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# CITY OF CHICAGO

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2013



Rahm Emanuel, Mayor

Lois A. Scott, Chief Financial Officer

Daniel Widawsky, City Comptroller

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OFFICE OF THE MAYOR  
CITY OF CHICAGO

RAHM EMANUEL  
MAYOR

June 30, 2014

Dear Chicagoans:

Thank you for your interest in the Comprehensive Annual Financial Report (CAFR) of the City of Chicago for the 2013 fiscal year.

In 2013, the City of Chicago made significant progress towards righting the City's financial ship. We have reduced our structural deficit by making city government smaller, smarter, and simpler. For the third consecutive year, the City enhanced its long term financial outlook by contributing millions of dollars to its reserve fund. In addition, we have taken steps to address the city's long-term fiscal liabilities such as pensions in a responsible way that protects taxpayers and meets our obligations to employees and retirees.

Last year, we also made strategic investments in neighborhoods across the city to ensure Chicago remains an ideal place to live, work, and raise a family, and also visit or do business.

It is important we recognize that while significant progress was made in 2013, we must continue our work to strengthen Chicago's future by reforming city government, making investments in our neighborhoods, and providing our residents with the high quality services they rely upon- all in a fiscally responsible way.

Sincerely,

Mayor

**CITY OF CHICAGO  
THE CITY COUNCIL  
As of December 31, 2013  
RAHM EMANUEL, Mayor**

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

**2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE CITY OF CHICAGO**

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**PART I**

**INTRODUCTORY SECTION**





DEPARTMENT OF FINANCE  
CITY OF CHICAGO

June 30, 2014

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Chicago for the fiscal year ended December 31, 2013. State law requires that all governmental units publish, within six months of the close of each fiscal year, financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a licensed public accountant.

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

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

The Code also requires that the City's basic financial statements are audited by independent certified public accountants selected by the Committee on Finance of the City Council. This requirement has been met, and the unmodified audit opinion rendered by Deloitte & Touche LLP is included in the financial section of this report. The audit was conducted as a subcontractor arrangement between Deloitte & Touche LLP and a consortium of Chicago-based minority and women-owned certified public accounting firms.

In addition to meeting the requirements set forth in the Code, an additional audit designed to meet the requirements of the federal Single Audit Act Amendment of 1996 and related OMB Circular A-133, Audits of State and Local Governments is performed annually.

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



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**Profile of the Government.** The City of Chicago, incorporated in 1837, currently occupies a land area of approximately 228 square miles and, according to the 2010 census, serves a population of greater than 2.6 million. The City is a “home rule” unit of local government under Illinois law and is governed by an elected mayor and city council. The Mayor, the Chief Executive Officer of the City, is elected by general election. The City Council, the City’s legislative body consists of 50 members, each representing one of the city’s 50 wards. The members of the City Council are elected through popular vote by ward for four-year terms.

The City provides public safety, street maintenance and sanitation, transportation infrastructure, water, sewer, health, cultural, aviation and human services. City employees are covered by one of four pension plans that are responsible for providing certain pension benefits and that receive funding from the City. These four plans include the Municipal Employees’ Annuity and Benefit Fund, Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund, Policemen’s Annuity and Benefit Fund and Firemen’s Annuity and Benefit Fund. These component units are included in the City’s reporting entity. Additional services are provided to residents by the Chicago Public Schools, Chicago Park District, Chicago Transit Authority, City Colleges of Chicago and the Chicago Housing Authority. However, these component units are not included in the City’s reporting entity.

Annual budgets are adopted for all of the City’s funds, including the general fund and certain special revenue funds. Prior to October 15, the Mayor submits a proposed budget of expenditures and the means of financing them to the City Council for the next year. The City Council is required to hold at least one public hearing regarding the proposed budget, and the budget recommendation must be made available for public inspection at least ten days prior to the passage of the annual appropriation ordinance which must be enacted no later than December 31. Additional information on the budgetary process can be found in Note 3 in the notes to financial statements.

**Local Economy.** Chicago continues to enjoy one of the most diverse economies in the nation, with no single sector employing more than 13 percent of the City’s workforce. This diversity provides fiscal stability from mature industries in business and financial services, manufacturing, aviation, transportation and warehousing, education and healthcare, and enables the City to promote the growth of emerging industries in technology, tourism, biotech and life sciences. Long-standing components of the local economy, such as derivatives trading, remain strong - Chicago futures and options exchanges collectively conduct 49.0% of the exchange-based derivatives trading in North America - while new sectors continuously emerge with more than 270 new digital startups launched in 2013 alone.

Chicago has long been a center for international business and is currently home to over 1,500 foreign-based companies and was recognized as the top U.S. city both in terms of its inbound foreign investment and in terms of its overall growth in 2013. Chicago-based companies, in turn, have a strong international presence, with thousands of locations across more than 140 countries and territories.

Business investment and expansion in Chicago continue to grow. Throughout 2013, monthly employment grew and unemployment declined in Chicago, as business expansions across Chicago led to 21,312 new and retained jobs. In fact, more than 650 major business expansions (representing 35 million square feet and \$6.0 billion in economic development) were announced, commenced, or completed throughout the metropolitan area in 2013, helping Chicago earn the “Top Metro” ranking in the U.S. from Site Selection magazine. Companies such as ADM, Connected Health, Emnos, and Method relocated to Chicago, helping to bring over \$3.0 billion in new investment to the City in 2013.

In addition, Chicago continues to be a destination for both business and leisure travelers, drawn by the city’s numerous cultural and recreational attractions, professional sports teams, festivals, museums, parks, restaurants and more. Tourism, business and convention travel to Chicago reached record levels in 2013, with nearly 47

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million visitors to the City, an increase of 4.4% over 2012. This activity continues to be a significant part of the local economy, helping to strengthen small businesses and provide jobs.

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

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

**2013 Budget and Major Initiatives.** In 2013, the City made further progress in addressing its structural deficit through strategic reforms. The City saved funds by eliminating redundant information technology and purchasing functions, and by partnering with unions to control costs and increase the flexibility of City crews. The City continued to invest in infrastructure, completed financing of the Chicago Riverwalk along the main branch of the Chicago River, consolidated public parking and rental car facilities at O'Hare Airport, and constructed twenty-two miles of bike lanes. The City provided funding to improve the transit system with the construction of the Cermak station (Green Line) and improvements to the Bryn Mawr, Harrison, and Clark and Division stations (Red Line). Chicago also created a Small Business Center to serve as a one-stop-shop for small business owners, and completed the phase-out of the employers' expense tax. Additionally, the City provided funding to increase the number of spaces in early education, afterschool, and summer jobs programs; and provided free eye exams and glasses for thousands of CPS students.

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**Awards and Acknowledgments.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chicago for its CAFR for fiscal year 2012. This was the twentieth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current CAFR continues to meet the GFOA Certificate of Achievement program's requirements, and it has been submitted for consideration for this year's award.

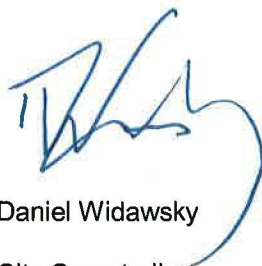
This report could not have been prepared without the dedication and effective help of the staff of the Department of Finance. We wish to express our appreciation to those who contributed to the preparation of this report.

Respectfully submitted,



Lois A. Scott

Chief Financial Officer



Daniel Widawsky

City Comptroller



Government Finance Officers Association

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

Presented to

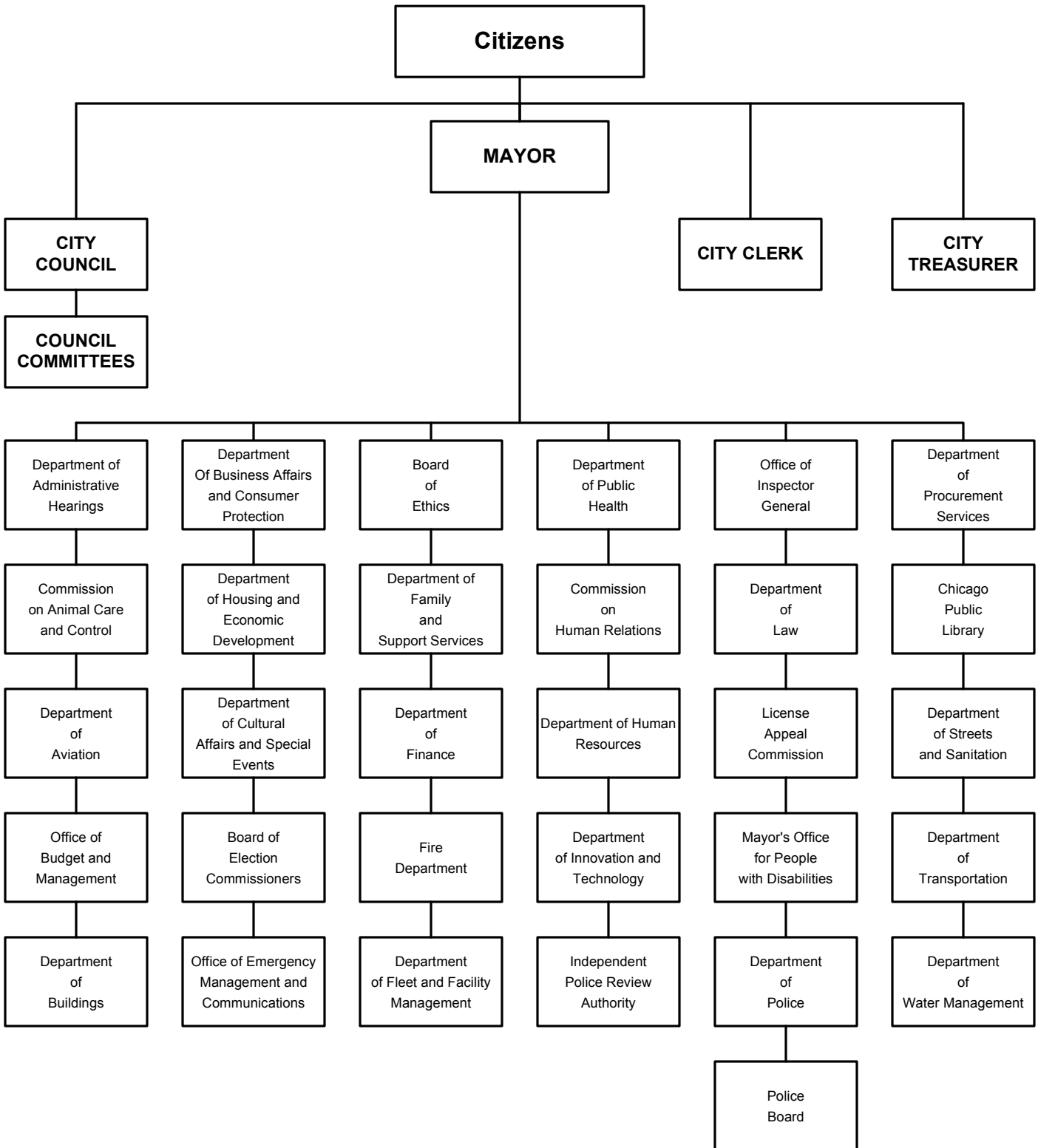
**City of Chicago  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

**CITY OF CHICAGO  
ORGANIZATION CHART  
AS OF 12/31/2013**



**PART II**

**FINANCIAL SECTION**

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



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's Pension Plans (the "Plans") which, in aggregate, represent substantially all the assets and revenues of the fiduciary funds, included in the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plans, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type

activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to financial statements, beginning net position was restated due to the City's adoption of Statement 65 of the Governmental Accounting Standards Board (GASB), *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified as to this matter.

### **Other Matters**

#### *Required Supplementary Information*

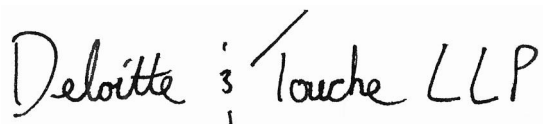
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Other Postemployment Benefits Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information,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

#### *Other Information*

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

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

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

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

Chicago, Illinois  
June 30, 2014



## Management's Discussion and Analysis

As management of the City of Chicago, Illinois (City) we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2013. We encourage the readers to consider the information presented here in conjunction with information that we have furnished in our letter of transmittal, contained within this report. Due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in fiscal year 2013, as described in Note 17 to the basic financial statements, 2012 numbers within the MD&A have been restated retroactively.

### 2013 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 \$5,371.1 million (*net deficit*). Of this amount, \$10,399.2 million is an unrestricted deficit, while \$2,203.4 million is net investment in capital assets and \$2,824.7 million is restricted for specific purposes.
- The City's total assets increased by \$534.6 million. The increase primarily relates to a \$820.7 million increase in capital assets as a result of the City's capital improvement program, offset by a \$302.1 million decrease in cash and cash equivalents and investments primarily as a result of the City's financing of its operations.
- Revenues and Other Financing Sources, in the fund financial statements, available for general governmental operations during 2013 were \$5,962.6 million, a decrease of \$610.2 million (9.3 percent) from 2012 due to a decrease in the amount of bonds issued, offset by increases in taxes.
- The General Fund, also in the fund financial statements, ended 2013 with a total Fund Balance of \$167.1 million. Total Fund Balance decreased from 2012 primarily because Revenues and Other Financing Sources were less than Expenditures and Other Financing Uses by \$68.1 million. Fund Balance at December 31, 2013 of \$108.4 million was assigned. Unassigned Fund Balance was \$33.9 million at December 31, 2013 and remained stable compared to 2012.
- The City's general obligation bonds and notes outstanding increased by \$235.4 million during the current fiscal year. The proceeds from the increase in commercial paper were used to finance the City's capital plan and certain operating expenses.
- The General Fund expenditures on a budgetary basis were \$33.1 million less than budgeted as a result of favorable variances in general government expenditures, offset by unfavorable variances in public safety primarily as a result of higher than expected personnel related expenses.

### Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements. These components are described below:

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, using accounting methods similar to those used by private-sector companies. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the City's economic condition at the end of the fiscal year. These financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means such statements follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid.

The government-wide financial statements include two statements:

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively. To

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

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assess the overall health of the City, the reader should consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The *statement of activities* presents information showing how the government's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (for example, uncollected taxes, and earned but unused vacation). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and sanitation, transportation, health, and cultural and recreation. The business-type activities of the City include water, sewer, tollway and airport services.

The government-wide financial statements present information about the City as a primary government, which includes the Chicago Public Library. The government-wide financial statements can be found immediately following this management's discussion and analysis.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds and governmental activities*.

The City maintains 19 individual governmental funds. Information for the six funds that qualify as major is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The six major governmental funds are as follows: the General Fund, the Federal, State and Local Grants Fund, the Special Taxing Areas Fund, Service Concession and Reserve Fund, the Bond, Note Redemption and Interest Fund, and the Community Development and Improvement Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

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

**Proprietary funds.** These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge user fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds, like government-wide statements, use the accrual basis of accounting and provide both long- and short-term financial information. There is no reconciliation needed between

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

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the government-wide financial statements for business-type activities and the proprietary fund financial statements. The City uses five enterprise funds to account for its water, sewer, Skyway, and two airports operations.

Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, Chicago Skyway Fund, Chicago-O'Hare International Airport Fund and the Chicago Midway International Airport Fund. All the proprietary funds are considered to be major funds of the City. The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

**Fiduciary funds.** Fiduciary funds are used primarily to account for resources held for the benefit of parties outside the primary government. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement can be used only for the trust beneficiaries. The City also uses fiduciary funds to account for transactions for assets held by the City as agent for various entities. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund basic financial statements can be found immediately following the proprietary fund financial statements.

**Notes to the basic financial statements.** The notes provide additional information that is essential for a full understanding of data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fiduciary fund basic financial statements.

**Additional Information.** The combining statements, which include nonmajor funds, for governmental funds and trust and agency funds are presented immediately following the notes to the basic financial statements.

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

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows exceeded assets by \$5,371.1 million at December 31, 2013.

A large portion of the City's net position, \$2,203.4 million, reflects its investment in capital assets (land, buildings, roads, bridges, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities and deferred inflows.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets .....	\$ 5,311.5	\$ 5,735.8	\$ 4,227.5	\$ 4,089.3	\$ 9,539.0	\$ 9,825.1
Capital assets .....	7,993.6	7,869.7	13,212.3	12,515.5	21,205.9	20,385.2
Total Assets .....	13,305.1	13,605.5	17,439.8	16,604.8	30,744.9	30,210.3
Deferred outflows .....	266.1	394.4	274.1	376.2	540.2	770.6
Total .....	13,571.2	13,999.9	17,713.9	16,981.0	31,285.1	30,980.9
Long-term liabilities outstanding .....	18,069.6	17,033.4	13,094.8	12,619.2	31,164.4	29,652.6
Other liabilities .....	1,326.6	1,245.8	904.3	1,065.3	2,230.9	2,311.1
Total Liabilities .....	19,396.2	18,279.2	13,999.1	13,684.5	33,395.3	31,963.7
Deferred Inflows .....	1,597.3	1,618.4	1,663.6	1,682.1	3,260.9	3,300.5
Net Position:						
Net investment in capital assets .....	(242.8)	(269.2)	2,446.2	2,231.5	2,203.4	1,962.3
Restricted .....	1,940.9	1,908.5	883.8	737.3	2,824.7	2,645.8
Unrestricted .....	(9,120.4)	(7,537.0)	(1,278.8)	(1,354.4)	(10,399.2)	(8,891.4)
Total net (deficit) position .....	\$ (7,422.3)	\$ (5,897.7)	\$ 2,051.2	\$ 1,614.4	\$ (5,371.1)	\$ (4,283.3)

An additional portion of the City's net position (\$2,824.7 million) represents resources that are subject to external restrictions on how they may be used.

**Governmental Activities.** Net position of the City's governmental activities decreased \$1,524.6 million to a deficit of \$7,422.3 million. However, 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 \$9,120.4 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 (\$879.8 million) and Municipal employees, Laborers', Policemen's and Firemen's net pension obligation and other post-employment benefits (\$7,589.9 million). The City will include these amounts in future years' budgets as they come due. In addition, the remaining deferred inflow of \$1,597.3 million will be amortized into income over the life of the concession service agreements.

Revenues for all governmental activities in 2013 were \$5,556.3 million, with over half of the City's revenues derived from taxes. Total tax receipts increased by \$129.1 million (4.4 percent). Total tax revenue includes an increase in property taxes received of \$10.4 million (1.2 percent). Other taxes increased by \$118.7 million (5.7 percent) as a result of increases in sales and transaction taxes and increased tourism. Federal/State grants vary from year to year depending primarily on the level of spending for programs, construction and other projects.

Expenses for governmental activities in 2013 were \$7,080.9 million. This reflects an increase of \$77.4 million (1.1 percent) over 2012. Public Safety accounted for approximately 43.0 percent of total expenses.

The cost of all governmental activities was \$7,080.9 million. The amount that taxpayers paid for these activities through City taxes was only \$3,092.8 million. Some of the cost was paid by those who directly benefited from the programs (\$773.4 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$818.8 million).

The City paid \$871.3 million for the "public benefit" portion with other revenues such as state aid, interest and miscellaneous income.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

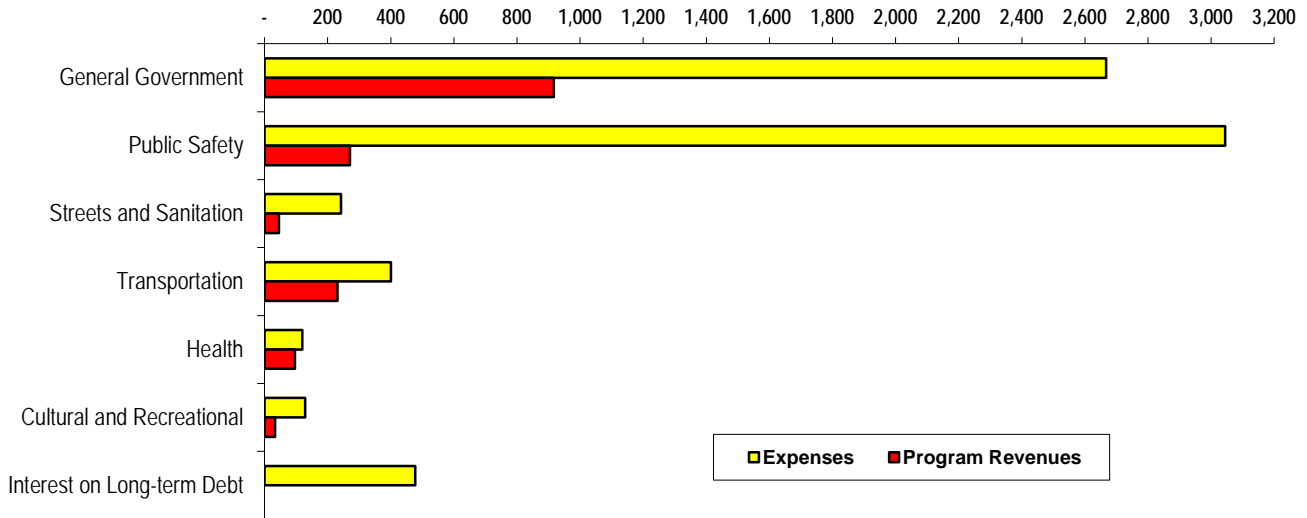
Although total net position of business-types activities was \$2,051.2 million, these resources cannot be used to make up for the deficit in net position in governmental activities. The City generally can only use this net position to finance the continuing operations of the water, sewer, Skyway, and airports activities.

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

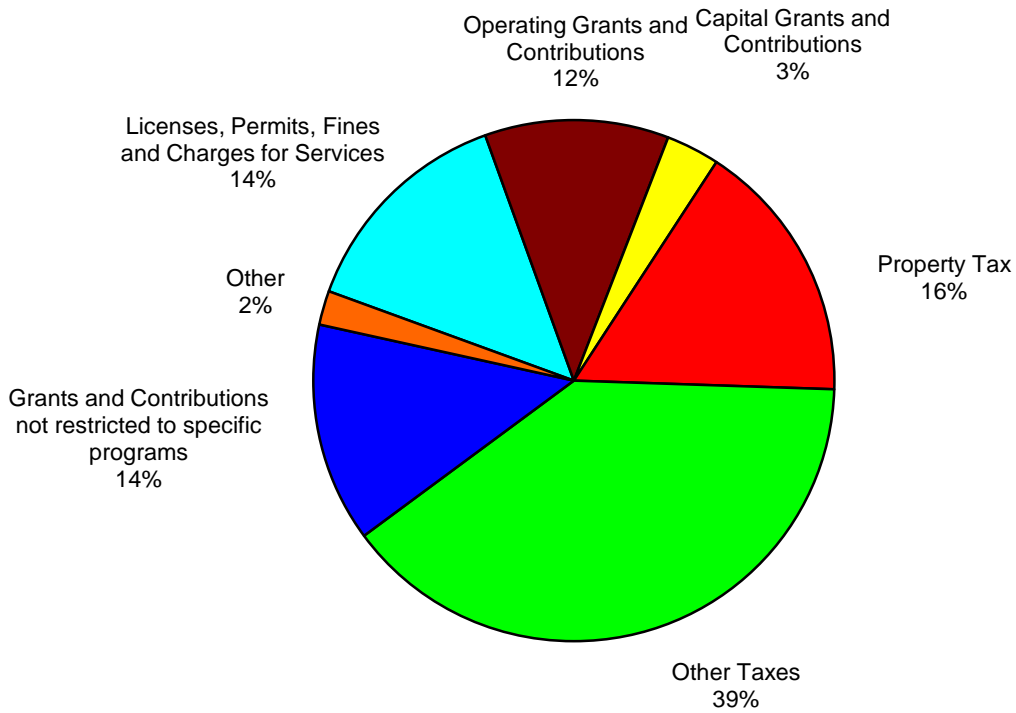
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Revenues:						
Program Revenues:						
Licenses, Permits, Fines and Charges for Services .....	\$ 773.4	\$ 750.2	\$ 2,021.3	\$ 1,889.1	\$ 2,794.7	\$ 2,639.3
Operating Grants and Contributions .....	634.4	748.3	-	-	634.40	748.3
Capital Grants and Contributions .....	184.4	172.5	213.0	83.2	397.40	255.7
General Revenues:						
Property Taxes .....	906.7	896.3	-	-	906.70	896.3
Other Taxes .....	2,186.1	2,067.4	-	-	2,186.10	2,067.4
Grants and Contributions not Restricted to Specific Programs .....	754.7	692.2	-	-	754.70	692.2
Other .....	116.6	227.6	34.1	64.0	150.70	291.6
Total Revenues .....	<u>5,556.3</u>	<u>5,554.5</u>	<u>2,268.4</u>	<u>2,036.3</u>	<u>7,824.7</u>	<u>7,590.8</u>
Expenses:						
General Government .....	2,667.2	2,751.9	-	-	2,667.2	2,751.9
Public Safety .....	3,044.8	2,910.2	-	-	3,044.8	2,910.2
Streets and Sanitation .....	242.5	228.6	-	-	242.5	228.6
Transportation .....	400.5	383.5	-	-	400.5	383.5
Health .....	119.7	123.1	-	-	119.7	123.1
Cultural and Recreational .....	128.3	146.3	-	-	128.3	146.3
Interest on Long-term Debt .....	477.9	459.9	-	-	477.9	459.9
Water .....	-	-	442.5	419.7	442.5	419.7
Sewer .....	-	-	216.6	197.3	216.6	197.3
Midway International Airport .....	-	-	241.1	239.5	241.1	239.5
Chicago-O'Hare International Airport .....	-	-	920.8	968.0	920.8	968.0
Chicago Skyway .....	-	-	10.6	10.6	10.6	10.6
Total Expenses .....	<u>7,080.9</u>	<u>7,003.5</u>	<u>1,831.6</u>	<u>1,835.1</u>	<u>8,912.5</u>	<u>8,838.6</u>
Change in Net Position .....	(1,524.6)	(1,449.0)	436.8	201.2	(1,087.8)	(1,247.8)
Net (Deficit) Position, Beginning of Year, as restated	<u>(5,897.7)</u>	<u>(4,448.7)</u>	<u>1,614.4</u>	<u>1,413.2</u>	<u>(4,283.3)</u>	<u>(3,035.5)</u>
Net (Deficit) Position, End of Year .....	<u>\$ (7,422.3)</u>	<u>\$ (5,897.7)</u>	<u>\$ 2,051.2</u>	<u>\$ 1,614.4</u>	<u>\$ (5,371.1)</u>	<u>\$ (4,283.3)</u>

**CITY OF CHICAGO, ILLINOIS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2013**

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



**Revenues by Source - Governmental Activities**



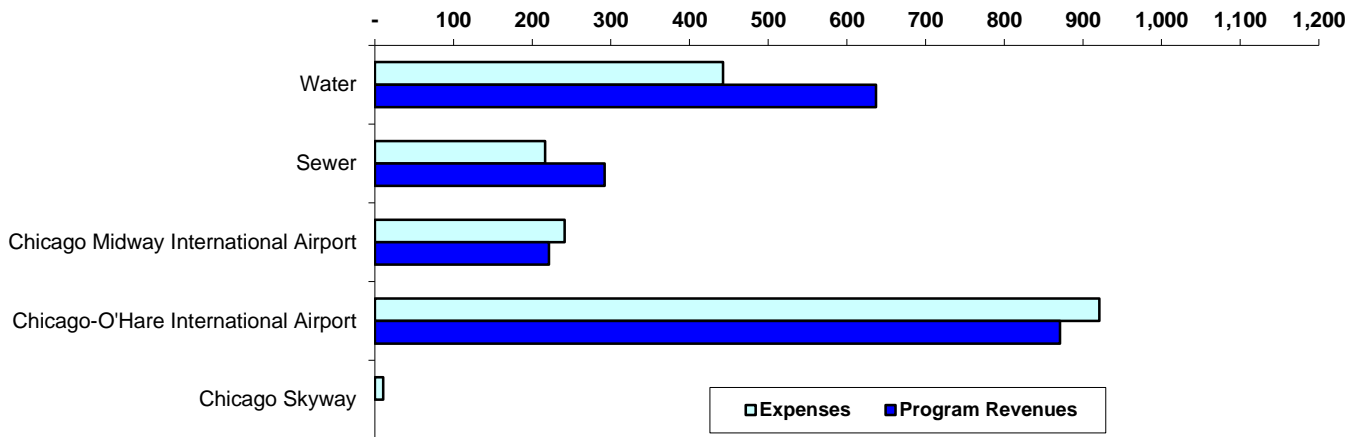
**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

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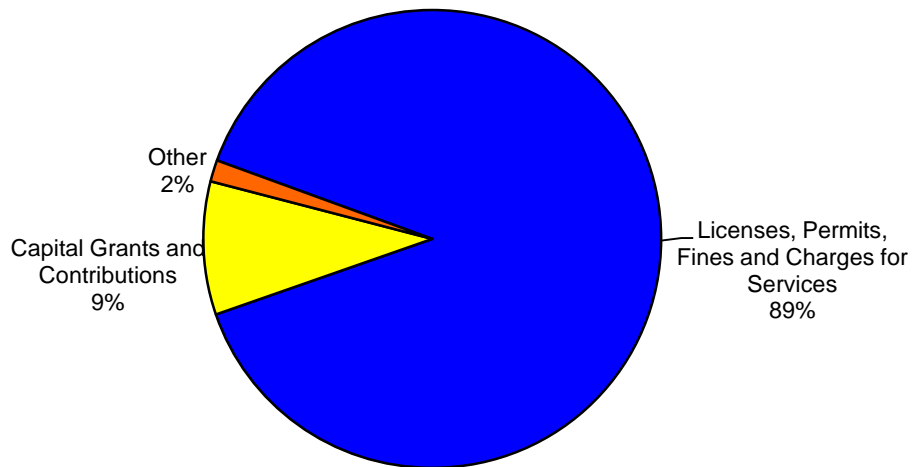
**Business-type Activities.** Revenues of the City's business-type activities increased by \$436.8 million in 2013 mostly from an increase in the charges for services and rental income revenues as well as funding from capital grants.

