CBA Benefits	Non-CBA Benefits	Total
2023 .....	\$ 103,080	\$ (1,349)	\$ 101,731
2024 .....	103,080	(1,349)	101,731
2025 .....	103,080	(1,349)	101,731
2026 .....	103,080	(1,349)	101,731
2027 .....	105,344	(2,115)	103,229
Thereafter .....	306,116	(14,059)	292,057
	<u>\$ 823,780</u>	<u>\$ (21,570)</u>	<u>\$ 802,210</u>

**12) 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; terrorist acts; and natural disasters. The City provides workers' compensation benefits and employee health benefits under self-insured (PPO) and partially insured (HMO) 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 with an excess liability insurance policy covering claims in excess of the self-insured retention of \$20,000,000. 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, 2022, the total amount of non-Enterprise Fund claims was \$679.7 million and Enterprise Fund was \$109.1 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>2022</u>	<u>2021</u>
Balance, January 1 .....	\$ 774,874	\$ 749,813
Claims incurred and change in estimates .....	691,331	681,243
Claims paid on current and prior year events .....	<u>(677,462)</u>	<u>(656,182)</u>
Balance, December 31 .....	<u>\$ 788,743</u>	<u>\$ 774,874</u>

### 13) Expenditure of Funds and Appropriation of Fund Balances

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

In addition to the categories above, any amounts that 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/her designee) up to the amount of available “*Unassigned*” fund balance at the end of the previous fiscal year.

**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	STSC Debt Service	Community Development Improvement Projects	Other Governmental Funds
Nonspendable Purpose:								
Inventory .....	\$ 48,861	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
STSC Blended Balance *	—	—	—	—	—	4,075,975	—	—
Restricted Purpose:								
Capital Projects .....	—	—	2,525,543	—	—	—	188,130	130,840
Grants .....	—	9,857	—	—	—	—	—	—
Debt Service .....	—	—	—	—	—	121,765	—	—
Committed Purpose:								
Budget and Credit Rating Stabilization .....	—	—	—	592,973	—	—	—	—
Repair, Maintenance and City Services .....	—	—	—	—	—	—	—	320,397
Assigned Purpose:								
Future obligations .....	956,160	—	—	—	—	—	—	245
Unassigned .....	307,289	(512,405)	—	(1,408,021)	(3,772,544)	—	—	(285,914)
Total Government Fund Balance .....	<u>\$1,312,310</u>	<u>\$ (502,548)</u>	<u>\$ 2,525,543</u>	<u>\$ (815,048)</u>	<u>\$ (3,772,544)</u>	<u>\$ 4,197,740</u>	<u>\$ 188,130</u>	<u>\$ 165,568</u>

\* The STSC is a blended component unit of the City. The STSC Blended Balance above, represents a deferred outflow from the acquisition of sales tax revenues that will be amortized into expenditures over the life of the related bonds. As discussed in the Fund Deficit footnote 3c, the deficit within the City's Bonds, Note Redemption and Interest Fund represents this sale that has been deferred and will be funded through the recognition of the related amortization.

At the end of the fiscal year, total encumbrances amounted to \$11.2 million for the General Fund, \$73.8 million for the Special Taxing Areas Fund, \$177.0 million for the Capital Projects Funds, and \$96.8 million for the Nonmajor Special Revenue Funds.

**14) Deferred Outflows and Inflows of Resources**

In accordance with Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the City reports deferred outflows of resources in the Statement of Net Position in a separate section following Assets. Similarly, the City reports deferred inflows of resources in the Statement of Net Position in a separate section following Liabilities.

The components of the deferred outflows of resources and deferred inflows of resources at December 31, 2022 are as follows (dollars in thousands):

	Governmental Activities	Business-type Activities
Deferred Outflows of Resources:		
Deferred outflows from pension activities .....	\$ 2,459,310	\$ 208,837
Deferred outflows from other post employment benefits activities .....	1,166,646	—
Changes in proportionate share of pension contributions .....	154,359	21,212
Unamortized deferred bond refunding costs .....	164,451	136,701
Derivatives .....	—	5,698
Total Deferred Outflows of Resources .....	<u>\$ 3,944,766</u>	<u>\$ 372,448</u>
Deferred Inflows of Resources:		
Deferred inflows from pension activities .....	\$ 1,061,354	\$ 79,315
Deferred inflows from other post employment benefits activities .....	364,436	—
Changes in proportionate share of pension contributions .....	28,702	149,381
Long-term concessionaire arrangements .....	1,406,755	1,497,273
Deferred inflows of leases .....	108,779	704,170
Total Deferred Inflows of Resources .....	<u>\$ 2,970,026</u>	<u>\$ 2,430,139</u>

The components of the deferred inflows of resources related to the governmental funds at December 31, 2022 are as follows (dollars in thousands):

	General	Federal, State and Local Grants	Special Taxing Areas	Service Concession and Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Pension	Other Govern- mental Funds	Total Govern- mental Funds
<b>Governmental Funds:</b>									
<b>Deferred inflow of resources:</b>									
Property Taxes \$	—	—	\$785,189	\$ —	\$ 231,033	\$ —	\$ 1,041,235	\$ 38,811	\$2,096,268
Utility Taxes	—	—	—	—	—	—	—	—	—
Grants .....	—	603,979	—	—	—	—	—	—	603,979
Charges for Services .....	1,360	—	—	—	—	—	—	—	1,360
Long-term Concession Agreements .....	—	—	—	1,406,755	—	—	—	—	1,406,755
Leases .....	60,221	—	—	1,272	3,449	42,565	—	1,272	108,779
Total Governmental Funds .....	<u>\$61,581</u>	<u>\$603,979</u>	<u>\$785,189</u>	<u>\$ 1,408,027</u>	<u>\$ 234,482</u>	<u>\$ 42,565</u>	<u>\$ 1,041,235</u>	<u>\$ 40,083</u>	<u>\$4,217,141</u>

### 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, 2022, the City has entered into contracts for approximately \$511.0 million for construction projects. As of December 31, 2022, the Enterprise Funds have entered into contracts for approximately \$411.6 million for construction projects.

The City's pollution remediation obligation of \$48.6 million is primarily related to Brownfield redevelopment projects. These projects include removal of underground storage tanks, cleanup of contaminated soil, and removal of other environmental pollution identified at the individual sites. The estimated liability is calculated using the expected cash flow technique. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

## **16) Concession Agreements**

The major fund entitled Service Concession and Reserve Fund is used for the purpose of accounting for the deferred inflows associated with governmental fund long-term lease and concession transactions. Deferred inflows are amortized over the life of the related lease and concession agreements. Proceeds from these transactions may be transferred from this fund in accordance with ordinances approved by 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 November 2006, the Chicago Park District entered into an agreement to transfer its ownership interests in three underground downtown public parking garages to the City, all of which are adjacent to a fourth underground downtown public parking garage built by and already owned by the City. In December 2006, the City completed a long-term concession and lease agreement of the four-garage system to a private operator to manage 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 transferred by the City to the Chicago Park District, and the remainder was used to pay off the outstanding bonds that financed the construction of the City's original garage. The City recognized a deferred inflow that will be amortized and recognized as revenue over the term of the agreement. The City recognizes \$5.7 million of revenue for each year through 2105.

In January 2014, the original private concessionaire assigned all of its interests in the concession and lease agreement to a designee of its lenders in lieu of foreclosure by the lenders on their leasehold mortgage on the underground garages.

In May 2016, the designee assigned all of its interests in the concession and lease agreement to a new entity. Pursuant to the concession and lease agreement for the garages, the City approved the transfer of the concession and lease agreement.

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.

In February 2016, the owners of the Skyway concessionaire sold their ownership interests in the concessionaire to a new entity. Pursuant to the concession and lease agreement for the Skyway, the City approved the transfer of ownership interests.

## 17) Tax Abatements

GASB Statement No. 77, *Tax Abatement Disclosures* (“GASB 77”), requires governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of taxes abated during the period; and (3) Commitments made by government, other than to abate taxes, that are part of the tax abatement agreement.

### **Tax Abatement Agreements Entered into Directly by the City**

#### **Tax Increment Financing**

The City adopted certain ordinances approving various redevelopment plans pursuant to provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-7 4.4-1 (the “Act”). The redevelopment plans designate a “redevelopment project area” under the Act, and adopt tax increment allocation financing for each redevelopment project area.

In an effort to promote redevelopment and finance construction projects in the redevelopment project areas to eradicate blighted conditions, the City uses tax increment financing to reimburse developers for the costs of the TIF-funded improvements pursuant to the terms and conditions of redevelopment agreements entered into by the City and a developer. Projects range from new construction to redevelopment and expansion initiatives throughout the City. The maximum reimbursable amount is set forth in each agreement. If the total project cost is lower than the project budget established in the agreement, the reimbursable amount will be prorated.

For the 2022 reporting period, the amount of property tax revenue forgone by the City due to the agreements under the Tax Increment Allocation Redevelopment Act amounts to \$79.4 million on an accrual basis of accounting.

### **Tax Abatement Agreements Entered Into By Other Governments**

#### **Cook County**

Cook County provides tax reductions under numerous programs with individuals, local businesses, and developers. The objective of the agreements is to encourage the development and rehabilitation of new and existing industrial and commercial property, reutilization of abandoned property, and increase multi-family residential affordable rental housing throughout Cook County by offering a real estate tax incentive. An eligibility application must be filed prior to commencement of a project and include a resolution from the municipality where the real estate is located. Once the project has been completed, the applicant must file an Incentive Appeal Form with the County Assessor's Office. Upon approval by the County Assessor's Office and based on the property classification, the applicant is eligible to receive one of the following tax incentives:

- Class 7a, 7b, and C: Property will be assessed at 10 percent of market value for the first 10 years, 15 percent in the 11<sup>th</sup> year and 20 percent in the 12<sup>th</sup> year.
- Class 7c: Property will be assessed at 10 percent of market value for the first 3 years, 15 percent in the 4<sup>th</sup> year and 20 percent in the 5<sup>th</sup> year.
- Class 6b: Property will be assessed at 10 percent of the market value for 10 years and for any subsequent 10-year renewal periods; if not renewed, 15 percent in the 11<sup>th</sup> year and 20 percent in the 12<sup>th</sup> year.
- Class L: Renewable properties will be assessed at 10 percent of market value for the first 10 years and for any subsequent 10-year renewal periods; if not renewed, 15 percent in the 11<sup>th</sup> year and 20 percent in the 12<sup>th</sup> year. Commercial properties will be assessed at 10 percent of market value for the first 10 years, 15 percent in the 11<sup>th</sup> year and 20 percent in the 12<sup>th</sup> year.

In the absence of the incentive, the property tax would be assessed at 25 percent of its market value. This incentive constitutes a substantial reduction in the level of assessment and results in significant tax savings for eligible applicants. For the 2022 reporting period, the amount of property tax revenue forgone by the City due to these incentives is estimated at \$24.5 million.

## 18) Subsequent Events

The City has evaluated events occurring subsequent to December 31, 2022, and through June 30, 2023, the date the financial statements were available to be issued. The City did not identify any subsequent events to be disclosed apart from those discussed below.

### Corporate Fund

In February 2023, the City drew \$44.76 million from the Wells Fargo Line of Credit. The draw will be refinanced with the proceeds of the STSC 2023 Forward Delivery Bonds (described below) when the transaction closes on October 4, 2023.

In May 2023, the City legally defeased \$92.2 million of outstanding General Obligation Bonds, Series 1999, Series 2000A, Series 2002B, Series 2003B, Series 2008C, Series 2015A, and Series 2019A. The City also economically defeased \$42.9 million of outstanding General Obligation Bonds, Series 2017B. The legal defeasances were funded by the Corporate Fund cash on hand. The economic defeasance was funded by excess Series 2017B Project Fund monies.

On May 12, 2023, an executive order was signed authorizing the City to assign \$641.5 million of projected fund balance to a Pension Advance Fund to cover a portion of the advance pension payments to the City's four pension funds for the years ended December 31, 2024, 2025 and 2026. At that time the City estimated the total advance contribution to the City's four pension funds to be \$275.0 million, \$245.0 million, and \$212.0 million for the years ended December 31, 2024, 2025, and 2026, respectively.

### Water Fund

On April 11, 2023, Standard and Poor's Global Ratings (S&P) upgraded the rating on the City of Chicago Second Lien Water Revenue Bonds to A+ from A. The outlook is stable.

On April 19, 2023, Chicago City Council approved an agreement to supply water to the City of Joliet, IL. Water delivery is scheduled to begin in 2030.

In May 2023, the City sold its \$576.4 million aggregate principal amount of Second Lien Water Revenue Bonds, comprising Project Series 2023A (the "Water 2023A Bonds") and Refunding Series 2023B (the "Water 2023B Bonds" and together with the Water 2023A Bonds, the "Water Series 2023AB Bonds"). The City issued the Water 2023AB Bonds on May 9, 2023. The Water 2023A Bonds were issued at interest rates of 5.00 percent, 5.25 percent, and 5.50 percent with mandatory sinking fund or maturity dates between November 1, 2045 and November 1, 2062. The Water 2023B Bonds were issued at interest rates of 4.00 percent and 5.00 percent with maturity dates between November 1, 2023 and November 1, 2040.

Proceeds of the Water 2023A Bonds were used to finance portions of certain Water System capital projects and to pay costs of issuance for the Water 2023A Bonds. Proceeds of the Water 2023B Bonds were used to finance portions of certain Water System capital projects, to refund certain outstanding Water Revenue Bonds, and to pay costs of issuance for the Water 2023B Bonds.

### Sewer Fund

On April 11, 2023, S&P upgraded the rating on the City of Chicago Second Lien Wastewater Transmission Revenue Bonds to A+ from A. The outlook is stable.

In May 2023, the City sold its \$452.6 million aggregate principal amount of Second Lien Wastewater Transmission Revenue Bonds, comprising Project Series 2023A (Wastewater 2023A Bonds) and Refunding Series 2023B (Wastewater 2023B Bonds and together with Wastewater 2023A Bonds, Wastewater Series 2023AB Bonds). The City issued the Wastewater 2023AB Bonds on May 11, 2023. The Wastewater 2023A Bonds were issued at interest rates of 5.25 percent and 5.50 percent with mandatory sinking fund or maturity dates between January 1, 2040 and January 1, 2062. The Wastewater 2023B Bonds were issued at an interest rate of 5.00 with maturity dates between January 1, 2029 and January 1, 2039. Proceeds of the Wastewater 2023A Bonds were used to finance portions of certain Wastewater Transmission System capital projects, fund capitalized interest on the Wastewater 2023A Bonds, and to pay costs of issuance for the Wastewater 2023A Bonds. Proceeds of the Water 2023B Bonds were used to refund certain outstanding Wastewater Transmission Revenue Bonds, and to pay costs of issuance for the Wastewater 2023B Bonds.

In May 2023, City legally defeased \$30.0 million of outstanding Second Lien Wastewater Transmission Revenue Bonds, Series 2008C. The defeasance was funded by excess cash released from Debt Service Reserve Funds of the Second Lien Wastewater Transmission Revenue Bonds, Series 2008C and Series 2015.

### **Chicago Midway International Airport Fund**

On February 2, 2023, S&P upgraded the rating of the Chicago Midway International Airport's raised its long-term rating and underlying rating (SPUR) on the City of Chicago's First Lien and Second Lien General Airport Revenue Bonds (GARBs) to A from A-. S&P also raised its rating to AA+/A-1 from AA/A-1 on Chicago Midway International Airport's second-lien revenue refunding bonds, series 2004C-1, 2004C-2, and 2004D. At the same time, S&P affirmed its AA/A-1 rating on Chicago Midway International Airport's Second Lien revenue refunding bonds, series 2014C. The outlooks, where applicable, are stable.

### **Sales Tax Securitization Corporation**

In February 2023, the Sales Tax Securitization Corporation (STSC) sold its \$740.5 million aggregate principal amount of Sales Tax Securitization Bonds and Second Lien Sales Tax Securitization Bonds, comprising Series 2023A (Social Bonds) (STSC 2023A Bonds), Taxable Series 2023B (Social Bonds) (STSC 2023B), Refunding Series 2023C (STSC 2023C Bonds and together with the STSC 2023A Bonds and STSC 2023B Bonds, STSC Series 2023ABC Bonds), Second Lien Sales Tax Securitization Bonds, Refunding Series 2023A (STSC Second Lien 2023A Bonds), and Second Lien Sales Tax Securitization Bonds, Taxable Refunding Series 2023B (STSC Second Lien 2023B Bonds and together with the STSC Second Lien Series 2023A Bonds, STSC Second Lien Series 2023AB Bonds).

The STSC issued the STSC Series 2023ABC Bonds and the STSC Second Lien Series 2023AB Bonds on February 2023. The STSC 2023A Bonds were issued at interest rates of 3.00 percent, 4.00 percent, and 5.00 percent with mandatory sinking fund or maturity dates between January 1, 2026 and January 1, 2044. The STSC 2023B Bonds were issued at interest rates between 4.408 percent and 5.293 percent with mandatory sinking fund or maturity dates between January 1, 2026 and January 1, 2041. The STSC 2023C Bonds were issued at an interest rate of 5.00 percent with maturity dates between January 1, 2031 and January 1, 2039.

Proceeds of the STSC Series 2023ABC Bonds were used to provide funds for the City to finance portions of certain Chicago Recovery Plan projects; to provide funds for the City to refund certain of the City's outstanding General Obligation bonds; fund capitalized interest on the STSC Series 2023ABC Bonds; and to pay costs of issuance for the STSC Series 2023ABC Bonds.

The STSC Second Lien 2023A Bonds were issued at interest rates of 4.00 percent and 5.00 percent with maturity dates between January 1, 2024 and January 1, 2037. The STSC Second Lien 2023B Bonds were issued at interest rates between 4.564 percent and 4.947 percent with maturity dates between January 1, 2025 and January 1, 2033. Proceeds of the STSC Second Lien Series 2023AB Bonds were used to repurchase and cancel certain outstanding general obligation bonds of the City by means of a tender offer and to pay costs of issuance for the STSC Second Lien Series 2023AB Bonds.