- The Water Fund's operating revenue increased by \$60.8 million (10.6%) from 2012 due to a 15% increase in water rates, offset by a decrease in consumption and the conversion in 2013 of 17,427 accounts from non-metered to metered. Operating expenses before depreciation and amortization for the year ended 2013 increased by \$11.1 million (3.8%) from the year ended 2012 mainly due to overtime and natural gas and electric charges resulting from an extremely cold winter; offset by an increase in capitalized in-house construction costs and a decrease in fuel consumption.
- The Sewer Fund's operating revenue increased in 2013 by \$38.4 million (15.1%) primarily due to an increase in sewer rates. Operating expenses before depreciation and amortization for 2013 increased \$8.2 million (7.2%) from the year ended 2012 due to an increase in repairs, maintenance and administrative and general.
- Chicago Midway International Airport's operating revenues for 2013 increased by \$17.4 million (11.0%) from 2012 primarily due to increased landing fees, and terminal area use charges. Concessions increased by \$4.4 million primarily due to an increase in auto parking, restaurants, and auto rental offset by a decrease in other concessions. Operating expenses before depreciation and amortization increased by \$6.8 million (5.9%) compared to 2012, primarily due to an increase in professional and engineering services and other operating expenses.
- Chicago O'Hare International Airport's operating revenues for 2013 increased by \$15.1 million (2.2%) compared to 2012 primarily due to increased rents, concessions and other revenues. Operating expenses before depreciation, amortization and capital asset impairment costs decreased by \$24.1 million (5.4%) compared to 2012 primarily due to decreased salaries and wages, repairs and maintenance and other operating expenses, offset by increased professional and engineering fees.
- The Chicago Skyway was leased for 99 years to a private company. The agreement granted the company to operate the Skyway and to collect toll revenue during the term of the agreement. The City received an upfront payment of \$1.83 billion of which \$446.3 million was used to advance refund all of the outstanding Skyway bonds. The upfront payment is being amortized into non-operating revenue over the period of the lease (\$18.5 million annually).

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



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





**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

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

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2013, the City's governmental funds reported combined ending fund balances of \$1,226.6 million, a decrease of \$366.8 million in comparison with the prior year. Of this total amount \$699.1 million was committed to specific expenditures, \$108.4 million was assigned to anticipated uses, a deficit of \$1,867.7 million was unassigned, \$2,262.0 million was restricted in use by legislation, and \$24.8 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 \$33.9 million with a total fund balance of \$167.1 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 5.4 percent of total General Fund expenditures. The fund balance of the City's General Fund decreased by approximately \$64.2 million during the current fiscal year mainly due to an increase in personnel expenditures in public safety. The General Fund also provided \$15.0 million to the Service Concession and Reserve Fund as appropriated for in the 2013 Budget.

The Federal, State and Local Grants Fund has a total deficit fund balance of \$286.4 million. This is \$80.3 million lower than 2012 primarily due to slower reimbursement of expenditures.

The Special Taxing Areas Fund has a total fund balance of \$1,522.7 million, which is all restricted to specific expenditures.

The Service Concession and Reserve Fund accounts for deferred inflows from non-business type long-term concession and lease transactions and has \$590.2 million committed to specific expenditures. The unassigned deficit of \$1,597.3 million results from the deferred inflows from long-term asset leases.

The Bond, Note Redemption and Interest Fund has a total fund balance of \$197.0 million. This is \$149.7 million lower than 2012 as bonds were not issued in 2013 and only commercial paper was issued.

The Community Development and Improvement Projects Fund has a total fund balance of \$363.6 million. This is \$36.8 million lower than 2012 due to increased capital improvement efforts.

**Changes in fund balance.** The fund balance for the City's governmental funds decreased by \$366.8 million in 2013. This includes an increase in inventory of \$3.9 million.

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

Unrestricted net position of the Water, Sewer, Chicago Skyway, Chicago-O'Hare International Airport, and Chicago Midway International Airport Funds at the end of the year amounted to a deficit of \$1,278.8 million. The unrestricted net position deficit decreased by \$75.6 million due to an increase in the unrestricted assets in the Water Fund, Sewer Fund and Chicago Midway International Airport. 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 2013 Original General Fund Budget was \$3,159.0 million. This budget reflects an increase of \$54.7 million (1.8 percent) over the 2012 Budget. The City's 2013 General Fund Budget was approved by the City Council on

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

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November 15, 2012. The General Fund revenues on a budgetary basis were \$33.1 million less than the final budget as a result of no debt issuance, lower miscellaneous revenue and collection of fines and lower than expected use of budgeted prior years' surplus, offset by higher than expected taxes. Expenditures were \$33.1 million less than budgeted as a result of favorable variances in general government expenditures, offset by unfavorable variances in public safety primarily as a result of higher than expected personnel related expenses. Additional information on the City's budget can be found in Note 3 under Stewardship, Compliance and Accountability within this report.

The General Fund revenues and expenditures in 2013 ended the current fiscal year with an unassigned fund balance of \$33.9 million.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's capital assets for its governmental and business-type activities as of December 31, 2013 amount to \$21,205.9 million (net of accumulated depreciation). These capital assets include land, buildings and system improvements, machinery and equipment, roads, highways and bridges, and property, plant and equipment.

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

- The City continues its commitment to sustainable design in new construction projects utilizing the Leadership in Energy & Environmental Design (LEED) strategy. Completed construction in 2013 totaled \$55.9 million including; Humboldt Park Library totaling \$ 9.7 million, Edgewater Library totaling \$12.5 million, Whitney Young Library totaling \$4.4 million and the City Hall renovations totaling \$11.3 million.
- During 2013, title to the Crown Fountain in Millennium Park was given to the City totaling \$17 million. This was recorded as a donated capital asset addition in Works of Art.
- During 2013, the City completed \$769.1 million in infrastructure projects including \$395.8 million street construction and resurfacing projects, \$222.8 million in bridge and viaduct reconstruction projects, and \$150.5 million in street lighting and transit projects. At year end, Infrastructure projects still in process had expenses totaling nearly \$239.6 million.
- At the end of 2013 and 2012, the Water Fund had \$3,181.9 million and \$2,861.3 million, respectively, invested in utility plant, net of accumulated depreciation. During 2013, the Water Fund expended \$377.4 million on capital activities. This included \$0.4 million for structures and improvements, \$156.5 million for distribution plant, \$7.3 million for equipment, and \$213.1 million for construction in progress.
- During 2013, net completed projects totaling \$153.3 million were transferred from construction in progress to applicable capital accounts. The major completed projects relate to installation and replacements of water mains (\$92.0 million), auto meter reading installation project (\$39.6 million), and Lexington pumping station electrical generation and capital improvements (\$14.1 million).
- At the end of 2013, the Sewer Fund totaled capital assets of \$1,838.3 million. During 2013, the Sewer Fund had capital additions being depreciated of \$212.5 million, and completed projects totaling \$33.0 million were transferred from construction in progress to applicable facilities and structures capital accounts. The 2013 Sewer Main Replacement Program completed 19.0 miles of sewer mains and 45.6 miles of relining of existing sewer mains at a cost of \$212.5 million.
- At the end of 2013, Chicago-Midway International Airport totaled \$1,169.9 million, invested in net capital assets. During 2013, the Airport had additions of \$45.6 million related to capital activities. This included \$1.0 million for land acquisition and the balance of \$44.7 million for construction projects relating to terminal improvements, parking and roadway enhancements, and runway improvements.
- At the end of 2013, Chicago-O'Hare International Airport totaled \$6.7 billion, invested in net capital assets. During 2013, the Airport had additions of \$421.6 million related to capital activities. This included \$1.5 million for land acquisition and the balance of \$420.1 million for terminal improvements, road and sidewalk

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

enhancements, runway and taxiway improvements, along with general parking enhancements. During 2013, completed projects totaling \$757.7 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway improvements, heating and refrigeration, road and sidewalk enhancements, electrical, water drainage, fuel system enhancements and terminal improvements.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land .....	\$ 1,392.6	\$ 1,404.5	\$ 1,016.6	\$ 1,024.7	\$ 2,409.2	\$ 2,429.2
Works of Art and Historical Collections .....	30.8	13.2	-	-	30.8	13.2
Construction in Progress .....	260.2	644.3	1,207.8	1,548.3	1,468.0	2,192.6
Buildings and Other Improvements ....	1,668.0	1,677.7	10,651.6	9,618.2	12,319.6	11,295.9
Machinery and Equipment .....	225.8	255.6	336.3	324.3	562.1	579.9
Infrastructure .....	4,416.2	3,874.4	-	-	4,416.2	3,874.4
<b>Total .....</b>	<b>\$ 7,993.6</b>	<b>\$ 7,869.7</b>	<b>\$ 13,212.3</b>	<b>\$ 12,515.5</b>	<b>\$ 21,205.9</b>	<b>\$ 20,385.2</b>

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

**Debt.** At the end of the current fiscal year, the City had \$7,226.9 million in General Obligation Bonds and \$773.4 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$187.2 million in Motor Fuel Tax Revenue Bonds; \$566.0 million of Sales Tax Revenue Bonds; \$88.4 million in Tax Increment Financing Bonds; and \$12,526.5 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	
	2013	2012	2013	2012	2013	2012
General Obligation .....	\$ 8,000.3	\$ 8,011.8	\$ -	\$ -	\$ 8,000.3	\$ 8,011.8
Tax Increment .....	88.4	112.2	-	-	88.4	112.2
Revenue Bonds .....	753.2	770.3	12,526.5	11,967.8	13,279.7	12,738.1
<b>Total .....</b>	<b>\$ 8,841.9</b>	<b>\$ 8,894.3</b>	<b>\$ 12,526.5</b>	<b>\$ 11,967.8</b>	<b>\$ 21,368.4</b>	<b>\$ 20,862.1</b>

During 2013, the City issued the following:

**General Obligation Bonds:**

- General Obligation Commercial Paper Notes (\$235.4 million)

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

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**Enterprise Fund Revenue Bonds and Notes:**

- Chicago-O'Hare International General Airport Senior Lien Revenue Bonds, Series 2013A (Alternative Minimum Tax - AMT), Series 2013B (AMT), Series 2013C (AMT), and Series 2013D (Non-AMT) (\$897.9 million).
- Chicago-O'Hare International Airport Customer Facility Charge Senior Lien Revenue Bonds, Series 2013 (\$248.8 million).
- Chicago-O'Hare International Airport General Commercial Paper Notes (\$20.0 million)
- Chicago Midway International Airport Second Lien Revenue Refunding Bonds, Series 2013A (AMT), Series 2013B (Non-AMT), and Series 2013C (Taxable) (\$334.0 million).
- Chicago Midway International Airport Commercial Paper Notes (\$57.7 million).

At December 31, 2013 the City had credit ratings with each of the three major rating agencies as follows:

<b>Rating Agency</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>
General Obligation: City	A3	A+	A-
Revenue Bonds:			
O'Hare Airport:			
Senior Lien General Airport Revenue Bonds	A2	A-	A-
Senior Lien Passenger Facility Charge (PFC)	A2	A-	A
Customer Facility Charge (CFC)	Baa1	BBB	NR
Midway Airport:			
First Lien	A2	A	A
Second Lien	A3	A-	A-
Water:			
First Lien	A1	AA	AA+
Second Lien	A2	AA-	AA
Wastewater:			
First Lien	A1	AA-	NR
Second Lien	A2	A+	AA
Sales Tax	A3	AAA	A-
Motor Fuel Tax	Baa1	AA+	BBB+

See Subsequent Events in the footnotes for ratings changes in 2014.

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

The City's finances are closely tied with the local, national, and global economies. Throughout 2013, the local and national economies continued to experience moderate growth with the recovery from the economic downturn. The commercial real estate market remained strong, and growth in the housing market picked up significantly. Home sales increased by 20 percent over 2012, and median home prices, which had been slower to recover, were 17 percent over 2012. In 2013, nationwide, retail sales grew 4 percent over 2012, with consumer confidence showing consistent improvement. The average national unemployment rate decreased from 8.1 percent in 2012 to 7.3 percent in 2013, and Chicago's unemployment rate was above 2012 during early and mid-2013 but began to tick downward during the fourth quarter. Tourism, business, and convention travel to Chicago remained strong in 2013, with 48.4 million visitors to the City, up 4 percent from 2012, and revenue per available room up 2 percent in 2013 from 2012.

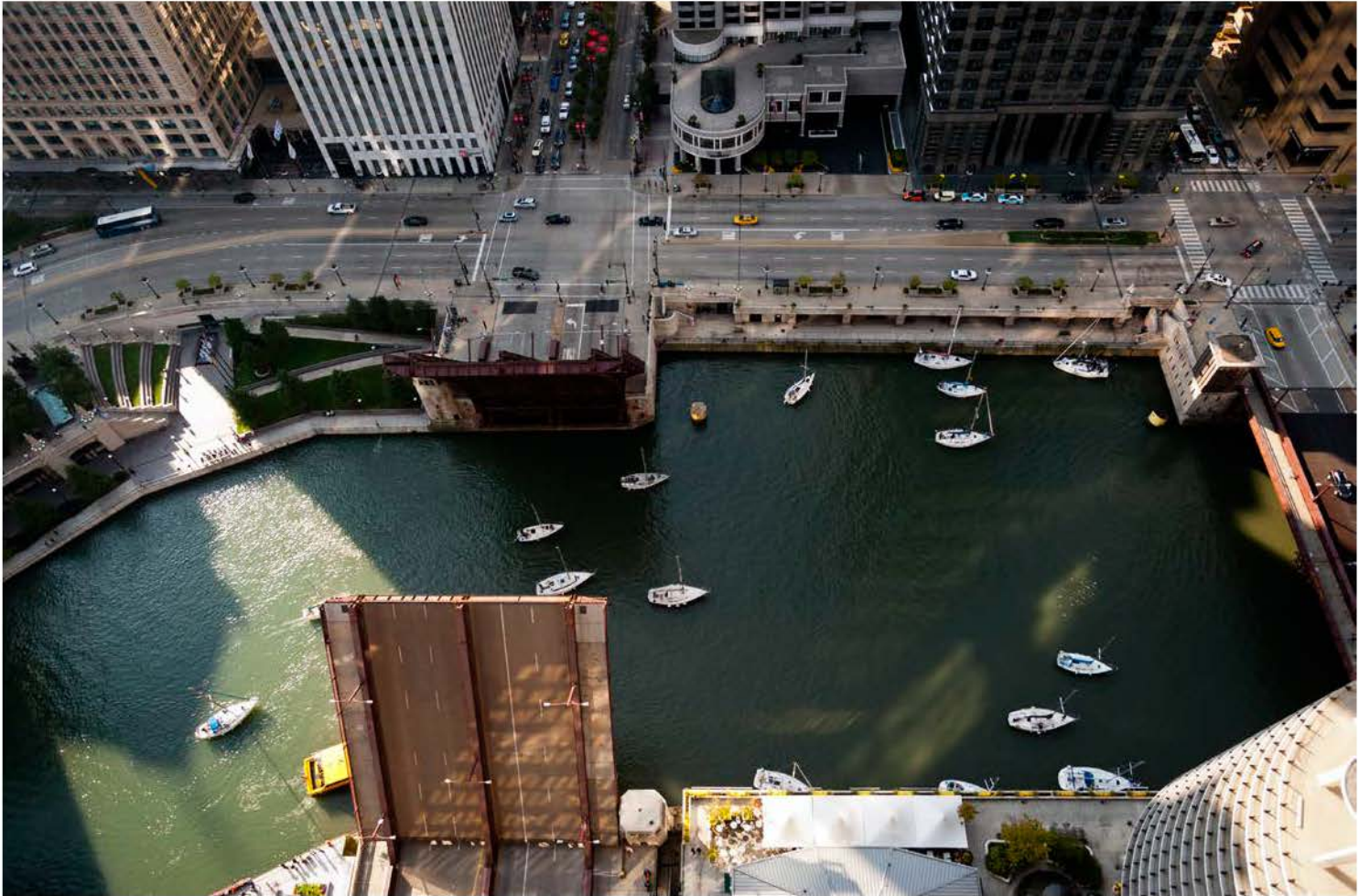
**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

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The City's 2014 General Fund budget, totaling \$3,290 million, was approved by a 45 to 5 vote of City Council on November 26, 2013. The 2014 budget balanced a preliminary budget shortfall of \$339 million by cutting spending, increasing efficiencies, and implementing targeted revenue increases. The 2014 budget shortfall was the smallest preliminary budget deficit since the recession, demonstrating the progress and reforms made in the 2012 and 2013 budgets. The 2014 budget built on that progress, investing in youth, public safety, and critical infrastructure without the heavy reliance on nonrecurring revenue sources seen prior to 2012. The 2014 budget also commits an additional \$5 million to the City's long-term reserves, following provisions of \$20 million in 2012 and \$15 million in 2013.

**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, 2013**  
**(Amounts are in Thousands of Dollars)**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
Cash and Cash Equivalents .....	\$ 695,927	\$ 21,025	\$ 716,952
Investments .....	1,307,700	352,361	1,660,061
Cash and Investments with Escrow Agent .....	462,837	-	462,837
Receivables (Net of Allowances):			
Property Tax .....	1,207,362	-	1,207,362
Accounts .....	1,039,145	308,480	1,347,625
Internal Balances .....	(39,359)	39,359	-
Inventories .....	24,788	23,106	47,894
Restricted Assets:			
Cash and Cash Equivalents .....	89,572	1,214,127	1,303,699
Investments .....	503,738	2,168,558	2,672,296
Other Assets .....	19,821	100,501	120,322
Capital Assets:			
Land, Art, and Construction in Progress .....	1,683,554	2,224,463	3,908,017
Other Capital Assets, Net of Accumulated Depreciation .....	6,310,028	10,987,873	17,297,901
Total Capital Assets .....	7,993,582	13,212,336	21,205,918
Total Assets .....	13,305,113	17,439,853	30,744,966
Deferred Outflows .....	266,041	274,124	540,165
Total Assets and Deferred Outflows .....	\$ 13,571,154	\$ 17,713,977	\$ 31,285,131
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
Voucher Warrants Payable .....	\$ 473,893	\$ 366,190	\$ 840,083
Short-term Debt .....	672	-	672
Accrued Interest .....	209,399	247,543	456,942
Accrued and Other Liabilities .....	389,694	156,143	545,837
Line of Credit Payable .....	144,673	-	144,673
Unearned Revenue .....	108,242	134,436	242,678
Long-term Liabilities:			
Due Within One Year .....	259,534	284,504	544,038
Derivative Instrument Liability .....	123,887	149,097	272,984
Due in More Than One Year .....	17,686,162	12,661,205	30,347,367
Total Liabilities .....	19,396,156	13,999,118	33,395,274
Deferred Inflows .....	1,597,326	1,663,636	3,260,962
Total Liabilities and Deferred Inflows .....	20,993,482	15,662,754	36,656,236
<b>NET POSITION</b>			
Net Investment in Capital Assets .....	(242,862)	2,446,242	2,203,380
Restricted for:			
Capital Projects .....	-	159,457	159,457
Debt Service .....	418,225	49,037	467,262
Special Taxing Areas .....	1,522,686	-	1,522,686
Passenger Facility Charges .....	-	133,234	133,234
Contractual Use Agreement .....	-	148,216	148,216
Airport Development Fund .....	-	261,027	261,027
Customer Facility Charges .....	-	84,915	84,915
Other Purposes .....	-	47,872	47,872
Unrestricted (Deficit) .....	(9,120,377)	(1,278,777)	(10,399,154)
Total Net Position .....	\$ (7,422,328)	\$ 2,051,223	\$ (5,371,105)

See notes to basic financial statements.

**Exhibit 2**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government .....	\$ 2,667,205	\$ 467,423
Public Safety .....	3,044,811	196,344
Streets and Sanitation .....	242,500	45,629
Transportation .....	400,506	46,076
Health .....	119,678	2,023
Cultural and Recreational .....	128,302	15,947
Interest on Long-term Debt .....	477,959	-
Total Governmental Activities .....	7,080,961	773,442
Business-type Activities:		
Water .....	442,474	637,114
Sewer .....	216,587	292,290
Chicago Midway International Airport .....	241,080	221,205
Chicago-O'Hare International Airport .....	920,781	870,654
Chicago Skyway .....	10,585	-
Total Business-type Activities .....	1,831,507	2,021,263
Total Primary Government .....	\$ 8,912,468	\$ 2,794,705

See notes to basic financial statements.



Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 449,381	\$ -	\$ (1,750,401)	\$ -	\$ (1,750,401)
73,800	-	(2,774,667)	-	(2,774,667)
-	-	(196,871)	-	(196,871)
-	184,415	(170,015)	-	(170,015)
93,848	-	(23,807)	-	(23,807)
17,355	-	(95,000)	-	(95,000)
-	-	(477,959)	-	(477,959)
<u>634,384</u>	<u>184,415</u>	<u>(5,488,720)</u>	<u>-</u>	<u>(5,488,720)</u>
-	2,056	-	196,696	196,696
-	2,500	-	78,203	78,203
-	4,975	-	(14,900)	(14,900)
-	203,536	-	153,409	153,409
-	-	-	(10,585)	(10,585)
-	<u>213,067</u>	-	<u>402,823</u>	<u>402,823</u>
<u>\$ 634,384</u>	<u>\$ 397,482</u>	<u>(5,488,720)</u>	<u>402,823</u>	<u>(5,085,897)</u>
General Revenues				
Taxes:				
Property Tax .....		906,740	-	906,740
Utility Tax .....		547,651	-	547,651
Sales Tax .....		307,837	-	307,837
Transportation Tax .....		381,080	-	381,080
Transaction Tax .....		344,493	-	344,493
Special Area Tax .....		306,057	-	306,057
Recreation Tax .....		169,129	-	169,129
Other Taxes .....		129,822	-	129,822
Grants and Contributions not Restricted to				
Specific Programs .....		754,716	-	754,716
Unrestricted Investment Earnings .....		(6,259)	(13,243)	(19,502)
Loss on capital assets .....		(16,886)	-	(16,886)
Miscellaneous .....		139,710	47,354	187,064
Total General Revenues .....		<u>3,964,090</u>	<u>34,111</u>	<u>3,998,201</u>
Change in Net Assets .....		(1,524,630)	436,934	(1,087,696)
Net Position - Beginning, as restated (Note 17)		<u>(5,897,698)</u>	<u>1,614,289</u>	<u>(4,283,409)</u>
Net Position - Ending .....		<u>\$ (7,422,328)</u>	<u>\$ 2,051,223</u>	<u>\$ (5,371,105)</u>

**Exhibit 3**  
**CITY OF CHICAGO, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 1,000	\$ -	\$ 614,600
Investments .....	77,543	47,723	493,981
Cash and Investments with Escrow Agent .....	-	-	-
Receivables (Net of Allowances):			
Property Tax .....	-	-	304,453
Accounts .....	196,042	6,133	3,029
Due From Other Funds .....	222,774	21,759	434,211
Due From Other Governments .....	237,221	438,962	-
Inventories .....	24,788	-	-
Restricted Cash and Cash Equivalents .....	389	3,220	1
Restricted Investments .....	-	-	-
Other Assets .....	-	4,075	-
<b>Total Assets .....</b>	<b><u>\$ 759,757</u></b>	<b><u>\$ 521,872</u></b>	<b><u>\$ 1,850,275</u></b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Voucher Warrants Payable .....	\$ 166,614	\$ 139,742	\$ 40,359
Bonds, Notes and Other Obligations Payable - Current .....	-	-	-
Accrued Interest .....	-	-	-
Due To Other Funds .....	280,411	266,218	14,707
Accrued and Other Liabilities .....	115,232	8,383	5,129
Claims Payable .....	29,487	-	-
Unearned Revenue .....	956	61,049	-
<b>Total Liabilities .....</b>	<b><u>592,700</u></b>	<b><u>475,392</u></b>	<b><u>60,195</u></b>
Deferred Inflows .....	-	332,876	267,394
<b>Fund Balance:</b>			
Nonspendable .....	24,788	-	-
Restricted .....	-	5,880	1,522,686
Committed .....	-	-	-
Assigned .....	108,424	-	-
Unassigned .....	33,845	(292,276)	-
<b>Total Fund Balance .....</b>	<b><u>167,057</u></b>	<b><u>(286,396)</u></b>	<b><u>1,522,686</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balance .....</b>	<b><u>\$ 759,757</u></b>	<b><u>\$ 521,872</u></b>	<b><u>\$ 1,850,275</u></b>

See notes to basic financial statements.

Service Concession and Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$ 219	\$ 28,187	\$ 9,914	\$ 42,007	\$ 695,927
40	90,546	411,596	186,271	1,307,700
-	369,595	-	93,242	462,837
-	469,742	-	433,167	1,207,362
450	41,687	20,924	27,629	295,894
-	66	92,610	98,660	870,080
-	2,467	-	64,601	743,251
-	-	-	-	24,788
85,751	-	211	-	89,572
503,738	-	-	-	503,738
-	-	-	-	4,075
<u>\$ 590,198</u>	<u>\$ 1,002,290</u>	<u>\$ 535,255</u>	<u>\$ 945,577</u>	<u>\$ 6,205,224</u>
\$ -	\$ -	\$ 45,921	\$ 50,410	\$ 443,046
-	97,004	-	8,270	105,274
-	206,484	-	2,915	209,399
-	47,900	123,872	212,593	945,701
-	-	1,871	18,925	149,540
-	-	-	-	29,487
-	46,237	-	-	108,242
<u>-</u>	<u>397,625</u>	<u>171,664</u>	<u>293,113</u>	<u>1,990,689</u>
<u>1,597,326</u>	<u>407,664</u>	<u>-</u>	<u>382,684</u>	<u>2,987,944</u>
-	-	-	-	24,788
-	189,883	363,591	179,988	2,262,028
590,198	7,118	-	101,757	699,073
-	-	-	-	108,424
<u>(1,597,326)</u>	<u>-</u>	<u>-</u>	<u>(11,965)</u>	<u>(1,867,722)</u>
<u>(1,007,128)</u>	<u>197,001</u>	<u>363,591</u>	<u>269,780</u>	<u>1,226,591</u>
<u>\$ 590,198</u>	<u>\$ 1,002,290</u>	<u>\$ 535,255</u>	<u>\$ 945,577</u>	<u>\$ 6,205,224</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds .....	7,993,582
Other long-term assets are not available to pay for current-period expenditures and therefore are recorded as deferred inflows in the funds .....	1,390,618
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds .....	(18,033,119)
Net position of governmental activities	<u>\$ (7,422,328)</u>

Exhibit 4

**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
Revenues:			
Property Tax .....	\$ -	\$ -	\$ -
Utility Tax .....	456,869	-	-
Sales Tax (Local) .....	267,576	-	-
Transportation Tax .....	182,543	-	-
State Income Tax .....	308,899	-	-
State Sales Tax .....	316,105	-	-
Transaction Tax .....	288,383	-	-
Special Area Tax .....	-	-	332,040
Recreation Tax .....	169,129	-	-
Other Taxes .....	109,687	-	-
Federal/State Grants .....	1,871	706,831	-
Internal Service .....	306,523	-	-
Licenses and Permits .....	123,633	-	-
Fines .....	313,506	-	-
Investment Income .....	1,436	-	10,167
Charges for Services .....	126,286	-	22
Miscellaneous .....	58,045	-	928
<b>Total Revenues .....</b>	<b>3,030,491</b>	<b>706,831</b>	<b>343,157</b>
Expenditures:			
Current:			
General Government .....	885,268	339,898	277,420
Health .....	26,552	98,934	8
Public Safety .....	1,953,572	76,709	183
Streets and Sanitation .....	186,992	-	138
Transportation .....	52,420	250,329	70,989
Cultural and Recreational .....	-	16,790	1,007
Employee Pensions .....	-	-	-
Other .....	1,888	1,276	3,597
Capital Outlay .....	-	7,187	-
Debt Service:			
Principal Retirement .....	1,735	-	-
Interest and Other Fiscal Charges .....	647	-	-
<b>Total Expenditures .....</b>	<b>3,109,074</b>	<b>791,123</b>	<b>353,342</b>
<b>Revenues (Under) Over Expenditures .</b>	<b>(78,583)</b>	<b>(84,292)</b>	<b>(10,185)</b>

Continued on following pages.

Service Concession and Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 451,570	\$ -	\$ 414,579	\$ 866,149
-	22,324	-	68,458	547,651
-	40,261	-	-	307,837
-	17,398	-	181,139	381,080
-	-	-	127,841	436,740
-	-	-	-	316,105
-	-	-	56,110	344,493
-	-	-	-	332,040
-	-	-	-	169,129
-	2	-	20,133	129,822
-	-	-	-	708,702
-	-	-	18,078	324,601
-	-	-	-	123,633
-	-	-	15,954	329,460
(20,650)	(9,812)	(1,060)	808	(19,111)
-	-	-	35,107	161,415
21,033	16,282	4,151	22,271	122,710
<u>383</u>	<u>538,025</u>	<u>3,091</u>	<u>960,478</u>	<u>5,582,456</u>
-	-	-	331,972	1,834,558
-	-	-	1,105	126,599
-	-	-	4,432	2,034,896
-	-	-	54,657	241,787
-	-	-	69,461	443,199
-	-	-	79,690	97,487
-	-	-	444,748	444,748
-	-	-	920	7,681
-	-	268,002	65,292	340,481
-	244,223	-	51,194	297,152
-	436,104	-	27,836	464,587
<u>-</u>	<u>680,327</u>	<u>268,002</u>	<u>1,131,307</u>	<u>6,333,175</u>
<u>383</u>	<u>(142,302)</u>	<u>(264,911)</u>	<u>(170,829)</u>	<u>(750,719)</u>

**Exhibit 4 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
Other Financing Sources (Uses):			
Issuance of Debt .....	\$ -	\$ -	\$ -
Issuance of Line of Credit .....	-	-	-
Transfers In .....	21,018	3,984	79,088
Transfers Out .....	(10,583)	-	(45,631)
Total Other Financing Sources (Uses) .....	<u>10,435</u>	<u>3,984</u>	<u>33,457</u>
Net Changes in Fund Balance .....	(68,148)	(80,308)	23,272
Fund Balance, Beginning of Year .....	231,302	(206,088)	1,499,414
Change in Inventory .....	<u>3,903</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year .....	<u>\$ 167,057</u>	<u>\$ (286,396)</u>	<u>\$ 1,522,686</u>

See notes to basic financial statements.

Service Concession Agreements and Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 4	\$ 81,490	\$ 153,873	\$ 235,367
-	-	144,673	-	144,673
-	-	1,930	54,302	160,322
<u>(14,000)</u>	<u>(7,420)</u>	<u>(1)</u>	<u>(82,687)</u>	<u>(160,322)</u>
<u>(14,000)</u>	<u>(7,416)</u>	<u>228,092</u>	<u>125,488</u>	<u>380,040</u>
(13,617)	(149,718)	(36,819)	(45,341)	(370,679)
(993,511)	346,719	400,410	315,121	1,593,367
-	-	-	-	3,903
<u>\$ (1,007,128)</u>	<u>\$ 197,001</u>	<u>\$ 363,591</u>	<u>\$ 269,780</u>	<u>\$ 1,226,591</u>

**Exhibit 5**  
**CITY OF CHICAGO, ILLINOIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2013**  
**(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 .....	\$ (370,679)
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 .....	130,060
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....	165,088
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments .....	(88,352)
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds .....	<u>(1,360,747)</u>
Change in the net position of governmental activities .....	<u>\$ (1,524,630)</u>

See notes to basic financial statements.



**Exhibit 6**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND (BUDGETARY BASIS)**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>Revenues:</b>				
Utility Tax .....	\$ 444,222	\$ 444,222	\$ 456,869	\$ 12,647
Sales Tax .....	260,200	260,200	267,576	7,376
Transportation Tax .....	180,600	180,600	182,543	1,943
Transaction Tax .....	225,000	225,000	288,383	63,383
Recreation Tax .....	162,740	162,740	169,129	6,389
Business Tax .....	103,190	103,190	105,713	2,523
State Income Tax .....	260,604	260,604	308,899	48,295
State Sales Tax .....	302,858	302,858	316,105	13,247
State Auto Rental .....	3,800	3,800	3,974	174
Federal/State Grants .....	1,320	1,320	1,871	551
Internal Service .....	313,504	314,275	306,523	(7,752)
Licenses and Permits .....	110,157	110,157	123,633	13,476
Fines .....	330,620	330,620	313,506	(17,114)
Investment Income .....	3,500	3,500	1,436	(2,064)
Charges for Services .....	124,372	124,372	119,857	(4,515)
Municipal Utilities .....	9,048	9,048	6,429	(2,619)
Leases, Rentals and Sales .....	21,720	23,026	19,008	(4,018)
Miscellaneous .....	66,100	67,350	39,037	(28,313)
Issuance of Debt, Net of Original Discount .....	40,000	40,000	-	(40,000)
Budgeted Prior Years' Surplus and Reappropriations .....	177,000	177,000	77,241	(99,759)
Transfers In/Out .....	18,000	18,000	21,018	3,018
<b>Total Revenues .....</b>	<b>3,158,555</b>	<b>3,161,882</b>	<b>3,128,750</b>	<b>(33,132)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government .....	966,366	969,693	896,993	72,700
Health .....	29,317	29,317	28,538	779
Public Safety .....	1,905,429	1,905,429	1,961,803	(56,374)
Streets and Sanitation .....	199,486	199,486	186,731	12,755
Transportation .....	55,578	55,578	52,306	3,272
<b>Debt Service:</b>				
Principal Retirement .....	1,735	1,735	1,735	-
Interest and Other Fiscal Charges .....	644	644	644	-
<b>Total Expenditures .....</b>	<b>3,158,555</b>	<b>3,161,882</b>	<b>3,128,750</b>	<b>33,132</b>
<b>Revenues Over (Under) Expenditures ...</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See notes to basic financial statements.

**Exhibit 7**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
<b>CURRENT ASSETS:</b>						
Cash and Cash Equivalents .....	\$ 3,616	\$ 1,558	\$ 13,879	\$ 1,206	\$ 766	\$ 21,025
Investments .....	129,496	59,476	55,621	107,447	321	352,361
Accounts Receivable (Net of Allowances) .....	136,367	78,735	10,679	66,631	56	292,468
Interest Receivable .....	77	-	46	181	-	304
Due from Other Funds .....	19,435	26,927	1,517	34,716	-	82,595
Due from Other Governments .....	-	-	68	15,640	-	15,708
Inventories .....	21,839	1,267	-	-	-	23,106
Total Current Assets .....	<u>310,830</u>	<u>167,963</u>	<u>81,810</u>	<u>225,821</u>	<u>1,143</u>	<u>787,567</u>
<b>RESTRICTED ASSETS:</b>						
Cash and Cash Equivalents .....	32,915	43,148	157,055	981,009	-	1,214,127
Investments .....	184,367	161,623	176,564	1,639,993	-	2,162,547
Interest Receivable .....	719	353	252	4,687	-	6,011
Total Restricted Assets .....	<u>218,001</u>	<u>205,124</u>	<u>333,871</u>	<u>2,625,689</u>	<u>-</u>	<u>3,382,685</u>
<b>NONCURRENT ASSETS:</b>						
Other Assets .....	5,134	4,442	6,644	74,206	10,075	100,501
<b>Property, plant, and equipment:</b>						
Land .....	5,083	560	113,747	884,636	12,609	1,016,635
Structures, Equipment and Improvements .....	3,774,083	2,285,083	1,500,776	7,769,955	490,818	15,820,715
Accumulated Depreciation .....	(914,396)	(463,609)	(473,507)	(2,757,985)	(223,345)	(4,832,842)
Construction Work in Progress .....	317,086	16,294	28,953	845,495	-	1,207,828
Total Property, Plant and Equipment ...	<u>3,181,856</u>	<u>1,838,328</u>	<u>1,169,969</u>	<u>6,742,101</u>	<u>280,082</u>	<u>13,212,336</u>
Total Noncurrent Assets .....	<u>3,186,990</u>	<u>1,842,770</u>	<u>1,176,613</u>	<u>6,816,307</u>	<u>290,157</u>	<u>13,312,837</u>
Total Assets .....	<u>3,715,821</u>	<u>2,215,857</u>	<u>1,592,294</u>	<u>9,667,817</u>	<u>291,300</u>	<u>17,483,089</u>
DEFERRED OUTFLOWS .....	111,907	74,973	24,270	62,974	-	274,124
Total Assets and Deferred Outflows ....	<u>\$ 3,827,728</u>	<u>\$ 2,290,830</u>	<u>\$ 1,616,564</u>	<u>\$ 9,730,791</u>	<u>\$ 291,300</u>	<u>\$ 17,757,213</u>

See notes to basic financial statements.

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES:</b>						
Voucher Warrants Payable .....	\$ 22,227	\$ 4,793	\$ 21,689	\$ 66,114	\$ 98	\$ 114,921
Due to Other Funds .....	15,217	14,925	7,017	6,062	15	43,236
Accrued and Other Liabilities .....	78,396	28,004	691	12,226	-	119,317
Unearned Revenue .....	21,250	16,730	6,237	90,219	-	134,436
Total Current Liabilities .....	<u>137,090</u>	<u>64,452</u>	<u>35,634</u>	<u>174,621</u>	<u>113</u>	<u>411,910</u>
<b>PAYABLE FROM RESTRICTED ASSETS:</b>						
Current Liabilities Payable From						
Restricted Assets .....	110,753	127,851	73,133	508,405	-	820,142
Total payable from restricted assets ..	<u>110,753</u>	<u>127,851</u>	<u>73,133</u>	<u>508,405</u>	<u>-</u>	<u>820,142</u>
<b>NONCURRENT LIABILITIES:</b>						
Revenue Bonds Payable .....	2,054,662	1,411,509	1,474,668	7,720,366	-	12,661,205
Derivative Instrument Liability .....	78,246	52,705	18,146	-	-	149,097
Total Noncurrent Liabilities .....	<u>2,132,908</u>	<u>1,464,214</u>	<u>1,492,814</u>	<u>7,720,366</u>	<u>-</u>	<u>12,810,302</u>
Total Liabilities .....	<u>2,380,751</u>	<u>1,656,517</u>	<u>1,601,581</u>	<u>8,403,392</u>	<u>113</u>	<u>14,042,354</u>
DEFERRED INFLOWS .....	-	-	-	-	1,663,636	1,663,636
<b>NET POSITION:</b>						
Net Investement						
in Capital Assets .....	1,233,185	481,946	(131,057)	582,086	280,082	2,446,242
Restricted Net Position:						
Debt Service .....	-	-	29,349	19,688	-	49,037
Capital Projects .....	719	73,858	7,148	77,732	-	159,457
Passenger Facility Charges .....	-	-	6,901	126,333	-	133,234
Contractual Use Agreement .....	-	-	25,944	122,272	-	148,216
Air Development Fund .....	-	-	-	261,027	-	261,027
Customer Facility Charge .....	-	-	21,403	63,512	-	84,915
Other .....	-	-	8,682	39,190	-	47,872
Unrestricted Net Position .....	<u>213,073</u>	<u>78,509</u>	<u>46,613</u>	<u>35,559</u>	<u>(1,652,531)</u>	<u>(1,278,777)</u>
Total Net Position .....	<u>\$ 1,446,977</u>	<u>\$ 634,313</u>	<u>\$ 14,983</u>	<u>\$ 1,327,399</u>	<u>\$ (1,372,449)</u>	<u>\$ 2,051,223</u>

See notes to basic financial statements.

**Exhibit 8**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
Operating Revenues:						
Charges for Services .....	\$ 620,498	\$ 291,110	\$ 90,002	\$ 442,934	\$ -	\$ 1,444,544
Rent .....	-	-	85,187	274,746	-	359,933
Other .....	16,616	1,180	-	-	-	17,796
<b>Total Operating Revenues .....</b>	<b>637,114</b>	<b>292,290</b>	<b>175,189</b>	<b>717,680</b>	<b>-</b>	<b>1,822,273</b>
Operating Expenses:						
Personal Services .....	111,529	24,469	43,998	162,233	-	342,229
Contractual Services .....	55,398	3,267	19,144	81,070	-	158,879
Repairs and Maintenance .....	1,560	61,914	39,606	85,484	-	188,564
Commodities and Materials .....	25,276	-	-	-	-	25,276
Depreciation and Amortization .....	49,630	31,280	41,538	196,352	10,585	329,385
Capital Asset Impairment .....	-	-	-	205	-	205
General Fund Reimbursements .....	68,491	32,144	-	-	-	100,635
Other .....	38,338	-	18,368	97,262	-	153,968
<b>Total Operating Expenses .....</b>	<b>350,222</b>	<b>153,074</b>	<b>162,654</b>	<b>622,606</b>	<b>10,585</b>	<b>1,299,141</b>
Operating Income (Loss) .....	286,892	139,216	12,535	95,074	(10,585)	523,132
Nonoperating Revenues (Expenses):						
Investment Income (Loss) .....	420	(4,965)	(1,000)	(7,699)	1	(13,243)
Interest Expense .....	(92,252)	(63,513)	(64,142)	(270,528)	-	(490,435)
Passenger Facility Charges .....	-	-	39,470	118,076	-	157,546
Customer Facility Charges .....	-	-	6,546	34,898	-	41,444
Noise Mitigation Costs .....	-	-	(11,859)	(19,639)	-	(31,498)
Cost of Issuance .....	-	-	(2,425)	(8,008)	-	(10,433)
Other .....	(1,513)	2,211	1,083	27,071	18,502	47,354
<b>Total Nonoperating Revenues (Expenses) .....</b>	<b>(93,345)</b>	<b>(66,267)</b>	<b>(32,327)</b>	<b>(125,829)</b>	<b>18,503</b>	<b>(299,265)</b>
Capital Grants .....	2,056	2,500	4,975	203,536	-	213,067
<b>Net Income (Loss) .....</b>	<b>195,603</b>	<b>75,449</b>	<b>(14,817)</b>	<b>172,781</b>	<b>7,918</b>	<b>436,934</b>
Net Position (Deficit) - Beginning of Year as restated (Note 17) .....	1,251,374	558,864	29,800	1,154,618	(1,380,367)	1,614,289
<b>Net Position (Deficit) - End of Year .....</b>	<b>\$ 1,446,977</b>	<b>\$ 634,313</b>	<b>\$ 14,983</b>	<b>\$ 1,327,399</b>	<b>\$ (1,372,449)</b>	<b>\$ 2,051,223</b>

See notes to basic financial statements.

**Exhibit 9**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
<b>Cash Flows from Operating Activities:</b>						
Received from Customers .....	\$ 596,613	\$ 270,903	\$ 173,066	\$ 705,690	\$ -	\$ 1,746,272
Payments to Vendors .....	(113,227)	(32,455)	(75,701)	(215,266)	-	(436,649)
Payments to Employees .....	(111,528)	(43,249)	(35,563)	(157,461)	-	(347,801)
Transactions with Other City Funds .....	(61,653)	(39,208)	(8,745)	(47,576)	-	(157,182)
Cash Flows Provided By						
Operating Activities .....	310,205	155,991	53,057	285,387	-	804,640
<b>Cash Flows from Capital and Related</b>						
<b>Financing Activities:</b>						
Proceeds from Issuance of Bonds .....	276	36,535	367,833	1,165,706	-	1,570,350
Acquisition and Construction of						
Capital Assets .....	(369,685)	(210,071)	(44,443)	(356,561)	-	(980,760)
Capital Grant Receipts .....	-	2,500	4,907	206,168	-	213,575
Bond Issuance Costs .....	(418)	-	(2,425)	(8,008)	-	(10,851)
Payment to Refund Bonds .....	-	-	(279,880)	(472,310)	-	(752,190)
Principal Paid on Debt .....	(42,439)	(29,690)	(23,475)	(111,085)	-	(206,689)
Interest Paid .....	(107,900)	(63,627)	(74,698)	(362,658)	-	(608,883)
Passenger Facility Charges .....	-	-	38,834	120,447	-	159,281
Customer Facility Charges .....	-	-	6,546	34,898	-	41,444
Other .....	-	-	1,083	27,072	14	28,169
Cash Flows (Used in) Provided By Capital						
and Related Financing Activities .....	(520,166)	(264,353)	(5,718)	243,669	14	(546,554)
<b>Cash Flows from Non Capital Financing Activities:</b>						
Noise Mitigation Program .....	-	-	(11,859)	(19,639)	-	(31,498)
Cash Flows Used in Non Capital						
Financing Activities .....	-	-	(11,859)	(19,639)	-	(31,498)
<b>Cash Flows from Investing Activities:</b>						
Sale (Purchases) of Investments, Net .....	125,764	66,427	(1,458)	(344,343)	(86)	(153,696)
Investment Income (Loss) .....	(2,803)	(2,297)	2,604	14,232	1	11,737
Cash Flows Provided By (Used in)						
Investing Activities .....	122,961	64,130	1,146	(330,111)	(85)	(141,959)
<b>Net Increase (Decrease) in Cash and</b>						
<b>Cash Equivalents .....</b>	<b>(87,000)</b>	<b>(44,232)</b>	<b>36,626</b>	<b>179,306</b>	<b>(71)</b>	<b>84,629</b>
<b>Cash and Cash Equivalents,</b>						
<b>Beginning of Year .....</b>	<b>123,531</b>	<b>88,938</b>	<b>134,308</b>	<b>802,909</b>	<b>837</b>	<b>1,150,523</b>
<b>Cash and Cash Equivalents,</b>						
<b>End of Year .....</b>	<b>\$ 36,531</b>	<b>\$ 44,706</b>	<b>\$ 170,934</b>	<b>\$ 982,215</b>	<b>\$ 766</b>	<b>\$ 1,235,152</b>

See notes to basic financial statements.

**Exhibit 9 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
Reconciliation of Operating Income to Cash Flows from Operating Activities:						
Operating Income (Loss) .....	\$ 286,892	\$ 139,216	\$ 12,535	\$ 95,074	\$ (10,585)	\$ 523,132
Adjustments to Reconcile:						
Depreciation and Amortization .....	49,630	31,280	41,539	196,352	10,585	329,386
Capital Asset Impairment .....				205		205
Provision for Uncollectible Accounts .....	25,400	12,460	109	-	-	37,969
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables .....	(35,005)	(17,730)	(1,974)	(5,226)	-	(59,935)
(Increase) Decrease in Due From Other Funds ....	1,172	(8,086)	12,387	(6,234)	-	(761)
Increase (Decrease) in Voucher Warrants Payable and Due to Other Funds .....	(4,005)	1,177	(12,641)	6,057	-	(9,412)
Increase (Decrease) in Unearned Revenue and Other Liabilities .....	(9,396)	(2,522)	(367)	(6,765)	-	(19,050)
(Increase) Decrease in Inventories and Other Assets .....	(4,483)	196	1,469	5,924	-	3,106
Cash Flows from Operating Activities .....	<u>\$ 310,205</u>	<u>\$ 155,991</u>	<u>\$ 53,057</u>	<u>\$ 285,387</u>	<u>\$ -</u>	<u>\$ 804,640</u>
<b>Supplemental Disclosure of Noncash Items:</b>						
Capital asset additions in 2013 have outstanding accounts payable and accrued and other liabilities .....	<u>\$ 42,834</u>	<u>\$ 64,452</u>	<u>\$ 20,709</u>	<u>\$ 121,429</u>	<u>\$ -</u>	<u>\$ 249,424</u>

See notes to basic financial statements.

**Exhibit 10**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents .....	\$ 268,679	\$ 110,006
Investments .....	-	89,458
Investments, at Fair Value		
Bonds and U.S. Government		
Obligations .....	2,288,921	-
Stocks .....	5,614,189	-
Mortgages and Real Estate .....	691,438	-
Other .....	2,013,084	-
Cash and Investments with		
Escrow Agent .....	-	8,303
Property Tax Receivable .....	-	91,209
Accounts Receivable, Net .....	668,328	62,639
Due From City .....	36,262	-
Property, Plant, Equipment and other .....	807	-
Invested Securities Lending Collateral .....	1,214,601	-
<b>Total Assets .....</b>	<b>\$ 12,796,309</b>	<b>\$ 361,615</b>
Deferred Outflows .....	\$ 92	
<b>LIABILITIES</b>		
Voucher Warrants Payable .....	\$ 320,547	\$ 38,153
Accrued and Other Liabilities .....	-	323,462
Securities Lending Collateral .....	1,214,601	-
<b>Total Liabilities .....</b>	<b>1,535,148</b>	<b>\$ 361,615</b>
<b>NET POSITION</b>		
Held in Trust for Employees .....	11,261,253	
<b>Total Net Position .....</b>	<b>\$ 11,261,253</b>	

See notes to basic financial statements.

**Exhibit 11**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	<u>Total</u>
<b>ADDITIONS</b>	
Contributions:	
Employees .....	\$ 283,774
City .....	<u>466,916</u>
Total Contributions .....	<u>750,690</u>
Investment Income:	
Net Appreciation in	
Fair Value of Investments .....	1,371,750
Interest, Dividends and Other .....	224,257
Investment Expense .....	<u>(51,449)</u>
Net Investment Income .....	<u>1,544,558</u>
Securities Lending Transactions:	
Securities Lending Income .....	3,616
Securities Lending Expense .....	<u>689</u>
Net Securities Lending Transactions .....	<u>4,305</u>
Total Additions .....	<u>2,299,553</u>
<b>DEDUCTIONS</b>	
Benefits and Refunds of Deductions .....	1,819,856
Administrative and General .....	<u>18,046</u>
Total Deductions .....	<u>1,837,902</u>
Net Increase in Net Position .....	461,651
Net Position:	
Beginning of Year .....	<u>10,799,602</u>
End of Year .....	<u><u>\$ 11,261,253</u></u>

See notes to basic financial statements.



**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1) Summary of Significant Accounting Policies**

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

The accounting policies of the City are based upon accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Effective January 1, 2013, the City adopted the following GASB Statements:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”). The objective of this statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The financial reporting impact resulting from the implementation of GASB 65 is primarily the change in presentation of certain balances from Deferred Revenue to Deferred Inflows, primarily property tax and grant revenues deferred due to time availability restrictions and from contra-long term liabilities to Deferred Outflows for unamortized loss on refundings. Bond issuance costs and noise mitigation costs, which were recorded as other assets, have been recorded as outflows of resources as they no longer meet the asset or deferred outflows definition as of January 1, 2013. GASB 65 was effective for the City’s financial statements for the fiscal year ended December 31, 2013. Beginning Net Position was restated as a result of implementation of this standard (see Note 17).

GASB Statement No. 66, *Technical Corrections -2012- an amendment of GASB Statements No. 10 and No. 62* (“GASB 66”). The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. There was no impact on the City’s Financial Statements as a result of the implementation of GASB 66.

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

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

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

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (“GASB 70”), establishes accounting and financial reporting standards for financial guarantees that are

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. GASB 70 will be effective for the City beginning with its year ending December 31, 2014. GASB 70 requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units and requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

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

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

The City’s financial statements include the following legal entities as fiduciary trust funds:

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

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

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

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

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

Related Organizations - City officials are responsible for appointing a voting majority of the members of the boards of other organizations, but the City’s accountability for these organizations does not extend beyond making appointments and no financial accountability or fiscal dependency exists between the City and these organizations. Therefore, the Chicago Park District, Chicago Public Building Commission, Chicago Public Schools, Community College District No. 508, Chicago Housing Authority and the Chicago Transit Authority are deemed to be related organizations.

- b) **Government-wide and fund financial statements** - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these

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statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identified with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

- c) **Measurement focus, basis of accounting, and financial statement presentation** - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period with the exception of property tax revenue, which is recorded as deferred inflows unless taxes are received within 60 days subsequent to year-end. Licenses and permits, charges for services and miscellaneous revenues are not considered to be susceptible to accrual and are recorded as revenues when received in cash. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual basis of accounting, except for interest and principal on long-term debt, the long-term portion of compensated absences, claims and judgments and pension obligations.

The City reports the following major governmental funds:

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

**Federal, State and Local Grants Fund** accounts for the expenditures for programs, which include general government, health, public safety, transportation, aviation, cultural and recreational, and capital outlays. The majority of revenues are provided by several agencies of the Federal government, departments of the Illinois State government and City resources.

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

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

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**Bond, Note Redemption and Interest Fund** accounts for the expenditures for principal and interest as provided by property tax, utility tax, sales tax, transportation tax, and investment income.

**Community Development and Improvement Projects Funds** account for proceeds of debt used to acquire property, finance construction, and finance authorized expenditures and supporting services for various activities.

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

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

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

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

**Assigned** - includes amounts that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the City Council itself; or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The Budget Director or Comptroller have authority to assign amounts related to certain legal obligations outside of the appropriation process within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned.

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

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

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

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

**Chicago Midway International Airport Fund** records operations of Chicago Midway International Airport (Midway) that provides regional travelers with access to airlines that generally specialize in low-cost, point-to-point, origin and destination passenger services. Midway Airport is conveniently located 10 miles from downtown Chicago.

**Chicago-O'Hare International Airport Fund** records operations of Chicago-O'Hare International Airport (O'Hare), the primary commercial airport for the City. The airlines servicing the airport operate out of four terminal buildings. Three domestic terminal buildings, having a total of 169 gates, serve domestic flights and certain international departures. The International Terminal, having a total of 20 gates and five

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remote aircraft parking positions, serves the remaining international departures and all international arrivals requiring customs clearance.

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

Additionally, the City reports the following fiduciary funds:

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

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

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

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

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

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

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

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

**d) Assets, liabilities, deferred inflows, deferred outflows, and net position or equity**

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

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

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

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

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

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

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

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

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

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

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

- 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.

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- iv) **Assets Held for Resale** includes land and buildings of \$4.1 million, recorded at lower of cost or market in the Federal, State and Local Grant Funds. These assets are purchased through the use of federal grants and City resources and are intended to be resold.
- v) **Restricted Assets** include certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment. These assets are classified as restricted or committed in the basic financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants or specific City Council action.

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

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

- vi) **Capital Assets**, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets, or a network of assets, with an initial cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. The total interest expense (Governmental and Business Activities) incurred by the City during the current fiscal year was \$1,061.8 million, of which \$106.8 million was capitalized as part of the capital assets under construction projects in proprietary funds.

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

Utility plant.....	25 - 100 years
Utility structures and improvements.....	50 - 100 years
Buildings and improvements.....	15 - 40 years
Airport runways, aprons, tunnels, taxiways, and paved roads.....	5 - 30 years
Bridge infrastructure.....	10 - 40 years
Lighting infrastructure.....	25 years
Street infrastructure.....	10 - 25 years
Transit infrastructure.....	40 years
Equipment (vehicle, office, and computer) .....	5 - 20 years

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.

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vii) **Deferred Outflows** represent the fair value of derivative instruments that are deemed to be effective hedges and unamortized loss on bond refundings.

viii) **Employee Benefits** are granted for vacation and sick leave, workers' compensation and health care. Unused vacation leave is accrued and may be partially carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

ix) **Judgments and claims** are included in the government-wide financial statements and proprietary fund types. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. In the fund financial statements, expenditures for judgments and claims are recorded on the basis of settlements reached or judgments entered within the current fiscal year. Amounts that related to deferred compensatory time and reserves for questioned costs are treated the same way.

x) **Long-term obligations** are included in the government-wide financial statements and proprietary fund types in the fund financial statements. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the related debt, except in the case of refunding debt transactions where the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

The City enters into interest rate swap agreements to modify interest rates and/or cash flows on outstanding debt. For existing swaps, the net interest expenditures resulting from these arrangements are recorded as interest expense. The fair value of derivative instruments that are deemed to be effective is accounted for as deferred outflows. Derivative instruments that are deemed not effective are adjusted to fair value with the change in fair value recorded to investment earnings. Interest rate swaps and swaptions are approved through the bond ordinance by City Council. Certain bond ordinances, approved by City Council, provide that an authorized officer, such as the Mayor or Chief Financial Officer, can execute and deliver or modify swap agreements. For swaps related to O'Hare 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.



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

Long-term purchase obligation represents an agreement with DuPage Water Commission to construct electrical generation facilities not to exceed \$15.0 million. The payment of the obligation will be in the form of credits against the charges for water supplied. There were no outstanding LTPO as of December 31, 2013.

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

Current State law, including recently enacted legislation for the Municipal Employees' and Laborers' Plans known as Public Act 98-641 (P.A. 98-641), requires the City to significantly increase contributions to all four Plans beginning in 2016 until contributions reach the actuarially required amounts by 2021. P.A. 98-641 also makes certain modifications to the annual adjustment of benefits for those Plans' approximately 78,000 members (including current retirees and all employees) and requires substantial increases in employee contributions toward the cost of their retirement benefits. The increased contributions for Municipal Employees and Laborers pension plans would be in addition to increased contributions required to fund Police and Fire pension plans that were passed into law in 2010.

**xi) Deferred inflows** represent amounts to be recognized as revenue on a straight line basis over the life of the related long-term lease and concession agreements. In the fund financials, grants that meet all of the eligibility criteria except for time availability and property taxes levied for a future period are also included in deferred inflows.

**xii) Fund equity** in the government-wide statements is classified as net position and displayed in three components:

- (1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or any other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or are legally restricted through constitutional provisions or enabling legislation.

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

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

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**2) Reconciliation of Government-wide and Fund Financial Statements**

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

i) The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds." The details of this \$1,390.6 million are as follows (dollars in thousands):

Deferred inflows - property tax.....	\$ 1,057,742
Deferred inflows - grants.....	<u>332,876</u>
Net adjustment to increase fund balance - total governmental funds - to arrive at net position - governmental activities .....	<u>\$ 1,390,618</u>

ii) Another element of that reconciliation explains that "Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$18,033.1 million are as follows (dollars in thousands):

Long-term liabilities:

Total bonds, notes and certificates payable .....	\$ 9,295,727
Pension and other postemployment benefits .....	7,589,929
Lease obligation .....	171,674
Pollution remediation.....	8,598
Claims and judgments .....	<u>879,768</u>
Total Long-term liabilities .....	17,945,696
Accounts payable - infrastructure retainage.....	30,847
Bonds, notes and other obligations payable current .....	(104,602)
Other assets - issuance costs (bond insurance).....	(16,499)
Deferred outflows-unamortized loss on refunding .....	(160,442)
Line of credit payable.....	144,673
Accrued interest .....	753
Derivative instrument liability.....	18,288
Accrued and other liabilities - contractual obligations.....	85,036
Accrued and other liabilities - compensated absences.....	<u>89,369</u>
Net adjustment to reduce fund balance - total governmental funds - to arrive at net position - governmental activities .....	<u>\$ 18,033,119</u>

**b) Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

i) The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net

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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 \$130.1 million are as follows (dollars in thousands):

Capitalized asset expenditures .....	\$	499,038
Donated assets .....		17,000
Depreciation expense .....		(369,092)
Loss - disposal of land, equipment .....		<u>(16,886)</u>
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	\$	<u>130,060</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 \$88.4 million are as follows (dollars in thousands):

Proceeds of debt .....	\$	(235,367)
Principal retirement .....		297,152
Proceeds of line of credit.....		(144,673)
Interest expense .....		<u>(5,464)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	\$	<u>(88,352)</u>

iii) A third element of that reconciliation states that "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this decrease of \$1,360.7 million are as follows (dollars in thousands):

Claims and judgments .....	\$	8,825
Pension and other post employment benefit liabilities.....		(1,282,759)
Pollution remediation .....		(225)
Vacation .....		3,206
Lease obligations .....		(8,661)
Contractual obligations.....		(85,036)
Inventory .....		<u>3,903</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	\$	<u>(1,360,747)</u>

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**3) Stewardship, Compliance and Accountability**

- a) **Annual Appropriation Budgets** are established for the General Fund and the Vehicle Tax, Pension, Chicago Public Library and certain Miscellaneous, Special Events, Tourism and Festivals nonmajor Special Revenue Funds, on a non-GAAP budgetary basis:
  - i) Prior to November 15, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year.
  - ii) The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.
  - iii) Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance.
  - iv) Subsequent to the enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget, which results in a change in total or individual appropriations. The legal level of budgetary control is designated in the budget by object grouped by purpose except for the Motor Fuel Tax Fund, which is subsequently re-appropriated by project. A separate Motor Fuel Tax Fund Report demonstrates compliance with annual and project-length budgets required by the State. The separately issued Supplement to the Comprehensive Annual Financial Report provides budgetary information for all other budgeted funds. Copies of this report are available upon request.
  - v) All annual appropriations unused and unencumbered lapse at year-end. Encumbered appropriations are carried forward to the following year. Project-length financial plans are adopted for Capital Project Funds. Appropriations for Debt Service Funds are established by bond ordinance.
  