In May 2023, STSC sold its \$219.1 million aggregate principal amount of Sales Tax Securitization Bonds, Refunding Series 2023D (Forward Delivery) (STSC 2023D Bonds) and Second Lien Sales Tax Securitization Bonds, Refunding Series 2023C (Forward Delivery) (STSC Second Lien 2023C Bonds and together with the STSC 2023D Bonds, 2023 Forward Delivery Bonds). The 2023 Forward Delivery Bonds are expected to close on October 4, 2023. The STSC 2023D Bonds were sold at an interest rate of 5.00 percent with maturity dates between January 1, 2024 and January 1, 2039. The STSC Second Lien 2023C Bonds were sold at an interest rate of 5.00 percent with maturity dates between January 1, 2024 and January 1, 2035.

Proceeds of the 2023 Forward Delivery Bonds will be used to provide funds for the City to refinance outstanding advances on an existing line of credit agreement; to provide funds for the City to refund certain of the City's outstanding General Obligation Bonds, Project and Refunding Series 2014A and to pay costs of issuance for the 2023 Forward Delivery Bonds.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF CHICAGO, ILLINOIS  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND (BUDGETARY BASIS)  
Year Ended December 31, 2022  
(Dollars are in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance
<b>Revenues:</b>				
Utility Tax .....	\$ 388,902	\$ 388,902	\$ 432,868	\$ 43,966
Sales Tax .....	73,055	73,055	93,877	20,822
Transportation Tax .....	336,087	336,087	333,164	(2,923)
Transaction Tax .....	582,313	582,313	803,890	221,577
Recreation Tax .....	274,350	274,350	314,937	40,587
Other Taxes .....	120,316	120,316	151,144	30,828
State Income Tax .....	530,283	530,283	972,155	441,872
Federal/State Grants .....	2,000	2,000	2,072	72
Internal Service .....	485,772	485,772	486,636	864
Licenses and Permits .....	119,600	119,600	113,477	(6,123)
Fines .....	369,700	369,700	307,556	(62,144)
Investment Income * .....	6,500	6,500	(84,211)	(90,711)
Charges for Services .....	410,255	410,255	466,155	55,900
Miscellaneous .....	153,822	166,322	130,118	(36,204)
Issuance of Debt, Net of Original Discount .....	75,000	75,000	—	(75,000)
Budgeted Prior Years' Surplus and Reappropriations .....	68,198	68,198	—	(68,198)
Transfers In .....	973,933	973,933	972,221	(1,712)
<b>Total Revenues</b> .....	<b>4,970,086</b>	<b>4,982,586</b>	<b>5,496,059</b>	<b>513,473</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government .....	2,119,113	2,131,613	2,048,305	83,308
Health .....	64,070	64,070	51,186	12,884
Public Safety .....	2,499,399	2,499,399	2,501,545	(2,146)
Streets and Sanitation .....	245,232	245,232	228,945	16,287
Transportation .....	40,851	40,851	35,988	4,863
<b>Debt Service:</b>				
Interest and Other Fiscal Charges .....	1,421	1,421	1,406	15
<b>Total Expenditures</b> .....	<b>4,970,086</b>	<b>4,982,586</b>	<b>4,867,375</b>	<b>115,211</b>
<b>Revenues (Under) Over Expenditures</b> .....	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 628,684</b>	<b>\$ 628,684</b>

**NOTE:**

\* Investment income reflects fair market value adjustment on investments at December 31, 2022.

See notes to basic financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF CHICAGO, ILLINOIS**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**PENSION FUND (BUDGETARY BASIS)**  
**Year Ended December 31, 2022**  
**(Dollars are in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
Revenues:				
Property Taxes .....	\$ 1,411,863	\$ 1,411,863	\$ 1,183,216	\$ (228,647)
Investment Income .....	—	—	16	16
Other Revenue .....	237,991	237,991	237,991	—
Transfers In .....	682,476	682,476	682,476	—
Total Revenues .....	<u>2,332,330</u>	<u>2,332,330</u>	<u>2,103,699</u>	<u>(228,631)</u>
Expenditures:				
Current:				
City Contribution to -				
Municipal Employees'				
Annuity and Benefit Fund .....	967,016	967,016	938,037	28,979
City Contribution to -				
Laborers' and Retirement Board				
Employees' Annuity and Benefit Fund .....	118,788	118,788	110,461	8,327
City Contribution to -				
Policemen's Annuity and Benefit Fund .....	831,988	831,988	701,281	130,707
City Contribution to -				
Firemen's Annuity and Benefit Fund .....	414,538	414,538	353,920	60,618
Total Expenditures .....	<u>2,332,330</u>	<u>2,332,330</u>	<u>2,103,699</u>	<u>228,631</u>
Revenues Over Expenditures .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See notes to basic financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF CHICAGO, ILLINOIS**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**Last Eight Fiscal Years (dollars are in thousands)**

<b>Municipal Employees':</b>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability			
Service cost .....	\$ 263,993	\$ 246,066	\$ 236,302
Interest .....	1,269,645	1,228,905	1,190,694
Benefit changes .....	—	—	—
Differences between expected and actual experience .....	84,258	121,988	100,938
Assumption changes .....	143,996	—	—
Benefit payments including refunds .....	(1,055,585)	(1,010,191)	(973,478)
Pension plan administrative expenses .....	—	—	—
Net change in total pension liability .....	<u>\$ 706,307</u>	<u>\$ 586,768</u>	<u>\$ 554,456</u>
Total pension liability - beginning .....	18,401,580	17,814,812	17,260,356
Total pension liability - ending (a) .....	<u>\$ 19,107,887</u>	<u>\$ 18,401,580</u>	<u>\$ 17,814,812</u>
Plan fiduciary net position			
Contributions-employer .....	\$ 959,550	\$ 573,198	\$ 496,992
Contributions-employee .....	176,339	163,411	157,798
Net investment income .....	(429,912)	498,299	335,403
Benefit payments including refunds of employee contribution .....	(1,055,585)	(1,010,191)	(973,478)
Administrative expenses .....	(6,873)	(6,687)	(7,118)
Other .....	—	—	—
Net change in plan fiduciary net position .....	<u>\$ (356,481)</u>	<u>\$ 218,030</u>	<u>\$ 9,597</u>
Plan fiduciary net position - beginning .....	4,308,269	4,090,239	4,080,642
Plan fiduciary net position - ending (b) .....	<u>\$ 3,951,788</u>	<u>\$ 4,308,269</u>	<u>\$ 4,090,239</u>
Net pension liability - ending (a)-(b) .....	<u><u>\$ 15,156,099</u></u>	<u><u>\$ 14,093,311</u></u>	<u><u>\$ 13,724,573</u></u>
Plan fiduciary net position as a percentage of the total pension liability .....	20.68 %	23.41 %	22.96 %
Covered payroll* .....	\$ 2,166,182	\$ 2,001,181	\$ 1,861,905
Employer's net pension liability as a percentage of covered payroll .....	699.67 %	704.25 %	737.13 %

\*Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

**Note:**  
Beginning with fiscal year 2015, the City will accumulate ten years of data.

	2019	2018	2017	2016	2015
\$	228,465	\$ 223,528	\$ 572,534	\$ 619,743	\$ 226,816
	1,159,253	1,123,348	915,711	878,369	909,067
	—	—	—	—	2,140,009
	16,676	95,540	(177,755)	(127,119)	(109,835)
	—	—	(7,431,191)	(578,920)	8,711,755
	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
	—	—	—	—	—
\$	451,742	\$ 526,218	\$ (7,008,875)	\$ (67,599)	\$ 11,051,776
	16,808,614	16,282,396	23,291,271	23,358,870	12,307,094
\$	17,260,356	\$ 16,808,614	\$ 16,282,396	\$ 23,291,271	\$ 23,358,870
\$	418,269	\$ 349,574	\$ 261,764	\$ 149,718	\$ 149,225
	146,645	138,400	134,765	130,391	131,428
	560,940	(204,975)	610,515	281,419	114,025
	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
	(6,740)	(6,639)	(6,473)	(7,056)	(6,701)
	—	—	5,394	—	—
\$	166,462	\$ (639,838)	\$ 117,791	\$ (305,200)	\$ (438,059)
	3,914,180	4,554,018	4,436,227	4,741,427	5,179,486
\$	4,080,642	\$ 3,914,180	\$ 4,554,018	\$ 4,436,227	\$ 4,741,427
\$	13,179,714	\$ 12,894,434	\$ 11,728,378	\$ 18,855,044	\$ 18,617,443
	23.64 %	23.29 %	27.97 %	19.05 %	20.30 %
\$	1,802,790	\$ 1,734,596	\$ 1,686,533	\$ 1,646,939	\$ 1,643,481
	731.07 %	743.37 %	695.41 %	1,144.85 %	1,132.81 %

REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF CHICAGO, ILLINOIS  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - Continued  
Last Eight Fiscal Years (dollars are in thousands)

Laborers':	2022	2021	2020
Total pension liability			
Service cost * .....	\$ 39,331	\$ 40,411	\$ 39,216
Interest .....	193,347	192,343	191,099
Benefit changes .....	—	—	—
Differences between expected and actual experience .....	(27,236)	(31,083)	(18,992)
Assumption changes .....	(109,355)	21,870	44,034
Benefit payments including refunds .....	(177,162)	(172,514)	(169,056)
Pension plan administrative expenses .....	(3,607)	(3,837)	(3,616)
Net change in total pension liability .....	\$ (84,682)	\$ 47,190	\$ 82,685
Total pension liability - beginning .....	2,905,524	2,858,334	2,775,649
Total pension liability - ending (a) .....	\$ 2,820,842	\$ 2,905,524	\$ 2,858,334
Plan fiduciary net position			
Contributions-employer .....	\$ 116,176	\$ 84,969	\$ 73,744
Contributions-employee .....	19,069	17,637	18,064
Net investment income .....	(161,680)	138,105	163,057
Benefit payments including refunds of employee contribution .....	(177,162)	(172,514)	(169,056)
Administrative expenses .....	(3,607)	(3,837)	(3,616)
Other .....	—	—	—
Net change in plan fiduciary net position .....	\$ (207,204)	\$ 64,360	\$ 82,193
Plan fiduciary net position - beginning .....	1,334,102	1,269,742	1,187,549
Plan fiduciary net position - ending (b) .....	\$ 1,126,898	\$ 1,334,102	\$ 1,269,742
Net pension liability - ending (a)-(b) .....	\$ 1,693,944	\$ 1,571,422	\$ 1,588,592
Plan fiduciary net position as a percentage of the total pension liability .....	39.95 %	45.92 %	44.42 %
Covered payroll ** .....	\$ 214,083	\$ 212,122	\$ 207,195
Employer's net pension liability as a percentage of covered payroll .....	791.26 %	740.81 %	766.71 %

\* Includes pension plan administrative expenses.

\*\* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

**Note:**

Beginning with fiscal year 2015, the City will accumulate ten years of data.

	2019	2018	2017	2016	2015
\$	38,522	\$ 40,801	\$ 80,232	\$ 82,960	\$ 38,389
	188,347	183,135	154,047	150,166	153,812
	—	—	150	—	384,033
	(8,820)	15,143	(62,178)	(30,428)	(46,085)
	32,846	(11,788)	(1,074,754)	(62,905)	1,175,935
	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
\$	<u>82,245</u>	<u>\$ 63,297</u>	<u>\$ (1,063,538)</u>	<u>\$ (18,970)</u>	<u>\$ 1,549,710</u>
	2,693,404	2,630,107	3,693,645	3,712,615	2,162,905
\$	<u>2,775,649</u>	<u>\$ 2,693,404</u>	<u>\$ 2,630,107</u>	<u>\$ 3,693,645</u>	<u>\$ 3,712,615</u>
\$	59,346	\$ 47,844	\$ 35,457	\$ 12,603	\$ 12,412
	18,143	17,837	17,411	17,246	16,844
	184,027	(75,219)	207,981	57,997	(22,318)
	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
	—	661	—	—	—
\$	<u>92,866</u>	<u>\$ (172,871)</u>	<u>\$ 99,814</u>	<u>\$ (70,917)</u>	<u>\$ (149,436)</u>
	1,094,683	1,267,554	1,167,740	1,238,657	1,388,093
\$	<u>1,187,549</u>	<u>\$ 1,094,683</u>	<u>\$ 1,267,554</u>	<u>\$ 1,167,740</u>	<u>\$ 1,238,657</u>
\$	<u>1,588,100</u>	<u>\$ 1,598,721</u>	<u>\$ 1,362,553</u>	<u>\$ 2,525,905</u>	<u>\$ 2,473,958</u>
	42.78 %	40.64 %	48.19 %	31.61 %	33.36 %
\$	211,608	\$ 211,482	\$ 208,442	\$ 208,155	\$ 204,773
	750.49 %	755.96 %	653.68 %	1,213.47 %	1,208.15 %

REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF CHICAGO, ILLINOIS  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - Continued  
Last Eight Fiscal Years (dollars are in thousands)

Policemen's:	2022	2021	2020
Total pension liability			
Service cost * .....	\$ 294,515	\$ 284,707	\$ 286,537
Interest .....	1,011,977	963,417	942,623
Benefit changes .....	40,210	—	—
Differences between expected and actual experience .....	179,968	450,528	61,914
Assumption changes .....	(700,065)	37,029	260,021
Benefit payments including refunds .....	(947,589)	(887,076)	(841,598)
Pension plan administrative expenses .....	(4,394)	(3,337)	(4,359)
Net change in total pension liability .....	<u>\$ (125,378)</u>	<u>\$ 845,268</u>	<u>\$ 705,138</u>
Total pension liability - beginning .....	16,340,008	15,494,740	14,789,602
Total pension liability - ending (a) .....	<u>\$ 16,214,630</u>	<u>\$ 16,340,008</u>	<u>\$ 15,494,740</u>
Plan fiduciary net position			
Contributions-employer .....	\$ 801,706	\$ 788,770	\$ 739,441
Contributions-employee .....	114,403	136,225	113,622
Net investment income .....	(324,259)	370,141	271,891
Benefit payments including refunds of employee contribution .....	(947,589)	(887,076)	(841,598)
Administrative expenses .....	(4,394)	(3,337)	(4,359)
Other .....	368	91	472
Net change in plan fiduciary net position .....	<u>\$ (359,765)</u>	<u>\$ 404,814</u>	<u>\$ 279,469</u>
Adjustment as of January 1, .....	(119)	(48)	—
Plan fiduciary net position - beginning .....	3,846,664	3,441,898	3,162,429
Plan fiduciary net position - ending (b) .....	<u>\$ 3,486,780</u>	<u>\$ 3,846,664</u>	<u>\$ 3,441,898</u>
Net pension liability - ending (a)-(b) .....	<u>\$ 12,727,850</u>	<u>\$ 12,493,344</u>	<u>\$ 12,052,842</u>
Plan fiduciary net position as a percentage of the total pension liability .....	21.50 %	23.54 %	22.21 %
Covered payroll** .....	\$ 1,274,050	\$ 1,258,338	\$ 1,195,980
Employer's net pension liability as a percentage of covered payroll .....	999.01 %	992.84 %	1,007.78 %

\* Includes pension plan administrative expenses.

\*\* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

**Note:**  
Beginning with fiscal year 2015, the City will accumulate ten years of data.

	2019	2018	2017	2016	2015
\$	240,383	\$ 242,998	\$ 237,333	\$ 220,570	\$ 213,585
	944,739	931,731	917,720	851,098	832,972
	24,216	—	—	606,250	—
	(68,010)	(281,151)	(299,923)	1,801	(105,969)
	1,140,418	(259,052)	238,975	112,585	—
	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
\$	<u>1,476,344</u>	<u>\$ (141,204)</u>	<u>\$ 341,371</u>	<u>\$ 1,080,358</u>	<u>\$ 259,303</u>
	13,313,258	13,454,462	13,113,091	12,032,733	11,773,430
\$	<u>14,789,602</u>	<u>\$ 13,313,258</u>	<u>\$ 13,454,462</u>	<u>\$ 13,113,091</u>	<u>\$ 12,032,733</u>
\$	581,936	\$ 588,035	\$ 494,483	\$ 272,428	\$ 572,836
	110,792	107,186	103,011	101,476	107,626
	369,982	(137,977)	412,190	142,699	(5,334)
	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
	32	1,600	97	1,413	3,092
\$	<u>257,340</u>	<u>\$ (216,886)</u>	<u>\$ 257,047</u>	<u>\$ (193,930)</u>	<u>\$ (3,065)</u>
	(91)	—	—	—	—
	2,905,180	3,122,066	2,865,019	3,058,949	3,062,014
\$	<u>3,162,429</u>	<u>\$ 2,905,180</u>	<u>\$ 3,122,066</u>	<u>\$ 2,865,019</u>	<u>\$ 3,058,949</u>
\$	<u>11,627,173</u>	<u>\$ 10,408,078</u>	<u>\$ 10,332,396</u>	<u>\$ 10,248,072</u>	<u>\$ 8,973,784</u>
	21.38 %	21.82 %	23.20 %	21.85 %	25.42 %
\$	1,228,987	\$ 1,205,324	\$ 1,150,406	\$ 1,119,527	\$ 1,086,608
	946.08 %	863.51 %	898.15 %	915.39 %	825.85 %

REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF CHICAGO, ILLINOIS  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - Concluded  
Last Eight Fiscal Years (dollars are in thousands)

<b>Firemen's:</b>	2022	2021	2020
Total pension liability			
Service cost .....	\$ 111,917	\$ 112,730	\$ 109,487
Interest .....	466,819	429,630	410,128
Benefit changes .....	11,737	196,531	—
Differences between expected and actual experience .....	(30,667)	93,928	174,717
Assumption changes .....	53,665	(340,370)	30,468
Benefit payments including refunds .....	(401,968)	(388,674)	(366,160)
Pension plan administrative expenses .....	—	—	—
Net change in total pension liability .....	<u>\$ 211,503</u>	<u>\$ 103,775</u>	<u>\$ 358,640</u>
Total pension liability - beginning .....	7,004,906	6,901,131	6,542,491
Total pension liability - ending (a) .....	<u>\$ 7,216,409</u>	<u>\$ 7,004,906</u>	<u>\$ 6,901,131</u>
Plan fiduciary net position			
Contributions-employer .....	\$ 399,210	\$ 367,481	\$ 368,423
Contributions-employee .....	53,031	52,268	54,414
Net investment income .....	(155,590)	129,513	105,367
Benefit payments including refunds of employee contribution .....	(401,968)	(388,674)	(366,160)
Administrative expenses .....	(3,390)	(3,082)	(2,991)
Other .....	5	5	13
Net change in plan fiduciary net position .....	<u>\$ (108,702)</u>	<u>\$ 157,511</u>	<u>\$ 159,066</u>
Plan fiduciary net position - beginning .....	1,466,398	1,308,887	1,149,821
Plan fiduciary net position - ending (b) .....	<u>\$ 1,357,696</u>	<u>\$ 1,466,398</u>	<u>\$ 1,308,887</u>
Net pension liability - ending (a)-(b) .....	<u>\$ 5,858,713</u>	<u>\$ 5,538,508</u>	<u>\$ 5,592,244</u>
Plan fiduciary net position as a percentage of the total pension liability .....	18.81 %	20.93 %	18.97 %
Covered payroll ** .....	\$ 525,480	\$ 520,047	\$ 500,368
Employer's net pension liability as a percentage of covered payroll .....	1,114.93 %	1,065.00 %	1,117.63 %

\* Includes pension plan administrative expenses.