- b) **Reconciliation of GAAP Basis to Budgetary Basis** - The City's budgetary basis of accounting used for budget vs. actual reporting differs from GAAP. For budgetary purposes, encumbrances are recorded as expenditures but are included in "Unassigned" fund balance for GAAP purposes. For budgetary purposes, proceeds of long-term debt and transfers in are classified as revenues. For budgetary purposes prior years' resources used to cover current year budgetary expenditures are recorded as revenues. For GAAP purposes, proceeds of long-term debt and transfers out are treated as other financing sources. Provision for doubtful account expenditures are not budgeted. A reconciliation of the different basis of revenue and expenditure recognition for the year ended December 31, 2013 is as follows (dollars in thousands):

	<b>General Fund</b>
Revenues, GAAP Basis .....	\$ 3,030,491
Add:	
Transfers In .....	21,018
Prior Year's Surplus Utilized .....	77,241
Revenues, Budgetary Basis .....	<u>\$ 3,128,750</u>
Expenditures, GAAP Basis .....	\$ 3,109,074
Add:	
Transfers Out .....	10,583
Encumbered in 2013 .....	28,491
Deduct:	
Payments on Prior Years' Encumbrances .....	(13,927)
Provision for Doubtful Accounts and Other.....	<u>(5,471)</u>
Expenditures, Budgetary Basis .....	<u>\$ 3,128,750</u>

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c) **Individual Fund Deficits** includes the Chicago Skyway Fund, an Enterprise Fund, has a fund deficit of \$1,372.4 million which management anticipates will be funded through recognition of deferred inflows. Federal State and Local Grants, a governmental fund, has a deficit of \$286.4 million and will be funded by the recognition of deferred grant inflows. Also, the Service Concession and Reserve Fund, a Special Revenue Fund, has a deficit fund balance of \$1007.1 million which will be funded through the recognition of deferred inflows.

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

a) **Investments** As of December 31, 2013, the City had the following Investments (dollars in thousands):

Investment Type	Investment Maturities (in Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
<b>City Funds</b>					
U.S. Treasuries.....	\$ -	\$ -	\$ 40,908	\$ -	\$ 40,908
U.S. Agencies*.....	332,124	2,685,494	591,306	102,007	3,710,931
Commercial Paper.....	127,555	-	-	-	127,555
Corporate Bonds.....	25,537	235,426	46,131	86,474	393,568
Corporate Equities.....	898	-	-	-	898
Municipal Bonds.....	31,272	283,408	114,233	12,496	441,409
Certificates of Deposit and Other Short-term .....	1,830,238	-	-	-	1,830,238
<b>Total City Funds.....</b>	<b>\$ 2,347,624</b>	<b>\$ 3,204,328</b>	<b>\$ 792,578</b>	<b>\$ 200,977</b>	<b>\$ 6,545,507</b>

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

<b>Pension Trust Funds</b>					
<b>U.S. and Foreign</b>					
Government Agencies.....	\$ 304,062	\$ 348,959	\$ 132,147	\$ 396,773	\$ 1,181,941
Corporate Bonds.....	1,037,068	500,284	380,075	256,425	2,173,852
Corporate Equities.....	6,074,216	-	-	-	6,074,216
Pooled Funds.....	173,939	3,136	23,638	-	200,713
Real Estate.....	651,102	-	-	-	651,102
Securities Received from Securities Lending.....	1,214,602	-	-	-	1,214,602
Venture Capital.....	450,870	-	-	-	450,870
Certificates of Deposit and Other Short-term .....	107,590	-	-	-	107,590
Other .....	35,539	-	-	-	35,539
<b>Total Pension Trust Funds.....</b>	<b>\$ 10,048,988</b>	<b>\$ 852,379</b>	<b>\$ 535,860</b>	<b>\$ 653,198</b>	<b>\$ 12,090,425</b>
<b>Total.....</b>	<b>\$ 12,396,612</b>	<b>\$ 4,056,707</b>	<b>\$ 1,328,438</b>	<b>\$ 854,175</b>	<b>\$ 18,635,932</b>

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

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

<u>Quality Rating</u>	<u>City</u>	<u>Quality Rating</u>	<u>Pension Trust Funds</u>
Aaa/AAA.....	\$ 123,592	Aaa/AAA.....	\$ 104,764
Aa/AA.....	4,065,391	Aa/AA.....	170,509
A/A.....	255,212	A/A.....	275,089
Baa/BBB.....	10,019	Baa/BBB.....	351,145
Ba/BB.....	-	Ba/BB.....	148,296
B/B.....	25,809	B/B.....	133,811
Caa/CCC.....	-	Caa/CCC.....	32,020
Ca.....	-	Ca.....	1,466
C/CC.....	-	C/CC.....	527
D/D.....	-	D/D.....	2,475
P1/A1.....	209,346	Not Rated.....	338,363
Not Rated*.....	1,856,138	Other.....	802,088
Total Funds.....	<u>\$ 6,545,507</u>		<u>\$ 2,360,553</u>

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

iii) *Custodial Credit Risk – Cash and Certificates of Deposit* This is the risk that in the event of a bank failure, the City’s deposits may not be returned. The City’s Investment Policy states that in order to protect the City’s deposits, depository institutions are to maintain collateral pledges on City deposits during the term of the deposit of at least 102 percent of marketable U.S. government, or approved securities or surety bonds, issued by top-rated insurers. Collateral is required as security whenever deposits exceed the insured limits of the FDIC. The bank balance of cash and certificates of deposit with the City’s various municipal depositories was \$490.6 million. 99.2 percent of the bank balance was either insured or collateralized with securities held by City agents in the City’s name. \$4.0 million was uncollateralized at December 31, 2013, and thus was subject to custodial credit risk.

iv) *Custodial Credit Risk – Investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City has no custodial credit risk exposure because investment securities are insured, registered and held by the City.

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

<b>Foreign Currency Risk</b>	
Australian dollar.....	\$ 82,653
Brazilian real.....	60,256
British pound.....	375,432
Canadian dollar.....	82,303
Chilean peso.....	2,126
Chinese yuan.....	314
Columbian peso.....	2,840
Czech Republic koruna.....	2,765
Danish krone.....	26,049
Egyptian pound.....	339
European euro.....	455,810
Hong Kong dollar.....	184,498
Hungarian forint.....	342
Indian rupee.....	32,830
Indonesian rupiah.....	12,710
Japanese yen.....	343,169
Keyan shilling.....	165
Malaysian ringgit.....	9,964
Mexican peso.....	26,976
Moroccan dirham.....	4
New Israeli shekel.....	9,114
New Taiwan dollar.....	24,879
New Zealand dollar.....	5,462
Nigeria Naira.....	2,063
Norwegian krone.....	22,885
Pakistan rupee.....	334
Philippines peso.....	4,521
Polish zloty.....	2,644
Qatari riyal.....	1,235
Singapore dollar.....	21,359
South African rand.....	36,978
South Korean won.....	62,838
Swedish krona.....	45,289
Swiss franc.....	105,653
Taiwan dollar.....	5,708
Thailand baht.....	7,721
Turkish lira.....	11,920
United Arab Emirates dirham.....	4,702
Total Pension Trust Funds.....	<u>\$ 2,076,850</u>

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

Per Note 4:	
Investments - City.....	\$ 6,545,507
Investments - Pension Trust Funds.....	12,090,425
	<u>\$ 18,635,932</u>
Per Financial Statements:	
Restricted Investments.....	\$ 2,672,296
Unrestricted Investments.....	1,660,061
Investments with Fiduciary Funds.....	10,697,090
Investments with Escrow Agent.....	471,140
Invested Securities Lending Collateral.....	1,214,601
Investments Included as Cash and Cash Equivalents on the Statements of Net Position.....	1,920,744
	<u>\$ 18,635,932</u>

**5) Property Tax**

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

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

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

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

The City Council has adopted an ordinance beginning in 1994, limiting the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy plus the lesser of (a) five percent or (b) the percentage increase in the annualized Consumer Price Index, all as defined in the ordinance. The ordinance provides a safe



**CITY OF CHICAGO, ILLINOIS**  
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harbor for that portion of any property tax debt service levy equal to the aggregate interest and principal payments on the City's general obligation bonds and notes during the 12-month period ended January 1, 1994, subject to annual increase in the manner described above for the aggregate levy, all as provided by the ordinance. Increases in the debt service portion of each levy may, however, reduce amounts available within such levy to finance operations.

**6) Interfund Balances and Transfers**

- a) The following balances at December 31, 2013 represent due from/to balances among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General.....	\$ 222,774	\$ 280,411
Federal, State and Local Grants.....	21,759	266,218
Special Taxing Areas.....	434,211	14,707
Bond, Note Redemption and Interest.....	66	47,900
Community Development and Improvement Projects..	92,610	123,872
Nonmajor Governmental Funds.....	<u>98,660</u>	<u>212,593</u>
Total Governmental Funds.....	870,080	945,701
Enterprise Funds:		
Water.....	19,435	15,217
Sewer.....	26,927	14,925
Chicago Midway International Airport.....	1,517	7,017
Chicago-O'Hare International Airport.....	34,716	6,062
Chicago Skyway.....	<u>-</u>	<u>15</u>
Total Enterprise Funds.....	82,595	43,236
Fiduciary activities:		
Pension Trust.....	<u>36,262</u>	<u>-</u>
Total Fiduciary activities.....	<u>36,262</u>	<u>-</u>
Total.....	<u><u>\$ 988,937</u></u>	<u><u>\$ 988,937</u></u>

The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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b) The following balances at December 31, 2013 represent interfund transfers among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General.....	\$ 21,018	\$ 10,583
Federal, State and Local Grants.....	3,984	-
Special Taxing Areas.....	79,088	45,631
Service Concession and Reserve.....	-	14,000
Bond, Note Redemption and Interest.....	-	7,420
Community Development and Improvement Projects..	1,930	1
Nonmajor Governmental Funds.....	<u>54,302</u>	<u>82,687</u>
Total Governmental Funds.....	<u>\$ 160,322</u>	<u>\$ 160,322</u>

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

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**7) Capital Assets**

a) **Capital Assets** activity for the year ended December 31, 2013 was as follows (dollars in thousands):

	<b>Balance January 1, 2013</b>	<b>Additions</b>	<b>Disposals and Transfers</b>	<b>Balance December 31, 2013</b>
Governmental activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,404,501	\$ 1,879	\$ (13,767)	\$ 1,392,613
Works of Art and Historical Collections.....	13,183	17,566	-	30,749
Construction in Progress.....	644,325	433,787	(817,920)	260,192
Total capital assets, not being depreciated.....	<u>2,062,009</u>	<u>453,232</u>	<u>(831,687)</u>	<u>1,683,554</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	2,489,846	55,853	-	2,545,699
Machinery and Equipment.....	1,365,645	46,764	(30,864)	1,381,545
Infrastructure.....	7,379,871	771,962	-	8,151,833
Total capital assets, being depreciated.....	<u>11,235,362</u>	<u>874,579</u>	<u>(30,864)</u>	<u>12,079,077</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	812,211	65,484	-	877,695
Machinery and Equipment.....	1,110,005	73,430	(27,745)	1,155,690
Infrastructure.....	3,505,486	230,178	-	3,735,664
Total accumulated depreciation.....	<u>5,427,702</u>	<u>369,092</u>	<u>(27,745)</u>	<u>5,769,049</u>
Total capital assets, being depreciated, net.....	<u>5,807,660</u>	<u>505,487</u>	<u>(3,119)</u>	<u>6,310,028</u>
Total governmental activities.....	<u>\$ 7,869,669</u>	<u>\$ 958,719</u>	<u>\$ (834,806)</u>	<u>\$ 7,993,582</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,024,680	\$ 2,450	\$ (10,495)	\$ 1,016,635
Construction in Progress.....	1,548,291	694,153	(1,034,616)	1,207,828
Total capital assets, not being depreciated.....	<u>2,572,971</u>	<u>696,603</u>	<u>(1,045,111)</u>	<u>2,224,463</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	13,801,351	1,222,159	114,617	15,138,127
Machinery and Equipment.....	653,800	11,047	17,741	682,588
Total capital assets, being depreciated.....	<u>14,455,151</u>	<u>1,233,206</u>	<u>132,358</u>	<u>15,820,715</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	4,183,103	304,984	(1,559)	4,486,528
Machinery and Equipment.....	329,501	19,979	(3,166)	346,314
Total accumulated depreciation.....	<u>4,512,604</u>	<u>324,963</u>	<u>(4,725)</u>	<u>4,832,842</u>
Total capital assets, being depreciated, net.....	<u>9,942,547</u>	<u>908,243</u>	<u>137,083</u>	<u>10,987,873</u>
Total business-type activities.....	<u>\$ 12,515,518</u>	<u>\$ 1,604,846</u>	<u>\$ (908,028)</u>	<u>\$ 13,212,336</u>
Total Capital Assets.....	<u>\$ 20,385,187</u>	<u>\$ 2,563,565</u>	<u>\$ (1,742,834)</u>	<u>\$ 21,205,918</u>

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

Governmental activities:	
General Government.....	\$ 64,072
Public Safety.....	21,021
Streets and Sanitation.....	12,943
Transportation.....	238,941
Health.....	1,029
Cultural and Recreational.....	31,086
	<hr/>
Total Depreciation Expense - Governmental Activities...	<u>\$ 369,092</u>
Business-type Activities:	
Water.....	\$ 49,212
Sewer.....	30,433
Chicago Midway International Airport.....	42,959
Chicago-O'Hare International Airport.....	191,886
Chicago Skyway.....	10,473
	<hr/>
Total Depreciation Expense - Business-type Activities....	<u>\$ 324,963</u>

8) **Leases**

a) **Operating Leases**

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$18.3 million for the year ended December 31, 2013.

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

2014.....	\$ 12,876
2015.....	7,920
2016.....	3,515
2017.....	2,324
2018.....	1,986
2019 - 2023.....	8,857
2024 - 2028.....	343
2029 - 2033.....	288
2034 - 2038.....	216
2039 - 2042.....	109
	<hr/>
Total Future Rental Expense.....	<u>\$ 38,434</u>

b) **Capital Leases**

During 2003, the City entered into lease and lease back agreements with third parties pertaining to 911 Center Qualified Technological Equipment (QTE), with a book value of \$143.3 million at December 31, 2003. Under the QTE lease agreement, which provides certain cash and tax benefits to the third party, the City entered into a long-term lease for applicable assets back to the City under a sublease. Under the sublease, the City is required to make future minimum lease payments.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
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During 2005, the City entered into sale and lease back agreements with third parties pertaining to the City owned portion of a rapid transit line with a book value of \$430.8 million at December 31, 2005. Under the lease agreement, which provides certain cash and tax benefits to the third party, the City entered into a long-term lease for applicable assets back to the City under a sublease. Under the sublease, the City is required to make future minimum lease payments.

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

Year Ending December 31,	<u>Total</u>
2014.....	\$ 9,000
2015.....	9,000
2016.....	9,000
2017.....	9,000
2018.....	18,977
2019 - 2023.....	86,167
2024 - 2028.....	8,858
2029 - 2032.....	<u>165,164</u>
 Total Minimum Future Lease Payments.....	 315,166
Less Interest.....	<u>143,492</u>
 Present Value of Minimum Future Lease Payments.....	 <u>\$ 171,674</u>

**c) Lease Receivables**

Most of the O'Hare land, buildings and terminal space are leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2013 (dollars in thousands):

2014.....	\$ 94,624
2015.....	77,337
2016.....	77,334
2017.....	77,613
2018.....	76,162
2019 - 2023.....	<u>103,171</u>
 Total Minimum Future Rental Income.....	 <u>\$ 506,241</u>

Contingent rentals that may be received under certain leases based on the tenants' revenues or fuel flow are not included in minimum future rental income. Rental income for O'Hare, consisting of all rental and concession revenues except ramp rentals and automobile parking, amounted to \$376.2 million, including contingent rentals of \$92.1 million.

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Most of the Midway land and terminal space is leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2013 (dollars in thousands):

2014.....	\$	38,527
2015.....		34,990
2016.....		34,282
2017.....		26,763
2018.....		26,609
2019 - 2023.....		133,045
2024 - 2028.....		<u>133,045</u>
Total Minimum Future Rental Income.....	\$	<u><u>427,261</u></u>

Contingent rentals that may be received under certain leases based on tenants' revenues are not included in minimum future rental income. Rental income for Midway, consisting of all rental and concession revenues except aircraft parking fees and certain departure fees (turns) and automobile parking, amounted to \$99.0 million, including contingent rentals of \$46.0 million.

**9) Short-term Debt**

- a) **Matured bonds** represent principal due on coupon bonds in which the coupons have not been presented for payment. For the year ended December 31, 2013, there was minor activity; the balance remained at \$0.7 million.
- b) **Line of Credit** In 2013, the City borrowed \$144.7 million from its line of credit, to pay for specific capital projects in 2013. This was paid off in early 2014 with the issuance of the 2014 General Obligation Bonds. The City's line of credit outstanding at December 31, 2013 is as follows (dollars in thousands):

<u>Governmental Activities:</u>	<b>Balance January 1, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2013</b>
Line of Credit	<u>\$ -</u>	<u>\$ 144,673</u>	<u>\$ -</u>	<u>\$ 144,673</u>

The City had the intent and the ability to refinance the line of credit on a long term basis, thus the line of credit was not classified as a liability in the fund financials and was classified as a long term liability in the government-wide statement of net position.

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**10) Long-term Obligations**

a) **Long-term Debt** activity for the year ended December 31, 2013 was as follows (in thousands):

	<u>Balance January 1, 2013*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2013</u>	<u>Amounts Due within One Year</u>
Governmental activities:					
Bonds, notes and commercial paper payable:					
General obligation debt and commercial paper.....	\$ 8,011,830	\$ 235,367	\$ 246,832	\$ 8,000,365	\$ 95,662
Tax increment .....	112,151	-	23,754	88,397	17,562
Revenue .....	770,312	-	17,150	753,162	18,040
	<u>8,894,293</u>	<u>235,367</u>	<u>287,736</u>	<u>8,841,924</u>	<u>131,264</u>
Add unamortized premium .....	175,820	-	15,806	160,014	-
Add accretion of capital appreciation bonds .....	<u>283,010</u>	<u>32,821</u>	<u>22,042</u>	<u>293,789</u>	<u>27,599</u>
Total bonds, notes and certificates payable .....	<u>9,353,123</u>	<u>268,188</u>	<u>325,584</u>	<u>9,295,727</u>	<u>158,863</u>
Other liabilities:					
Pension and other postemployment					
benefits obligations .....	6,364,927	1,247,172	22,170	7,589,929	
Lease obligations .....	163,013	8,765	104	171,674	9,000
Pollution Remediation .....	8,373	225	-	8,598	-
Claims and judgments .....	<u>888,593</u>	<u>120,631</u>	<u>129,456</u>	<u>879,768</u>	<u>91,671</u>
Total other liabilities .....	<u>7,424,906</u>	<u>1,376,793</u>	<u>151,730</u>	<u>8,649,969</u>	<u>100,671</u>
Total governmental activities .....	<u>\$ 16,778,029</u>	<u>\$ 1,644,981</u>	<u>\$ 477,314</u>	<u>\$ 17,945,696</u>	<u>\$ 259,534</u>
Business-type activities:					
Revenue bonds and notes payable:					
Water .....	\$ 2,030,177	\$ 9,121	\$ 42,440	\$ 1,996,858	\$ 43,846
Sewer .....	1,363,774	35,375	29,690	1,369,459	37,929
Chicago-O'Hare International Airport .....	7,132,561	1,146,655	614,011	7,665,205	168,895
Chicago Midway International Airport .....	<u>1,441,329</u>	<u>357,034</u>	<u>303,355</u>	<u>1,495,008</u>	<u>24,665</u>
	<u>11,967,841</u>	<u>1,548,185</u>	<u>989,496</u>	<u>12,526,530</u>	<u>275,335</u>
Add unamortized premium .....	309,284	61,725	40,987	330,022	
Add accretion of capital appreciation bonds .....	<u>88,809</u>	<u>9,098</u>	<u>8,749</u>	<u>89,158</u>	<u>9,170</u>
Total business-type activities .....	<u>\$ 12,365,934</u>	<u>\$ 1,619,008</u>	<u>\$ 1,039,232</u>	<u>\$ 12,945,710</u>	<u>\$ 284,505</u>
Total long-term obligations .....	<u>\$ 29,143,963</u>	<u>\$ 3,263,989</u>	<u>\$ 1,516,546</u>	<u>\$ 30,891,406</u>	<u>\$ 544,039</u>

\* Due to the implementation of GASB 65, the balance related to unamortized loss on refunding has been removed from the beginning balance and presented as deferred outflows

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

**CITY OF CHICAGO, ILLINOIS  
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**b) Issuance of New Debt**

**i) Commercial Paper Notes**

During 2013, the City issued \$235.4 million in commercial paper notes for certain capital and operating uses. The City has excluded commercial paper from current liabilities, as it intends and has the ability to refinance the obligation on a long-term basis.

**ii) General Obligation Bonds**

In January 2013, the City entered into two swap overlay agreements (i.e., Constant Maturity Swap (CMS) reversal) associated with the General Obligation Series 2003B variable rate bonds with PNC Bank, N.A. (PNC) for a notional amount of \$48.2 million and The Bank of New York Mellon (BNYM) for a notional amount of \$144.6 million. The agreement with PNC is effective March 1, 2014 through January 1, 2019 and the agreement with BNYM is effective November 1, 2014 through January 1, 2019. Under both agreements the City will pay 66.91 percent of 10 year LIBOR and receive 75 percent of one month LIBOR. Together with the existing underlying swaps on the bonds, in which the City pays 4.052 percent and receives 66.91 percent of 10 year LIBOR, the net effect is that the City will pay a fixed rate of 4.052 percent and receive 75 percent of one month LIBOR through January 1, 2019, after which time the City will receive 66.91 percent of 10 year LIBOR through expiration (January 1, 2034). The City received a total upfront payment of \$7.5 million.

In June 2013, the City entered into a loan agreement with the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to complete the Wacker Drive Reconstruction Project. The loan amount of \$98.66 million will fund the Chicago Riverwalk along the main branch of the Chicago River. The interest rate is 3.33% and the final maturity of the loan is January 1, 2048. There have been no loan disbursements made to the City as of December 31, 2013.

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

Chicago O'Hare International Airport General Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2013A-D (\$897.9 million) were sold at a premium in October 2013. The bonds have interest rates ranging from 2.0 percent to 5.5 percent and maturity dates from January 1, 2014 to January 1, 2044. Net proceeds of \$940.7 million will be used to fund certain projects (\$267.9 million), repay certain outstanding Commercial Paper (\$77.7 million), to refund certain General Airport Revenue Bonds maturities of bonds outstanding (\$485.7 million), to fund debt service reserves (\$82.6 million), and to fund capitalized interest (\$26.9 million). The current refunding of the bonds decreased the City's total debt service payments by \$1.8 million, resulted in a net economic gain of approximately \$56.9 million and a book loss of approximately \$18.1 million.

Chicago O'Hare International Airport Customer Facility Charge Senior Lien Revenue Bonds, Series 2013 (\$248.8 million) were sold at a premium in August 2013. The bonds have interest rates ranging from 3.5 percent to 5.75 percent and maturity dates from January 1, 2018 to January 1, 2043. Net proceeds of \$247.2 million will be used to fund certain projects (\$183.4 million), to fund debt service reserves (\$18.3 million), and to fund capitalized interest (\$45.5 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% and the final maturity of the loan is January 1, 2052. There have been no loan disbursements made to the City as of December 31, 2013.



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Chicago Midway International Airport Senior Lien Revenue Refunding Bonds, Series 2013A-C (\$334.0 million) were sold at a premium in November 2013. The bonds have interest rates ranging from 0.74 percent to 5.5 percent and maturity dates from January 1, 2015 to January 1, 2035. Net proceeds of \$342.1 million and other monies (\$4.0 million) will be used to refund certain General Airport Revenue Bonds maturities of bonds outstanding (\$290.2 million), to fund debt service reserves (\$25.8 million), and to retire Midway Commercial Paper Notes (\$30.1 million). The current refunding of the bonds increased the City's total debt service payments by \$130.2 million, resulted in a net economic gain of approximately \$10.4 million and a book loss of approximately \$0.9 million.

In 2013, the Water Fund drew \$3.0 million from the Illinois Environment Protection Agency loan agreement to install water meters. The loan has an interest rate of 1.25% with maturity dates from November 1, 2013, to November 1, 2032. In addition, the Water Fund drew \$6.0 million from the Illinois Environment Protection Agency loan agreement. The loan has an interest rate of 1.25% with maturity dates from December 27, 2013 to December 27, 2032.

In 2013, the Sewer Fund drew \$17.6 million from the Illinois Environment Protection Agency loan agreement line existing sewer pipes throughout the city. The loan has an interest rate of 1.25% with maturity dates from March 20, 2014 to March 20, 2033. In addition, the Sewer Fund drew \$17.8 million from the Illinois Environment Protection Agency loan agreement. The loan has an interest rate of 1.25% with maturity dates from December 30, 2013 to December 30, 2032.

In 2013, \$46.8 million of Chicago O'Hare International Airport Commercial Paper Notes were issued, and \$77.7 million were paid. Outstanding Chicago O'Hare Commercial Paper Notes at December 31, 2013 were \$20.0 million. The proceeds were used to finance portions of the costs of authorized airport projects.

In 2013, \$23.0 million of Chicago Midway International Airport Commercial Paper Notes were issued. Outstanding Midway Commercial Paper Notes at December 31, 2013 were \$57.7 million. The proceeds were used to finance portions of the costs of authorized airport projects.

- c) **Annual requirements** listed below for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2014 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2013 are as follows (dollars in thousands):

Year Ending December 31,	General Obligation		Tax Increment	
	Principal	Interest	Principal	Interest
2014.....	\$ 214,374	\$ 408,993	\$ 14,602	\$ 11,819
2015.....	236,206	402,999	8,965	3,951
2016.....	251,617	392,331	11,160	3,400
2017.....	274,802	380,857	11,685	2,666
2018.....	287,337	368,156	14,940	1,971
2019-2023.....	1,558,492	1,646,914	18,775	2,767
2024-2028.....	1,447,882	1,304,010	-	-
2029-2033.....	1,607,686	931,247	-	-
2034-2038.....	1,056,011	514,159	-	-
2039-2041.....	726,480	82,165	-	-
	<u>\$7,660,887</u>	<u>\$6,431,831</u>	<u>\$ 80,127</u>	<u>\$ 26,574</u>

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Year Ending December 31,	Revenue		Business-type Activities	
	Principal	Interest	Principal	Interest
2014.....	\$ 18,980	\$ 35,200	\$ 301,366	\$ 617,753
2015.....	18,400	34,229	380,749	599,255
2016.....	18,135	33,288	378,252	582,817
2017.....	18,525	32,355	430,280	565,569
2018.....	19,450	31,434	437,313	545,698
2019-2023.....	112,160	142,191	2,046,955	2,441,073
2024-2028.....	139,367	115,143	2,558,116	1,914,188
2029-2033.....	111,985	142,708	2,811,919	1,210,382
2034-2038.....	203,060	49,783	2,199,210	546,539
2039-2041.....	75,060	5,675	675,625	76,520
	<u>\$ 735,122</u>	<u>\$ 622,006</u>	<u>\$ 12,219,785</u>	<u>\$ 9,099,794</u>

Debt service requirements above exclude commercial paper issues as the timing of payments is not certain. For the requirements calculated above, interest on variable rate debt was calculated at the rate in effect or the effective rate of a related swap agreement, if applicable, as of December 31, 2013. Standby bond purchase agreements or letters of credit were issued by third party financial institutions that are expected to be financially capable of honoring their agreements.

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

**d) Derivatives**

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

- (1) *Objective of the swaps.* In order to protect against the potential of rising interest rates and/or changes in cash flows, the City has entered into various separate pay-fixed, receive-variable interest rate swaps at a cost less than what the City would have paid to issue fixed-rate debt. The notional amounts related to bonds maturing on January 1, 2014 have been excluded in the following table because funds for their payment have been provided for.

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	<u>Changes in Fair Value</u>		<u>Fair Value at</u>		<u>Notional</u>
	<u>Classification</u>	<u>Amount</u>	<u>December 31, 2013</u>	<u>Amount</u>	
<b>Governmental Activities</b>					
Hedges:					
Pay-fixed Interest Rate Swaps.....	Deferred Outflow of Resources	\$ 118,020	Deferred Outflow of Resources	\$ (142,478)	\$ 777,845
Investment Derivative Instruments:					
Pay-fixed Interest Rate Swaps.....	Investment Income	8,665	Investment Revenue	(27,646)	195,975
<b>Business-type Activities</b>					
Hedges:					
Pay-fixed Interest Rate Swaps.....	Deferred Outflow of Resources	104,023	Deferred Outflow of Resources	(149,097)	943,055
Total.....				<u>\$ (319,221)</u>	

(2) *Terms, fair values, and credit risk.* The objective and terms, including the fair values and credit ratings, of the City’s hedging derivative instruments outstanding as of December 31, 2013, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The City’s swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated “bonds payable” category. The notional amounts related to bonds maturing on January 1, 2014 have been excluded below because funds for their payment have been provided for. Under the swaps, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR) and/or The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index. The terms, including fair values of the swaptions as of December 31, 2013, are as follows (dollars in thousands):

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Associated Bond Issue	Notional Amounts	Effective Date	Terms	Fair Values	Termination Date	Counterparty Credit Rating
<b>Hedging Instruments</b>						
<b>Governmental Activities:</b>						
	\$ 150,000	11/8/2007	Pay 3.9982%; receive SIFMA	\$ (14,632)	1/1/2042	A2/A
	50,000	11/8/2007	Pay 3.9982%; receive SIFMA	(4,572)	1/1/2042	Baa2/A-
GO VRDB (Series 2007EFG).....	200,000	1/1/2014	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(23,982)	1/1/2042	Aa3/AA-
	155,953	8/17/2005	Pay 4.104%; receive SIFMA	(17,456)	1/1/2040	Baa1/A-
	66,837	8/17/2005	Pay 4.104%; receive SIFMA	(7,542)	1/1/2040	Aa3/A+
	100,000	1/1/2014	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(7,985)	1/1/2031	Aa2/AA-
	61,395	1/1/2014	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(4,805)	1/1/2031	A2/A
	61,395	1/1/2014	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(4,805)	1/1/2031	A2/A
GO VRDB (Series 2005D).....	207,880	1/1/2031	Pay SIFMA; receive 72.5% of 1 Mo. LIBOR *	(7,123)	1/1/2040	A2/A
GO VRDB (Neighborhoods Alive 21 Program, Series 2002B).....	155,025	10/3/2002	Pay 3.575%; receive 70% of 1 Mo. LIBOR	(20,769)	1/1/2037	Aa3/A+
	51,675	10/3/2002	Pay 3.575%; receive 70% of 1 Mo. LIBOR	(7,111)	1/1/2037	A2/A
<b>Sales Tax Revenue Refunding Bonds</b>						
(VRDB Series 2002).....	112,755	6/27/2002	Pay 4.23%; receive 75.25% of 3 Mo. LIBOR	(17,233)	1/1/2034	Aa3/A+
<b>Tax Increment Allocation Bonds</b>						
(Near North TIF, Series 1999A).....	35,600	9/1/1999	Pay 5.084%; receive 67% of 1 Mo. LIBOR	(4,463)	1/1/2019	A2/A
<b>Business-type Activities:</b>						
Chicago Midway International Airport Revenue Bonds (Series 2004C&D).....	86,805	12/14/2004	Pay 4.174%; receive SIFMA Plus .05%	(10,484)	1/1/2035	Baa1/A-
	57,870	4/21/2011	Pay 4.247%; receive SIFMA Plus .05%	(7,663)	1/1/2035	Aa3/AA-
	232,560	1/3/2011	Pay 3.886%; receive 95% of 3 Mo. LIBOR (if LIBOR is < 3%) or 67% of 3 Mo. LIBOR (if LIBOR is > 3%)	(36,187)	1/1/2039	A2/A
Wastewater Transmission Variable Rate Revenue Bonds (Series 2008C).....	49,835	7/29/2004	Pay 3.886%; receive SIFMA (if LIBOR is < 3%)	(8,368)	1/1/2039	A2/A
	49,835	7/29/2004	or 67% of 1 Mo. LIBOR (if LIBOR is > 3%)	(8,150)	1/1/2039	Aa3/A+
	179,690	8/5/2004	Pay 3.8694%; receive 67% of 1 Mo. Libor	(28,148)	11/1/2031	A2/A
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	186,460	8/5/2004	Pay 3.8669%; receive 67% of 1 Mo. Libor	(30,124)	11/1/2031	Aa3/AA-
Second Lien Water Revenue Refunding Bonds (Series 2000).....	100,000	4/16/2008	Pay 3.8694%; receive 67% of 1 Mo. Libor	(19,974)	11/1/2030	A2/A
<b>Investment Instruments</b>						
<b>Governmental Activities:</b>						
	146,980	8/7/2003	Pay 4.052%; receive 75% of 1 Mo. LIBOR	(10,755)	1/1/2034	Aa3/AA-
	48,995	3/1/2011	Pay 66.91% of 10 Yr USD ISDA Swap Rate;	(3,564)	3/1/2014	Aa3/AA-
	48,995	11/1/2014	receive 75% of 1 Mo. LIBOR *	-	1/1/2019	Aa2/AA-
	146,980	3/1/2011	Pay 66.91% of 10 Yr USD ISDA Swap Rate;	(695)	3/1/2014	Aa2/AA-
	144,570	3/1/2011	receive 75% of 1 Mo. LIBOR *	(1,980)	11/1/2014	A2/A
	48,195	3/1/2014	receive 75% of 1 Mo. LIBOR *	(3,132)	1/1/2019	A2/A
GO VRDB (Series 2003B).....	144,570	11/1/2014	receive 75% of 1 Mo. LIBOR *	(7,519)	1/1/2019	Aa2/AA-
Total.....	<u>\$ 3,080,855</u>			<u>\$ (319,221)</u>		

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

See Footnote 18 – Subsequent Events for amendments to agreements effective in 2014.