\*\* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

**Note:**  
Beginning with fiscal year 2015, the City will accumulate ten years of data.

	2019	2018	2017	2016	2015
\$	102,141	\$ 97,143	* \$ 93,367	* \$ 94,115	* \$ 87,203
	408,586	410,821	371,622	342,085	338,986
	—	—	—	227,213	—
	(65,213)	(56,418)	26,954	24,110	(7,981)
	190,954	382,611	414,219	(74,373)	176,282
	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
	—	(3,285)	(3,172)	(3,217)	(3,149)
\$	290,131	\$ 506,210	\$ 596,892	\$ 323,174	\$ 313,324
	6,252,360	5,746,150	5,149,258	4,826,084	4,512,760
\$	6,542,491	\$ 6,252,360	\$ 5,746,150	\$ 5,149,258	\$ 4,826,084
\$	255,382	\$ 249,684	\$ 228,453	\$ 154,101	\$ 236,104
	46,623	45,894	47,364	48,960	46,552
	161,082	(58,000)	140,570	60,881	7,596
	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
	(3,226)	(3,285)	(3,172)	(3,217)	(3,149)
	507	6	22	(53)	7
\$	114,031	\$ (90,363)	\$ 107,139	\$ (26,087)	\$ 9,093
	1,035,790	1,126,153	1,019,014	1,045,101	1,036,008
\$	1,149,821	\$ 1,035,790	\$ 1,126,153	\$ 1,019,014	\$ 1,045,101
\$	5,392,670	\$ 5,216,570	\$ 4,619,997	\$ 4,130,244	\$ 3,780,983
	17.57 %	16.57 %	19.60 %	19.79 %	21.66 %
\$	457,082	\$ 456,969	\$ 469,407	\$ 478,471	\$ 465,232
	1,179.80 %	1,141.56 %	984.22 %	863.22 %	812.71 %

**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF CHICAGO, ILLINOIS**  
**SCHEDULE OF CONTRIBUTIONS**  
**Last Ten Fiscal Years (dollars are in thousands)**

**Municipal Employees':**

<b>Years Ended December 31,</b>	<b>Actuarially Determined Contributions</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency</b>	<b>Covered Payroll *</b>	<b>Contributions as a percentage of Covered Payroll</b>
2013	\$ 820,023	\$ 148,197	\$ 671,826	\$ 1,580,289	9.38 %
2014	839,039	149,747	689,292	1,602,978	9.34 %
2015	677,200	149,225	527,975	1,643,481	9.08 %
2016	961,770	149,718	812,052	1,646,939	9.09 %
2017	1,005,457	261,764	743,693	1,686,533	15.52 %
2018	1,049,916	349,574	700,342	1,734,596	20.15 %
2019	1,117,388	418,269	699,119	1,802,790	23.20 %
2020	1,167,154	496,992	670,162	1,861,905	26.69 %
2021	1,218,361	573,198	645,163	2,001,181	28.64 %
2022	1,262,413	959,550	302,863	2,166,182	44.30 %

\* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

**Laborers':**

<b>Years Ended December 31,</b>	<b>Actuarially Determined Contributions *</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency</b>	<b>Covered Payroll **</b>	<b>Contributions as a percentage of Covered Payroll</b>
2013	\$ 106,199	\$ 11,583	\$ 94,616	\$ 200,352	5.78 %
2014	106,019	12,161	93,858	202,673	6.00 %
2015	79,851	12,412	67,439	204,773	6.06 %
2016	117,033	12,603	104,430	208,155	6.05 %
2017	124,226	35,457	88,769	208,442	17.01 %
2018	129,247	47,844	81,403	211,482	22.62 %
2019	148,410	59,346	89,064	211,608	28.05 %
2020	155,794	73,744	82,050	207,195	35.59 %
2021	155,245	84,969	70,276	212,122	40.06 %
2022	153,023	116,176	36,847	214,083	54.27 %

\* The LABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the actuarially determined contribution is equal to the normal cost plus an amount to amortize the unfunded liability using level dollar payments and a 30-year open amortization period.

\*\* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF CHICAGO, ILLINOIS**  
**SCHEDULE OF CONTRIBUTIONS - Continued**  
**Last Ten Fiscal Years (dollars are in thousands)**

**Policemen's:**

<b>Years Ended December 31,</b>	<b>Actuarially Determined Contributions *</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency</b>	<b>Covered Payroll **</b>	<b>Contributions as a percentage of Covered Payroll</b>
2013	\$ 474,177	\$ 179,521	\$ 294,656	\$ 1,015,426	17.68 %
2014	491,651	178,158	313,493	1,074,333	16.58 %
2015	785,501	575,928	209,573	1,086,608	53.00 %
2016	785,695	273,840	511,855	1,119,527	24.46 %
2017	910,938	494,580	416,358	1,150,406	42.99 %
2018	924,654	589,635	335,019	1,205,324	48.92 %
2019	933,770	581,968	351,802	1,228,987	47.35 %
2020	1,037,582	739,913	297,669	1,195,980	61.87 %
2021	1,047,839	788,861	258,978	1,258,338	62.69 %
2022	1,085,159	802,074	283,085	1,274,050	62.95 %

\* The PABF Statutory Funding does not conform to Actuarial Standards of Practice; therefore, for fiscal years 2015 and after, the actuarially determined contribution is equal to the normal cost plus a 30-year level dollar amortization of the unfunded actuarial liability. Prior to 2015 the actuarially determined contribution was equal to the "ARC" which was equal to the normal cost plus a 30-year open level percent amortization of the unfunded actuarial liability.

\*\* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

**Firemen's:**

<b>Years Ended December 31,</b>	<b>Actuarially Determined Contributions *</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency</b>	<b>Covered Payroll **</b>	<b>Contributions as a percentage of Covered Payroll</b>
2013	\$ 294,878	\$ 103,669	\$ 191,209	\$ 416,492	24.89 %
2014	304,265	107,334	196,931	460,190	23.32 %
2015	323,545	236,104	87,441	465,232	50.75 %
2016	333,952	154,101	179,851	478,471	32.21 %
2017	372,845	228,453	144,392	469,407	48.67 %
2018	412,220	249,684	162,536	456,969	54.64 %
2019	442,045	255,382	186,663	457,082	55.87 %
2020	466,556	368,423	98,133	500,368	73.63 %
2021	476,498	367,481	109,017	520,047	70.66 %
2022	509,936	399,210	110,726	525,480	75.97 %

\* The historical FABF Statutory Funding Policy does not conform to Actuarial Standards of Practice; therefore, the Actuarially Determined Contribution is equal to the normal cost plus an amount to amortize the unfunded liability using level dollar payments and a 30-year amortization period. Amounts for fiscal years prior to 2015 were based on the "ARC" which was equal to normal cost plus an amount to amortize the unfunded liability using a 30-year open period level dollar amortization.

\*\* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF CHICAGO, ILLINOIS  
SCHEDULE OF CONTRIBUTIONS - Concluded**

<b>Actuarial Methods and Assumptions:</b>	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>
Actuarial valuation date .....	12/31/2021	12/31/2021	12/31/2021	12/31/2021
Actuarial cost method .....	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Asset valuation method .....	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market
<b>Actuarial assumptions:</b>				
Inflation .....	2.50%	2.25%	2.25%	2.50%
Salary increases .....	3.50% - 7.75% (a)	3.00% (b)	3.50% (c)	3.50% - 25.00% (d)
Investment rate of return .....	7.00% (e)	7.25% (f)	6.75%	6.75% (e)
Retirement Age .....	(g)	(h)	(i)	(j)
Mortality .....	(k)	(l)	(m)	(n)
Other information .....	(o)	(p)	(q)	(o)

- (a) Varying by years of service and employer.
- (b) Plus a service-based increase in the first nine years.
- (c) Plus service based increases consistent with bargaining contracts.
- (d) Varying by years of service.
- (e) Net of investment expense.
- (f) Net of investment expense, including inflation.
- (g) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (effective December 31, 2022).  
For employees first hired on or after January 1, 2011 and before July 6, 2017, rates of retirement for each age from 62 to 80 were used (effective December 31, 2011).  
For employees first hired on or after July 6, 2017, rates of retirement for each age from 60 to 80 were used (effective December 31, 2018).
- (h) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2020, valuation pursuant to an experience study of the period January 1, 2017, through December 31, 2019.
- (i) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2019, actuarial valuation pursuant to an experience study of the period January 1, 2014, through December 31, 2018.
- (j) Retirement rates are based on the recent experience of the Fund (effective December 31, 2022).
- (k) Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, set forward two years for males and one year for females, and projected generationally using scale MP-2016. Pre-retirement mortality rates were based on 120% of the RP-2014 Employee Mortality Tables projected generationally using scale MP-2016.
- (l) Post Retirement Mortality: Scaling factors of 109% for males, and 108% for females of the Pub-2010 Amount-weighted Below-median Income General Healthy Retiree Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements. Pre Retirement Mortality: Scaling factors of 111% for males, and 115% for females of the Pub-2010 Amount-weighted Below-median Income General Employee Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements.
- (m) Post-Retirement Healthy mortality rates: Sex distinct Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Tables weighted 119% for males and 102% for females, set forward one year for males. Pre-Retirement mortality rates: Sex distinct Pub-2010 Amount-weighted Safety Employee Mortality Tables weighted 100% for males and 100% for females. Disabled Mortality: Sex distinct Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Tables weighted 129% for males and 112% for females, set forward one year for males. Future mortality improvements are reflected by projecting the base mortality tables forward using the MP-2018 projection scale.
- (n) Post-retirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 106% for males and 98% for females, and projected generationally using scale MP-2017. Disabled mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 107% for males and 99% for females, and projected generationally using scale MP-2017. Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality, scaled by 92% for males and 100% for females, projected generationally using scale MP-2017.
- (o) Other assumptions: Same as those used in the December 31, 2021, actuarial funding valuations.
- (p) Demographic assumptions were updated for the actuarial valuations as of December 31, 2020.
- (q) The actuarially determined contribution for fiscal year ended December 31, 2022 was determined in the funding actuarial valuation as of December 31, 2021 and the statutory contribution (upon which the actual contribution was based) for fiscal year ended December 31, 2022 was determined in the funding actuarial valuation as of December 31, 2020, which were both based on the assumptions summarized above.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF CHICAGO, ILLINOIS**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**Last Five Years (dollars are in thousands)**

<b>CBA Benefits:</b>	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost .....	\$ 121,211	\$ 126,249	\$ 12,215	\$ 3,398	\$ 3,954
Interest .....	32,523	34,661	16,357	14,760	15,049
Benefit changes .....	—	9,896 *	(82,923) *	(10) **	—
Differences between expected and actual experience .....	28,013	(4,226)	(6,712)	19,330	(35,640)
Assumption changes .....	(248,217)	(61,564)	1,261,663	253,605	(9,990)
Benefit payments including refunds .....	(68,621)	(72,444)	(56,528)	(51,717)	(49,972)
OPEB plan administrative expense .....	—	—	—	—	—
Net change in total OPEB liability .....	\$ (135,091)	\$ 32,572	\$1,144,072	\$ 239,366	\$ (76,599)
Total OPEB liability - beginning .....	1,801,868	1,769,296	625,224	385,858	462,457
Total OPEB liability - ending (a) .....	\$1,666,777	\$1,801,868	\$1,769,296	\$ 625,224	\$ 385,858
Plan fiduciary net position					
Contributions-employer .....	\$ 68,621	\$ 72,444	\$ 56,528	\$ 51,717	\$ 49,972
Contributions-employee .....	—	—	—	—	—
Net investment income .....	—	—	—	—	—
Benefit payments including refunds of member contribution .....	(68,621)	(72,444)	(56,528)	(51,717)	(49,972)
Administrative expenses .....	—	—	—	—	—
Other .....	—	—	—	—	—
Net change in plan fiduciary net position .....	\$ —	\$ —	\$ —	\$ —	\$ —
Plan fiduciary net position - beginning .....	—	—	—	—	—
Plan fiduciary net position - ending (b) .....	\$ —	\$ —	\$ —	\$ —	\$ —
Net OPEB liability - ending (a)-(b) .....	\$1,666,777	\$1,801,868	\$1,769,296	\$ 625,224	\$ 385,858
Covered employee payroll*** .....	\$1,711,607	\$1,723,556	\$1,657,041	\$1,631,705	\$ 182,222
Net OPEB liability as a percentage of covered employee payroll .....	97.38 %	104.54 %	106.77 %	38.32 %	211.75 %

\* Contribution Increases

\*\* Cadillac tax & Subsidy

\*\*\* Covered employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

**Notes:**

Beginning with fiscal year 2018, the City will accumulate ten years of data.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF CHICAGO, ILLINOIS**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS - Concluded**  
**Last Five Years (dollars are in thousands)**

<b>Non-CBA Benefits:</b>	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost .....	\$ 15,266	\$ 15,049	\$ 12,697	\$ 14,904	\$ 10,673
Interest .....	3,475	3,696	5,331	11,869	9,411
Benefit changes .....	—	—	—	(106,959) *	—
Differences between expected and actual experience .....	7,810	2,717	(11,185)	24,481	(7,490)
Assumption changes .....	(37,848)	1,177	1,597	(20,946)	22,922
Benefit payments including refunds .....	(18,590)	(18,534)	(17,959)	(18,560)	(20,606)
OPEB plan administrative expense .....	—	—	—	—	—
Net change in total OPEB liability .....	\$ (29,887)	\$ 4,105	\$ (9,519)	\$ (95,211)	\$ 14,910
Total OPEB liability - beginning .....	198,149	194,044	203,563	298,774	283,864
Total OPEB liability - ending (a) .....	\$ 168,262	\$ 198,149	\$ 194,044	\$ 203,563	\$ 298,774
Plan fiduciary net position					
Contributions-employer .....	\$ 18,590	\$ 18,534	\$ 17,959	\$ 18,560	\$ 20,606
Contributions-employee .....	—	—	—	—	—
Net investment income .....	—	—	—	—	—
Benefit payments including refunds of member contribution .....	(18,590)	(18,534)	(17,959)	(18,560)	(20,606)
Administrative expenses .....	—	—	—	—	—
Other .....	—	—	—	—	—
Net change in plan fiduciary net position .....	\$ —	\$ —	\$ —	\$ —	\$ —
Plan fiduciary net position - beginning .....	—	—	—	—	—
Plan fiduciary net position - ending (b) .....	\$ —	\$ —	\$ —	\$ —	\$ —
Net OPEB liability - ending (a)-(b) .....	\$ 168,262	\$ 198,149	\$ 194,044	\$ 203,563	\$ 298,774
Covered employee payroll** .....	\$ 1,207,229	\$ 1,162,829	\$ 1,161,573	\$ 1,153,439	\$ 2,580,360
Net OPEB liability as a percentage of covered employee payroll .....	13.94 %	17.04 %	16.71 %	17.65 %	11.58 %

\* Cadillac tax & Subsidy

\*\* Covered employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

**Notes:**

Beginning with fiscal year 2018, the City will accumulate ten years of data. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Brandon Johnson, Mayor  
and Members of the City Council  
City of Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2023. Our report includes a reference to other auditors who audited the financial statements of the City's Pension Trust Funds (the "Trust Funds"), as described in our report on the City's financial statements. The financial statements of the Trust Funds were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Trust Funds or that are reported on separately by those auditors who audited the financial statements of the Trust Funds.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-01 that we consider to be a significant deficiency.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## The City's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

June 30, 2023

# CITY OF CHICAGO

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2022

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### 1. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

#### Finding 2022-01: Significant Deficiency in Internal Controls over Financial Reporting

##### *Criteria*

Sufficient levels of accounting personnel that are proficient in the standards issued by the Government Accounting Standards Board (“GASB”) are required to ensure the financial statements prepared by the City of Chicago are completed in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

##### *Condition*

Due to the size and diversity of the City’s business operations, the financial accounting and reporting is very complex. In addition to the traditional governmental services, the City also owns and operates large enterprise operations consisting of a water and wastewater utility and two international airports. The accounting personnel for the enterprise operations of the City of Chicago is not currently adequately staffed, thereby creating competing demands of their time and ability to timely prepare the financial statements in accordance with GAAP.

##### *Cause*

The City experienced significant turnover and retirements in the enterprise operations in a short period of time that resulted in a lack of resources during critical financial reporting periods.

##### *Effect*

The lack of sufficient levels of accounting personnel may cause delays and inefficiencies in the overall year-end closing and financial reporting process and exposes the City to the risk of potential misstatements in the financial statements.

##### *Recommendation*

Evaluate the current organizational structure of the accounting personnel within the City of Chicago to ensure that technically proficient personnel fill recently created vacancies within the enterprise operations, and ensure that succession planning is in place.



CITY OF CHICAGO



DEPARTMENT OF FINANCE

Management agrees with and acknowledges the finding 2022-001 for fiscal year 2022 and recommendation as stated. During the audit, the Department of Finance (DOF) worked closely with the Department of Water Management's (DWM) former and current personnel to ensure deadlines were met and ACFR report was complete and accurate.

DOF is working internally with the Offices of Budget and Management (OBM) and DWM to ensure adequately staffed personnel for 2023 and in future years. The corrective action plan is led by Chase Rehwinkel, City Comptroller.

CITY OF CHICAGO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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There were no findings for the year ended December 31, 2021.