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

\* Reflects Swap Overlay agreement.

VRDB means variable rate demand bonds.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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- (3) *Fair Value.* As of December 31, 2013, the swaps had a negative fair value of \$319.2 million. As per industry convention, the fair values of the City's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Paid, the City's swaps had negative values. Note that the combination of the negative fair value of \$319.2 million less the unamortized interest rate swap premium balance of \$9.4 million related to investment derivative instruments and \$36.9 million related to governmental cash flow hedges represent the total fair value of the derivative liability in the statement of net position.
- (4) *Credit Risk.* The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.
- (5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaps except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaps, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date and it would add additional underlying cost to the transaction.
- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of the City's swap transactions.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.
- (8) *Swap payments and associated debt.* Bonds maturing and interest payable January 1, 2014 have been excluded because funds for their payment have been provided for. As of December 31, 2013, debt service requirements of the City's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (dollars in thousands):

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Year Ending December 31,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2014.....	\$ 36,320	\$ 4,955	\$ 70,602	\$ 111,877
2015.....	37,865	4,994	69,307	112,166
2016.....	57,465	4,925	67,719	130,109
2017.....	60,150	4,699	65,622	130,471
2018.....	66,465	4,465	63,426	134,356
2019 - 2023.....	416,980	18,619	277,278	712,877
2024 - 2028.....	368,215	11,896	200,601	580,712
2029 - 2033.....	480,835	6,855	129,656	617,346
2034 - 2038.....	297,100	2,098	47,857	347,055
2039 - 2042.....	83,560	60	5,930	89,550
	<u>\$ 1,904,955</u>	<u>\$ 63,566</u>	<u>\$ 997,998</u>	<u>\$ 2,966,519</u>

**e) Debt Covenants**

**i) Water Fund** - The ordinances authorizing the issuance of outstanding Water Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. The ordinances require that net revenues available for bonds, as adjusted, equal 120 percent of the current annual debt service on the outstanding senior lien bonds and that City management maintains all covenant reserve account balances at specified amounts. The above requirements were met at December 31, 2013. The Water Rate Stabilization account had a balance in restricted assets of \$88.4 million at December 31, 2013.

The ordinances authorizing the issuance of outstanding Second Lien Water Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues are equal to the sum of the aggregate annual debt service requirements for the fiscal year of the outstanding senior lien bonds and 110 percent of the aggregate annual debt service requirements of the outstanding second lien bonds. This requirement was met at December 31, 2013.

**ii) Sewer Fund** - The ordinances authorizing the issuance of outstanding Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. The ordinances require that net revenues available for bonds equal 115 percent of the current annual debt service requirements on the outstanding senior lien bonds. This requirement was met at December 31, 2013. The Sewer Rate Stabilization account had a balance in restricted assets of \$32.6 million at December 31, 2013.

The ordinances authorizing the issuance of outstanding Second Lien Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues equal 100 percent of the sum of the current maximum annual debt service requirements of the outstanding senior lien bonds and the maximum annual debt service requirements of the second lien bonds. This requirement was met at December 31, 2013.

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

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Debt Service Fund, the Operations & Maintenance Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Repair and Replacement Fund, and the Special Project Fund and (ii) an amount not less than 125 percent of the Aggregate First Lien Debt Service for such fiscal year reduced by an amount equal to the sum of any amount held in any capitalized interest account for disbursement during such fiscal year to pay interest on First Lien Bonds. These requirements were met at December 31, 2013.

- iv) **Chicago-O'Hare International Airport Fund** - In 1983, the City Council adopted the General Airport Revenue Bond ordinance authorizing the issuance and sale of Chicago-O'Hare International Airport General Airport Revenue Bonds in unlimited series for the purpose of financing the cost of improvements and expansion of O'Hare and to redeem its existing outstanding bond obligations. The ordinance further permits the issuance of second lien notes, bonds and other obligations which are payable from, and secured by, a pledge of amounts deposited in the junior lien obligation debt service account created under the ordinance. The ordinance requires that net revenues in each year equal not less than the sum of (i) the amount required to be deposited for such year in the debt service reserve fund, the maintenance reserve fund, the special capital projects fund and the junior lien debt service fund, and (ii) 110 percent of the aggregate first lien and second lien debt service for the bond year commencing during such fiscal year reduced by an amount equal to the sum of any amount held in any capitalized interest account for disbursement during such fiscal year to pay interest on bonds. This requirement was met at December 31, 2013. The ordinance provides for the creation of separate accounts that are to be credited with revenues in a specified priority. At the end of each year, any excess funds over amounts required in accounts other than Special Capital Projects, Emergency Reserve and Airport Development accounts are reallocated with the following year's revenues.

The Master Indenture of Trust securing Chicago-O'Hare International Airport Third Lien Obligations requires that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding First Lien Bonds, Second Lien Obligations, Third Lien Obligations or other Airport Obligations are issued and secured, and (b) 110 percent the Aggregate First, Second and Third Lien Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on First Lien Bonds, Second Lien obligations or Third Lien obligations. This requirement was met at December 31, 2013.

The master indenture securing the Passenger Facility Charge (PFC) Revenue Bonds requires PFC revenues, as defined, to be deposited into the PFC Revenue Fund. The PFC Revenue Fund is required to transfer amounts no later than the twentieth day of each month to various funds, as defined, as appropriate to meet debt service and debt service reserve requirements.

- f) **No-Commitment Debt and Public Interest Loans** include various special assessment, private activity bonds and loans. These types of financings are used to provide private entities with low-cost capital financing for construction and rehabilitation of facilities deemed to be in the public interest. Bonds payable on no-commitment debt are not included in the accompanying financial statements because the City has no obligation to provide for their repayment, which is the responsibility of the borrowing entities. In addition, federal programs/grants, including Community Development Block Grants and Community Service Block Grants, provide original funding for public interest loans. Loans receivable are not included as assets because payments received on loans are used to fund new loans or other program activities in the current year and are not available for general City operating purposes. Loans provided to third parties are recorded as current and prior year programs/grants expenditures. Funding for future loans will be from a combination of the repayment of existing loans and additional funds committed from future programs/grants expenditures.

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g) **Defeased Bonds** have been removed from the Statement of Net Position because related assets have been placed in irrevocable trusts that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at December 31, 2013, not including principal payments due January 1, 2014, are as follows (dollars in thousands): table below needs update

	<b>Amount</b>	
	<b>Defeased</b>	<b>Outstanding</b>
General Obligation Emergency Telephone System - Series 1993 .....	\$ 213,730	\$ 113,610
General Obligation Project and Refunding Bonds - Series 1998 .....	345,770	4,240
General Obligation Bonds - Series 2001A .....	404,131	131,515
General Obligation Project Bonds - Series 2004A .....	276,620	6,640
General Obligation Project and Refunding Bonds - Series 2005B .....	8,725	2,270
General Obligation Direct Access Bonds - Series 2005E .....	22,186	8,275
General Obligation Project and Refunding Bonds - Series 2006A .....	23,775	9,615
General Obligation Project and Refunding Bonds - Series 2007A .....	10,505	9,410
General Obligation Neighborhoods Alive 21 Program - Series 2001A .....	213,825	60,170
Lakefront Millennium Project Parking Facilities Bonds - Series 1998 .....	149,880	43,880
Special Transportation Revenue Bonds - Series 2001 .....	118,715	93,935
Midway Series 1996B.....	19,110	19,110
Midway Series 1998A&B.....	32,145	32,145
Midway Series 2001 A&B.....	68,050	68,050
Midway 2nd Lien Series 2010A-1&A-2.....	76,575	76,575
Midway 2nd Lien Series 2010B.....	84,000	84,000
Midway 2nd Lien Series 2010D-1.....	4,435	4,435
Midway 2nd Lien Series 2010D-2.....	16,460	16,460
<b>Total .....</b>	<b>\$ 2,088,637</b>	<b>\$ 784,335</b>



11) Pension Trust Funds

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

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

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Fixed income securities are valued principally using quoted market prices provided by independent pricing services. For collective investments, the net asset value is determined and certified by the investment managers as of the reporting date. Real estate investments are generally valued by appraisals or other approved methods. Investments that do not have an established market are reported at estimated fair value.

The Plans have a securities lending program. At year-end, the Plans have no credit risk exposure to borrowers because the amounts the Plans owe the borrowers exceed the amounts the borrowers owe the Plans. The contract with the Plans' master custodian requires it to indemnify the Plans if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the fund for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand by either the Plans or the borrower, although the average term of the loans has not exceeded 128 days. The Plans' custodian lends securities for collateral in the form of cash, irrevocable letters of credit and/or U.S. government obligations equal to at least 102 percent of the fair value of securities or international securities for collateral of 105 percent. Cash collateral is invested in the lending agents' short-term investment pool, which at year-end has a weighted average maturity that did not exceed 46 days. The Plans cannot pledge to sell collateral securities received unless the borrower defaults. Loans outstanding as of December 31, 2013 are as follows: market value of securities loaned \$1,197.0 million, market value of cash collateral from borrowers \$1,214.6 million and market value of non-cash collateral from borrowers \$12.4 million.

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

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

Beginning in 2016, State law requires significantly increased contributions by the City to the Policemen's and Firemen's Plans. This is projected to require an increase in the City's contributions to the Policemen's and Firemen's Plans by more than \$538.4 million starting in 2016 and increasing by approximately three percent

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each year thereafter. Also beginning in 2016, State law requires significantly increased contributions by the City to the Municipal Employees' and Laborers' Plans. This is projected to require an increase in the City's contributions to the Municipal Employees' and Laborers' Plans of more than \$89.1 million starting in 2016 and increasing by approximately three percent each year thereafter.

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

	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>	<b>Total</b>
Contribution rates:					
City (a).....	(a)	(a)	(a)	(a)	n/a
Plan members.....	8.5%	8.5%	9%	9.125%	n/a
Annual required contribution.....	\$ 820,023	\$ 106,199	\$ 474,178	\$ 294,878	\$ 1,695,278
Interest on net pension obligation.....	150,641	(4,778)	182,182	135,734	463,779
Adjustment to annual required contribution.....	(158,201)	5,018	(125,005)	(139,548)	(417,736)
Annual pension cost.....	812,463	106,439	531,355	291,064	1,741,321
Contributions made.....	148,197	11,583	179,521	103,669	442,970
Increase in net pension obligation....	664,266	94,856	351,834	187,395	1,298,351
Net pension obligation (excess), beginning of year.....	2,008,546	(63,708)	2,350,739	1,696,679	5,992,256
Net pension obligation, end of year.....	<u>\$2,672,812</u>	<u>\$ 31,148</u>	<u>\$ 2,702,573</u>	<u>\$ 1,884,074</u>	<u>\$ 7,290,607</u>

	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>
Actuarial valuation date.....	12/31/2013	12/31/2013	12/31/2013	12/31/2013
Actuarial cost method.....	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method.....	Level dollar, open	Level dollar, open	Level percent, open	Level dollar, open
Remaining amortization period.....	30 years	30 years	30 years	30 years
Asset valuation method.....	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market
Actuarial assumptions:				
Investment rate of return (a).....	7.5%	7.5%	7.75%	8.0%
Projected salary increases (a):				
Inflation.....	3.0	3.0	3.0	3.0
Seniority/Merit.....	(b)	(c)	(d)	(e)
Postretirement benefit increases.....	(f)	(f)	(g)	(g)

- (a) Proceeds from a tax levy not more than the amount equal to the total amount of contributions by the employees to the Fund made in the calendar year, two years prior to the year for which the annual applicable tax is levied multiplied by 1.25 for Municipal, 1.00 for Laborers', 2.00 Policemen's and 2.26 for Firemen's
- (b) Service-based increases equivalent to a level annual rate increase of 1.4 percent over a full career.
- (c) Service-based increases equivalent to a level annual rate increase of 1.2 percent over a full career.
- (d) Service-based increases equivalent to a level annual rate increase of 1.8 percent over a full career.
- (e) Service-based increases equivalent to a level annual rate increase of 1.8 percent over a full career.
- (f) 3.0 percent per year beginning at the earlier of:
  - 1) the later of the first of January of the year after retirement and age 60;
  - 2) the later of the first of January of the year after the second anniversary of retirement and age 53.
- (g) Uses 3.0 percent per year for annuitants age 55 or over, born before 1955 with at least 20 years of service and 1.5 percent per year for 20 years for annuitants age 60 or over, born in 1955 or later.

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The following tables of information assist users in assessing each fund's progress in accumulating sufficient assets to pay benefits when due. The three-year historical information for each Plan is as follows (dollars in thousands):

<u>Year</u>	<u>Annual Pension Cost</u>	<u>% of Annual Pension Cost Contributed</u>	<u>Net Pension (Asset) / Obligation</u>
<b>Municipal Employees':</b>			
2011.....	\$ 609,491	24.12 %	\$ 1,469,886
2012.....	687,519	21.65	2,008,546
2013.....	812,463	18.24	2,672,812
<b>Laborers':</b>			
2011.....	57,651	22.17	(129,712)
2012.....	77,857	15.22	(63,707)
2013.....	106,439	10.88	31,148
<b>Policemen's:</b>			
2011.....	448,153	38.83	2,065,266
2012.....	483,359	40.94	2,350,739
2013.....	531,355	33.79	2,702,573
<b>Firemen's:</b>			
2011.....	247,031	33.55	1,510,089
2012.....	268,112	30.41	1,696,679
2013.....	291,064	35.62	1,884,074

**SCHEDULE OF FUNDING PROGRESS**

(dollars in thousands)

<u>Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Entry Age (b)</u>	<u>Unfunded (Surplus) AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)</u>
<b>Municipal Employees':</b>							
2011.....	12/31/11	\$ 5,552,291	\$ 12,292,930	\$ 6,740,639	45 %	\$ 1,605,993	420 %
2012.....	12/31/12	5,073,320	13,475,377	8,402,057	38	1,590,794	528
2013.....	12/31/13	5,114,208	13,828,920	8,714,712	37	1,580,289	551
<b>Laborers':</b>							
2011.....	12/31/11	1,422,414	2,152,854	730,440	66	195,238	374
2012.....	12/31/12	1,315,914	2,336,189	1,020,275	56	198,790	513
2013.....	12/31/13	1,354,261	2,383,499	1,029,238	57	200,352	514
<b>Policemen's:</b>							
2011.....	12/31/11	3,444,690	9,522,395	6,077,705	36	1,034,403	588
2012.....	12/31/12	3,148,930	10,051,827	6,902,897	31	1,015,171	680
2013.....	12/31/13	3,053,882	10,282,339	7,228,457	30	1,015,426	712
<b>Firemen's:</b>							
2011.....	12/31/11	1,101,742	3,851,919	2,750,177	29	425,385	647
2012.....	12/31/12	993,284	4,020,138	3,026,854	25	418,965	722
2013.....	12/31/13	991,213	4,128,735	3,137,522	24	416,492	753

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

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

**Annual OPEB Cost and Contributions Made**  
**For Fiscal Year Ended December 31, 2013**

	<u>Municipal</u> <u>Employees'</u>	<u>Laborers'</u>	<u>Policemen's</u>	<u>Firemen's</u>	<u>Total</u>
Contribution Rates City:	A portion of the City's contribution from the tax levy is used to finance the health insurance supplement benefit payments.				
Annual Required Contribution	\$ 14,376	\$ 3,091	\$ 10,429	\$ 4,214	\$ 32,110
Interest on Net OPEB Obligation	3,229	268	516	467	4,480
Adjustment to Annual - Required Contribution	<u>(4,216)</u>	<u>(350)</u>	<u>(409)</u>	<u>(610)</u>	<u>(5,585)</u>
Annual OPEB Cost	13,389	3,009	10,536	4,071	31,005
Contributions Made	<u>9,508</u>	<u>2,518</u>	<u>9,847</u>	<u>2,551</u>	<u>24,424</u>
Increase in Net OPEB Obligation	3,881	491	689	1,520	6,581
Net OPEB Obligation, Beginning of Year	<u>71,756</u>	<u>5,951</u>	<u>11,461</u>	<u>10,382</u>	<u>99,550</u>
Net OPEB Obligation, End of Year	<u>\$ 75,637</u>	<u>\$ 6,442</u>	<u>\$ 12,150</u>	<u>\$ 11,902</u>	<u>\$ 106,131</u>

**Actuarial Method and Assumptions** - For the Settlement Plan benefits provided by the Pension Funds, the actuarial valuation for the fiscal year ended December 31, 2013 was determined using the Entry Age Normal actuarial cost method. The actuarial method was changed in 2013 from Projected Unit Credit due to the phase out of the Settlement Plan over three years, with annual subsidy modifications and a final sunset of subsidies at December 31, 2016 (see Note 12 for further information). Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

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	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>
Actuarial Valuation Date	12/31/2013	12/31/2013	12/31/2013	12/31/2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, Open	Level Dollar, Open	Level Percent, Open	Level Dollar, Open
Remaining Amortization Method	30 years	30 years	30 years	30 years
Asset Valuation Method	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)
Actuarial assumptions:				
OPEB Investment Rate of Return (a)	4.5%	4.5%	4.5%	4.5%
Projected Salary Increases (a) Inflation	3.0%	3.0%	3.0%	3.0%
Seniority / Merit	( b )	( c )	( d )	( e )
Healthcare Cost Trend Rate (f)	0.0%	0.0%	0.0%	0.0%

( a ) Compounded Annually

( b ) Service-based increases equivalent to a level annual rate of increase of 1.4 percent over a full career

( c ) Service-based increases equivalent to a level annual rate of increase of 1.2 percent over a full career

( d ) Service-based increases equivalent to a level annual rate of increase of 1.8 percent over a full career

( e ) Service-based increases equivalent to a level annual rate of increase of 1.8 percent over a full career

( f ) Trend not applicable - fixed dollar subsidy

**OPEB COST SUMMARY**

(dollars in thousands)

	<b>Year</b>	<b>Annual OPEB Cost</b>	<b>% of Annual OPEB Obligation</b>	<b>Net OPEB Obligation</b>
Municipal Employees	2011	\$ 22,047	43.16 %	\$ 67,575
	2012	13,703	69.49	71,756
	2013	13,389	71.01	75,637
Laborers'	2011	3,479	74.15	5,519
	2012	2,994	85.56	5,951
	2013	3,009	83.67	6,442
Policemen's	2011	10,627	90.25	10,654
	2012	10,573	92.37	11,461
	2013	10,536	93.46	12,150
Firemen's	2011	4,372	60.12	8,850
	2012	4,154	63.13	10,382
	2013	4,071	62.66	11,902

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

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	Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Entry Age ( b )	Unfunded (Surplus) UAAL ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ( ( b-a ) / c )
Municipal Employees'	12/31/2013	\$ -	\$ 27,573	\$ 27,573	-	\$ 1,580,289	1.74 %
Laborers'	12/31/2013	-	7,074	7,074	-	200,352	3.53
Policemen's	12/31/2013	-	28,376	28,376	-	1,015,426	2.79
Firemen's	12/31/2013	-	7,692	7,692	-	416,492	1.85

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

The annuitants who retired prior to July 1, 2005 received a 55 percent subsidy from the City and the annuitants who retired on or after July 1, 2005 received a 50, 45, 40 and zero percent subsidy from the City based on the annuitant's length of actual employment with the City for the gross cost of retiree health care under a court approved settlement agreement, known as the "Settlement Plan". The pension funds contributed \$65 per month for each Medicare eligible annuitant and \$95 per month for each Non-Medicare eligible annuitant to their gross cost. The annuitants contributed a total of \$66.6 million in 2013 to the gross cost of their retiree health care pursuant to premium amounts set forth in the above-referenced settlement agreement.

The City of Chicago originally subsidized retiree health benefits for employees and retired former employees until June 30, 2013 under a settlement agreement entered in 2003. The City subsidized a portion of the cost (based upon service) for hospital and medical coverage for eligible retired employees and their dependents based upon a sunset of June 30, 2013.

On May 15, 2013, the City announced plans to, among other things: (i) provide a lifetime healthcare plan to employees who retired before August 23, 1989 with a contribution from the City of up to 55% of the cost of that plan; and (ii) beginning January 1, 2014, provide employees who retired on or after August 23, 1989 with healthcare benefits but with significant changes to the terms provided by the Health Plan, including increases in premiums and deductibles, reduced benefits and the phase-out of the entire Health Plan for such employees by the end of December 2016.

The cost of health benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are funded on a pay-as-you-go basis. In 2013, the net expense to the City for providing these benefits to approximately 24,408 annuitants plus their dependents was approximately \$97.5 million.

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

**Plan Description Summary** - The City of Chicago was party to a written legal settlement agreement outlining the provisions of the retiree health program, The Settlement Health Care Plans (the Plans), through June 30, 2013. Although the agreement did not extend continuation of the Plans after June 30, 2013, a phase out of three years to end the program was announced in 2013, with annual subsidy modifications and a final sunset of subsidies at December 31, 2016, for all but the Korshak class of members. As a result of the extension, the post settlement plan subsidized retiree medical benefits will cease for members as of December 31, 2016, except for the Korshak class who shall have lifetime benefits. Duty Disabled retirees who have statutory pre-63/65 coverage will continue to have fully subsidized coverage under the active health plan.

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The City administers a single employer, self-funded defined benefit healthcare plan (the Health Plan), for which the City pays a portion of the costs on a pay as you go method. The City of Chicago sponsors health benefit plans for employees, former employees and retired former employees. The provisions of the post settlement benefit program provide in general, that the City pay a percentage of the cost (based upon an employee's service) for hospital and medical coverage to eligible retired employees and their dependents for a specified period, recently revised to end December 31, 2016. The percentage subsidies were revised to reduce by approximately 25% in 2014. Additional step downs in subsidy levels for 2015 and 2016 have not yet been decided.

In addition, State Law authorizes the four respective Pension Funds (Police, Fire, Municipal, and Laborers) to provide a fixed monthly dollar subsidy to each annuitant who has elected coverage under the Health Plan through December 31, 2016. After that date, no supplements are authorized. The liabilities for the monthly dollar supplements paid to annuitants enrolled in the retiree medical plan by their respective Pension Funds are included in the NPO actuarial valuation reports of the respective four Pension Funds under GASB 43 (see Note 11).

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

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

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

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

The following table shows the components of the City's annual OPEB costs for the year for the Health Plan and CBA Special Benefits, the amount actually contributed to the plan and changes in the City's net OPEB obligation. The *Net OPEB Obligation* is the amount entered upon the City's Statement of Net Position as of year end as the net liability for the other postemployment benefits – the retiree health plan. The amount of the annual cost that is recorded in the Statement of Changes in Net Position for 2013 is the Annual OPEB Cost (expense).

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**Annual OPEB Cost and Contributions Made**

(dollars in thousands)

	Retiree Settlement Health Plan	CBA Special Benefits	Total
Contribution Rates:			
City	Pay As You Go	Pay As You Go	Pay As You Go
Plan Members	N/A	N/A	N/A
Annual Required Contribution	\$ 83,045	51,038	\$ 134,083
Interest on Net OPEB Obligation	3,870	4,744	8,614
Adjustment to Annual Required Contribution	(11,471)	(14,060)	(25,531)
Annual OPEB Cost	75,444	41,722	117,166
Contributions Made	111,994	27,342	139,336
Decrease in Net OPEB Obligation	(36,550)	14,380	(22,170)
Net OPEB Obligation, Beginning of Year	96,760	118,601	215,361
Net OPEB Obligation, End of Year	\$ 60,210	132,981	\$ 193,191

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 is as follows (dollars in thousands):

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
<b>Settlement Plan</b>			
12/31/2013	\$ 75,444	148.4%	\$ 60,210
12/31/2012	37,444	260.5	96,760
12/31/2011	48,954	202.4	254,345
<b>CBA Special Benefits</b>			
12/31/2013	\$ 41,722	65.5%	\$ 132,981
12/31/2012	39,533	46.6	118,601
<b>Total</b>			
12/31/2013	\$ 117,166	118.9%	\$ 193,191
12/31/2012	76,977	150.6	215,361
12/31/2011	48,954	202.4	254,345

**Funded Status and Funding Progress** - As of January 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$997.3 million all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,385.2 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 41.8 percent.

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



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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Settlement Plan</b>						
12/31/2012	\$ -	\$ 608,633	\$ 608,633	0%	\$ 2,385,198	25.5 %
<b>CBA Special Benefits</b>						
12/31/2012	\$ -	\$ 388,648	\$ 388,648	0%	\$ 1,388,732	28.0 %
<b>Total</b>						
12/31/2012	\$ -	\$ 997,281	\$ 997,281	0%	\$ 2,385,198	41.8 %

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

For the Settlement Plan benefits (not provided by the Pension Funds), the actuarial valuation for the fiscal year ended December 31, 2013 was determined using the Entry Age Normal actuarial cost method. The actuarial method was changed in 2013 from Projected Unit Credit due to the phase out of the Settlement Plan. The actuarial assumptions included an annual healthcare cost trend rate of 9.5% initially, reduced by decrements to an ultimate rate of 5.0% in 2031. The range of rates included a 3.0% inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. However, the funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0%. The Unfunded Accrued Actuarial Liability is amortized as a level dollar amount over ten years. The benefits include an extension of the Settlement Plan sunset so as to completely phase out in December 2016. The Korshak category is entitled to lifetime benefits. Also included in the Non-CBA benefits are the duty disability benefits under the active health plan payable to age 63/65.

For the Special Benefits under the CBA for Police and Fire, the renewed contract expiration date of June 30, 2016 is reflected, such that liabilities are included only for payments beyond 2016 on behalf of early retirees already retired and in pay status as of December 31, 2016. The entry age normal method was selected. The actuarial method was changed in 2013 from Projected Unit Credit due to the extension of the Special Benefits in the new CBA agreement until June 30, 2016. The actuarial assumptions included an annual healthcare cost trend rate of 9.5% in 2013, reduced by decrements to an ultimate rate of 5.0% in 2031. Rates included a 3.0% inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. The funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0%. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over ten years.

**Summary of Assumptions and Methods**

	Settlement Health Plan	CBA Special Benefits
Actuarial Valuation Date	December 31, 2012	December 31, 2012
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, open	Level Dollar, open
Remaining Amortization Period	10 years	10 years
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	3.0%	3.0%
Projected Salary Increases	3.0%	3.0%
Healthcare Inflation Rate	9.5% initial to 5.0% in 2031	9.5% initial to 5.0% in 2031

**CITY OF CHICAGO, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013**

**13) Risk Management**

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

Risks for O'Hare, Midway, and certain other major properties, along with various special events, losses from certain criminal acts committed by employees and public official bonds are transferred to commercial insurers. Claims have not exceeded the purchased insurance coverage in the past three years, accordingly, no liability is reported for these claims. All other risks are retained by the City and are self-insured. The City pays claim settlements and judgments from the self-insured programs. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The General Fund is primarily used to record all non-Enterprise Fund claims. The estimated portion of non-Enterprise Fund claims not yet settled has been recorded in the Governmental Activities in the Statement of Net Position as claims payable along with amounts related to deferred compensatory time and estimated liabilities for questioned costs. As of December 31, 2013, the total amount of non-Enterprise Fund claims was \$493.2 million and Enterprise Fund was \$54.5 million. This liability is the City's best estimate based on available information. Changes in the reported liability for all funds are as follows (dollars in thousands):

	<u>2013</u>	<u>2012</u>
Balance, January 1.....	\$ 608,485	\$ 554,797
Claims incurred and change in estimates.....	699,582	755,278
Claims paid on current and prior year events.....	<u>(760,393)</u>	<u>(701,590)</u>
Balance, December 31.....	<u>547,674</u>	<u>\$ 608,485</u>

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

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

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

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**a) Fund Balance Classifications**

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

	General	Federal, State and Local Grants	Special Taxing Areas	Service Concession and Reserve	Bond, Note Redemption and Interest	Community Development Improvement Projects	Other Governmental Funds
Nonspendable Purpose:							
Inventory .....	\$ 24,788			-			
Restricted Purpose:							
TIF and Special Service Area Programs and Redevelopment			1,522,686				
Capital Projects .....						363,591	51,957
Grants .....		5,880					
Debt Service .....					189,883		123,740
General Government .....							4,291
Committed Purpose:							
Debt Service .....					7,118		
Budget and Credit Rating Stabilization .....				590,198			
Repair, Maintenance and City Services .....							101,757
Assigned Purpose:							
Future obligations .....	85,036						
Special Projects .....	28,491						
Unassigned	28,742	(292,276)		(1,597,326)			(11,965)
Total Government Fund Balance .....	<u>\$ 167,057</u>	<u>\$ (286,396)</u>	<u>\$ 1,522,686</u>	<u>\$ (1,007,128)</u>	<u>\$ 197,001</u>	<u>\$ 363,591</u>	<u>\$ 269,780</u>

At the end of the fiscal year, total encumbrances for the General Operating Fund amounted to \$28.5 million, \$76.6 million for the Special Taxing Areas Fund, \$54.1 million for the Capital Projects Fund and \$10.0 million for the Non Major Special Revenue Fund.