# **CITY OF CHICAGO**

Chicago, Illinois

## REPORT ON FEDERAL AWARDS

For the Year Ended December 31, 2022

# CITY OF CHICAGO

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## **Independent Auditors' Report on Schedule of Expenditures of Federal Awards**

To the Honorable Brandon Johnson, Mayor,  
and the Members of the City Council of  
City of Chicago, Illinois

### **Report on the Audit of the Schedule of Expenditures of Federal Awards**

#### ***Opinion***

We have audited the schedule of expenditures of federal awards of the City of Chicago (the City), for the year ended December 31, 2022, and the related notes (the Schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of the City for the year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Schedule***

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

#### ***Auditors' Responsibilities for the Audit of the Schedule***

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Baker Tilly US, LLP*

Chicago, Illinois  
August 4, 2023

CITY OF CHICAGO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2022 Federal Expenditures	2022 Non-Federal Expenditures	2022 Sub recipient Expenditures
<b>I. Department of Agriculture</b>					
<b>A. Food and Nutrition Service</b>					
<b>Child Nutrition Cluster</b>					
Summer Food Service Program for Children (passed through Illinois State Board of Education) Summer Food Program 2019	10.559	IL058N1099	\$ 43,266	\$ -	\$ -
			43,266	-	-
<b>Total Child Nutrition Cluster</b>			43,266	-	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (passed through Illinois Department of Human Services) Women, Infants and Children Program 2021	10.557	FCSZQ00825	2,050,641	-	613,765
Women, Infants and Children Program 2022	10.557	FCSBQ00825	1,970,420	-	587,686
			4,021,061	-	1,201,451
<b>Child and Adult Care Food Program</b> (passed through Illinois State Board of Education) Child and Adult Care Food Program	10.558	IL058N1099	1,570	-	-
			1,570	-	-
<b>Total Food and Nutrition Service</b>			4,065,897	-	1,201,451
<b>B. Animal and Plant Health Inspection Service</b>					
Plant and Animal Disease, Pest Control, and Animal Care O'Hare Inspection Station Upgrade	10.025	AP22PPQF000G002	12,869	-	-
			12,869	-	-
<b>Total Animal and Plant Health Inspection Service</b>			12,869	-	-
<b>C. Forest Service</b>					
Urban and Community Forestry Program (passed through Urban and Community Forestry Program) Tree Planting - State Urban Forestry Resilience	10.675	21FFY2107UCF	49,180	-	-
			49,180	-	-
<b>Total Forest Service</b>			49,180	-	-
<b>Total Department of Agriculture</b>			4,127,946	-	1,201,451
<b>II. Department of Housing and Urban Development</b>					
<b>A. Assistant Secretary for Community Planning and Development</b>					
<b>CDBG - Entitlement Grants Cluster</b>					
Community Development Block Grants/Entitlement Grants					
Community Development Block Grant YR45	14.218	B19MC170006	1,659,427	-	1,558,369
Community Development Block Grant YR46	14.218	B20MC170006	2,026,890	-	926,654
Community Development Block Grant YR47	14.218	B21MC170006	12,323,515	-	1,510,455
Community Development Block Grant YR48	14.218	B22MC170006	76,770,629	-	31,286,528
Neighborhood Stabilization Program (NSP1) HERA 2009	14.218	B08MN170002	11,762	-	-
COVID-19 Community Development Block Grant CARES Act (CDBG-CV)	14.218	B20MW170006	20,625,838	-	11,921,981
COVID-19 Community Development Block Grant CARES Act (CDBG-CV)	14.218	B20MW170006	9,002,973	-	3,213,254
			122,421,034	-	50,417,241
<b>Total CDBG - Entitlement Grants Cluster</b>			122,421,034	-	50,417,241
<b>Emergency Solutions Grant Program</b>					
Emergency Solutions Grant 2020	14.231	E-20-MC-17-0006	525,688	525,688	362,793
Emergency Solutions Grant 2021	14.231	E21-MC-17-0006	514,773	514,773	162,871
Emergency Solutions Grant 2022	14.231	E22-MC-17-0006	6,148,386	6,148,386	5,872,924
COVID-19 Emergency Solutions Grant 2020 - CARES ACT	14.231	E-20-MW-17-0006	26,326,391	-	21,672,018
			33,515,238	7,188,847	28,070,606
<b>Home Investment Partnerships Program</b>					
HOME 2015	14.239	M15MC170201	35,810	-	-
HOME 2016	14.239	M16MC170201	537,924	-	-
HOME 2017	14.239	M17MC170201	426,077	-	-
HOME 2018	14.239	M18MC170201	4,765,240	-	(27,364)
HOME 2019	14.239	M19MC170201	5,572,825	-	52,292
HOME 2020	14.239	MZ0MC170201	8,097,395	-	-
HOME 2021	14.239	M21MC170201	1,240,529	-	-
HOME 2021	14.239	MZ0MC170201	1,322,441	-	-
HOME 2022	14.239	N/A	2,249,745	-	257,035
			24,247,986	-	281,963
<b>Housing Opportunities for Persons with AIDS</b>					
HOPWA 2020/2022	14.241	ILH20F001	(46,345)	-	(46,345)
HOPWA 2021/2023	14.241	ILH21F001	(19,166)	-	-
COVID-19 HOPWA 2020/2022 - CARES ACT	14.241	ILH20FHW001	2,000	-	2,000
HOPWA 2021/2023 - Carryover 2019	14.241	ILH19F001	5,963,834	-	5,757,468
HOPWA 2022/2024	14.241	ILH22F001	4,686,767	-	4,335,851
HOPWA Housing & Healthy Study 2022/2024	14.241	IL-H210008	494,073	-	480,856
			11,081,163	-	10,529,830
<b>ARRA - Neighborhood Stabilization Program (Recovery Act Funded)</b>					
ARRA Neighborhood Stabilization Program (NSP II) 2010	14.256	B09LNL0025	19,533	-	-
			19,533	-	-
<b>Neighborhood Stabilization Program</b>					
Neighborhood Stabilization Program (NSP III) 2011	14.264	B11MN170002	3,262	-	-
			3,262	-	-
<b>Total Assistant Secretary for Community Planning and Development</b>			191,288,216	7,188,847	89,299,640

## CITY OF CHICAGO

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Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2022 Federal Expenditures	2022 Non-Federal Expenditures	2022 Sub recipient Expenditures
<b>B. Assistance Secretary for Public and Indian Housing</b>					
Moving to Work Demonstration Program					
(passed through Chicago Housing Authority)					
CHA Family Supportive Services 2019/2020	14.881	12303	\$ (680)	\$ -	\$ (680)
CHA Family Supportive Services 2021/2022	14.881	12649	1,158,373	-	629,619
Chicago Housing Authority Home Modification Program	14.881	12297	10,514	-	10,514
			<u>1,168,207</u>	<u>-</u>	<u>639,453</u>
Total Assistance Secretary of Public and Indian Housing			1,168,207	-	639,453
<b>C. Office of Lead Hazard Control and Healthy Homes</b>					
Lead Hazard Reduction Demonstration Grant Program					
Lead Hazard Reduction Demonstration Grant Program 2014	14.905	ILLHD0270-14	(4,953)	-	-
Lead Hazard Reduction Demonstration Grant Program 2019	14.905	ILLHB06710-18	2,149,935	-	2,149,935
Lead Hazard Reduction Demonstration Grant Program 2022	14.905	ILLHD0491-22	30,301	-	15,206
			<u>2,175,283</u>	<u>-</u>	<u>2,165,141</u>
Total Office of Lead Hazard Control and Healthy Homes			2,175,283	-	2,165,141
Total Department of Housing and Urban Development			<u>194,631,706</u>	<u>7,188,847</u>	<u>92,104,234</u>
<b>III. Department of Justice</b>					
<b>A. Office of Justice Programs</b>					
Services for Trafficking Victims					
(passed through Illinois Criminal Justice Information Authority)					
Housing Assist For Victims of Human Trafficking 2020/2023	16.320	2020VTBX0053	110,183	-	109,674
			<u>110,183</u>	<u>-</u>	<u>109,674</u>
Juvenile Justice and Delinquency Prevention					
Reducing Risk for Girls 2021/2024					
	16.540	15PJDP21GG03	50,254	-	50,113
			<u>50,254</u>	<u>-</u>	<u>50,113</u>
National Institute of Justice Research, Evaluation, and Development Project Grants					
(passed through Illinois Criminal Justice Information Authority)					
Initialed Research and Evaluation on Firearm Violence Program 2019	16.560	2019-R2-CX-0004	199	-	-
			<u>199</u>	<u>-</u>	<u>-</u>
Crime Victim Assistance					
(passed through Illinois Criminal Justice Information Authority)					
Services to Victims of Domestic Violence Help Line 2021/2022	16.575	219115	323,726	-	-
Services to Victims of Domestic Violence Help Line 2022/2023	16.575	218315	414,889	-	-
			<u>738,615</u>	<u>-</u>	<u>-</u>
Crime Victim Assistance/Discretionary Grants					
Law Enforcement - Based Victim Specialist - 2019/2022					
	16.582	2019V3GX0053	291,357	-	-
			<u>291,357</u>	<u>-</u>	<u>-</u>
Project Safe Neighborhoods					
Project Safe Neighborhoods - PSN FY 2017					
	16.609	2017-GP-BX-0001	11,096	-	-
			<u>11,096</u>	<u>-</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program					
Technology Innovation For Public Safety (TIPS)					
Edward Byrne Memorial Justice Assistance 2018	16.738	2017-DG-BX-K102	20,766	-	-
Edward Byrne Memorial Justice Assistance 2018	16.738	2018-DJ-BX-0598	1,428,971	-	551,881
Edward Byrne Memorial Justice Assistance 2019	16.738	2019-DJ-BX-0682	296,929	-	-
Edward Byrne Memorial Justice Assistance 2020	16.738	2020-DJ-BX-0446	261,579	-	-
Edward Byrne Memorial Justice Assistance 2021	16.738	15PBJA-21-GG-01455-JAGX	18,949	-	-
			<u>2,027,194</u>	<u>-</u>	<u>551,881</u>
Criminal and Juvenile Justice and Mental Health Collaboration Program					
Justice and Mental Health Collaboration - 2018					
	16.745	2018MOBX0032	364,431	-	-
			<u>364,431</u>	<u>-</u>	<u>-</u>
Justice Reinvestment Initiative					
Justice Reinvestment Initiative - 2020					
	16.827	2020ZBBX0010	110,599	-	-
			<u>110,599</u>	<u>-</u>	<u>-</u>
National Sexual Assault Kit Initiative					
Sexual Assault Kit Initiative - 2020					
	16.833	2020AKBX0026	3,552	-	-
			<u>3,552</u>	<u>-</u>	<u>-</u>
Comprehensive Opioid, Stimulant, and other Substances Use Program					
Comprehensive Opioid Abuse Site-Based - 2019					
	16.838	2019ARBXX003	386,629	-	-
			<u>386,629</u>	<u>-</u>	<u>-</u>
Total Office of Justice Programs			4,094,109	-	711,668
<b>B. Office on Violence Against Women (OVW)</b>					
Violence Against Women Formula Grants					
(passed through Illinois Criminal Justice Information Authority)					
VAWA - Sexual Assault Multi-Discipline FY 2020	16.588	617070	5,513	-	-
VAWA - Sexual Assault Multi-Discipline FY 2020	16.588	617060	5,297	-	-
VAWA - Domestic Violence Multi-Discipline FY 2021	16.588	617170	40,719	-	-
Violence Against Women Sexual Assault FY 2021	16.588	617160	40,719	-	-
			<u>92,248</u>	<u>-</u>	<u>-</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program					
(passed through Cook County's States Attorney's Office)					
Improving Criminal Justice Response to Domestic Violence - 2020/2023	16.590	2020WEAX0005	332,541	-	-
			<u>332,541</u>	<u>-</u>	<u>-</u>
Total Office on Violence Against Women Office (OVW)			424,789	-	-

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Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2022 Federal Expenditures	2022 Non-Federal Expenditures	2022 Sub recipient Expenditures
<b>C. Office of Community Oriented Policing Services</b>					
Public Safety Partnership and Community Policing Grants					
Cops Hiring Program - 2017	16.710	2017ULWX0006	\$ (176,275)	\$ -	\$ -
Cops Hiring Program - 2020	16.710	2020ULWX0056	5,479,205	-	-
Cops Hiring Program - 2021	16.710	15JCOPS-21-GG-03416-UHPX	2,692,596	-	-
Cops Hiring Program - 2022	16.710	15JCOPS-21-GG-02279-SPPS	14,000	-	-
Law Enforcement Mental Health & Wellness ACT - 2019-2021	16.710	2019MHWXK005	30,246	-	-
Law Enforcement Mental Health & Wellness ACT - 2021-2023	16.710	15JCOPS-21-GG-02179-SLEM	20,730	-	-
			8,060,502	-	-
<b>Total Office of Community Oriented Policing Services</b>			<b>8,060,502</b>	<b>-</b>	<b>-</b>
<b>D. Criminal Division</b>					
Equitable Sharing Program					
Asset Forfeiture Program	16.922	N/A	2,233,070	-	-
			2,233,070	-	-
<b>Total Criminal Division</b>			<b>2,233,070</b>	<b>-</b>	<b>-</b>
<b>Total Department of Justice</b>			<b>14,812,470</b>	<b>-</b>	<b>711,668</b>
<b>IV. Department of Transportation</b>					
<b>A. Federal Aviation Administration</b>					
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs					
Federal Airport Midway Field Development					
	20.106	3-17-0025-093/095/096	1,073,157	-	-
		3-17-0025-101-2021-3,			
COVID-19 Federal Airport Midway CARES Act	20.106	'2021 ARP ACT (#4,5,6,7)	36,603,213	-	-
		3-17-0022-156,3-17-0022-168,			
		3-17-0022-169, 3-17-0022-174,			
		3-17-0022-185,3-17-0022-180,			
Federal Airport O'Hare Field Development	20.106	3-17-0022-190	44,961,485	-	-
		3-17-0022-183-2021-3, 2021 ARP ACT			
COVID-19 Federal Airport O'Hare CARES Act	20.106	(#4,5,6)	144,931,169	-	-
			227,569,024	-	-
<b>Total Federal Aviation Administration</b>			<b>227,569,024</b>	<b>-</b>	<b>-</b>
<b>B. Federal Highway Administration</b>					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
(passed through Illinois Department of Transportation)					
Transportation Planning and Programming					
UWP Core Grant	20.205	C-22-0014	263,020	65,755	-
Vision Zero South Side	20.205	C-88-046-06	409,587	-	-
North Grant Park - Streeterville Transportation Demand Study	20.205	C-19-0015	63,538	-	2,435
Pedestrian Countdown Signals (Various Locations) Design	20.205	C-20-0015	62,918	-	-
Lincoln/Ashland/Belmont Phase I & II	20.205	P-88-057-12	(2,392)	(266)	-
130th Street/Torrence Avenue/Brainard Avenue Main Contract	20.205	P-88-001-10	37,523	-	-
Broadway-Sheridan Road, Devon To Hollywood Signal Interconnect System (Design)	20.205	C-88-025-04	292,059	73,015	-
Lasalle Street Bridge over Main Branch of Chicago River	20.205	P-88-005-06	46,527	11,632	-
Van Buren Street Bridge Over Main Branch of Chicago River	20.205	P-88-002-13	28,341	7,085	-
Grand Avenue Bridge over Main Branch of Chicago River	20.205	P-88-039-12	2,762	691	-
Street for Cycling Project #1	20.205	P-88-030-12	40,518	10,129	-
Lake Front Bicycle Trail #3 Over the Chicago River	20.205	C-88-011-14	461,451	-	14,056
Streets for Cycling Phase IV - 2B Construction	20.205	D-88-028-14	(337)	(84)	-
Street for Cycling Phase V-1	20.205	C-88-016-15	(48,345)	(12,086)	-
Lake Front Bicycle Trail #2 (Navy Pier Flyover)	20.205	P-88-011-17	154,302	-	-
Commuter Bicycle Parking & Promotion	20.205	C-88-011-13	(220,508)	-	-
Highway Safety Improvement Program	20.205	C-88-006-15	60,716	-	-
Oakwood Blvd. Viaduct Over Metra/ICRR	20.205	C-88-031-14	(171,305)	-	-
Milwaukee Avenue - Belmont to Addison Street	20.205	C-88-027-13	(435,369)	-	-
Arterial Street Resurfacing Project 78 - Far South	20.205	C-88-011-16	32,258	8,065	-
South Water Viaduct from Stetson Avenue to Beaubien	20.205	C-88-015-16	(5,250)	-	(5,250)
41st Street Pedestrian Bridge Over Lake Shore Drive (STP)	20.205	D-88-018-15	8,941	-	-
Oakwood Blvd. Viaduct Over Metra/ICRR - STP	20.205	C-88-001-16	(26,366)	-	(26,366)
Bridge Inspection Services	20.205	C-88-027-13	414,010	-	-
Lakefront Bicycle Trail #3 (Navy Pier Flyover) Over the Chicago River (STP)	20.205	C-88-002-16	1,447,744	-	-
North Branch Riverwalk Underbridge Connection at Addison Street	20.205	C-88-004-17	228,525	-	-
Pershing Road Improvement Ashland Avenue to Dan Ryan Expressway	20.205	C-88-033-13	9,463	-	-
ADARamp Improvement Project 58 & 62 Far South Area	20.205	P-88-005-10	4,788	1,197	-
Montrose Harbor Bridges and Underpass Improvement	20.205	D-88-009-13	(29,585)	(7,396)	-
Weber Spurt Trail (Phase I & II)	20.205	D-88-021-11	29,141	7,285	-
Intelligent Transportation System Centralized Traffic Management Center	20.205	P-88-006-10	131,265	32,816	-
Archer Avenue at Kenton Ave - Create GS09	20.205	C-88-039-00	2,251,453	562,863	-
Columbus Avenue at Maplewood - CREATE GS11	20.205	P-88-009-12	15,454	3,864	-
Columbia Drive Bridge Over Jackson Park Lagoon	20.205	P-88-011-12	34,678	8,670	-
Roosevelt Rd. From Western Ave. to LSD	20.205	P-88-002-15	34,068	8,517	-
Stony Island Avenue Interconnect - Midway Plaisance to 95th Street	20.205	C-88-009-19	221,475	-	278
Chicago Traffic Advisory System	20.205	P-88-062-06	262,391	-	-
Enhanced Travel Information and Arterial Monitoring Systems - Midway Airport Area	20.205	C-88-010-19	950,254	-	-
Chicago Streets for Cycling PH IV - Project 1A	20.205	C-88-059-06	820,637	-	-
Streets for Cycling - Phase VI: Belmont Cragin (Design)	20.205	C-88-017-15	(100,302)	-	-
Streets for Cycling - Phase VII (Program Management)	20.205	P-88-012-17	127,017	-	-
Bridge Inspection Services 2022-2023	20.205	STN-5-702	998,201	-	-
Walk to Transit: Series I & II	20.205	BIB8-001-18	943,992	-	-
Broadway/Sheridan Road Interconnect: Devon Ave. To Hollywood Ave.	20.205	C-88-014-10	(107,307)	-	-
Irving Park Road Bridge Over the North Branch of the Chicago River	20.205	C-88-049-12	181,535	-	-
Blue Island Streetscape Improvement Project, West 19th Street - West 21st Street	20.205	C-88-046-06	11,348	-	-
			(508,239)	-	(22,800)

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<b>Highway Planning and Construction (cont.)</b>					
ADA Ramps Improvement Project 55 & 59 North Area	20.205	C-88-015-17	\$ 821,710	\$ -	\$ -
IDOT Transportation Funds - Arterial Street Resurfacing # 79	20.205	C-88-018-17	208,135	-	-
IDOT Transportation Funds - Arterial Street Resurfacing # 82	20.205	C-88-019-17	(22,729)	-	-
Arterial Street Resurfacing Project 83 - North Area	20.205	C-88-005-18	437,392	-	-
Arterial Street Resurfacing Project 84 - Central Area	20.205	C-88-007-18	(188,906)	-	(296,590)
Arterial Street Resurfacing Project 85 - South Area	20.205	C-88-009-18	20,882	-	(23,877)
Arterial Street Resurfacing Project 86 - far South Area	20.205	C-88-004-18	211,524	-	-
Arterial Street Resurfacing Project #87 - North Area	20.205	C-88-004-19	(19,569)	-	-
Arterial Street Resurfacing #88 (Central)	20.205	C-88-005-19	518,114	-	12,024
Arterial Street Resurfacing #89	20.205	C-88-006-19	(19,053)	-	-
Arterial Street Resurfacing #90 (Far South)	20.205	C-88-007-19	347,748	-	-
Pavement Preservation and Roadside Safety Appurtenances	20.205	S-88-001-20	736,459	-	-
Arterial Street Resurfacing Project 91 - North	20.205	C-88-009-20	4,961,721	-	114,708
Arterial Street Resurfacing Project 92 - Central	20.205	C-88-010-20	5,203,015	-	-
Arterial Street Resurfacing Project 93 - South	20.205	C-88-011-20	7,621,939	-	(14,580)
Arterial Street Resurfacing Project 94 - Far South	20.205	C-88-012-20	7,129,762	-	-
Traffic Signal Modernization Number 1	20.205	P-88-003-20	321,605	-	-
South Water Street Viaduct From Beaubien CT. to Stetson Avenue	20.205	C-88-012-18	2,353,911	-	-
31st Street & 43rd Street Bridge Over Metra & IC(CN) Railroad	20.205	C-88-002-18	2,683,088	-	-
Irving Park Road Bridge Over the North Branch of the Chicago River	20.205	C-88-046-06	25,132	-	-
Lincoln Village Pedestrian and Bicycle Bridge Over North Shore Channel at Hood Avenue	20.205	C-88-009-14	(231,446)	-	-
Blue Island Streetscape Improvement Project, West 19th Street - West 21st Street	20.205	C-88-001-18	11,965	-	(80,866)
Lincoln Ashland Belmont Streetscape, Section 2	20.205	C-88-004-20	4,459,067	-	-
71st Street Streetscape/South Shore Drive to Jeffrey Blvd. - Phase II (Median)	20.205	C-88-008-19	585,818	-	-
43rd Street Bicycle Pedestrian Bridge - ITEP	20.205	C-88-006-16	687,801	-	-
ADA Ramp Improvement Project No. 56 & 60 (Central)	20.205	C-88-016-16	(51,586)	-	(114,241)
Chicago Congestion Pricing and Mobility Study	20.205	19-1439-10849	245,189	-	(8,021)
Vision Zero South Side	20.205	21-1439-9815	80,292	-	2,435
Complex Intersections Framework Plan	20.205	19-1439-9531	335,440	-	-
Southwest Industrial Corridor Transportation Study (SWICTS)	20.205	20-1439-17313	71,554	-	-
Vision Zero Northwest Side - Grant to GSR	20.205	20-1439-16126	(2,510)	-	(29,942)
Economic Benefits of Create	20.205	20-1439-16352	336,971	-	-
South Branch Parks Access Study	20.205	60JN(686)	134,567	-	-
43rd Street Bicycle Pedestrian Bridge - TAP	20.205	C-88-006-16	4,209,384	-	(2,404,993)
North Avenue Viaduct Vertical Clearance Improvement/Ashland Ave. To Elston Ave.	20.205	P-88-002-19	17,755	-	-
43rd Street Bicycle Pedestrian Bridge - STP	20.205	C-88-006-16	1,358,382	-	873,664
Columbus Avenue From Kedzie Avenue to Western Avenue	20.205	D-88-001-20	933,648	-	64,398
Cicero Avenue Bascula Bridge - Sanitary and Ship Canal Rehabilitation	20.205	P-88-005-16	18,040	-	-
Chicago Safe Routes to School	20.205	C-88-019-10	(40,589)	-	-
<b>Total Highway Planning and Construction Cluster</b>			<b>55,938,217</b>	<b>781,752</b>	<b>(1,943,528)</b>
<b>Total Federal Highway Administration</b>			<b>55,938,217</b>	<b>781,752</b>	<b>(1,943,528)</b>
<b>C. Federal Railroad Administration</b>					
<b>Railroad Development</b>					
(passed through Illinois Department of Transportation)					
95th / Eggleston - Create GS21A	20.314	P-88-010-12	57,649	-	-
			57,649	-	-
<b>Total Federal Railroad Administration</b>			<b>57,649</b>	<b>-</b>	<b>-</b>
<b>D. Federal Transit Administration</b>					
<b>Federal Transit Cluster</b>					
<b>Federal Transit Capital Investment Grants</b>					
Union Station Transportation and Central Loop BRT	20.500	IL-03-0282-00	431,586	107,897	209,514
Union Station Transportation and Central Loop BRT	20.500	IL-03-0282-00	109,867	27,467	-
			541,453	135,364	209,514
<b>Federal Transit Formula Grants</b>					
Washington Wabash Loop Elevated CTA Station	20.507	IL-95-X027-01	(851,675)	-	-
Washington Wabash Loop Elevated CTA Station	20.507	IL-95-X010-03	146,594	36,648	-
Washington Wabash Loop Elevated CTA Station	20.507	IL-2018-027-00	243,860	-	-
State / Lake Loop Elevated	20.507	IL-2016-002-02	3,836,286	-	-
			3,375,065	36,648	-
<b>Total Federal Transit Cluster</b>			<b>3,916,518</b>	<b>172,012</b>	<b>209,514</b>
<b>Total Federal Transit Administration</b>			<b>3,916,518</b>	<b>172,012</b>	<b>209,514</b>
<b>E. National Highway Traffic Safety Administration</b>					
<b>Highway Safety Cluster</b>					
<b>State and Community Highway Safety</b>					
(passed through Illinois Department of Transportation)					
IDOT Sustained Traffic Enforcement Program 2021	20.600	HS-22-0246	203,026	-	-
IDOT Sustained Traffic Enforcement Program 2022	20.600	343-35298	29,436	-	-
			232,462	-	-
<b>National Priority Safety Programs</b>					
(passed through Illinois Department of Transportation)					
Injury Prevention (Pedestrian and Bicycle Safety Initiative)	20.616	HS-22-0265	568,700	-	-
Injury Prevention Pedestrian Safety	20.616	343-2964	5,086	-	-
			573,786	-	-
<b>Total Highway Safety Cluster</b>			<b>806,248</b>	<b>-</b>	<b>-</b>

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National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements Vision Zero WST Side - NSC Grant	20.614	DTNH2215H00473-0002	\$ (54,086)	\$ -	\$ -
			(54,086)	-	-
Total National Highway Traffic Safety Administration			752,162	-	-
F Office of the Secretary (OST) Administration Secretariate National Infrastructure Investments (passed through Illinois Department of Transportation) 41st Street Pedestrian Bridge Over Lake Shore Drive (TIGER)	20.933	C-88-001-16	(271)	-	(271)
			(271)	-	(271)
Total Office of the Secretary (OST) Administration Secretariate			(271)	-	(271)
G Pipeline and Hazardous Materials Safety Administration Interagency Hazardous Materials Public Sector Training and Planning Grants (passed through Illinois Department of Transportation) Hazardous Materials Emergency Preparedness	20.703	19CHGOHME	95,365	-	-
			95,365	-	-
Total Pipeline and Hazardous Materials Safety Administration			95,365	-	-
Total Department of Transportation			288,328,664	953,764	(1,734,285)
V. Department of the Treasury Equitable Sharing Treasury Forfeiture Fund	21.016	N/A	6,502	-	-
			6,502	-	-
A Departmental Offices COVID-19 Coronavirus Relief Fund COVID-19 Corona Relief Fund (passed through Illinois Department of Public Health) COVID-19 Corona Relief Fund	21.019	N/A	(67,624)	-	-
	21.019	05180110H	(1,344,875)	-	(1,344,875)
			(1,412,499)	-	(1,344,875)
COVID-19 Emergency Rental Assistance Program COVID-19 Emergency Rental Assistance Program COVID-19 Emergency Rental Housing Assistance (passed through Illinois Department of Human Services) COVID-19 Court Based Rental Assistance Program	21.023	N/A	61,548,743	-	3,903,980
	21.023	N/A	7,906,748	-	297,940
	21.023	FCSBH06503	641,780	-	-
			70,097,271	-	4,201,920
COVID-19 Coronavirus State and Local Fiscal Recovery Funds COVID-19 ARP Local Fiscal Recovery Fund (passed through Emergency and Transitional Housing Program) COVID-19 Emergency and Transitional Housing 2022-2023	21.027	N/A	443,692,853	-	44,042,172
	21.027	FCSBH00482TH	776,609	1,370,642	776,609
			444,469,462	1,370,642	44,818,781
Total Departmental Offices			513,154,234	1,370,642	47,675,826
Total Department of the Treasury			513,160,736	1,370,642	47,675,826
VI. National Endowment for the Arts Promotion of the Arts Grants to Organizations and Individuals NEA Artworks - 2022/2023 COVID-19 NEA Promotion of the Arts	45.024	1893795-6222	15,000	-	-
	45.024	1896168-6622	500,000	-	-
			515,000	-	-
Promotion of the Arts Partnership Agreements (passed through Illinois Arts Council) IAC - Community Arts Access Program (CAAP) - 2021/2022	45.025	1863387-61-20	140,200	-	-
			140,200	-	-
Total National Endowment for the Arts			655,200	-	-
VII. Institute of Museum and Library Services Grants to States (passed through Office of Secretary of State, Illinois State Library) Project Next Generation: Chgo Gamers Guild Project Next Generation - 2022/2023 COVID-19 On The Road to Recovery: Transforming Libr Spac	45.310	22-3029-PNG	39,452	-	-
	45.310	23SL568138	8,140	-	-
	45.310	22-5035-RTR	1,013,365	-	-
			1,060,957	-	-
Total Institute of Museum and Library Services			1,060,957	-	-
VIII. Small Business Administration COVID-19 Shuttered Venue Operators Grant Program COVID-19 Shuttered Venue Operators Grant	59.075	SBHQ21SV0146	1,264,933	-	116,100
			1,264,933	-	116,100
Total Small Business Administration			1,264,933	-	116,100

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<b>IX. Environmental Protection Agency</b>					
<b>A. Office of Water</b>					
Clean Water State Revolving Fund Cluster					
Clean Water State Revolving Fund					
(passed through Illinois Environmental Protection Agency)					
Sewer Lining CY 2020					
	66.458	L175653	\$ 3,912,680	\$ -	\$ -
			3,912,680	-	-
<b>Total Clean Water State Revolving Fund Cluster</b>					
			3,912,680	-	-
Drinking Water State Revolving Fund Cluster					
Drinking Water State Revolving Fund					
(passed through Illinois Environmental Protection Agency)					
Central Park Pumping Station Conversion					
	66.468	L175330	4,242,577	-	-
			4,242,577	-	-
<b>Total Drinking Water State Revolving Fund Cluster</b>					
			4,242,577	-	-
<b>Total Office of Water</b>					
			8,155,257	-	-
<b>B. Office of Solid Waste and Emergency Response</b>					
Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements					
Anadarko Streeterville Removal					
	66.802	00E02452	230,852	-	-
			230,852	-	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements					
Brownfields Assessment Program FY 2020/2023					
	66.818	BF00E02870	9,013	-	-
			9,013	-	-
<b>Total Office of Solid Waste and Emergency Response</b>					
			239,865	-	-
Diesel Emission Reduction Act (DERA) National Grants					
Diesel Emissions Reduction Act-20 USEPA DERA CNG Sweepers FY21					
	66.039	DE-00E02853	394,240	-	-
			394,240	-	-
<b>Total Environmental Protection Agency</b>					
			8,789,362	-	-
<b>X. Department of Education</b>					
COVID-19 Education Stabilization Fund					
(passed through Chicago Public Schools)					
COVID-19 Early Childhood Block Grant-GEER Fund 2020/2021					
	84.425C	201028EX2	(410)	-	-
			(410)	-	-
<b>Total Department of Education</b>					
			(410)	-	-
<b>XI. Department of Health and Human Services</b>					
<b>A. Administration for Community Living</b>					
Aging Cluster					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (passed through Illinois Department on Aging)					
COVID-19 CARES Area Plan on Aging 2020/2021					
	93.044	CAREST32012	119,927	-	(14,413)
COVID-19 VACCINES Area Aging Plan 2021/2023					
	93.044	VAC52112	330,210	-	14,498
Area Aging Plan 2020/2023					
	93.044	T32112	788,493	-	788,493
Area Aging Plan 2021/2023					
	93.044	T32212	2,161,385	-	2,105,079
Area Aging Plan 2022/2024					
	93.044	T32312	275,633	-	189,549
COVID-19 ARP Area Plan on Aging 2021/2024					
	93.044	ARPAT32112	79,751	-	9,934
			3,755,399	-	3,093,140
Special Programs for the Aging - Title III, Part C - Nutrition Services (passed through Illinois Department on Aging)					
Area Aging Plan 2019/2021					
	93.045	T32012	(113,849)	-	-
Area Aging Plan 2020/2023					
	93.045	T32112	2,276,983	-	-
Area Aging Plan 2021/2023					
	93.045	T32212	2,646,026	-	-
Area Aging Plan 2022/2024					
	93.045	T32312	600,308	-	-
COVID-19 ARP Area Aging Plan 2021/2024					
	93.045	ARPAT32112	83,547	-	9,934
COVID-19 Consolidated Appropriations Act 2021 Supplemental Funding 2020/2022					
	93.045	CAA2021F12	1,384,672	-	1,384,672
			6,877,687	-	1,394,606
Nutrition Services Incentive Program (passed through Illinois Department on Aging)					
Area Aging Plan 2021/2023					
	93.053	T32212	2,169,100	-	-
Area Aging Plan 2022/2024					
	93.053	T32312	631,885	-	-
			2,800,985	-	-
<b>Total Aging Cluster</b>					
			13,434,071	-	4,487,746
Special Programs for the Aging, Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation (passed through Illinois Department on Aging)					
Area Aging Plan 2020/2023					
	93.041	T32112	7,640	-	-
Area Aging Plan 2021/2023					
	93.041	T32212	3,000	-	-
			10,640	-	-