**15) Commitments and Contingencies**

The City is a defendant in various pending and threatened individual and class action litigation relating principally to claims arising from contracts, personal injury, property damage, police conduct, alleged discrimination, civil rights actions and other matters. City management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial position of the City.

The City participates in a number of federal-and state-assisted grant programs. These grants are subject to audits by or on behalf of the grantors to assure compliance with grant provisions. Based upon past experience and management’s judgment, the City has made provisions in the General Fund for questioned costs and other amounts estimated to be disallowed. City management expects such provision to be adequate to cover actual amounts disallowed, if any.

As of December 31, 2013, the Enterprise Funds have entered into contracts for approximately \$1,166.2 million for construction projects.

The City's pollution remediation obligation of \$8.4 million is primarily related to Brownfield redevelopment projects. These projects include removal of underground storage tanks, cleanup of contaminated soil, and removal of other environmental pollution identified at the individual sites. The estimated liability is calculated using the expected cash flow technique. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**16) Concession Agreements**

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

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

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

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

**17) Restatement Due to Implementation of New Accounting Standards**

As a result of implementing GASB 65, net position/(deficit) was restated at January 1, 2013. With the adoption of GASB 65, the City is reporting the deferred loss on bond refunding as a deferred outflow. Bond issuance costs (excluding the portion related to bond insurance) are expensed and no longer amortized annually. In addition, for O'Hare and Midway, noise mitigation costs are expensed and no longer amortized annually as other assets. The following is a reconciliation of the total net position as previously reported at January 1, 2013, to the restated net position (dollars in thousands):

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

<u>Reconciliation of Net (Deficit) Position</u>	<u>Total Net (Deficit) Position</u>
<b>Governmental Activities:</b>	
January 1, 2013, as previously reported	\$ (5,844,502)
Adjustment for GASB 65	<u>(53,196)</u>
January 1, 2013, as restated	<u><u>(5,897,698)</u></u>
<b>Business Type Activities:</b>	
Water Fund	
January 1, 2013, as previously reported	\$ 1,262,449
Adjustment for GASB 65	<u>(11,075)</u>
January 1, 2013, as restated	1,251,374
Sewer Fund	
January 1, 2013, as previously reported	\$ 565,645
Adjustment for GASB 65	<u>(6,781)</u>
January 1, 2013, as restated	558,864
Chicago Midway International Airport	
January 1, 2013, as previously reported	\$ 159,429
Adjustment for GASB 65	<u>(129,629)</u>
January 1, 2013, as restated	29,800
Chicago O'Hare International Airport	
January 1, 2013, as previously reported	\$ 1,409,099
Adjustment for GASB 65	<u>(254,481)</u>
January 1, 2013, as restated	1,154,618
<b>Total Business Type Activities (including Skyway):</b>	
January 1, 2013, as previously reported	\$ 2,016,255
Adjustment for GASB 65	<u>(401,966)</u>
January 1, 2013, as restated	<u><u>1,614,289</u></u>

**Reclassifications** – in the fund financials, property taxes levied for future years and grants that have met the eligibility criteria except for time availability have been reclassified from liabilities to deferred inflows of resources at January 1, 2013. In the government wide financials for governmental and business-type activities, the unamortized loss on refundings has been reclassified from long-term debt to deferred outflows.

**18) Subsequent Events**

**Ratings**

In March 2014, Moody's Investors Service downgraded the ratings of the City's General Obligation bonds and Sales Tax revenue bonds from A3 to Baa1, the City's Water and Wastewater senior lien revenue bonds from A1 to A2, and the City's Water and Wastewater second lien revenue bonds from A2 to A3, each with a negative outlook.

**Bonds**

In January 2014, the City redeemed \$8.6 million of Chicago Midway Airport Second Lien Revenue Bonds, Series 1998B.

In March 2014, the City sold General Obligation Bonds Project and Refunding Series 2014A and General Obligation Taxable Project and Refunding Series 2014B (\$883.4 million). The bonds were issued at interest rates ranging from 4.0 percent to 6.314 percent and maturity dates from January 1, 2018 to January 1, 2044. Proceeds will be used to pay for a portion of the costs of various capital projects of the City, fund certain settlements and judgments, refund certain outstanding General Obligation bonds and commercial paper notes, fund capitalized interest and pay costs of issuance.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

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In June 2014, the City sold Midway Airport Second Lien Revenue and Revenue Refunding Bonds, Series 2014A (AMT) and 2014B (Non-AMT) and Revenue Refunding Series 2014C (AMT) (\$896.5 million). The Series 2014A and 2014B bonds were issued at interest rates ranging from 4.0 percent to 5.0 percent and maturity dates from January 1, 2019 to January 1, 2041. The Series 2014C bonds are variable rate bonds in the weekly mode. The initial interest rate was 0.08 percent and mandatory sinking fund payments due January 1, 2041 to January 1, 2043 and a final maturity of January 1, 2044. Proceeds of the Series 2014A and B bonds will be used to pay for a portion of the costs of various capital projects of the Airport, refund certain outstanding first and second lien Midway Airport bonds and commercial paper notes, fund capitalized interest, fund debt service reserve deposits and pay costs of issuance. Proceeds of the Series 2014C bonds will be used to refund the outstanding variable rate Second Lien Series 1998A and B bonds and to pay costs of issuance.

In June 2014, the City sold Motor Fuel Tax Revenue Refunding Bonds, Series 2013 (Issue of June 2014) (\$105.9 million). The bonds were issued at interest rates ranging from 2.0 percent to 5.0 percent and maturity dates from January 1, 2015 to January 1, 2033. Proceeds will be used to refund the outstanding Series 2003 Motor Fuel Tax Bonds and pay costs of issuance.

**Commercial Paper**

As of December 31, 2013, the outstanding balance for Chicago General Obligation Commercial Paper Notes (G.O. CP) was \$270.3 million. Since January 2014, the City has refinanced \$193.1 million of Chicago G.O. CP on a long term basis and has issued \$0.1 million to fund rolled interest on outstanding G.O. CP. The current amount of G.O. CP outstanding is approximately \$101.3 million.

In May 2014, the City issued \$30.0 million aggregate principal amount of Midway CP Notes. The proceeds will be used to finance a portion of the cost of authorized airport projects. After applying proceeds of the 2014 Midway Second Lien Bonds (below) the \$57.7 million of Midway CP Notes outstanding will be repaid and there will be no Midway CP Notes outstanding.

In June 2014, the City issued \$31.0 million aggregate principal amount of Chicago O'Hare International Airport Commercial Paper Notes (O'Hare CP Notes). The proceeds of these O'Hare CP Notes will be used to finance a portion of the costs of authorized airport projects.

**Swaps**

In March 2014, the City modified two swaps. The first modification was with respect to the \$50.0 million notional amount on the G.O. Bonds Series 2007 E,F & G Morgan Stanley swap. The Additional Termination Event (ATE) rating threshold was reduced from below Baa1 by Moody's or BBB+ by S&P to below Baa3 or BBB- by Moody's and S&P respectively and the Termination Date was changed from 1/1/2042 to 8/1/2018. The second modification was for the \$156 million notional amount of the Goldman Sachs swap on the G.O. Bonds Series 2005D. The ATE rating threshold was reduced from below Baa1 by Moody's or BBB+ by S&P to below Baa3 or BBB- by Moody's and S&P respectively and the Termination Date was changed from 1/1/2040 to 7/1/2020.

In April 2014, the City modified one swap overlay related to the G.O. Bonds Series 2005D. In conjunction with the modification, the credit support provider, The Bank of New York Mellon replaced Rice Financial as the counterparty. The swap was modified to reduce the rating threshold for the Additional Termination Event (ATE) from below Baa1 by Moody's or BBB+ by S&P to below Baa2 or BBB by Moody's and S&P respectively. As a result, the amount the City pays increases from SIFMA to SIFMA plus .045%, effective May 1, 2014 through the Termination Date.

**Letters and Lines of Credit**

In February 2014, the City secured a letter of credit (LOC) with PNC Bank for the benefit of The Prudential Insurance Company of America in connection with the Orange Line sale/leaseback transaction entered into in 2005. The City is required to post cash or a letter of credit as collateral since the City's General Obligation rating fell below A2 by Moody's or A by Standard and Poor's. The collateral posting requirement was triggered in July 2013 when Moody's downgraded the City's General Obligation bond rating to A3. The amount of the LOC initially is approximately \$158.7 million and the amount will increase or decrease based on a schedule in the letter of credit. The LOC amount increased in April 2014 to \$164.7 million. The LOC expires February 13, 2015.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

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In February 2014, the City entered into a Revolving Credit Agreement with Morgan Stanley Bank, N.A. which allows the City to draw on the line of credit in an aggregate amount not to exceed \$100 million. This agreement expanded the G.O. CP and Line of Credit program capacity to \$600 million of the authorized \$1 billion total short-term borrowing capacity. The City's repayment obligation under the line of credit is a general obligation of the City. The line of credit expires February 20, 2016.

In April 2014, the City entered into a Revolving Credit Agreement with J.P. Morgan Chase Bank, National Association, which allows the City to draw on the line of credit in an aggregate amount not to exceed \$200 million. This agreement expanded the G.O. CP and Line of Credit program capacity to \$800 million of the authorized \$1 billion total short-term borrowing capacity. The City's repayment obligation under the line of credit is a general obligation of the City. The line of credit expires April 25, 2016.

In May 2014, the City entered into a Revolving Credit Agreement with Barclays Bank PLC, which allows the City to draw on the line of credit in an aggregate amount not to exceed \$100 million. This agreement expanded the G.O. CP and Line of Credit program capacity to \$900 million of the authorized \$1 billion total short-term borrowing capacity. The City's repayment obligation under the line of credit is a general obligation of the City. The line of credit expires November 30, 2015.

**Other Financings**

In June 2014, the City terminated two lease/leaseback transactions relating to its 911 and 311 systems (QTE-1 and QTE-2). Under the termination agreements, the leases are terminated and the City regains unrestricted title to its 911 and 311 systems. Under the termination agreement relating to QTE-1, the City will pay a gross amount of \$1.0 million to Bank of America N.A. There was also a related secondary loan with Dexia Credit Local that was simultaneously terminated with a net gain to the City of \$0.03 million. As such, the net cost to the City of terminating this lease transaction (QTE-1) was \$0.97 million. To terminate the QTE-2 transaction, the City will make a net payment of \$1.3 million to SMBC Leasing Investment LLC on June 30, 2014.

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

	Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Entry Age ( b )	Unfunded Actuarial Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	Unfunded (Surplus) AAL as a Percentage of Covered Payroll (( b-a ) / c )
<b>Municipal Employees'</b>							
2011 .....	12/31/2011	\$ -	\$ 163,242	\$ 163,242	- %	\$ 1,605,993	10.16 %
2012 .....	12/31/2012	-	162,083	162,083	-	1,590,794	10.19
2013 .....	12/31/2013	-	27,573	27,573	-	1,580,289	1.74
<b>Laborers'</b>							
2011 .....	12/31/2011	-	38,328	38,328	- %	195,238	19.63 %
2012 .....	12/31/2012	-	38,654	38,654	-	198,790	19.44
2013 .....	12/31/2013	-	7,074	7,074	-	200,352	3.53
<b>Policemen's</b>							
2011 .....	12/31/2011	-	165,955	165,955	- %	1,034,404	16.04 %
2012 .....	12/31/2012	-	168,811	168,811	-	1,015,171	16.63
2013 .....	12/31/2013	-	28,376	28,376	-	1,015,426	2.79
<b>Firemen's</b>							
2011 .....	12/31/2011	-	46,980	46,980	- %	425,385	11.04 %
2012 .....	12/31/2012	-	46,206	46,206	-	418,965	11.03
2013 .....	12/31/2013	-	7,692	7,692	-	416,492	1.85
<b>City of Chicago</b>							
2011 .....	12/31/2010	-	390,611	390,611	- %	2,475,080	15.78 %
2012 .....	12/31/2011	-	470,952	470,952	-	2,518,735	18.70
2013 .....	12/31/2012	-	997,281	997,281	-	2,385,198	41.81



**COMBINING AND  
INDIVIDUAL FUND STATEMENTS  
GENERAL FUND**



**Schedule A-1**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>LOCAL TAX REVENUE</b>				
<b>UTILITY TAX:</b>				
Gas .....	\$ 94,465	\$ 94,465	\$ 122,139	\$ 27,674
Electric .....	98,879	98,879	98,557	(322)
Telecommunication .....	132,400	132,400	119,348	(13,052)
Commonwealth Edison .....	91,910	91,910	90,602	(1,308)
Fiber Optics .....	-	-	23	23
Cable Television .....	26,568	26,568	26,200	(368)
Total Utility Tax .....	<u>444,222</u>	<u>444,222</u>	<u>456,869</u>	<u>12,647</u>
<b>SALES TAX:</b>				
Home Rule Retailers' Occupation .....	260,200	260,200	267,576	7,376
<b>TRANSPORTATION TAX:</b>				
Parking .....	122,100	122,100	124,384	2,284
Vehicle Fuel .....	49,400	49,400	49,089	(311)
Ground Transportation .....	9,100	9,100	9,070	(30)
Total Transportation Tax .....	<u>180,600</u>	<u>180,600</u>	<u>182,543</u>	<u>1,943</u>
<b>TRANSACTION TAX:</b>				
Real Property .....	94,800	94,800	141,907	47,107
Personal Property Lease .....	124,000	124,000	140,227	16,227
Motor Vehicle Lessor .....	6,200	6,200	6,249	49
Total Transaction Tax .....	<u>225,000</u>	<u>225,000</u>	<u>288,383</u>	<u>63,383</u>
<b>RECREATION TAX:</b>				
Amusement .....	88,100	88,100	96,739	8,639
Automatic Amusement .....	922	922	631	(291)
Liquor .....	32,966	32,966	32,048	(918)
Boat Mooring .....	1,428	1,428	1,275	(153)
Cigarette .....	17,000	17,000	16,268	(732)
Off Track Betting .....	714	714	604	(110)
Soft Drink .....	21,610	21,610	21,564	(46)
Total Recreation Tax .....	<u>162,740</u>	<u>162,740</u>	<u>169,129</u>	<u>6,389</u>
<b>BUSINESS TAX:</b>				
Hotel .....	87,800	87,800	89,851	2,051
Employers' Expense .....	10,500	10,500	11,261	761
Foreign Fire Insurance .....	4,890	4,890	4,601	(289)
Total Business Tax .....	<u>103,190</u>	<u>103,190</u>	<u>105,713</u>	<u>2,523</u>
<b>TOTAL LOCAL TAX REVENUE .....</b>	<u>1,375,952</u>	<u>1,375,952</u>	<u>1,470,213</u>	<u>94,261</u>

**Schedule A-1 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>INTERGOVERNMENTAL REVENUE</b>				
<b>STATE INCOME TAX:</b>				
Income .....	\$ 256,000	\$ 256,000	\$ 275,979	\$ 19,979
Personal Property Replacement .....	4,604	4,604	32,920	28,316
Total State Income Tax .....	<u>260,604</u>	<u>260,604</u>	<u>308,899</u>	<u>48,295</u>
<b>STATE SALES TAX:</b>				
State Retailers' Occupation .....	302,858	302,858	316,105	13,247
<b>STATE AUTO RENTAL TAX:</b>				
Municipal Auto Rental .....	3,800	3,800	3,974	174
<b>FEDERAL/STATE GRANTS:</b>				
Grants .....	1,320	1,320	1,871	551
TOTAL INTERGOVERNMENTAL REVENUE .....	<u>568,582</u>	<u>568,582</u>	<u>630,849</u>	<u>62,267</u>
<b>LOCAL NON-TAX REVENUE</b>				
<b>INTERNAL SERVICE:</b>				
Water Fund .....	68,469	68,469	68,469	-
Chicago-O'Hare International Airport Fund .....	37,125	37,125	35,451	(1,674)
Vehicle Tax Fund .....	21,991	21,991	21,990	(1)
Chicago Midway International Airport Fund .....	9,230	9,230	10,270	1,040
Federal Funds .....	25,021	25,021	19,055	(5,966)
Sewer Fund .....	30,850	30,850	30,850	-
Emergency Communication Fund .....	66,186	66,186	68,538	2,352
Federal Funds - Pensions .....	16,670	16,670	15,842	(828)
Intergovernmental Vouchers (IV) .....	2,794	3,565	75	(3,490)
Department of Housing & Economic Development .	1,161	1,161	-	(1,161)
Transportation .....	10,477	10,477	14,037	3,560
Department of Fleet and Facility Management .....	17,084	17,084	12,797	(4,287)
Miscellaneous - Planning, Purchasing, etc. ....	5,703	5,703	7,684	1,981
Other .....	743	743	1,465	722
Total Internal Service .....	<u>313,504</u>	<u>314,275</u>	<u>306,523</u>	<u>(7,752)</u>
<b>LICENSES AND PERMITS:</b>				
Alcoholic Liquor Dealers' License .....	11,392	11,392	12,201	809
Building License .....	19,015	19,015	18,972	(43)
Building Permits .....	31,352	31,352	37,794	6,442
Fines and Penalties .....	6,450	6,450	5,867	(583)
Other .....	41,948	41,948	48,799	6,851
Total Licenses and Permits .....	<u>110,157</u>	<u>110,157</u>	<u>123,633</u>	<u>13,476</u>

**Schedule A-1 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>LOCAL NON-TAX REVENUE - Concluded</b>				
<b>FINES:</b>				
Fines, Forfeitures and Penalties .....	\$ 330,620	\$ 330,620	\$ 313,506	\$ (17,114)
<b>INVESTMENT INCOME:</b>				
Interest on Investments .....	3,500	3,500	1,436	(2,064)
<b>CHARGES FOR SERVICES:</b>				
Inspection .....	12,947	12,947	10,106	(2,841)
Information .....	927	927	805	(122)
Safety .....	81,800	81,800	74,647	(7,153)
Reimbursement of Current Expense .....	9,273	9,273	10,056	783
Other .....	19,425	19,425	24,243	4,818
Total Charges for Services .....	<u>124,372</u>	<u>124,372</u>	<u>119,857</u>	<u>(4,515)</u>
<b>MUNICIPAL UTILITIES:</b>				
Parking .....	9,048	9,048	6,429	(2,619)
Total Municipal Utilities .....	<u>9,048</u>	<u>9,048</u>	<u>6,429</u>	<u>(2,619)</u>
<b>LEASES, RENTALS AND SALES:</b>				
Sale of Land and Buildings .....	5,000	6,306	3,522	(2,784)
Vacation of Streets and Alleys .....	3,000	3,000	420	(2,580)
Sale of Impounded Autos .....	60	60	39	(21)
Sale of Materials .....	2,500	2,500	2,600	100
Rentals and Leases .....	11,160	11,160	12,427	1,267
Total Leases, Rentals and Sales .....	<u>21,720</u>	<u>23,026</u>	<u>19,008</u>	<u>(4,018)</u>
<b>MISCELLANEOUS:</b>				
Property Damage .....	155	155	302	147
Other .....	65,945	67,195	38,735	(28,460)
Total Miscellaneous .....	<u>66,100</u>	<u>67,350</u>	<u>39,037</u>	<u>(28,313)</u>
TOTAL LOCAL NON-TAX REVENUE .....	<u>979,021</u>	<u>982,348</u>	<u>929,429</u>	<u>(52,919)</u>
<b>Issuance of Debt, Net of Original</b>				
Discount .....	40,000	40,000	-	(40,000)
<b>Budgeted Prior Years' Surplus</b>				
and Reappropriations .....	177,000	177,000	77,241	(99,759)
Transfers In .....	18,000	18,000	21,018	3,018
Total Revenues .....	<u>\$ 3,158,555</u>	<u>\$ 3,161,882</u>	<u>\$ 3,128,750</u>	<u>\$ (33,132)</u>

# NONMAJOR GOVERNMENTAL FUNDS



Schedule B-1  
**CITY OF CHICAGO, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 20,245	\$ 11,064	\$ 10,698	\$ 42,007
Investments .....	151,937	5,232	29,102	186,271
Cash and Investments with Escrow Agent .....	-	93,242	-	93,242
Receivables (Net of Allowances):				
Property Tax .....	340,636	92,531	-	433,167
Accounts .....	13,986	33	13,610	27,629
Due from Other Funds .....	86,389	-	12,271	98,660
Due from Other Governments .....	29,934	-	34,667	64,601
<b>Total Assets .....</b>	<b>\$ 643,127</b>	<b>\$ 202,102</b>	<b>\$ 100,348</b>	<b>\$ 945,577</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Voucher Warrants Payable .....	\$ 40,386	\$ -	\$ 10,024	\$ 50,410
Bonds, Notes and Other Obligations Payable - Current ..	-	8,270	-	8,270
Accrued Interest .....	-	2,915	-	2,915
Due to Other Funds .....	173,763	-	38,830	212,593
Accrued and Other Liabilities .....	18,555	129	241	18,925
<b>Total Liabilities .....</b>	<b>232,704</b>	<b>11,314</b>	<b>49,095</b>	<b>293,113</b>
Deferred Inflows .....	304,375	78,309	-	382,684
<b>Fund Balance:</b>				
Restricted .....	4,291	123,740	51,957	179,988
Committed .....	101,757	-	-	101,757
Unassigned .....	-	(11,261)	(704)	(11,965)
<b>Total Fund Balance .....</b>	<b>106,048</b>	<b>112,479</b>	<b>51,253</b>	<b>269,780</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance .</b>	<b>\$ 643,127</b>	<b>\$ 202,102</b>	<b>\$ 100,348</b>	<b>\$ 945,577</b>

Schedule B-2

CITY OF CHICAGO, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended December 31, 2013

(Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property Tax .....	\$ 316,958	\$ 97,621	\$ -	\$ 414,579
Utility Tax .....	68,458	-	-	68,458
Sales Tax .....	-	-	-	-
Transportation Tax .....	181,139	-	-	181,139
State Income Tax .....	127,841	-	-	127,841
Transaction Tax .....	56,110	-	-	56,110
Special Area Tax .....	-	-	-	-
Other Taxes .....	20,133	-	-	20,133
Federal/State Grants .....	-	-	-	-
Internal Service .....	18,078	-	-	18,078
Fines .....	15,954	-	-	15,954
Investment Income .....	208	23	577	808
Charges for Services .....	35,107	-	-	35,107
Miscellaneous .....	15,416	5,395	1,460	22,271
Total Revenues .....	<u>855,402</u>	<u>103,039</u>	<u>2,037</u>	<u>960,478</u>
<b>EXPENDITURES</b>				
Current:				
General Government .....	331,972	-	-	331,972
Health .....	1,105	-	-	1,105
Public Safety .....	4,432	-	-	4,432
Streets and Sanitation .....	54,657	-	-	54,657
Transportation .....	69,461	-	-	69,461
Cultural and Recreational .....	79,690	-	-	79,690
Employee Pensions .....	444,748	-	-	444,748
Other .....	920	-	-	920
Capital Outlay .....	-	-	65,292	65,292
Debt Service:				
Principal Retirement .....	-	51,194	-	51,194
Interest and Other Fiscal Charges .....	115	27,721	-	27,836
Total Expenditures .....	<u>987,100</u>	<u>78,915</u>	<u>65,292</u>	<u>1,131,307</u>
Revenues Over (Under) Expenditures .....	<u>(131,698)</u>	<u>24,124</u>	<u>(63,255)</u>	<u>(170,829)</u>

Continued on following page.

**Schedule B-2 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt .....	\$ 125,063	\$ -	\$ 28,810	\$ 153,873
Payment to Refunded Bond Escrow Agent .....	-	-	-	-
Transfers In .....	7,950	46,352	-	54,302
Transfers Out .....	-	(81,737)	(950)	(82,687)
Total Other Financing Sources (Uses) .....	<u>133,013</u>	<u>(35,385)</u>	<u>27,860</u>	<u>125,488</u>
Net Change in Fund Balances .....	1,315	(11,261)	(35,395)	(45,341)
Fund Balance - Beginning of Year .....	104,733	123,740	86,648	315,121
Fund Balance - End of Year .....	<u>\$ 106,048</u>	<u>\$ 112,479</u>	<u>\$ 51,253</u>	<u>\$ 269,780</u>



## **NONMAJOR SPECIAL REVENUE FUNDS**

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

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

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

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

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

**Chicago Public Library Fund** - Expenditures for acquisition, repairs, construction and equipment of library buildings; also library maintenance and operations as provided by proceeds of debt, fines and miscellaneous revenues.

**Special Events, Tourism and Festivals Fund** - Expenditures for promoting tourism, conventions and other special events projects in Chicago as provided by the State from Municipal Hotel-Motel Tax receipts and by proceeds from Jazz, Blues and Gospel Festivals and Taste of Chicago.

**Health and Welfare Fund** - For general assistance to be expended and administered by the Illinois Department of Public Aid as provided by patient fees, City and State grants and proceeds of debt, and for neighborhood human infrastructure projects designed to improve the quality of life for citizens.

Schedule C-1  
CITY OF CHICAGO, ILLINOIS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2013  
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ -	\$ 9,644	\$ 1,463
Investments .....	68,266	13,913	707
Receivables (Net of Allowances):			
Property Tax .....	-	-	340,636
Accounts .....	3,226	2,050	99
Due from Other Funds .....	64,616	84	-
Due from Other Governments .....	-	12,154	7,835
Total Assets .....	<u>\$ 136,108</u>	<u>\$ 37,845</u>	<u>\$ 350,740</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Voucher Warrants Payable .....	\$ 13,583	\$ 6,669	\$ 2,267
Due to Other Funds .....	97,176	5,425	36,263
Accrued and Other Liabilities .....	3,198	130	7,835
Total Liabilities .....	<u>113,957</u>	<u>12,224</u>	<u>46,365</u>
Deferred Inflows .....	<u>-</u>	<u>-</u>	<u>304,375</u>
<b>Fund Balance (Deficit):</b>			
Restricted .....	-	-	-
Committed .....	22,151	25,621	-
Total Fund Balance (Deficit) .....	<u>22,151</u>	<u>25,621</u>	<u>-</u>
Total Liabilities and Fund Balance .....	<u>\$ 136,108</u>	<u>\$ 37,845</u>	<u>\$ 350,740</u>

<u>Public Building Commission</u>	<u>Miscellaneous</u>	<u>Chicago Public Library</u>	<u>Special Events, Tourism and Festivals</u>	<u>Health and Welfare</u>	<u>Intrafund Activity Eliminations</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 1	\$ 6	\$ 8,929	\$ 202	\$ -	\$ 20,245
-	53,492	540	5,576	9,443	-	151,937
-	-	-	-	-	-	340,636
-	8,289	135	184	3	-	13,986
-	36	19,597	2,056	-	-	86,389
5,057	-	-	4,888	-	-	29,934
<u>\$ 5,057</u>	<u>\$ 61,818</u>	<u>\$ 20,278</u>	<u>\$ 21,633</u>	<u>\$ 9,648</u>	<u>\$ -</u>	<u>\$ 643,127</u>
\$ -	\$ 9,945	\$ 3,626	\$ 2,395	\$ 1,901	\$ -	\$ 40,386
30	24,647	6,321	3,901	-	-	173,763
-	37	1,140	6,215	-	-	18,555
<u>30</u>	<u>34,629</u>	<u>11,087</u>	<u>12,511</u>	<u>1,901</u>	<u>-</u>	<u>232,704</u>
-	-	-	-	-	-	304,375
-	4,291	-	-	-	-	4,291
5,027	22,898	9,191	9,122	7,747	-	101,757
<u>5,027</u>	<u>27,189</u>	<u>9,191</u>	<u>9,122</u>	<u>7,747</u>	<u>-</u>	<u>106,048</u>
<u>\$ 5,057</u>	<u>\$ 61,818</u>	<u>\$ 20,278</u>	<u>\$ 21,633</u>	<u>\$ 9,648</u>	<u>\$ -</u>	<u>\$ 643,127</u>

Schedule C-2  
CITY OF CHICAGO, ILLINOIS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)  
Year Ended December 31, 2013  
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
Revenues:			
Property Tax .....	\$ -	\$ -	\$ 316,958
Utility Tax .....	-	-	-
Transportation Tax .....	114,616	64,975	-
State Income Tax .....	-	-	127,841
Transaction Tax .....	-	-	-
Other Taxes .....	-	-	-
Internal Service .....	18,024	54	-
Fines .....	14,106	-	-
Investment Income .....	(88)	37	14
Charges for Services .....	18,397	-	-
Miscellaneous .....	66	-	-
Total Revenues .....	<u>165,121</u>	<u>65,066</u>	<u>444,813</u>
Expenditures:			
Current:			
General Government .....	77,523	15,141	65
Health .....	-	-	-
Public Safety .....	230	-	-
Streets and Sanitation .....	37,306	17,351	-
Transportation .....	48,057	20,930	-
Cultural and Recreational .....	-	-	-
Employee Pensions .....	-	-	444,748
Other .....	-	-	-
Debt Service:			
Interest and Other Fiscal Charges .....	-	11	-
Total Expenditures .....	<u>163,116</u>	<u>53,433</u>	<u>444,813</u>
Revenues Over (Under) Expenditures .....	<u>2,005</u>	<u>11,633</u>	<u>-</u>
Other Financing Sources (Uses):			
Issuance of Debt .....	-	-	-
Transfers In .....	-	-	-
Total Other Financing Sources (Uses) .....	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances .....	2,005	11,633	-
Fund Balance (Deficit) - Beginning of Year .....	20,146	13,988	-
Fund Balance (Deficit) - End of Year .....	<u>\$ 22,151</u>	<u>\$ 25,621</u>	<u>\$ -</u>

<u>Public Building Commission</u>	<u>Miscellaneous</u>	<u>Chicago Public Library</u>	<u>Special Events, Tourism and Festivals</u>	<u>Health and Welfare</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 316,958
-	68,458	-	-	-	68,458
-	-	-	1,548	-	181,139
-	-	-	-	-	127,841
-	56,110	-	-	-	56,110
-	-	-	20,133	-	20,133
-	-	-	-	-	18,078
-	-	1,848	-	-	15,954
-	135	11	-	99	208
-	3,604	148	12,958	-	35,107
1,134	7,311	377	6,528	-	15,416
<u>1,134</u>	<u>135,618</u>	<u>2,384</u>	<u>41,167</u>	<u>99</u>	<u>855,402</u>
2,053	188,252	31,363	6,489	11,086	331,972
-	1,105	-	-	-	1,105
-	3,569	-	133	500	4,432
-	-	-	-	-	54,657
-	474	-	-	-	69,461
-	-	48,842	30,848	-	79,690
-	-	-	-	-	444,748
-	-	-	920	-	920
-	-	104	-	-	115
<u>2,053</u>	<u>193,400</u>	<u>80,309</u>	<u>38,390</u>	<u>11,586</u>	<u>987,100</u>
<u>(919)</u>	<u>(57,782)</u>	<u>(77,925)</u>	<u>2,777</u>	<u>(11,487)</u>	<u>(131,698)</u>
-	51,800	73,263	-	-	125,063
-	-	7,950	-	-	7,950
-	<u>51,800</u>	<u>81,213</u>	-	-	<u>133,013</u>
(919)	(5,982)	3,288	2,777	(11,487)	1,315
5,946	33,171	5,903	6,345	19,234	104,733
<u>\$ 5,027</u>	<u>\$ 27,189</u>	<u>\$ 9,191</u>	<u>\$ 9,122</u>	<u>\$ 7,747</u>	<u>\$ 106,048</u>

**Schedule C-3**  
**CITY OF CHICAGO, ILLINOIS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

FUND	Transaction and Property Tax	Special Area and Utility Taxes	Trans- portation Tax	State Taxes
<b>Original and Final Budgeted Revenues:</b>				
Vehicle Tax .....	\$ -	\$ -	\$ 116,585	\$ -
Motor Fuel Tax and Project .....	-	-	48,081	-
Pension .....	342,798	-	-	127,239
Miscellaneous .....	37,920	66,686	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	-	20,664
Health and Welfare .....	-	-	-	-
Special Taxing Areas .....	-	-	-	-
Total Original and Final Budgeted Revenues ...	<u>380,718</u>	<u>66,686</u>	<u>164,666</u>	<u>147,903</u>
<b>Actual Revenues:</b>				
Vehicle Tax .....	-	-	114,616	-
Motor Fuel Tax and Project .....	-	-	64,975	-
Pension .....	337,463	-	-	127,841
Miscellaneous .....	56,110	68,458	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	1,548	20,133
Health and Welfare .....	-	-	-	-
Special Taxing Areas .....	310,226	-	-	-
Total Actual Revenues .....	<u>703,799</u>	<u>68,458</u>	<u>181,139</u>	<u>147,974</u>
Variance Positive (Negative) .....	<u>\$ 323,081</u>	<u>\$ 1,772</u>	<u>\$ 16,473</u>	<u>\$ 71</u>

<u>Internal Service</u>	<u>Fines</u>	<u>Investment Income</u>	<u>Leases, Rentals, Sales and Charges for Services</u>	<u>Miscellaneous</u>	<u>Proceeds of Debt</u>	<u>Budgeted Prior Years' Surplus and Operating Transfers In/ Other</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 19,843	\$ 9,100	\$ -	\$ 11,234	\$ -	\$ -	\$ 12,967	\$ 169,729
-	-	6,000	-	-	-	6,924	61,005
-	-	-	-	-	-	-	470,037
-	-	-	-	67,495	-	547	172,648
-	2,230	50	750	950	72,261	13,729	89,970
-	-	2	10,600	6,500	-	2,906	40,672
-	-	-	-	10,159	-	322	10,481
-	-	-	-	9,215	-	-	9,215
<u>19,843</u>	<u>11,330</u>	<u>6,052</u>	<u>22,584</u>	<u>94,319</u>	<u>72,261</u>	<u>37,395</u>	<u>1,023,757</u>
18,024	14,106	(88)	18,397	66	-	-	165,121
54	-	37	-	-	-	-	65,066
-	-	14	-	-	-	-	465,318
-	-	135	(629)	7,311	51,800	-	183,185
-	1,848	11	148	377	73,263	7,950	83,597
-	-	-	11,165	6,528	-	-	39,374
-	-	99	-	-	-	-	99
-	-	10,166	22	928	-	79,088	400,430
<u>18,078</u>	<u>15,954</u>	<u>10,374</u>	<u>29,103</u>	<u>15,210</u>	<u>125,063</u>	<u>87,038</u>	<u>1,402,190</u>
<u>\$ (1,765)</u>	<u>\$ 4,624</u>	<u>\$ 4,322</u>	<u>\$ 6,519</u>	<u>\$ (79,109)</u>	<u>\$ 52,802</u>	<u>\$ 49,643</u>	<u>\$ 378,433</u>

**Schedule C-4**  
**CITY OF CHICAGO, ILLINOIS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF EXPENDITURES AND ENCUMBRANCES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

FUND	General Government	Health	Public Safety	Streets and Sanitation
<b>Original and Final Budget:</b>				
Vehicle Tax .....	\$ 77,759	\$ -	\$ -	\$ 40,941
Motor Fuel Tax and Project .....	12,135	-	-	20,369
Pension .....	470,037	-	-	-
Miscellaneous .....	167,434	-	5,214	-
Chicago Public Library .....	89,381	-	-	-
Special Events, Tourism and Festivals .....	8,557	-	133	-
Health and Welfare .....	10,481	-	-	-
Special Taxing Area .....	9,215	-	-	-
Total Original and Final Budget .....	<u>844,999</u>	<u>-</u>	<u>5,347</u>	<u>61,310</u>
<b>Actual Expenditures and Encumbrances:</b>				
Vehicle Tax .....	76,504	-	-	37,834
Motor Fuel Tax and Project .....	12,134	-	-	20,256
Pension .....	444,813	-	-	-
Miscellaneous .....	187,781	-	3,774	-
Chicago Public Library .....	78,009	-	-	-
Special Events, Tourism and Festivals .....	7,671	-	133	-
Health and Welfare .....	9,936	-	-	-
Total Actual Expenditures and Encumbrances ..	<u>816,848</u>	<u>-</u>	<u>3,907</u>	<u>58,090</u>
Variance Positive (Negative) .....	<u>\$ 28,151</u>	<u>\$ -</u>	<u>\$ 1,440</u>	<u>\$ 3,220</u>



<u>Trans- portation</u>	<u>Cultural and Recreational</u>	<u>Employee Pensions</u>	<u>Operating Transfers Out</u>	<u>Interest and Other Fiscal Charges</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 51,029	\$ -	\$ -	\$ -	\$ -	\$ 169,729
28,501	-	-	-	-	61,005
-	-	-	-	-	470,037
-	-	-	-	-	172,648
-	423	-	-	166	89,970
-	31,982	-	-	-	40,672
-	-	-	-	-	10,481
-	-	-	-	-	9,215
<u>79,530</u>	<u>32,405</u>	<u>-</u>	<u>-</u>	<u>166</u>	<u>1,023,757</u>
48,544	-	-	-	-	162,882
22,660	-	-	-	-	55,050
-	-	-	-	-	444,813
-	-	-	-	-	191,555
-	397	-	-	6	78,412
-	31,089	-	-	-	38,893
-	-	-	-	-	9,936
<u>71,204</u>	<u>31,486</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>981,541</u>
<u>\$ 8,326</u>	<u>\$ 919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 42,216</u>

# NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

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



Schedule D-1  
CITY OF CHICAGO, ILLINOIS  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
December 31, 2013  
(Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 14	\$ -	\$ 10,684	\$ -	\$ 10,698
Investments .....	7	55	29,040	-	29,102
Accounts Receivable (Net of Allowances) ....	-	-	13,610	-	13,610
Due from Other Funds .....	-	-	12,271	-	12,271
Due from Other Governments .....	-	-	-	34,667	34,667
Total Assets .....	<u>\$ 21</u>	<u>\$ 55</u>	<u>\$ 65,605</u>	<u>\$ 34,667</u>	<u>\$ 100,348</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Voucher Warrants Payable .....	\$ 122	\$ -	\$ 9,902	\$ -	\$ 10,024
Due to Other Funds .....	-	658	3,505	34,667	38,830
Accrued and Other Liabilities .....	-	-	241	-	241
Total Liabilities .....	<u>122</u>	<u>658</u>	<u>13,648</u>	<u>34,667</u>	<u>49,095</u>
Fund Balance:					
Restricted .....	-	-	51,957	-	51,957
Unassigned .....	(101)	(603)	-	-	(704)
Total Fund Balance .....	<u>(101)</u>	<u>(603)</u>	<u>51,957</u>	<u>-</u>	<u>51,253</u>
Total Liabilities and Fund Balance .....	<u>\$ 21</u>	<u>\$ 55</u>	<u>\$ 65,605</u>	<u>\$ 34,667</u>	<u>\$ 100,348</u>

Schedule D-2  
CITY OF CHICAGO, ILLINOIS  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Year Ended December 31, 2013  
(Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
<b>REVENUES</b>					
Investment Income .....	\$ -	\$ -	\$ 577	\$ -	\$ 577
Miscellaneous .....	-	-	1,460	-	1,460
Total Revenues .....	<u>-</u>	<u>-</u>	<u>2,037</u>	<u>-</u>	<u>2,037</u>
<b>EXPENDITURES</b>					
Capital Outlay .....	-	-	65,292	-	65,292
Total Expenditures .....	<u>-</u>	<u>-</u>	<u>65,292</u>	<u>-</u>	<u>65,292</u>
Revenues Over (Under) Expenditures .....	<u>-</u>	<u>-</u>	<u>(63,255)</u>	<u>-</u>	<u>(63,255)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt .....	-	-	28,810	-	28,810
Transfers Out .....	-	-	(950)	-	(950)
Total Other Financing Sources (Uses) ..	<u>-</u>	<u>-</u>	<u>27,860</u>	<u>-</u>	<u>27,860</u>
Net Change in Fund Balance .....	-	-	(35,395)	-	(35,395)
Fund Balance - Beginning of Year .....	(101)	(603)	87,352	-	86,648
Fund Balance - End of Year .....	<u>\$ (101)</u>	<u>\$ (603)</u>	<u>\$ 51,957</u>	<u>\$ -</u>	<u>\$ 51,253</u>

# FIDUCIARY FUNDS

**AGENCY FUNDS** - Account for transactions for assets held by the City as agent for various entities.

**PENSION TRUST FUNDS** - Expenditures for employee pensions as provided by employee and employer contributions and investment earnings.



Schedule E-1  
CITY OF CHICAGO, ILLINOIS  
FIDUCIARY FUNDS - AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
December 31, 2013  
(Amounts are in Thousands of Dollars)

	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
<b>ASSETS:</b>						
Cash,						
January 1, 2013.....	\$ 17,437	\$ 11,804	\$ 60,317	\$ 27,812	\$ 778	\$ 118,148
Additions.....	3,471,269	11,007	549,676	84,399	16,074	4,132,425
Deductions.....	<u>3,488,374</u>	<u>10,997</u>	<u>543,462</u>	<u>81,671</u>	<u>16,063</u>	<u>4,140,567</u>
Cash,						
December 31, 2013....	<u>332</u>	<u>11,814</u>	<u>66,531</u>	<u>30,540</u>	<u>789</u>	<u>110,006</u>
Investments,						
January 1, 2013.....	183	5,596	65,145	18,243	3,337	92,504
Additions.....	361	10,997	2,050,520	53,634	19,972	2,135,484
Deductions.....	<u>361</u>	<u>11,007</u>	<u>2,055,431</u>	<u>51,764</u>	<u>19,967</u>	<u>2,138,530</u>
Investments,						
December 31, 2013....	<u>183</u>	<u>5,586</u>	<u>60,234</u>	<u>20,113</u>	<u>3,342</u>	<u>89,458</u>
Cash and Investments with Escrow Agent,						
January 1, 2013.....	-	-	9,924	122	-	10,046
Additions.....	-	-	92,830	-	-	92,830
Deductions.....	<u>-</u>	<u>-</u>	<u>94,573</u>	<u>-</u>	<u>-</u>	<u>94,573</u>
Cash and Investments with Escrow Agent,						
December 31, 2013....	<u>-</u>	<u>-</u>	<u>8,181</u>	<u>122</u>	<u>-</u>	<u>8,303</u>
Accounts Receivables,						
January 1, 2013.....	531	3,846	93,034	50,459	1,044	148,914
Additions.....	535	-	114,599	102,287	6	217,427
Deductions.....	<u>1,064</u>	<u>-</u>	<u>108,920</u>	<u>102,495</u>	<u>14</u>	<u>212,493</u>
Accounts Receivables,						
December 31, 2013....	<u>2</u>	<u>3,846</u>	<u>98,713</u>	<u>50,251</u>	<u>1,036</u>	<u>153,848</u>

**Schedule E-1 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
<b>ASSETS - Concluded:</b>						
Total Assets,						
January 1, 2013.....	\$ 18,151	\$ 21,246	\$ 228,420	\$ 96,636	\$ 5,159	\$ 369,612
Additions.....	3,472,165	22,004	2,807,625	240,320	36,052	6,578,166
Deductions.....	<u>3,489,799</u>	<u>22,004</u>	<u>2,802,386</u>	<u>235,930</u>	<u>36,044</u>	<u>6,586,163</u>
Total Assets,						
December 31, 2013....	<u>\$ 517</u>	<u>\$ 21,246</u>	<u>\$ 233,659</u>	<u>\$ 101,026</u>	<u>\$ 5,167</u>	<u>\$ 361,615</u>
<b>LIABILITIES:</b>						
Voucher Warrants Payable,						
January 1, 2013.....	\$ 1,905	\$ 34	\$ 29,867	\$ 3,671	\$ 4	\$ 35,481
Additions.....	7,369,219	-	363,236	13,368	13	7,745,836
Deductions.....	<u>7,366,906</u>	<u>-</u>	<u>361,770</u>	<u>14,475</u>	<u>13</u>	<u>7,743,164</u>
Voucher Warrants Payable,						
December 31, 2013....	<u>4,218</u>	<u>34</u>	<u>31,333</u>	<u>2,564</u>	<u>4</u>	<u>38,153</u>
Accrued Liabilities,						
January 1, 2013.....	16,246	21,212	198,551	92,966	5,156	334,131
Additions.....	1,178,894	-	11,942,329	769,689	54,191	13,945,103
Deductions.....	<u>1,198,841</u>	<u>-</u>	<u>11,938,554</u>	<u>764,193</u>	<u>54,184</u>	<u>13,955,772</u>
Accrued Liabilities,						
December 31, 2013....	<u>(3,701)</u>	<u>21,212</u>	<u>202,326</u>	<u>98,462</u>	<u>5,163</u>	<u>323,462</u>
Total Liabilities,						
January 1, 2013.....	18,151	21,246	228,418	96,637	5,160	369,612
Additions.....	8,548,113	-	12,305,565	783,057	54,204	21,690,939
Deductions.....	<u>8,565,747</u>	<u>-</u>	<u>12,300,324</u>	<u>778,668</u>	<u>54,197</u>	<u>21,698,936</u>
Total Liabilities,						
December 31, 2013....	<u>\$ 517</u>	<u>\$ 21,246</u>	<u>\$ 233,659</u>	<u>\$ 101,026</u>	<u>\$ 5,167</u>	<u>\$ 361,615</u>

**Schedule E-2**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF PLAN NET POSITION**  
**December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 489	\$ 38,385	\$ 187,367	\$ 42,438	\$ 268,679
Receivables					
Employer and Other .....	196,241	15,132	326,954	102,130	640,457
Interest and Dividends .....	15,536	2,101	7,028	3,206	27,871
Total Receivables .....	211,777	17,233	333,982	105,336	668,328
Due from City .....	12,608	1,094	14,274	8,286	36,262
Property, Plant, Equipment and Other .....	180	508	-	119	807
Investments, at Fair Value					
Bonds and U.S. Government Obligations .....	1,276,960	253,278	580,085	178,598	2,288,921
Stocks .....	2,492,580	810,420	1,605,627	705,562	5,614,189
Mortgages and Real Estate .....	487,641	44,320	119,141	40,336	691,438
Other .....	1,052,692	315,226	605,054	40,112	2,013,084
Total Investments .....	5,309,873	1,423,244	2,909,907	964,608	10,607,632
Invested Securities Lending					
Collateral .....	592,858	180,924	271,856	168,963	1,214,601
Total Assets .....	6,127,785	1,661,388	3,717,386	1,289,750	12,796,309
Deferred Outflows .....	-	92	-	-	92
<b>LIABILITIES</b>					
Voucher Warrants Payable .....	113,251	22,885	180,328	4,083	320,547
Securities Lending Collateral .....	592,858	180,924	271,856	168,963	1,214,601
Total Liabilities .....	706,109	203,809	452,184	173,046	1,535,148
Net Position Held in Trust for Pension Benefits .....	\$ 5,421,676	\$ 1,457,671	\$ 3,265,202	\$ 1,116,704	\$ 11,261,253



**Schedule E-3**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION**  
**Year Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ADDITIONS</b>					
Contributions					
Employees .....	\$ 131,532	\$ 16,393	\$ 93,329	\$ 42,520	\$ 283,774
City .....	157,707	14,100	188,889	106,220	466,916
Total Contributions .....	289,239	30,493	282,218	148,740	750,690
Investment Income					
Net Appreciation in Fair					
Value of Investments .....	641,676	191,115	364,545	174,414	1,371,750
Interest, Dividends and Other ...	117,414	25,969	58,977	21,897	224,257
Investment Expense .....	(25,937)	(10,366)	(8,673)	(6,473)	(51,449)
Net Investment Income .....	733,153	206,718	414,849	189,838	1,544,558
Securities Lending Transactions					
Securities Lending Income .....	1,377	454	936	849	3,616
Securities Lending Expense .....	740	171	(10)	(212)	689
Net Securities Lending Transactions .....	2,117	625	926	637	4,305
Total Additions .....	1,024,509	237,836	697,993	339,215	2,299,553
<b>DEDUCTIONS</b>					
Benefits and Refunds of					
Deductions .....	779,004	147,107	641,926	251,819	1,819,856
Administrative and General .....	6,499	4,134	4,298	3,115	18,046
Total Deductions .....	785,503	151,241	646,224	254,934	1,837,902
Net Increase in Net Position .....	239,006	86,595	51,769	84,281	461,651
Net Position Held in Trust for					
Pension Benefits:					
Beginning of Year .....	5,182,670	1,371,076	3,213,433	1,032,423	10,799,602
End of Year .....	\$ 5,421,676	\$ 1,457,671	\$ 3,265,202	\$ 1,116,704	\$ 11,261,253



# **PART III**

## **STATISTICAL SECTION**

### **(UNAUDITED)**

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

Contents:

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

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

**Table 1**  
**CITY OF CHICAGO**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities:</b>				
Invested in capital assets, net of related debt .....	\$ 813,964	\$ 514,271	\$ 574,393	\$ 570,665
Restricted .....	1,346,754	2,632,804	2,451,160	2,980,207
Unrestricted (deficit) .....	<u>(1,397,160)</u>	<u>(1,597,634)</u>	<u>(2,003,328)</u>	<u>(3,435,506)</u>
Total governmental activities, net position .....	<u>\$ 763,558</u>	<u>\$ 1,549,441</u>	<u>\$ 1,022,225</u>	<u>\$ 115,366</u>
<b>Business-type activities:</b>				
Invested in capital assets, net of related debt .....	\$ 1,610,788	\$ 1,879,343	\$ 1,940,069	\$ 2,168,833
Restricted .....	877,781	886,488	971,669	881,908
Unrestricted .....	<u>(117,238)</u>	<u>(1,603,766)</u>	<u>(1,587,939)</u>	<u>(1,561,634)</u>
Total business type activities, net position .....	<u>\$ 2,371,331</u>	<u>\$ 1,162,065</u>	<u>\$ 1,323,799</u>	<u>\$ 1,489,107</u>
<b>Primary Government:</b>				
Invested in capital assets, net of related debt .....	\$ 2,424,752	\$ 2,393,614	\$ 2,514,462	\$ 2,739,498
Restricted .....	2,224,535	3,519,292	3,422,829	3,862,115
Unrestricted .....	<u>(1,514,398)</u>	<u>(3,201,400)</u>	<u>(3,591,267)</u>	<u>(4,997,140)</u>
Total primary government, net position .....	<u><u>\$ 3,134,889</u></u>	<u><u>\$ 2,711,506</u></u>	<u><u>\$ 2,346,024</u></u>	<u><u>\$ 1,604,473</u></u>

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

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

<u>2008</u>	<u>2009 (1)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 494,930	\$ 251,103	\$ (324,284)	\$ (299,859)	\$ (215,961)	\$ (242,862)
2,842,149	3,735,128	3,611,533	1,596,408	1,908,516	1,940,911
<u>(4,092,388)</u>	<u>(5,840,026)</u>	<u>(6,582,562)</u>	<u>(5,691,215)</u>	<u>(7,537,057)</u>	<u>(9,120,377)</u>
<u>\$ (755,309)</u>	<u>\$ (1,853,795)</u>	<u>\$ (3,295,313)</u>	<u>\$ (4,394,666)</u>	<u>\$ (5,844,502)</u>	<u>\$ (7,422,328)</u>
\$ 2,323,394	\$ 2,286,658	\$ 2,365,522	\$ 2,451,787	\$ 2,388,310	\$ 2,446,242
779,894	821,909	790,881	874,837	982,517	883,758
<u>(1,517,891)</u>	<u>(1,541,136)</u>	<u>(1,431,859)</u>	<u>(1,541,515)</u>	<u>(1,354,572)</u>	<u>(1,278,777)</u>
<u>\$ 1,585,397</u>	<u>\$ 1,567,431</u>	<u>\$ 1,724,544</u>	<u>\$ 1,785,109</u>	<u>\$ 2,016,255</u>	<u>\$ 2,051,223</u>
\$ 2,818,324	\$ 2,537,761	\$ 2,041,238	\$ 2,151,928	\$ 2,172,349	\$ 2,203,380
3,622,043	4,557,037	4,402,414	2,471,245	2,891,033	2,824,669
<u>(5,610,279)</u>	<u>(7,381,162)</u>	<u>(8,014,421)</u>	<u>(7,232,730)</u>	<u>(8,891,629)</u>	<u>(10,399,154)</u>
<u>\$ 830,088</u>	<u>\$ (286,364)</u>	<u>\$ (1,570,769)</u>	<u>\$ (2,609,557)</u>	<u>\$ (3,828,247)</u>	<u>\$ (5,371,105)</u>

**Table 2**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	2004	2005	2006	2007
<b>Expenses</b>				
Governmental Activities:				
General Government .....	\$ 1,642,072	\$ 1,842,353	\$ 2,088,299	\$ 2,452,145
Public Safety .....	1,853,887	1,834,008	2,300,048	2,435,437
Streets and Sanitation .....	334,878	353,976	337,103	367,222
Transportation .....	275,536	285,598	292,679	333,401
Health .....	164,830	147,376	170,769	175,577
Cultural and Recreational .....	95,924	114,504	119,193	128,003
Interest on Long-term Debt .....	352,119	335,373	371,523	385,305
Total Governmental Activities .....	<u>5,029,637</u>	<u>5,311,133</u>	<u>5,679,614</u>	<u>6,277,090</u>
Business-type Activities:				
Water .....	297,902	326,444	324,075	350,181
Sewer .....	135,013	132,727	130,471	136,961
Chicago Midway International Airport .....	138,404	170,959	188,092	211,082
Chicago-O'Hare International Airport .....	645,437	692,575	697,497	751,351
Chicago Skyway .....	42,373	16,915	12,752	13,555
Total Business-type Activities .....	<u>1,259,129</u>	<u>1,339,620</u>	<u>1,352,887</u>	<u>1,463,130</u>
Total Primary Government .....	<u>\$ 6,288,766</u>	<u>\$ 6,650,753</u>	<u>\$ 7,032,501</u>	<u>\$ 7,740,220</u>

**NOTES:**

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

2008	2009	2010	2011	2012	2013
\$ 2,384,586	\$ 2,364,754	\$ 2,557,681	\$ 2,734,419	\$ 2,751,944	\$ 2,667,205
2,434,842	2,521,151	2,824,028	2,689,471	2,910,160	3,044,811
371,112	297,156	235,863	245,898	228,622	242,500
381,090	351,101	373,437	410,802	383,510	400,506
170,838	166,914	142,352	151,152	123,055	119,678
140,065	129,996	126,939	102,808	146,283	128,302
381,504	386,125	404,218	474,226	460,660	477,959
<u>6,264,037</u>	<u>6,217,197</u>	<u>6,664,518</u>	<u>6,808,776</u>	<u>7,004,234</u>	<u>7,080,961</u>
371,441	382,502	399,347	416,289	417,499	442,474
158,292	169,982	184,888	194,838	195,911	216,587
217,609	206,613	224,465	218,172	225,867	241,080
803,404	811,710	834,487	879,281	955,276	920,781
12,359	11,775	11,312	10,930	10,621	10,585
<u>1,563,105</u>	<u>1,582,582</u>	<u>1,654,499</u>	<u>1,719,510</u>	<u>1,805,174</u>	<u>1,831,507</u>
<u>\$ 7,827,142</u>	<u>\$ 7,799,779</u>	<u>\$ 7,799,779</u>	<u>\$ 8,528,286</u>	<u>\$ 8,809,408</u>	<u>\$ 8,912,468</u>

**Table 2 - Continued**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	2004	2005	2006	2007
<b>Program Revenues</b>				
Governmental Activities:				
Licenses, Permits, Fines and Charges for Services:				
General Government .....	\$ 362,973	\$ 363,196	\$ 385,082	\$ 422,363
Public Safety .....	112,721	120,853	151,835	155,529
Streets and Sanitation .....	31,494	36,980	36,058	41,467
Transportation .....	23,589	23,260	10,224	13,262
Health .....	12,333	4,165	5,529	2,795
Cultural and Recreational .....	21,423	24,288	23,127	24,412
Operating Grants and Contributions ....	649,066	637,654	659,279	610,974
Capital Grants and Contributions .....	173,529	133,673	142,705	137,613
Total Governmental Activities .....	<u>1,387,128</u>	<u>1,344,070</u>	<u>1,413,839</u>	<u>1,408,415</u>
Business-type Activities:				
Licenses, Permits, Fines and Charges for Services:				
Water .....	327,514	344,267	330,439	334,377
Sewer .....	144,988	143,522	136,437	138,681
Chicago Midway International Airport .....	85,608	92,228	105,570	107,253
Chicago-O'Hare International Airport .....	442,569	532,877	545,916	652,763
Chicago Skyway .....	41,191	1,896	-	-
Capital Grants and Contributions .....	210,915	228,467	273,320	268,331
Total Business-type Activities and Program Revenues .....	<u>1,252,785</u>	<u>1,343,257</u>	<u>1,391,682</u>	<u>1,501,405</u>
Total Primary Government Program Revenues .....	<u>\$ 2,639,913</u>	<u>\$ 2,687,327</u>	<u>\$ 2,805,521</u>	<u>\$ 2,909,820</u>
<b>Net (Expenses)/Revenues</b>				
Governmental Activities .....	\$ (3,642,509)	\$ (3,967,063)	\$ (4,265,775)	\$ (4,868,675)
Business-type Activities .....	(6,344)	3,637	38,795	38,275
Total Primary Government Net Expense .....	<u>\$ (3,648,853)</u>	<u>\$ (3,963,426)</u>	<u>\$ (4,226,980)</u>	<u>\$ (4,830,400)</u>



2008	2009	2010	2011	2012	2013
\$ 440,023	\$ 382,617	\$ 370,028	\$ 388,886	\$ 452,892	\$ 467,423
129,518	158,490	150,710	211,157	199,572	196,344
40,578	30,990	38,092	37,291	42,138	45,629
14,071	24,895	21,640	28,613	39,343	46,076
3,157	2,504	8,332	7,796	1,751	2,023
25,725	22,375	21,635	7,201	14,454	15,947
624,356	611,301	674,677	788,812	748,256	634,384
139,949	115,261	114,871	282,008	172,456	184,415
<u>1,417,377</u>	<u>1,348,433</u>	<u>1,399,985</u>	<u>1,751,764</u>	<u>1,670,862</u>	<u>1,592,241</u>
370,244	410,213	458,395	454,221	576,287	637,114
160,005	175,163	198,229	203,349	253,912	292,290
124,985	122,301	149,056	157,371	201,749	221,205
684,282	624,443	702,603	679,402	857,114	870,654
-	-	-	-	-	-
<u>224,823</u>	<u>211,174</u>	<u>246,309</u>	<u>257,438</u>	<u>83,219</u>	<u>213,067</u>
<u>1,564,339</u>	<u>1,543,294</u>	<u>1,754,592</u>	<u>1,751,781</u>	<u>1,972,281</u>	<u>2,234,330</u>
<u>\$ 2,981,716</u>	<u>\$ 2,891,727</u>	<u>\$ 3,154,577</u>	<u>\$ 3,503,545</u>	<u>\$ 3,643,143</u>	<u>\$ 3,826,571</u>
\$ (4,846,660)	\$ (4,868,764)	\$ (5,264,533)	\$ (5,057,012)	\$ (5,333,372)	\$ (5,488,720)
1,234	(39,288)	100,093	32,271	167,107	402,823
<u>\$ (4,845,426)</u>	<u>\$ (4,908,052)</u>	<u>\$ (5,164,440)</u>	<u>\$ (5,024,741)</u>	<u>\$ (5,166,265)</u>	<u>\$ (5,085,897)</u>