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<b>Special Programs for the Aging - Title VII, Chapter 2</b>					
Long Term Care Ombudsman Services for Older Individuals (passed through Illinois Department on Aging)					
Area Aging Plan 2020/2023	93.042	T32112	\$ 83,824	\$ -	\$ -
Area Aging Plan 2022/2024	93.042	T32312	11,594	-	-
COVID-19 ARP Area Plan on Aging 2021/2024	93.042	ARPAT32112	53,223	-	-
COVID-19 CARES Area Plan on Aging 2020/2021	93.042	CAREST32012	(49,397)	-	-
			<u>99,244</u>	-	-
<b>Special Programs for the Aging - Title III, Part D</b>					
Disease Prevention and Health Promotion Services (passed through Illinois Department on Aging)					
Area Aging Plan 2020/2023	93.043	T32112	15,280	-	-
Area Aging Plan 2021/2023	93.043	T32212	171,809	-	-
Area Aging Plan 2022/2024	93.043	T32312	2,880	-	-
COVID-19 ARP Area Plan on Aging 2021/2024	93.043	ARPAT32112	71,931	-	-
			<u>261,900</u>	-	-
<b>National Family Caregiver Support, Title III, Part E</b>					
(passed through Illinois Department on Aging)					
Area Aging Plan 2021/2023	93.052	T32212	1,103,386	-	-
Area Aging Plan 2022/2024	93.052	T32312	50,334	-	-
COVID-19 ARP Area Plan on Aging 2021/2024	93.052	ARPAT32112	143,961	-	-
Area Aging Plan 2020/2023	93.052	T32112	301,100	-	-
			<u>1,598,781</u>	-	-
<b>Special Programs for the Aging, Title IV, and Title II, Discretionary Projects</b>					
Discretionary Projects and Programs (passed through AGE Options)					
Senior Medicare Patrol 2021/2022	93.048	90MPPG003604	(7,500)	-	-
			<u>(7,500)</u>	-	-
<b>Medicare Enrollment Assistance Program</b>					
(passed through Illinois Department on Aging)					
Medicare Improvements for Patients and Providers ACT (MIPPA) 2021/2022	93.071	MIPPA2112	87,435	-	-
Medicare Improvements for Patients and Providers ACT (MIPPA) 2022/2023	93.071	MIPPA2212	28,082	-	-
			<u>115,517</u>	-	-
<b>Alzheimer's Disease Program Initiative (ADPI)</b>					
Alzheimer's Disease Programs Initiative - Grants to States and Communities	93.470	90ADPI003301	409,534	-	-
			<u>409,534</u>	-	-
<b>Total Administration for Community Living</b>			<u>15,922,187</u>	-	<u>4,487,746</u>
<b>B. Administration for Children and Families</b>					
<b>Community Services Block Grant</b>					
(passed through Illinois Department of Commerce and Economic Opportunity)					
COVID-19 Community Services Block Grant CARES Act	93.569	20-211036	8,215,088	-	7,842,956
Community Services Block Grant 2019	93.569	19-231036	-	-	-
Community Services Block Grant 2020	93.569	20-231036	(13,950)	-	(13,950)
Community Services Block Grant 2021	93.569	21-231036	3,969	-	3,969
Community Services Block Grant 2022	93.569	22-231036	12,099,785	-	4,807,317
			<u>20,304,892</u>	-	<u>12,640,292</u>
<b>Child Care Development Relief (CCDF) Cluster</b>					
<b>Child Care and Development Block Grant</b>					
(passed through Illinois Department of Human Services)					
Child Care Services 2021	93.575	FCSAI00434	520,772	-	-
			<u>520,772</u>	-	-
<b>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</b>					
(passed through Illinois Department of Human Services)					
Child Care Services 2021	93.596	FCSAI00434	3,419,367	908,673	3,337,355
Child Care Services 2022	93.596	FCSBI00434	520,772	3,854,791	520,772
			<u>3,940,139</u>	<u>4,763,464</u>	<u>3,858,127</u>
<b>Total Child Care Development Relief (CCDF) Cluster</b>			<u>4,460,911</u>	<u>4,763,464</u>	<u>3,858,127</u>
<b>Head Start Cluster</b>					
<b>Head Start</b>					
COVID-19 CRRSA Early Headstart Child Care Partnership 2021/2023	93.600	05HE00139801-00	152,838	-	149,380
COVID-19 CARES ACT Early Headstart Child Care Partnership 2021/2023	93.600	05HE00139801-02	617,637	-	589,140
COVID-19 CARES ACT Early Headstart Expansion 2021/2023	93.600	05HE00139801-02	172,259	-	142,772
COVID-19 CRRSA Early Headstart Expansion 2021/2023	93.600	05HE00139801-00	27,413	-	27,413
COVID-19 CRRSA Early Headstart Expansion 2021/2023	93.600	05HE00139801-00	231,758	-	225,767
COVID-19 CARES ACT Early Headstart Expansion 2021/2023	93.600	05HE00139801-02	1,380,901	-	767,912
COVID-19 CARES ACT Headstart Expansion 2021/2023	93.600	05HE00139801-02	1,718,455	-	1,057,779
COVID-19 CRRSA Headstart Expansion 2021/2023	93.600	05HE00139801-00	382,053	-	290,156
Base Headstart 2019/2020	93.600	05CH8460-06	(100,145)	-	(100,145)
Base Headstart 2020/2021	93.600	05CH011895	(52,270)	-	(167,825)
Base Headstart 2021/2022	93.600	05CH012050-01	(2,038)	-	(328,622)
Base Headstart 2021/2022	93.600	05CH012050-02	19,106,863	-	15,595,747
Early Headstart 2016/2017	93.600	05CH8460/03	(5,865)	-	(5,865)
Early Headstart 2019/2020	93.600	05CH8460-06	(1,403)	-	(1,403)
Early Headstart 2020/2021	93.600	05CH011895	(540)	-	(540)
Early Headstart 2021/2022	93.600	05CH012050-02	24,235,629	-	18,370,875
Early Headstart 2021/2022	93.600	05CH012050-01	(266)	-	(4,080)
COVID-19 ARP Early Headstart 2021/2023	93.600	05HE00139801-01	899,291	-	766,877
COVID-19 ARP Headstart 2021/2023	93.600	05HE00139801-01	1,116,949	-	841,510
Base Headstart 2022/2023	93.600	05CH012050-03	2,675,003	-	-
Early Headstart 2022/2023	93.600	05CH012050-01	2,715,292	-	-
Early Headstart Child Care Partnership 2018/2019	93.600	05HP0001/04	(57)	-	(57)
Early Headstart Child Care Partnership 2019/2020	93.600	05HP0001/05	(3,740)	-	(3,740)

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<b>Head Start (cont.)</b>					
Early Headstart Child Care Partnership 2020/2021	93.600	05HP000439-01	\$ 6,988	\$ -	\$ (20,659)
Early Headstart Child Care Partnership 2021/2022	93.600	05HP000439-02	13,764,025	-	10,924,022
COVID-19 ARP Early Headstart Child Care Partnership 2021/2023	93.600	05HE00139801-01	772,377	-	610,957
COVID-19 ARP Early Headstart Expansion 2021/2023	93.600	05HE00139801-01	180,540	-	163,703
Early Headstart Child Care Partnership 2022/2023	93.600	05HP000439-03	1,727,128	-	-
Early Headstart Expansion 2021/2022	93.600	05HP000150-03	2,745,858	-	2,166,773
Early Headstart Expansion 2022/2023	93.600	05HP000150-04	291,837	-	-
			<u>74,754,770</u>	<u>-</u>	<u>52,057,847</u>
<b>Total Head Start Cluster</b>			<b>74,754,770</b>	<b>-</b>	<b>52,057,847</b>
<b>Social Services Block Grant</b>					
(passed through Illinois Department of Human Services)					
Title XX - Donated Funds Initiative - A.S.N. 2019/2020	93.667	FCSYJ00048	(3,309)	-	(3,309)
Title XX - Donated Funds Initiative - A.S.N. 2021/2022	93.667	FCSAJ00048	321,766	-	321,766
Title XX - Donated Funds Initiative - A.S.N. 2022/2023	93.667	FCSAJ00048	214,914	-	214,914
Title XX - Donated Funds Initiative - Challenge 2019/2020	93.667	FCSYJ00229	-	-	-
Title XX - Donated Funds Initiative - Challenge 2021/2022	93.667	FCSAJ00229	98,942	-	98,942
Title XX - Donated Funds Initiative - Challenge 2022/2023	93.667	FCSAJ00229	109,280	-	109,280
Title XX - Donated Funds Initiative - Dare 2019/2020	93.667	FCSYJ00231	-	-	-
Title XX - Donated Funds Initiative - Dare 2021/2022	93.667	FCSAJ00231	263,507	-	263,507
Title XX - Donated Funds Initiative - Dare 2022/2023	93.667	FCSAJ00231	213,102	-	213,102
Chicago Family Connects 2021/2022	93.667	FCSAU05885	366,381	-	-
Chicago Family Connects 2022/2023	93.667	FCSAU05885	30,909	-	-
			<u>1,615,492</u>	<u>-</u>	<u>1,218,202</u>
<b>Total Administration for Children and Families</b>			<b>101,136,065</b>	<b>4,763,464</b>	<b>69,774,468</b>
<b>C. Centers for Disease Control and Prevention</b>					
<b>Public Health Emergency Preparedness</b>					
Public Health Emergency Preparedness 2018	93.069	NU90TP921901	-	-	-
Public Health Emergency Preparedness 2020	93.069	NU90TP922033	77,828	-	-
Public Health Emergency Preparedness 2021	93.069	NU90TP922033	4,425,091	-	175,169
Public Health Emergency Preparedness 2022	93.069	NU90TP922033	3,616,693	-	(172,069)
			<u>8,119,612</u>	<u>-</u>	<u>3,100</u>
<b>Project Grants and Cooperative Agreements for Tuberculosis Control Programs</b>					
Tuberculosis Elimination and Laboratory 2022	93.116	NU52PS910172	913,351	-	-
			<u>913,351</u>	<u>-</u>	<u>-</u>
<b>Injury Prevention and Control Research and State and Community Based Programs</b>					
Overdose Data to Action 2021/2022	93.136	NU17CE924986	1,843,739	-	1,346,322
Overdose Data to Action 2022/2023	93.136	NU17CE924986	667,727	-	162,628
			<u>2,511,466</u>	<u>-</u>	<u>1,508,950</u>
<b>Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children</b>					
Lead Poisoning Prevention - Childhood Lead Poisoning Prevention 2021	93.197	NUE2EH001436	265,216	-	113,808
Lead Poisoning Prevention - Childhood Lead Poisoning Prevention 2022	93.197	NUE2EH001436	54,516	-	28,246
			<u>319,732</u>	<u>-</u>	<u>142,054</u>
<b>Immunization Cooperative Agreements</b>					
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	187,320	-	-
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	(40,272)	-	-
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	119,024	-	-
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	262,326	-	-
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	3,865,722	-	-
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	5,200,583	-	936,034
COVID-19 Immunization and Vaccines for Children 2021	93.268	NH23IP922613	908,846	-	478,152
Immunization and Vaccines for Children 2020	93.268	NH23IP922613	(40,000)	-	-
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	11,248,372	-	3,548,733
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	7,721,907	-	6,209,476
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	781,328	-	-
Immunization and Vaccines for Children 2021	93.268	NH23IP922613	2,656,910	-	198,218
Immunization and Vaccines for Children 2022	93.268	NH23IP922613	1,329,001	-	118,984
			<u>34,201,067</u>	<u>-</u>	<u>11,489,597</u>
<b>Immunization and Vaccines for Children 2022 - Direct Assistance</b>					
Vaccines	93.268	5 NH23IP922613-04-00	38,799,125	-	-
Personnel	93.268	5 NH23IP922613-04-00	2,381,095	-	-
Other	93.268	5 NH23IP922613-04-00	113,078	-	-
			<u>41,293,298</u>	<u>-</u>	<u>-</u>
<b>Total Immunization Cooperative Agreements</b>			<b>75,494,365</b>	<b>-</b>	<b>11,489,597</b>
<b>Viral Hepatitis Prevention and Control</b>					
Adult Viral Hepatitis Prevention and Control	93.270	NU51PS005136	78,630	-	-
			<u>78,630</u>	<u>-</u>	<u>-</u>
<b>Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)</b>					
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	1,912,690	-	10,104
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	41,412,205	-	8,294,193
COVID-19 Building Epidemiology and Health IT Capacity Program 2019	93.323	NU50CK000556	246,691	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	107,949	-	399
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	408,405	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	10,182,277	-	3,922,646
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	33,676,281	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	91,235	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2021	93.323	NU50CK000556	301,886	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2021	93.323	NU50CK000556	65,859	-	3,200
COVID-19 Building Epidemiology and Health IT Capacity Program 2021	93.323	NU50CK000556	84,530	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2021	93.323	NU50CK000556	81,087	-	-

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<b>Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (cont.)</b>					
COVID-19 Building Epidemiology and Health IT Capacity Program 2021	93.323	NU50CK000556	\$ 12,330	\$ -	\$ -
COVID-19 Building Epidemiology and Health IT Capacity Program 2021	93.323	NU50CK000556	29,168	-	(25,460)
COVID-19 Building Epidemiology and Health IT Capacity Program 2021	93.323	NU50CK000556	30,671	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2021	93.323	NU50CK000556	937,000	-	-
Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	148,457	-	-
Building Epidemiology and Health IT Capacity Program 2021	93.323	NU50CK000556	503,658	-	-
Building Epidemiology and Health IT Capacity Program 2022	93.323	NU50CK000556	260,632	-	-
			<u>90,493,011</u>	-	<u>12,205,082</u>
<b>Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response</b>					
Public Health Crisis Response - 2019	93.354	NU90TP922073	1,550,103	-	-
COVID-19 Public Health Crisis Response - 2021	93.354	NU90TP922158	459,571	-	-
			<u>2,009,674</u>	-	-
<b>Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises</b>					
COVID-19 Health Disparities (C5) 2021	93.391	NH75OT000082	8,710,238	-	5,047,461
			<u>8,710,238</u>	-	<u>5,047,461</u>
<b>HIV Prevention Activities - Health Department Based</b>					
Integrated HIV Surveillance and Prevention 2018	93.940	NU62PS924560	(49,386)	-	(49,386)
Integrated HIV Surveillance and Prevention 2019	93.940	NU62PS924560	(48,996)	-	(48,996)
Integrated HIV Surveillance and Prevention 2021	93.940	NU62PS924560	23,228	-	(25,192)
Integrated HIV Surveillance and Prevention 2022	93.940	NU62PS924560	7,858,773	-	3,158,484
Integrated HIV Ending HIV Epidemic 2021	93.940	NU62PS924631	692,838	-	535,272
Integrated HIV Ending HIV Epidemic 2022	93.940	NU62PS924631	492,987	-	212,997
			<u>8,969,444</u>	-	<u>3,783,179</u>
<b>Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance</b>					
Medical Monitoring Project 2021	93.944	NU62PS924603	292,242	-	-
Medical Monitoring Project 2022	93.944	NU62PS924603	177,962	-	-
HIV Behavioral Surveillance 2022	93.944	NU62PS924765	407,809	-	132,257
			<u>878,013</u>	-	<u>132,257</u>
<b>Sexually Transmitted Diseases (STD) Prevention and Control Grants</b>					
Strengthening STD Prevention & Control for Health Departments (STD PCHD) 2022	93.977	NH25PS005128	1,664,760	-	55,989
COVID-19 Strengthening STD Prevention & Control for Health Departments	93.977	NH25PS005128	25,985	-	-
COVID-19 Strengthening STD Prevention & Control for Health Departments (C6) 2022	93.977	NH25PS005128	2,426,545	-	-
			<u>4,117,290</u>	-	<u>55,989</u>
<b>Total Centers for Disease Control and Prevention</b>			<u>202,614,826</u>	-	<u>34,367,669</u>
<b>D. Office of the Secretary</b>					
<b>Community Programs to Improve Minority Health Grant Program</b>					
COVID-19 Developing Health Literacy (C5) 2021/2023	93.137	CPIMP211238	1,324,787	-	1,186,443
			<u>1,324,787</u>	-	<u>1,186,443</u>
<b>National Bioterrorism Hospital Preparedness Program</b>					
COVID-19 Hospital Preparedness Program (HPP) 2019	93.889	U3REP190582	866,320	-	260,236
Hospital Preparedness Program (HPP) 2021	93.889	U3REP190582C	2,488,158	-	1,579,109
Hospital Preparedness Program (HPP) 2022	93.889	U3REP190582C	730,470	-	185,847
COVID-19 Hospital Preparedness Program (HPP) 2020	93.889	U3REP190582-01	124,772	-	124,772
			<u>4,209,720</u>	-	<u>2,149,964</u>
<b>Total Office of the Secretary</b>			<u>5,534,507</u>	-	<u>3,336,407</u>
<b>E. Health Resources and Services Administration</b>					
<b>Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B</b>					
Ending the HIV Epidemic-Ryan White 2021	93.686	UT8H33950-02	972,973	-	790,733
Ending the HIV Epidemic-Ryan White 2022	93.686	UT8H33950-01	1,294,004	-	789,645
			<u>2,266,977</u>	-	<u>1,580,378</u>
<b>HIV Emergency Relief Project Grants</b>					
Ryan White HIV Care Act - Part A Emergency Relief 2020	93.914	H89HA00008-30	(1,907)	-	(1,907)
Ryan White HIV Care Act - Part A Emergency Relief 2021	93.914	H89HA00008-31	4,436,176	-	4,436,176
Ryan White HIV Care Act - Part A Emergency Relief 2022	93.914	H89HA00008	21,074,448	-	17,395,449
			<u>25,508,717</u>	-	<u>21,829,718</u>
<b>Maternal and Child Health Services Block Grant to the States (passed through Illinois Department of Public Health)</b>					
Maternal and Child Health Block Grant 2020	93.994	B04MC29341	936	-	-
Maternal and Child Health Block Grant 2021	93.994	B04MC29341	2,286,844	-	334,198
Maternal and Child Health Block Grant 2022	93.994	B04MC29341	2,226,521	-	93,458
Oral Health Promotion 2021	93.994	13489001	37,136	-	-
Oral Health Promotion 2022	93.994	T12HP29075	346	-	-
			<u>4,551,783</u>	-	<u>427,656</u>
<b>Total Health Resources and Services Administration</b>			<u>32,327,477</u>	-	<u>23,837,752</u>

CITY OF CHICAGO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2022 Federal Expenditures	2022 Non-Federal Expenditures	2022 Sub recipient Expenditures
<b>F. Substance Abuse and Mental Health Services Administration</b>					
Substance Abuse and Mental Health Services Projects of Regional and National Significance					
First Responders Comprehensive Addiction and Recovery 2018	93.243	1H79SP080314	\$ 290,384	\$ -	\$ -
Chicago Southside Early Diversion 2018 - FED	93.243	1H79SM080512	35,975	-	-
Resilience in Communities After Stress and Trauma (RECAST)	93.243	5H79SM063522	6,274	-	-
			<u>332,633</u>	-	-
Block Grants for Prevention and Treatment of Substance Abuse (passed through Illinois Department of Human Services) Substance Abuse Prevention Program 2021/2022					
	93.959	43CAZ03560	98,207	-	3,091
			<u>98,207</u>	-	<u>3,091</u>
<b>Total Substance Abuse and Mental Health Services Administration</b>			<u>430,840</u>	-	<u>3,091</u>
<b>Total Department of Health and Human Services</b>			<u>357,965,902</u>	<u>4,763,464</u>	<u>135,807,133</u>
<b>XII. Corporation for National and Community Service</b>					
Corporation for National and Community Service Foster Grandparent/Senior Companion Cluster					
AmeriCorps Seniors Foster Grandparent Program (FGP)					
Foster Grandparent Program 2021/2022	94.011	21SFCIL002	177,525	-	-
Foster Grandparent Program 2022/2023	94.011	21SFCIL002	238,255	-	2,376
			<u>415,780</u>	-	<u>2,376</u>
AmeriCorps Seniors Senior Companion Program (SCP)					
Senior Companion Program 2021/2022	94.016	21SCCIL001	117,762	-	-
Senior Companion Program 2022/2023	94.016	21SCCIL001	82,613	-	-
			<u>200,375</u>	-	-
<b>Total Foster Grandparent/Senior Companion Cluster</b>			<u>616,155</u>	-	<u>2,376</u>
<b>Total Corporation for National and Community Service</b>			<u>616,155</u>	-	<u>2,376</u>
<b>XIII. Department of Homeland Security</b>					
<b>A. Federal Emergency Management Agency</b>					
Emergency Food and Shelter National Board Program					
Emergency Food and Shelter Program - 2022	97.024	N/A	4,789,748	5,452,354	-
			<u>4,789,748</u>	<u>5,452,354</u>	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (passed through Illinois Emergency Management Agency)					
COVID-19 Fema Public Assistance Grant - 2020	97.036	FEMA4489DRIL	36,373	9,430,133	-
COVID-19 Fema Public Assistance Grant - 2021	97.036	FEMA4489DRIL	32,799,985	67,002,252	-
COVID-19 Fema Public Assistance Grant - 2022	97.036	FEMA4489DRIL	-	44,514,396	-
			<u>32,836,358</u>	<u>120,946,781</u>	-
Hazard Mitigation Grant (passed through Illinois Emergency Management Agency) Hazard Mitigation PG Grant - 2021					
	97.039	FEMA446138FD	3,788	-	-
			<u>3,788</u>	-	-
Assistance to Firefighters Grant COVID-19 Assistance to Firefighters 2020					
	97.044	EMW-2020-FG-00311	74,880	-	74,880
			<u>74,880</u>	-	<u>74,880</u>
Port Security Grant Program					
Port Security Grant Program 2017/CFD	97.056	EMW-2017-PU-00039-S01	50,828	-	-
Port Security Grant Program 2018/CFD	97.056	EMW-2018-PU-00394	784,202	-	(805)
Port Security Grant Program 2018/CFD	97.056	EMW-2018-PU-00040-S01	153,700	-	-
Port Security Grant Program 2018/CFD	97.056	EMW-2018-PU-00207-S01	585,000	-	-
Port Security Grant Program 2019/CFD	97.056	EMW-2019-PU-005	123,055	-	-
Port Security Grant Program 2019/CFD	97.056	EMW-2019-PU-005	3,230	-	-
Port Security Grant Program 2019/CFD	97.056	EMW-2019-PU-005	41,018	-	-
			<u>1,741,033</u>	-	<u>(805)</u>
Homeland Security Grant Program (passed through Illinois Emergency Management Agency)					
Urban Areas Security Initiative Grant 2016	97.067	16UASICHGO	(356,778)	-	(356,778)
Urban Areas Security Initiative Grant 2017	97.067	17UASICHGO	2,829,318	-	368,788
Urban Areas Security Initiative Grant 2018	97.067	18UASICHGO	5,848,719	-	1,775,546
Urban Areas Security Initiative Grant 2019	97.067	19UASICHGO	8,762,165	-	(950,359)
Urban Areas Security Initiative Grant 2020	97.067	20UASICHGO	10,519,345	-	(923,200)
Urban Areas Security Initiative Grant 2021	97.067	21UACHICAG	11,594,399	-	(24,636)
			<u>39,197,168</u>	-	<u>(110,639)</u>
Rail and Transit Security Grant Program (passed through Chicago Transit Authority)					
Transit Security Grant Program 2018	97.075	EMW-2018-RA-00019-S01	204,914	-	-
Transit Security Grant Program 2019	97.075	EMW-2019-RA-00017-S01	58,839	-	-
Transit Security Grant Program 2020	97.075	EMW-2020-RA-00027-S01	30,268	-	-
Transit Security Grant Program 2021	97.075	EMW-2021-RA-00027-S01	3,850,381	-	-
			<u>4,144,402</u>	-	-
Preparing for Emerging Threats and Hazards Complex Coordinator Terrorist Attacks 2016					
	97.133	EMW-2016-GR-00095-S01	428,856	-	-
			<u>428,856</u>	-	-
<b>Total Federal Emergency Management Agency</b>			<u>83,216,233</u>	<u>126,399,135</u>	<u>(36,564)</u>

CITY OF CHICAGO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2022 Federal Expenditures	2022 Non-Federal Expenditures	2022 Sub recipient Expenditures
<b>B. Assistant Secretary for Countering Weapons of Mass Destruction</b>					
Securing the Cities Program					
Securing the Cities Program 2018	97.106	16DNSTC00001-02-00	\$ 1,050	\$ -	\$ -
Securing the Cities Program 2019	97.106	16DNSTC00001	169,962	-	-
Securing the Cities Program 2021	97.106	21CWDSTC0001	39,648	-	-
			<u>210,660</u>	-	-
Total Assistant Secretary for Countering Weapons of Mass Destruction			<u>210,660</u>	-	-
Total Department of Homeland Security			<u>83,426,893</u>	<u>126,399,135</u>	<u>(36,564)</u>
<b>XIV. Research and Development Cluster</b>					
Department of Health and Human Services					
National Institutes of Health					
National Center for Advancing Translational Sciences					
(passed through Northwestern University)					
C3 Clinical and Translational Research - Northwestern University 2021	93.350	5UL1TR001422	21,759	-	-
C3 Clinical and Translational Research - Northwestern University 2022	93.350	5UL1TR001422	18,329	-	-
(passed through University of Chicago)					
C3 Clinical and Translational Research - University of Chicago 2021	93.350	5UL1TR002389	19,595	-	-
C3 Clinical and Translational Research - University of Chicago 2022	93.350	2UL1TR002389	19,910	-	-
			<u>79,593</u>	-	-
Total Department of Health and Human Services			<u>79,593</u>	-	-
Total Research and Development Cluster			<u>79,593</u>	-	-
<b>TOTALS:</b>			<u>\$ 1,468,920,107</u>	<u>\$ 140,675,852</u>	<u>\$ 275,847,939</u>

# CITY OF CHICAGO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2022

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### NOTE 1 – REPORTING ENTITY

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The City of Chicago (the “City”) is a governmental entity established by laws of the State of Illinois and has the powers of a body corporate, as defined in the statutes. All significant operations of the City are included in the scope of the Office of Management and Budget (“OMB”) requirements contained in 2 CFR Part 200, Subpart F (“Single Audit”). The U.S. Department of Health and Human Services (“HHS”) has been designated as the City’s cognizant agency for the Single Audit. The reporting entity for the City is based upon criteria established by the Governmental Accounting Standards Board.

**Programs Subject to Single Audit** – A Schedule of Expenditures of Federal Awards (“SEFA”) is presented for each federal program and a summary of expenditures by federal agency is as follows:

U.S. Department of Agriculture	\$ 4,127,946
U.S. Department of Housing and Urban Development	194,631,706
U.S. Department of Justice	14,812,470
U.S. Department of Transportation	288,328,664
U.S. Department of Treasury	513,160,736
U.S. National Endowment for the Arts	655,200
U.S. Institute of Museum and Library Services	1,060,957
U.S. Small Business Administration	1,264,933
U.S. Environmental Protection Agency	8,789,362
U.S. Department of Education	-410
U.S. Department of Health and Human Services	357,965,902
Research and Development Cluster	79,593
U.S. Corporation for National and Community Service	616,155
U.S. Department of Homeland Security	<u>83,426,893</u>
 Total Expenditures of Federal Awards	 <u>\$ 1,468,920,107</u>

Passenger Facility Charges collected and expended, as prescribed by Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990 issued by the Federal Aviation Administration of the United States Department of Transportation, are not included in this Single Audit report and are audited separately.

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### NOTE 2 – BASIS OF PRESENTATION

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The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of the City of Chicago under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule presents only a selected portion of the operations of the City of Chicago and accordingly, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Chicago.

## CITY OF CHICAGO

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2022

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#### NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Expenditures reported on the schedule are generally reported on the accrual or modified accrual basis of accounting depending on the type of fund. Some expenditures are reported when the reimbursement is received due to uncertainty of the source of funding at the time the expenditure is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Certain financial awards were received by the City in the form of noncash direct assistance. These noncash awards are included on the schedule under ALN 93.268. The schedule of expenditures of federal awards includes a column titled Non-Federal Expenditures. Amounts reported in this column include the City's required match for federal programs.

The City has a cost allocation plan for allocation of common and indirect costs related to grant programs. The amounts allocated to 2022 grant programs are based primarily on 2021 budgeted amounts. Variances between actual costs and budgeted amounts are adjusted on a prospective basis. A copy of the cost allocation plan is kept on file at the City. The City's cost allocation plan for 2022 has been prepared on a Direct Cost Base that does conform to the direct cost bases in the Uniform Guidance. The City's 2022 Cost Allocation Plan (Local Organization Cost Allocation Plan – LOCAP) was provided for review and negotiation to the City's indirect cost cognizant agency. This LOCAP was subsequently negotiated and approved during 2022.

The City has not elected to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance. Individual City departments' indirect cost rate proposals (ICRP's) for 2022 have been prepared on a Salaries and Wages plus all Fringe Benefits (S&W+FB) Direct Cost Base that does conform to the OMB Uniform Guidance.

The 2022 Indirect Cost Rate Agreements related to the ICRP's for the Chicago Departments of Planning and Development, Housing, Public Health, and Family and Support Services were negotiated, approved, and signed by the City's indirect cost cognizant agency and included provisional indirect cost rates for these departments extending from 1/1/2023 through 12/31/2025.

**Federal/State Commingled Funds** – The City of Chicago receives various federal awards that are passed through the State of Illinois. Many of these contracts contain a blend of state and federal awards. To the extent practical, the federal funding has been segregated from the state funding based on information provided by the state agencies. In some instances, individual state contracts contain multiple federal ALNs and the City has segregated the federal dollars associated with each contract award based on information received by the pass-through state agency. Due to the timing differences between the pass-through agency fiscal year end and the City's reporting period, allocation differences may result.

The state contract for the Child Care program (federal cluster 93.575/93.596), passed through the Illinois Department of Human Services (IDHS), has been considered a Type A cluster for audit testing purposes each year. The final allocation of federal expenditures varies depending on the most recent available information provided by IDHS and may be reported under both ALNs or one ALN. For FY2022 the Child Care program included federal funds confirmed by IDHS for 93.575 and 93.596.

# CITY OF CHICAGO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2022

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### NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### COVID-19

While continuing to recover from the impacts of the COVID-19 pandemic the City received revenues such as federal and state grants including \$385.0 million of American Rescue Plan (ARP) Act funds applied to replace lost revenues due to the impacts of the COVID-19 pandemic totaling \$1,855.0 million. These revenues were primarily applied to respond to the COVID-19 pandemic, such as housing and rental assistance, and public safety, as well as provide essential government services.

In addition, the City is eligible for the Federal Emergency Management Agency (FEMA) Public Assistance Grant and in FY2022 received reimbursements for eligible costs incurred in FY2020 and FY2021 under this grant in the amount of \$36,373 and \$32,799,985 respectively, as reflected under ALN 97.036 in the Schedule of Expenditures for Federal Awards.

#### Midway and O'Hare Airports

Midway was awarded a total of \$172.4 million of COVID-19 Relief Funds. Excluding Concessionaire Relief Grants, Midway has applied \$161.7 million of the COVID-19 Relief Funds through 2022 to airline rates and charges. Additionally, the City will apply \$8.6 million of the Grants directly to Concessionaire Relief in 2023 and future years.

O'Hare was awarded a total of \$651.8 million of COVID-19 Relief Funds. Excluding Concessionaire Relief Grants, the City has applied \$526.0 million of the COVID-19 Relief Funds through 2022 to airline rates and Passenger Facility and Customer Facility charges and has \$43.1 million of funds remaining to be applied in 2023 and future years. Additionally, the City will apply \$35.0 million of the Grants directly to Concessionaire Relief in 2023.

**Report on Compliance  
for Each Major Federal Program and  
Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

Independent Auditors' Report

To the Honorable Brandon Johnson, Mayor,  
and the Members of the City Council of  
City of Chicago, Illinois

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Chicago's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003 and 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, and 2022-004, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Baker Tilly US, LLP*

Chicago, Illinois  
August 4, 2023

**CITY OF CHICAGO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2022

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

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***FINANCIAL STATEMENTS*** (Information obtained from separate report audited by other auditors)

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- > Material weakness (es) identified?             yes        X   no
- > Significant deficiency (ies) identified?        X   yes             none reported

Noncompliance material to financial statements noted?

       yes        X   no

***FEDERAL AWARDS***

Internal control over major programs:

- > Material weakness (es) identified?             yes        X   no
- > Significant deficiency (ies) identified?        X   yes             none reported

Type of auditor’s report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?

  X   yes             no

Auditee qualified as low-risk auditee?

  X   yes             no

Dollar threshold used to distinguish between type A and type B programs:

                  \$ 4,406,760

**CITY OF CHICAGO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2022

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS (cont.)**

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Identification of major federal programs:

<b>Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
16.710	Public Safety Partnership and Community Policing Grants
20.106	Airport Improvement Program
20.106	COVID-19 Airport Improvement Program
20.205	Highway Planning and Construction Cluster: Highway Planning and Construction
21.023	COVID-19 Emergency Rental Assistance Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
93.069	Public Health Emergency Preparedness
93.391	COVID-19 Activities to Support State, Tribal, Local, and Territorial (STLT), Health Department Response to Public Health or Healthcare Crises
93.575	CCDF Cluster: Child Care and Development Block Grant
93.596	CCDF Cluster: Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.600	Head Start Cluster: Head Start
93.600	Head Start Cluster: COVID-19 Head Start
93.940	HIV Prevention Activities – Health Department Based
93.994	Maternal and Child Health Services Block Grant to the States
97.024	Emergency Food and Shelter National Board Program
97.067	Homeland Security Grant Program

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**SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH**  
***GOVERNMENT AUDITING STANDARDS***

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Finding 2022-001 was reported on by other auditors and is included in a separate report issued by those auditors.

# CITY OF CHICAGO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2022

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### SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

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#### ***FINDING 2022-002***

##### **Assistance**

**Listing Number** 21.023 COVID-19 Emergency Rental Assistance Program

**Federal Agency** U.S. Department of Treasury

**Pass-through Agency** Not applicable

**Award Numbers / Years** 2022

**City Departments** Department of Housing

**Criteria:** According to Treasury guidance, recipients of the Emergency Rental Assistance Program (ERAP) are expected to develop guidelines for determining eligibility of beneficiaries. The City contracted with a local agency to make eligibility determinations and authorize the related payments to beneficiaries based on the guidelines established by the City. The City purchased a software program to assist in the record-keeping and documentation of the case management process from intake to eligibility determinations to payment authorization.

**Condition/Context:** After conducting an extensive analysis of payments made under ERAP, the City has determined that there are potential unallowable payments that were made to ineligible beneficiaries. In addition, the City noted that some eligibility determinations were made and approved by the same person employed by the contractor, resulting in a lack of internal controls over the process. The City is in the process of investigating the validity and extent of potential unallowable payments made.

In a sample of 60 benefit payments made, we noted 8 instances where the eligibility determination was approved by the same person who made the determination. Our sample was not statistically valid.

**Effect:** It is possible that program payments were made to ineligible participants.

**Questioned Costs:** Questioned costs cannot be determined at this time.

**Cause:** Payments to potentially ineligible beneficiaries were likely due to the large volume of applications processed by the contractor required in a short amount of time. According to Treasury guidelines, the burden of proof of meeting eligibility guidelines is low; therefore, applicants may have provided inaccurate data in order to receive payments under the program. The software system used by the contractor appears to be lacking certain controls that would ensure proper segregation of duties between personnel determining eligibility and personnel reviewing eligibility determinations.

**Recommendation:** We recommend the City continue to investigate questionable cases to determine the validity of the payments made and to quantify the amount of ineligible payments made.

**Views of Responsible Officials:** See Corrective Action Plan.

# CITY OF CHICAGO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2022

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### SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

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#### **FINDING 2022-003**

**Assistance**

**Listing Numbers**

97.024 Emergency Food and Shelter National Board Program

**Federal Agency**

U.S. Department of Homeland Security

**Pass-through Agency**

Not Applicable

**Award Numbers / Years**

2022

**City Departments**

Office of Budget and Management

**Criteria:** The Funding Guidance provided to the City by the Federal Emergency Management Agency states that the program does not allow the use of indirect cost rates. Administrative costs that support relief services are allowable. Limitations on the allowability of expenditures under federal programs apply to both the City as the direct recipient as well as any subrecipients awarded program funds by the City.

**Condition/Context:** The transactions selected in our sample consisted of reimbursements to subrecipients. One of the five sampled transactions was for administrative costs charged to the program utilizing a percentage of direct costs rather than identifying specific administrative costs that support relief services. Our sample was not statistically valid.

**Effect:** Unallowable costs may have been charged to the program by the City via its subrecipient agreements.

**Questioned Costs:** Known questioned costs for ALN 97.024 consist of unsupported administrative cost reimbursements made to subrecipients in the amount of \$230,902.

**Cause:** City personnel responsible for administering the award did not prohibit subrecipients from including administrative costs charged as a percentage of direct costs in the program expenditures presented in their vouchers.

**Recommendation:** We recommend the City determine the amount of ineligible administrative costs charged to the City and determine if the funds should be returned to the federal government or if they can be used to provide additional services under the program.

**Views of Responsible Officials:** See Corrective Action Plan.

# CITY OF CHICAGO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2022

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### SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

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#### **FINDING 2022-004**

**Assistance**

**Listing Numbers** 97.024 Emergency Food and Shelter National Board Program

**Federal Agency** U.S. Department of Homeland Security

**Pass-through Agency** Not Applicable

**Award Numbers / Years** 2022

**City Departments** Office of Budget and Management

**Criteria:** According to 2 CFR 200.332, all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and include specific award identification data as detailed in the Uniform Guidance.

**Condition/Context:** Both of the subaward agreements tested did not contain the assistance listing number, federal award identification number, federal award date, and unique entity identifier in the original agreement. The grant agreement said that information would be forthcoming, however, no additional communications were provided to the subrecipients with this information. Our sample was not statistically valid.

**Effect:** Subrecipients may not receive the appropriate subaward information.

**Questioned Costs:** None noted.

**Cause:** At the time the subawards were awarded to the subrecipients, the missing award information was not known by the City. Subsequently, there was not a process to ensure the required information was provided once it became available.

**Recommendation:** We recommend that the City provide the subrecipients with the appropriate award identification information. In addition, the City should consider whether a procedure is needed to revisit awards periodically to ensure that all required information has been provided to its subrecipients.

**Views of Responsible Officials:** See Corrective Action Plan.

**CITY OF CHICAGO, ILLINOIS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2022**



CITY OF CHICAGO



DEPARTMENT OF FINANCE

**CORRECTIVE ACTION PLAN**  
Year Ended December 31, 2022

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**FINDING 2022-002**

As a result of the 2022 Single Audit, the Department of Housing (DOH) received an audit finding with respect to potential unallowable rental assistance payments made because of an internal control failure in the case management workflow that did not adequately segregate reviewer and approver duties.

As a corrective action, DOH terminated its contractual agreement with its program administrator effective May 12, 2023. To disburse the remaining emergency rental assistance dollars, DOH has entered into a contractual agreement with the Illinois Housing Development Authority to be its new program administrator effective June 30, 2023.

DOH is actively investigating questionable cases to quantify the total population and dollar amount of ineligible payments made. In addition, DOH is reviewing its case management workflow procedures to ensure clear segregation of duties in any future rental assistance program.

Daniel Kay Hertz, DOH Director of Policy, will be responsible for ensuring that this corrective action plan is fully implemented by January 1, 2024.

**FINDING 2022-003**

The City will transfer all ineligible administrative and indirect cost from the 97.024 – Emergency Food and Shelter program no later than September 1, 2023. In addition, when administrative costs are allowed on a grant, delegate agencies will be required to maintain and provide adequate supporting documentation justifying the direct administrative cost charged to the program, which must be submitted through the City's invoicing system.

Assistant Budget Director Belczak at the Office of Budget and Management will be responsible for ensuring that this corrective action plan is implemented by the beginning of the fourth quarter in October 2023.

# CITY OF CHICAGO

## CORRECTIVE ACTION PLAN Year Ended December 31, 2022

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### **FINDING 2022-004**

The 2022 97.024 Emergency Food and Shelter National Board Program grant funding was received during a crisis resulting in a unique situation for the City of Chicago. The funding was provided before the federal government set up an award identifier (i.e., ALN/CFDA, CSFA), resulting in the Delegate Agency contract with the Department of Family Support Services (DFSS) containing only the name of the Grant.

To address and prevent such issues in the future, the City's Office of Budget and Management (OBM) will run a Comprehensive Report quarterly to identify any placeholder award identifiers during funding setup. The Grants Management Unit within OBM will collaborate closely with the Department of Finance (DOF) to ensure the federal award identifiers are promptly updated in the financial system.

Moreover, to ensure accuracy and compliance, the Grants Management Unit will work with the relevant contracting Department to update contracts with Delegate Agencies. This measure will guarantee that all necessary award identifiers are included, streamlining the funding process and ensuring proper tracking and reporting of federal grants.

Assistant Budget Director Belczak at the Office of Budget and Management will be responsible for ensuring that this corrective action plan is implemented by the beginning of the fourth quarter in October 2023.

**CITY OF CHICAGO, ILLINOIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022**



CITY OF CHICAGO



DEPARTMENT OF FINANCE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2022

**FINDING 2021-001**

**Assistance**

**Listing Numbers**

14.239 Home Investments Partnership Program  
93.044 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers  
93.044 COVID-19 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers  
93.889 National Bioterrorism Hospital Preparedness Program  
93.914 HIV Emergency Relief Project Grants

**Federal Agencies**

14.239: U.S. Department of Housing and Urban Development  
93.044, 93.889, and 93.914: U.S. Department of Health and Human Services

**Pass-through Agency**

93.044: Illinois Department on Aging

**Award Numbers / Years**

14.239: M15MC170201, M16MC170201, M17MC170201, M18MC170201, M19MC170201, and M21MC170201  
93.044: CAREST32012, COT2112, T31912, T32012, T32112, and T32212  
93.889: U3REP190582, U3REP190582C, U3REP190582-01, and U3REP190582-02  
93.914: H89HA00008-30, H89HA00008-31, and H9AHA36920

**City Departments**

14.239: Department of Housing  
93.044: Department of Family and Support Services  
93.889 and 93.914: Department of Public Health

For two of the 40 employees' monthly time sampled, the supervisor's approval of time charged to awards did not equal 100% of the total time submitted by the employee. The time submitted for the two employees for the month selected were 147 hours and 154 hours. However, the time approved by the supervisor was 7 hours and 77 hours, respectively. Our sample was not statistically valid.

Upon further inspection of the approval spreadsheets provided by the City for the departments listed above, a total of 262 instances occurred in which the supervisor did not approve 100% of the employee's time submitted out of a total of 7,607-time entry submissions.

# CITY OF CHICAGO

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2022

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### ***FINDING 2021-001 (cont.)***

#### **2022 STATUS**

The Office of Budget and Management (OBM) continues to send Personal Activity Reporting (PAR) reports by the 15<sup>th</sup> of the following month to each department Commissioner or Deputy Commissioner and managers indicating missing time and/or approvals that need to be updated. Upon receipt of the PAR reports, the Department of Housing (DOH), the Department of Family Support Services (DFSS) and the Department of Health (CDPH) have implemented the following.

The Commissioner at Department of Housing (DOH) continues to communicate the importance of time approvals to managers. The importance of the time approvals is also addressed at senior staff meetings. In November 2022, DOH created a new Performance Management Office (PMO) that has a compliance function of monitoring and coordinating DOH manager approvals in a timely manner. In February 2023, OBM rescheduled recurring monthly PAR meetings with Assistant Commissioner Albert, Contracts Administrator Kirby and Deputy Commissioner Schmitz.

In March 2023, Contracts Administrator Kirby, who is the head of PMO, was granted access to Tableau PAR reports. Deputy Commissioner Schmitz trained both Contracts Administrator Kirby and Assistant Commissioner Albert in their role regarding internal time monitoring and the reporting process.

Deputy Commissioner Schmitz at Department of Housing will continue to be responsible for the implementation and monitoring of this corrective action in addition to the head of DOH's new Performance Management Office (PMO), which is led by Contracts Administrator Kirby.

The Deputy Commissioner for Human Resources/Administrative Services at the Department of Family Support Services (DFSS) and staff have actively coordinated with employees and managers to ensure all appropriate time is entered, reviewed and approved or rejected, which allows for the processing of the PAR and subsequent reporting to the grantor. The Deputy Commissioner for Human Resources/Administrative Services ensured all staff involved in PAR reconciliation, including new DFSS staff were trained in the first quarter of 2023. In addition, month end reminders are sent to staff on the 5<sup>th</sup> of each month to complete entries and are elevated to staff supervisors by the 10<sup>th</sup> of each month.

The Deputy Commissioner at the Department of Health (CDPH) started in September 2022 forwarding the Personnel Activity Report (PAR) received by the Office of Budget and Management (OBM) by the 16<sup>th</sup> of each month to the appropriate program Deputy, employee(s) and supervisor(s) for time that has not been entered by staff and/or for time that has not been approved by supervisors. All missing time and approvals must be complete within five (5) business days. If staff selected the incorrect fund source and the time was approved by the supervisor, then the PARs Liaison, the Finance Officer, and the Deputy Commissioner of CDPH must send a justification memo noting the error to the Office of Budget and Management (OBM) and Department of Finance (DOF). If an employee is transferring to another City department or transferring to another program or the employee is retiring from the program, they are required to complete their PARs before vacating the position. The supervisor is required to ensure the time is recorded by the employee and approved by the supervisor before the employee vacates the position. The recording of time and approvals are discussed in the Team meetings, and the Commissioners discuss this matter with all staff at the monthly meetings.

# CITY OF CHICAGO

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2022

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### **FINDING 2021-002**

#### **Assistance**

#### **Listing Numbers**

93.044 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers  
93.044 COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers  
93.914 HIV Emergency Relief Project Grants

#### **Federal Agency**

U.S. Department of Health and Human Services

#### **Pass-through Agency**

93.044: Illinois Department on Aging

#### **Award Numbers / Years**

93.044: CAREST32012, T32012, and T32212  
93.914: H89HA00008-30

#### **City Departments**

93.044: Department of Family and Support Services  
93.914: Department of Public Health

The Personnel Activity Report (PAR) and Reconciliation process occurs quarterly to reconcile the budgeted amount of salaries and wages to the actual salaries and wages that should be charged to a grant award.

The Special Programs for the Aging - Title III, Part B – Grants for Supportive Services and Senior Centers (awards CAREST32012 and T32012) closed on September 30, 2021. However, the 4<sup>th</sup> quarter reconciliations were not completed prior to grant closeout and final report submission to the grantor. Therefore, unsupported payroll costs were charged to these awards. Additionally, award T32212 did not close during the audit period, but included unsupported payroll costs.

The HIV Emergency Relief Project Grants (award H89HA00008-30) closed on February 28, 2021, and the final report was submitted to the grantor on July 31, 2021. No payroll was charged to the fund in the accounting system or the PAR System beyond the first quarter, however, the City did not identify an adjustment to be made to the award fund until the 4<sup>th</sup> quarter reconciliation, which was after the final report was submitted to the grantor. Therefore, unsupported payroll costs were charged to this award. Additionally, time worked by employees in March 2021 were charged to this award after closeout.

### **2022 STATUS**

With the hiring of additional resources, the Department of Finance has been able to complete and post the payroll costing reports to the general ledger more timely starting in the 2<sup>nd</sup> quarter of 2023. This improvement allows for the Office of Budget & Management to be able to run payroll reports monthly that are utilized in the Personnel Activity Reporting (PAR) and during the reconciliation process. Immediately upon receipt of the PAR reports, the Department of Family Support Services (DFSS) and the Department of Public Health (CDPH) are able to prepare their PAR adjustments for submission and review by the Office of Budget & Management (OBM) and the Department of Finance (DOF) Grant and Project Accounting Division (GPAD) prior to approving and processing the adjustments, OBM and GPAD meet with the departments to discuss the PAR adjustment request for confirmation and understanding.

Deputy Comptroller Webster at the Department of Finance hired a Lead Accountant in March 2023. The Lead Accountant is primarily responsible for assisting with the completion and posting of the payroll costing report to ensure timely posting and to allow for the processing of the quarterly PAR reconciliations.

# CITY OF CHICAGO

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2022

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### ***FINDING 2021-002 (cont.)***

Under the direction of Deputy Comptroller James at the Department of Finance in the Grants and Project Accounting Division (GPAD), Director of Accounting Delgado and Director of Accounting Harris are actively meeting with the Department of Family and Support Services (DFSS) and the Chicago Department of Public Health (CDPH) along with the Office of Budget and Management (OBM) to discuss the PAR reconciliations before the entries are made in the general ledgers and reported in the financial reports. This is to ensure that all parties have a full understanding of the request, and to ensure expenses are allowable and within the correct grant period. This review started with the 3<sup>rd</sup> quarter 2022 PAR reconciliation reports.

Director of Finance Cieczczak at the Department of Family and Support Services (DFSS) is actively coordinating with the Department of Finance (DOF) and Office of Budget Management (OBM) on required financial reporting by reviewing and accounting for prior adjustments including journal vouchers (JVs) for personnel expense transfers for the respective quarter processed by the Grant Project Accounting Division (GPAD). The Director of Finance coordinates and has meetings with respective DFSS finance division managers to review the adjustment amounts, verification of funding availability in FMPS, confirmation of funding strips, and cross eligibility of payroll costs across similar grant programs. The Director of Finance drafts the quarterly PAR memo requesting journal vouchers (JVs) inclusive of credits and debits for each payroll account and forwards for review and approval by OBM and GPAD. Director of Finance has meetings with OBM and GPAD regarding feedback and additional adjustments identified in the review process which is addressed before submitting the final reconciliation report and memo for processing and posting to general ledger by GPAD. This process has been fully implemented for year ending 12/31/2022.

The Director of Administration at the Department of Health (CDPH) currently sends an email monthly requesting staff to complete PARs based upon their time and effort. Staff are required to enter monthly PAR hours by the 10th of the following month and the Supervisors are required to approve by the 15th of each month. CDPH will continue to work closely with OBM for timely reconciliation of PARs.

### ***FINDING 2021-003***

#### **Assistance**

**Listing Number** 21.019 COVID-19 Coronavirus Relief Fund

**Federal Agency** U.S. Department of Treasury

**Pass-through Agency** Not applicable

**Award Number / Year** 2020

**City Department** Department of Housing

Out of nine subrecipients selected for testing, it was noted that one subrecipient was not subject to a risk assessment or monitoring by the Chicago Department of Housing, the awarding City department. Our sample was not statistically valid.

# CITY OF CHICAGO

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2022

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### ***FINDING 2021-003 (cont.)***

#### **2022 STATUS**

The Finance Deputy at the Department of Housing (DOH) began in the 3<sup>rd</sup> quarter of 2022 requiring delegate agencies to complete the standardized risk assessment template provided by Department of Finance (DOF) and the Office of Budget and Management (OBM) as part of their contract execution process. During this same time, the DOH's Finance Deputy also began signing off on all delegate agency contract budgets to ensure risk assessments are complete before submission to DOF for release.

In the 4<sup>th</sup> quarter of 2022, DOH restructured its Finance Bureau to create a new Performance Management Office (PMO). The Performance Management Office (PMO) is staffed with three (3) full time equivalents, which includes one (1) Contracts Administrator, who acts as the Division Head, one (1) Program Auditor, and one (1) Performance Analyst for the purpose of institutionalizing the monitoring of delegate agencies based on the risk assessments.

Effective April 2023, DOH retroactively conducted risk assessments on all delegate agency contracts executed after January 1, 2022, including the MAP-NHS contract executed in 2021 which triggered the initial finding. In June 2023, DOH will draft revised subrecipient monitoring policies and procedures that align with risk assessment. In June 2023, DOH will draft a monitoring schedule for individual delegate agency contracts based on those new procedures. In July 2023, DOH will start conducting site visits. And in October 2023, DOH will fill the performance analyst position.

Deputy Commissioner Schmitz will continue to be responsible for implementation and monitoring of this corrective action in addition to the head of DOH's new Performance Management Office (PMO), which is led by Contracts Administrator Kirby.

### ***FINDING 2021-004***

#### **Assistance**

**Listing Number** 21.023 COVID-19 Emergency Rental Assistance Program

**Federal Agency** U.S. Department of Treasury

**Pass-through Agency** Not applicable

**Award Number / Year** 2021

**City Department** Department of Housing

We included two monthly reports in our sample and one of them was submitted 12 days after the due date. We also included two quarterly reports in our sample and one of them was submitted 2 days after the due date. Our sample was not statistically valid.

#### **2022 STATUS**

The Finance staff at the Department of Housing (DOH) started In October 2022 sending communications to DOH Policy staff in advance of the reporting deadline asking for proof of submission to U.S. Treasury. During this same time, the DOH Policy staff started providing proof of submission and/or extension requests and DOH Finance staff have been filing the records. In January 2023, the DOH's Financial Planning & Analysis (FPA) Division Head Damian Albert created a shared outlook calendar with all grant reporting

**CITY OF CHICAGO**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2022

**FINDING 2021-004 (cont.)**

deadlines departmentwide (including ERAP). DOH will continue to conduct internal checks and balances on grant reporting for ERAP until the grants expire and all reporting requirements have been met.

Director of Policy Hertz will continue to be responsible for implementation and monitoring of this corrective action in addition to DOH’s new Financial Planning and Analysis (FPA), which is led by Assistant Commissioner Albert.

**FINDING 2021-005**

**Assistance**

**Listing Number** 14.241 Housing Opportunities for Persons with AIDS

**Federal Agency** U.S. Department of Housing and Urban Development

**Pass-through Agency** Not applicable

**Award Numbers / Years** ILH18F001, ILH19F001, ILH20F001, ILH21F001, and ILH180010

**City Department** Department of Public Health (CDPH)

**This is a partial repeat of Finding 2020-003 from the previous year.**

Five subawards were sampled related to Assistance Listing Number 14.241. CDPH did not report one of its first tier subawards of \$30,000 or more through FSRS by the required due date. Our sample was not statistically valid.

<b>CFDA No.</b>	<b>Transactions Tested</b>	<b>Subward not reported</b>	<b>Report not timely</b>	<b>Subaward amount incorrect</b>	<b>Subaward missing key elements</b>
14.241	5	1	0	0	0
	<b>Dollar Amount of Tested Transactions</b>	<b>Subaward not reported</b>	<b>Report not timely</b>	<b>Subaward amount incorrect</b>	<b>Subaward missing key elements</b>
	\$2,664,256	\$1,000,000	\$0	\$0	\$0

**2022 STATUS**

The Contract Review Specialist at Department of Health (CDPH) started on September 1, 2022, entering the required contract data into the FFATA system within 30 days of the contract being executed and saving a PDF version of the FFATA report. Assistant Commissioner Pfeiffer and staff have a standing meeting scheduled on the 4<sup>th</sup> Monday of every month to review the FFATA reports and to confirm that every executed contract was properly entered into the FFATA system for that month.

# CITY OF CHICAGO

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2022

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### **FINDING 2021-006**

**Assistance**

**Listing Numbers**

14.239 Home Investment Partnerships Program  
93.889 National Bioterrorism Hospital Preparedness Program  
93.914 HIV Emergency Relief Project Grants

**Federal Agencies**

14.239: U.S. Department of Health and Human Services  
93.889 and 93.914: U.S. Department of Housing and Urban  
Development

**Pass-through Agency**

Not applicable

**Award Numbers / Years**

14.239: M15MC170201, M16MC170201, M17MC170201,  
M18MC170201, M19MC170201, and M21MC170201  
93.889: U3REP190582, U3REP190582C, U3REP190582-01, and  
U3REP190582-02  
93.914: H89HA00008-30, H89HA00008-31, and H9HA36920

**City Department**

Department of Finance

We selected the 2021 indirect cost rate proposals for the Department of Public Health and Department of Housing for testing. The indirect cost rate proposals were due to the cognizant agency by June 30, 2021; however they were not submitted until June 16, 2022.

### **2022 STATUS**

The City of Chicago Department of Finance (DOF) through its Grant and Projects Accounting Division (GPAD) submitted four required FY22 Negotiated Indirect Cost Rate Proposals (ICRPs) to the cognizant agency within 6 months after the close of the city's 12/31/2021 fiscal year end, consistent with Uniform Guidance. An established internal DOF/GPAD scheduled timeline was followed by the responsible GPAD Assistant Comptroller to ensure that each proposal was submitted at least 30 days prior to the June 30<sup>th</sup> deadline.