**Table 2 - Concluded**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	2004	2005	2006	2007
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental Activities:				
Taxes				
Property Tax .....	\$ 693,411	\$ 696,085	\$ 700,636	\$ 732,415
Utility Tax .....	504,800	539,325	522,089	552,179
Sales Tax .....	203,251	248,807	288,052	293,078
Transportation Tax .....	322,018	337,993	337,780	332,459
Transaction Tax .....	278,584	325,227	339,020	304,715
Special Area Tax .....	350,293	386,537	460,940	533,260
Other Taxes .....	165,607	205,811	233,620	245,408
Grants and Contributions Not				
Restricted to Specific Programs .....	522,951	606,509	654,017	714,661
Unrestricted Investment Earnings .....	27,377	80,728	148,631	182,700
Loss on Capital Assets .....	-	-	-	-
Transfers .....	96,000	1,236,099	2,000	1,000
Miscellaneous .....	135,400	89,825	51,774	69,941
Total Governmental Activities .....	<u>3,299,692</u>	<u>4,752,946</u>	<u>3,738,559</u>	<u>3,961,816</u>
Business-type Activities:				
Investment Earnings .....	27,109	57,916	97,556	100,720
Miscellaneous .....	5,669	(34,720)	27,383	27,313
Special Item .....	-	-	-	-
Transfers .....	(96,000)	(1,236,099)	(2,000)	(1,000)
Total Business-type Activities .....	<u>(63,222)</u>	<u>(1,212,903)</u>	<u>122,939</u>	<u>127,033</u>
Total Primary Government .....	<u>\$ 3,236,470</u>	<u>\$ 3,540,043</u>	<u>\$ 3,861,498</u>	<u>\$ 4,088,849</u>
<b>Change in Net Position</b>				
Governmental Activities .....	\$ (342,817)	\$ 785,883	\$ (527,216)	\$ (906,859)
Business-type Activities .....	(69,566)	(1,209,266)	161,734	165,308
Total Primary Government .....	<u>\$ (412,383)</u>	<u>\$ (423,383)</u>	<u>\$ (365,482)</u>	<u>\$ (741,551)</u>

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

	2008	2009 (1)	2010	2011	2012	2013
\$	799,878	\$ 797,026	\$ 796,928	\$ 934,870	\$ 896,246	\$ 906,740
	629,497	579,101	561,936	564,236	548,682	547,651
	273,951	252,282	260,364	310,626	294,417	307,837
	321,362	333,199	335,235	331,441	373,544	381,080
	275,434	205,026	227,772	250,486	281,957	344,493
	531,314	501,042	477,241	457,192	274,617	306,057
	262,734	250,982	259,325	269,258	294,280	298,951
	712,360	601,198	654,043	598,498	692,232	754,716
	90,176	12,296	100,269	64,294	92,050	(6,259)
	-	-	-	-	-	(16,886)
	-	-	-	1,000	-	-
	79,279	238,126	149,902	175,758	135,511	139,710
	<u>3,975,985</u>	<u>3,770,278</u>	<u>3,823,015</u>	<u>3,957,659</u>	<u>3,883,536</u>	<u>3,964,090</u>
	57,451	12,381	6,831	48,517	25,197	(13,243)
	37,605	8,941	50,190	34,687	38,842	47,354
	-	-	-	(53,910)	-	-
	-	-	-	(1,000)	-	-
	<u>95,056</u>	<u>21,322</u>	<u>57,021</u>	<u>28,294</u>	<u>64,039</u>	<u>34,111</u>
\$	<u>4,071,041</u>	<u>3,791,600</u>	<u>3,880,036</u>	<u>3,985,953</u>	<u>3,947,575</u>	<u>3,998,201</u>
\$	(870,675)	\$ (1,098,486)	\$ (1,441,518)	\$ (1,099,353)	\$ (1,449,836)	\$ (1,524,630)
	96,290	(17,966)	157,114	60,565	231,146	436,934
\$	<u>(774,385)</u>	<u>(1,116,452)</u>	<u>(1,284,404)</u>	<u>(1,038,788)</u>	<u>(1,218,690)</u>	<u>(1,087,696)</u>

**Table 3**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**Last Ten Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

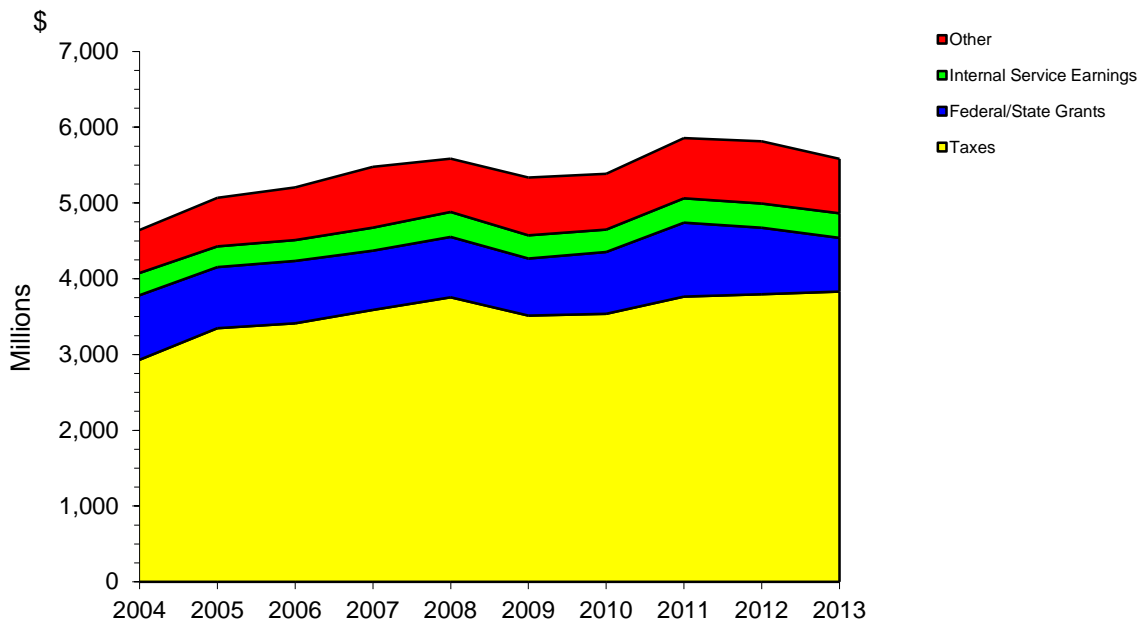
	2004	Percent of Total	2005	Percent of Total	2006	Percent of Total
Revenues:						
Property Tax .....	\$ 651,950	14.0 %	\$ 739,419	14.6 %	\$ 665,990	12.8 %
Utility Tax .....	504,800	10.9	539,325	10.6	522,089	10.0
Sales Tax .....	441,579	9.5	499,228	9.8	559,156	10.7
Transportation Tax .....	322,018	6.9	337,993	6.7	337,780	6.5
State Income Tax .....	282,676	6.1	354,022	7.0	380,111	7.3
Transaction Tax .....	278,584	6.0	325,227	6.4	339,020	6.5
Special Area Tax .....	284,127	6.1	346,580	6.8	374,342	7.2
Other Taxes .....	165,607	3.6	205,811	4.1	233,620	4.5
Total Taxes .....	<u>2,931,341</u>	<u>63.1</u>	<u>3,347,605</u>	<u>66.0</u>	<u>3,412,108</u>	<u>65.5</u>
Federal/State Grants .....	852,050	18.3	806,472	15.9	823,504	15.8
Internal Service .....	293,339	6.3	273,516	5.4	275,191	5.3
Licenses and Permits .....	104,627	2.3	120,904	2.4	117,689	2.3
Fines .....	202,536	4.4	210,850	4.2	221,819	4.3
Investment Income .....	27,377	0.6	80,728	1.6	148,631	2.8
Charges for Services .....	150,879	3.2	131,139	2.6	155,215	3.0
Miscellaneous .....	81,645	1.8	97,093	1.9	51,774	1.0
Total Revenues .....	<u>\$ 4,643,794</u>	<u>100.0 %</u>	<u>\$ 5,068,307</u>	<u>100.0 %</u>	<u>\$ 5,205,931</u>	<u>100.0 %</u>
	2011	Percent of Total	2012	Percent of Total	2013	Percent of Total
Revenues:						
Property Tax .....	\$ 888,531	15.2 %	\$ 941,398	16.2 %	\$ 866,149	15.5 %
Utility Tax .....	564,236	9.6	548,682	9.4	547,651	9.8
Sales Tax .....	563,156	9.6	594,290	10.2	623,942	11.2
Transportation Tax .....	331,441	5.7	373,544	6.5	381,080	6.8
State Income Tax .....	344,674	5.9	391,285	6.7	436,740	7.8
Transaction Tax .....	250,486	4.3	281,957	4.9	344,493	6.2
Special Area Tax .....	552,894	9.4	370,454	6.3	332,040	5.9
Other Taxes .....	269,258	4.5	294,280	5.0	298,951	5.4
Total Taxes .....	<u>3,764,676</u>	<u>64.2</u>	<u>3,795,890</u>	<u>65.2</u>	<u>3,831,046</u>	<u>68.6</u>
Federal/State Grants .....	976,051	16.7	877,864	15.1	708,702	12.7
Internal Service .....	321,138	5.5	319,285	5.5	324,601	5.8
Licenses and Permits .....	102,702	1.8	117,568	2.1	123,633	2.2
Fines .....	283,822	4.8	306,510	5.3	329,460	5.9
Investment Income .....	73,921	1.3	90,885	1.6	(19,111)	(0.3)
Charges for Services .....	160,649	2.7	170,724	2.9	161,415	2.9
Miscellaneous .....	173,768	3.0	135,511	2.3	122,710	2.2
Total Revenues .....	<u>\$ 5,856,727</u>	<u>100.0 %</u>	<u>\$ 5,814,237</u>	<u>100.0 %</u>	<u>\$ 5,582,456</u>	<u>100.0 %</u>

**NOTE:**

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

2007	Percent of Total	2008	Percent of Total	2009	Percent of Total	2010	Percent of Total
\$ 661,707	12.1 %	\$ 729,823	13.1 %	\$ 806,010	15.1 %	\$ 754,081	14.0 %
552,179	10.1	629,497	11.3	579,101	10.9	561,936	10.4
570,927	10.4	548,571	9.9	503,952	9.4	527,004	9.8
332,459	6.1	321,362	5.8	333,199	6.2	335,235	6.2
433,446	7.9	435,393	7.8	347,814	6.5	385,668	7.2
304,715	5.6	275,434	4.9	205,026	3.8	227,772	4.2
488,193	8.9	552,709	9.9	487,909	9.1	486,526	9.0
245,408	4.5	262,734	4.7	250,982	4.7	259,325	4.8
3,589,034	65.6	3,755,523	67.4	3,513,993	65.7	3,537,547	65.6
781,967	14.3	796,911	14.2	753,269	14.1	815,879	15.2
303,827	5.5	329,643	5.9	306,095	5.8	295,765	5.5
148,172	2.7	114,707	2.1	100,458	1.9	96,240	1.8
240,277	4.4	274,443	4.9	267,891	5.0	272,667	5.1
182,700	3.3	90,176	1.6	31,520	0.6	103,725	1.9
151,369	2.8	144,161	2.6	124,557	2.4	113,565	2.1
79,956	1.4	79,279	1.3	238,126	4.5	149,902	2.8
<b>\$ 5,477,302</b>	<b>100.0 %</b>	<b>\$ 5,584,843</b>	<b>100.0 %</b>	<b>\$ 5,335,909</b>	<b>100.0 %</b>	<b>\$ 5,385,290</b>	<b>100.0 %</b>

### REVENUE SOURCES



**Table 4**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**Last Ten Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	2004	Percent of Total	2005	Percent of Total	2006	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 1,579,014	29.5 %	\$ 1,611,923	28.0 %	\$ 1,851,356	29.5 %
General Government .....	1,358,469	25.4	1,620,307	28.2	1,523,482	24.3
Employee Pensions .....	299,810	5.6	388,053	6.7	396,923	6.3
Streets and Sanitation .....	353,020	6.6	339,760	5.9	353,828	5.6
Transportation .....	308,535	5.8	221,377	3.8	244,381	3.9
Health .....	179,531	3.4	166,580	2.9	173,594	2.8
Cultural and Recreational ....	77,661	1.4	95,153	1.7	99,841	1.6
Other .....	10,191	0.2	9,382	0.1	9,112	0.1
Capital Outlay .....	563,975	10.5	452,284	7.9	915,311	14.6
Debt Service:						
Principal Retirement .....	303,755	5.7	543,413	9.5	375,028	6.0
Interest and Other Fiscal Charges .....	315,916	5.9	301,662	5.3	331,507	5.3
Total Expenditures .....	<u>\$ 5,349,877</u>	<u>100.0 %</u>	<u>\$ 5,749,894</u>	<u>100.0 %</u>	<u>\$ 6,274,363</u>	<u>100.0 %</u>
Debt Service as a Percentage of Non Capital Expenditures (2) ...		<u>12.7 %</u>		<u>15.8 %</u>		<u>12.9 %</u>
	2011	Percent of Total	2012	Percent of Total	2013	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 1,984,312	30.0 %	\$ 2,075,959	31.7 %	\$ 2,034,896	32.1 %
General Government .....	2,057,524	31.1	1,806,541	27.5	1,834,558	29.0
Employee Pensions .....	481,407	7.3	458,951	7.0	444,748	7.0
Streets and Sanitation .....	236,591	3.6	228,100	3.6	241,787	3.8
Transportation .....	507,589	7.7	514,303	7.8	443,199	7.0
Health .....	148,449	2.2	127,567	1.9	126,599	2.0
Cultural and Recreational ....	90,905	1.4	102,384	1.6	97,487	1.5
Other .....	26,211	0.3	11,725	0.1	7,681	0.1
Capital Outlay .....	470,213	7.1	435,600	6.6	340,481	5.4
Debt Service:						
Principal Retirement .....	188,608	2.8	340,754	5.2	297,152	4.7
Interest and Other Fiscal Charges .....	429,822	6.5	461,962	7.0	464,587	7.3
Total Expenditures .....	<u>\$ 6,621,631</u>	<u>100.0 %</u>	<u>\$ 6,563,846</u>	<u>100.0 %</u>	<u>\$ 6,333,175</u>	<u>100.0 %</u>
Debt Service as a Percentage of Non Capital Expenditures (2) ...		<u>10.3 %</u>		<u>13.7 %</u>		<u>13.1 %</u>

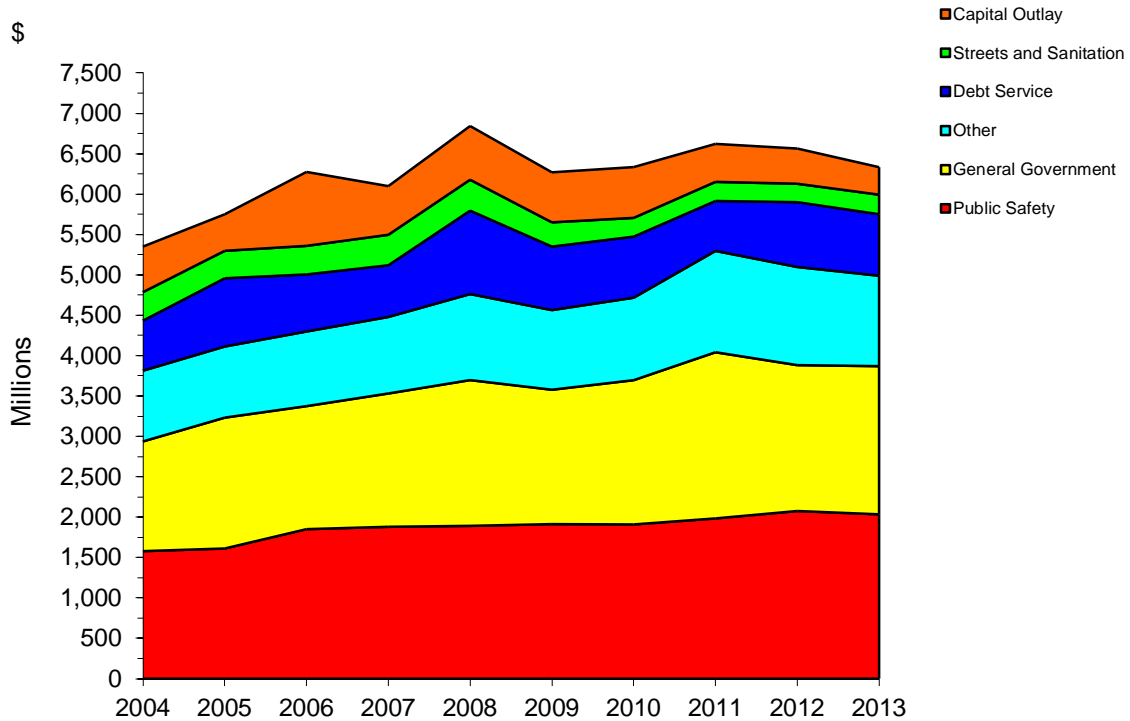
**NOTES:**

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

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

2007	Percent of Total	2008	Percent of Total	2009	Percent of Total	2010	Percent of Total
\$ 1,880,599	30.8 %	\$ 1,892,152	27.7 %	\$ 1,913,711	30.5 %	\$ 1,909,728	30.1 %
1,650,679	27.1	1,804,925	26.4	1,663,990	26.5	1,786,450	28.2
371,649	6.1	413,690	6.0	430,915	6.9	435,432	6.9
377,485	6.1	382,628	5.6	300,131	4.8	232,426	3.7
267,476	4.4	334,684	4.9	261,948	4.2	297,339	4.7
195,254	3.2	184,597	2.7	177,812	2.8	153,877	2.4
108,527	1.8	117,664	1.7	107,604	1.7	104,297	1.6
4,427	0.1	14,483	0.2	7,676	0.2	30,000	0.5
602,433	9.9	661,464	9.7	619,273	9.9	628,910	9.9
297,503	4.9	656,805	9.6	434,905	6.9	389,928	6.2
342,489	5.6	376,297	5.5	351,430	5.6	366,035	5.8
<u>\$ 6,098,521</u>	<u>100.0 %</u>	<u>\$ 6,839,389</u>	<u>100.0 %</u>	<u>\$ 6,269,395</u>	<u>100.0 %</u>	<u>\$ 6,334,422</u>	<u>100.0 %</u>
	<u>11.4 %</u>		<u>16.7 %</u>		<u>13.6 %</u>		<u>12.6 %</u>

### EXPENDITURES BY FUNCTION



**Table 4A**  
**CITY OF CHICAGO, ILLINOIS**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**  
**Modified Accrual Basis of Accounting**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Excess of revenues over (under) expenditures .....	<u>\$ (706,083)</u>	<u>\$ (681,587)</u>	<u>\$ (1,068,432)</u>	<u>\$ (621,219)</u>
Other Financing Sources (Uses):				
Issuance of Debt, including premium/discount .....	\$ 720,357	\$ 1,871,896	\$ 762,833	\$ 1,653,881
Payment to Refunded Bond Escrow Agent .....	(143,143)	(1,186,065)	(276,607)	(951,419)
Issuance of line of credit .....			-	-
Transfers in .....	200,780	1,469,857	670,035	332,016
Transfers out .....	(104,780)	(233,758)	(668,035)	(331,016)
Total other financing sources (uses) .....	<u>673,214</u>	<u>1,921,930</u>	<u>488,226</u>	<u>703,462</u>
Net change in fund balances .....	<u><u>\$ (32,869)</u></u>	<u><u>\$ 1,240,343</u></u>	<u><u>\$ (580,206)</u></u>	<u><u>\$ 82,243</u></u>



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>\$ (1,254,546)</u>	<u>\$ (933,486)</u>	<u>\$ (949,132)</u>	<u>\$ (764,110)</u>	<u>\$ (749,609)</u>	<u>\$ (750,719)</u>
\$ 795,432	\$ 1,001,302	\$ 1,434,390	1,212,326	758,557	\$ 235,367
(186,421)	(213,435)	(412,184)	(476,787)	(268,397)	-
-	-	-	-	-	144,673
293,448	2,253,459	647,407	572,211	178,750	160,322
(293,448)	(2,253,459)	(647,407)	(571,210)	(178,750)	(160,322)
<u>609,011</u>	<u>787,867</u>	<u>1,022,206</u>	<u>736,540</u>	<u>490,160</u>	<u>380,040</u>
<u>\$ (645,535)</u>	<u>\$ (145,619)</u>	<u>\$ 73,074</u>	<u>\$ (27,570)</u>	<u>\$ (259,449)</u>	<u>\$ (370,679)</u>

**Table 5**  
**CITY OF CHICAGO, ILLINOIS**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ended December 31, 2013**  
**(Amounts Are in Thousands of Dollars)**  
**(Modified Accrual Basis of Accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund:				
Reserved .....	\$ 30,981	\$ 53,171	\$ 35,557	\$ 39,673
Unreserved .....	<u>42,246</u>	<u>57,648</u>	<u>26,834</u>	<u>4,634</u>
Total General Fund .....	73,227	110,819	62,391	44,307
General Fund Balance: (2)				
Nonspendable .....	\$ -	\$ -	\$ -	\$ -
Restricted .....	-	-	-	-
Committed .....	-	-	-	-
Assigned .....	-	-	-	-
Unassigned .....	-	-	-	-
Total Fund Balance .....	-	-	-	-
Other Governmental Funds:				
Reserved .....	488,985	1,350,927	800,546	1,191,674
Unreserved, Reported in:				
Special Revenue Funds .....	294,690	525,769	723,353	816,551
Capital Projects Funds .....	999,816	832,129	696,630	906,603
Debt Service Funds .....	-	-	-	(556,819)
Permanent Fund (1) .....	-	<u>274,272</u>	<u>231,017</u>	<u>191,391</u>
Total All Other Governmental Funds .....	<u>1,783,491</u>	<u>2,983,097</u>	<u>2,451,546</u>	<u>2,549,400</u>
Total Governmental Funds .....	<u>\$ 1,856,718</u>	<u>\$ 3,093,916</u>	<u>\$ 2,513,937</u>	<u>\$ 2,593,707</u>
Other Governmental Fund Balance: (2)				
Restricted .....	\$ -	\$ -	\$ -	\$ -
Committed .....	-	-	-	-
Assigned .....	-	-	-	-
Unassigned .....	-	-	-	-
Total Fund Balance .....	-	-	-	-
Total Governmental Funds .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE:**

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

2008	2009	2010	2011	2012	2013
\$ 48,217	\$ 52,048	\$ 54,390	\$ -	\$ -	\$ -
226	2,658	81,151	-	-	-
<u>48,443</u>	<u>54,706</u>	<u>135,541</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ 24,055	\$ 20,885	\$ 24,788
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	143,549	177,000	108,424
-	-	-	167,929	33,417	33,845
<u>-</u>	<u>-</u>	<u>-</u>	<u>335,533</u>	<u>231,302</u>	<u>167,057</u>
461,830	1,418,399	1,419,714	-	-	-
959,424	(409,796)	(349,517)	-	-	-
372,063	321,251	534,013	-	-	-
(551,137)	-	-	-	-	-
660,333	422,319	138,724	-	-	-
<u>1,902,513</u>	<u>1,752,173</u>	<u>1,742,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,950,956</u>	<u>\$ 1,806,879</u>	<u>\$ 1,878,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 2,317,734	\$ 2,332,911	\$ 2,262,028
-	-	-	961,246	882,127	699,073
-	-	-	2,550	-	-
-	-	-	(1,761,077)	(1,852,973)	(1,901,567)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,520,453</u>	<u>1,362,065</u>	<u>1,059,534</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,855,986</u>	<u>\$ 1,593,367</u>	<u>\$ 1,226,591</u>

**Table 6**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	2009 (3)	2010 (3)	2011 (3)	2012 (3)	2013 (3)
<b>Revenues:</b>					
Utility Tax .....	\$ 481,275	\$ 467,411	\$ 467,630	\$ 462,475	\$ 456,869
Sales Tax .....	476,557	495,842	536,281	572,185	583,681
State Income Tax .....	251,820	282,011	236,521	282,779	308,899
Other Taxes .....	572,472	590,575	618,384	694,383	749,742
Federal/State Grants .....	1,714	1,735	1,294	1,074	1,871
Other Revenues (1) .....	777,788	773,278	921,056	907,760	929,429
Total Revenues .....	<u>2,561,626</u>	<u>2,610,852</u>	<u>2,781,166</u>	<u>2,920,656</u>	<u>3,030,491</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	1,862,914	1,828,984	1,895,404	1,956,152	1,953,572
General Government .....	857,626	903,890	863,622	864,556	885,268
Other (2) .....	288,559	296,063	278,561	258,501	267,852
Debt Service .....	4,978	5,004	2,849	2,160	2,382
Total Expenditures .....	<u>3,014,077</u>	<u>3,033,941</u>	<u>3,040,436</u>	<u>3,081,369</u>	<u>3,109,074</u>
Revenues Under Expenditures .....	<u>(452,451)</u>	<u>(423,089)</u>	<u>(259,270)</u>	<u>(160,713)</u>	<u>(78,583)</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original Discount/Including Premium .....	58,500	16,500	95,000	55,000	-
Transfers In .....	416,135	502,502	372,744	31,617	21,018
Transfers Out .....	(17,463)	(13,600)	(14,357)	(26,965)	(10,583)
Total Other Financing Sources (Uses) .	<u>457,172</u>	<u>505,402</u>	<u>453,387</u>	<u>59,652</u>	<u>10,435</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	4,721	82,313	194,117	(101,061)	(68,148)
Fund Balance - Beginning of Year .....	48,443	54,706	135,541	335,533	231,302
Change in Inventory .....	<u>1,542</u>	<u>(1,478)</u>	<u>5,875</u>	<u>(3,170)</u>	<u>3,903</u>
Fund Balance - End of Year .....	<u>\$ 54,706</u>	<u>\$ 135,541</u>	<u>\$ 335,533</u>	<u>\$ 231,302</u>	<u>\$ 167,057</u>

**NOTES:**

- (1) Includes Internal Service, Licenses and Permits, Fines, Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Includes Health, Streets and Sanitation, Transportation, Cultural and Recreational and Other Expenditures.
- (3) Source: City of Chicago Basic Financial Statements for years ended December 31, 2009-2013.

**Table 7**  
**CITY OF CHICAGO, ILLINOIS**  
**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	<u>2009 (3)</u>	<u>2010 (3)</u>	<u>2011 (3)</u>	<u>2012 (3)</u>	<u>2013 (3)</u>
<b>Revenues:</b>					
Property Tax .....	\$ 334,792	\$ 316,618	\$ 373,163	\$ 350,408	\$ 316,958
Utility Tax .....	75,688	72,201	83,317	63,883	68,458
State Income Tax .....	95,994	103,657	108,153	108,506	127,841
Other Taxes .....	572,651	588,717	217,188	607,135	589,422
Federal/State Grants .....	751,555	814,144	974,757	876,790	706,831
Other Revenues (1) .....	131,295	121,017	105,705	149,956	96,263
Total Revenues .....	<u>1,961,975</u>	<u>2,016,354</u>	<u>1,862,283</u>	<u>2,156,678</u>	<u>1,905,773</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	50,797	80,744	88,908	119,807	81,324
General Government .....	799,236	882,553	1,193,781	941,885	949,290
Employee Pensions .....	430,915	435,432	481,407	458,951	444,748
Other (2) .....	566,612	521,876	522,377	725,578	648,901
Capital Outlay .....	3,357	4,903	2,964	5,259	7,187
Debt Service .....	3,632	3,898	2,533	723	115
Total Expenditures .....	<u>1,854,549</u>	<u>1,929,406</u>	<u>2,291,970</u>	<u>2,252,203</u>	<u>2,131,565</u>
Revenues Under Expenditures .....	<u>107,426</u>	<u>86,948</u>	<u>(429,687)</u>	<u>(95,525)</u>	<u>(225,792)</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original Discount/Including Premium .....	72,925	88,018	72,925	70,541	125,063
Transfers In .....	185,358	94,424	149,574	76,640	91,022
Transfers Out .....	(1,746,126)	(65,807)	(380,543)	(56,622)	(59,631)
Total Other Financing Sources (Uses) ...	<u>(1,487,843)</u>	<u>116,635</u>	<u>(158,044)</u>	<u>90,559</u>	<u>156,454</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	(1,380,417)	203,583	(587,731)	(4,966)	(69,338)
Fund Balance - Beginning of Year .....	<u>1,035,529</u>	<u>(344,888)</u>	<u>(141,305)</u>	<u>(729,036)</u>	<u>(734,002)</u>
Fund Balance - End of Year .....	<u>\$ (344,888)</u>	<u>\$ (141,305)</u>	<u>\$ (729,036)</u>	<u>\$ (734,002)</u>	<u>\$ (803,340)</u>

**NOTES:**

- (1) Includes Internal Service, Fines, Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Includes Health, Streets and Sanitation, Transportation, Cultural and Recreational and Other Expenditures.
- (3) Source: Major and Nonmajor Special Revenue Funds for years ended December 31, 2009-2013.

**Table 8**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	<u>2009 (2)</u>	<u>2010 (2)</u>	<u>2011 (2)</u>	<u>2012 (2)</u>	<u>2013 (2)</u>
Revenues:					
Property Tax .....	\$ 471,218	\$ 437,463	\$ 515,368	\$ 590,990	\$ 549,191
Utility Tax .....	22,138	22,324	13,289	22,324	22,324
Sales Tax .....	27,395	31,162	26,875	22,105	40,261
Other Taxes .....	131,993	129,566	146,126	18,717	17,400
Other Revenues (1) .....	38,720	61,004	44,101	53,340	11,888
Total Revenues .....	<u>691,464</u>	<u>681,519</u>	<u>745,759</u>	<u>707,476</u>	<u>641,064</u>
Expenditures:					
Debt Service .....	<u>777,725</u>	<u>747,061</u>	<u>613,048</u>	<u>799,833</u>	<u>759,242</u>
Total Expenditures .....	<u>777,725</u>	<u>747,061</u>	<u>613,048</u>	<u>799,833</u>	<u>759,242</u>
Revenues Over (Under) Expenditures ....	<u>(86,261)</u>	<u>(65,542)</u>	<u>132,711</u>	<u>(92,357)</u>	<u>(118,178)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original					
Discount/Including Premium .....	340,324	560,524	580,015	337,410	4
Payment to Refunded Bond Escrow Agent ..	(213,435)	(412,184)	(476,787)	(268,397)	-
Transfers In .....	684,277	44,185	47,134	47,322	46,352
Transfers Out .....	<u>(81,291)</u>	<u>(110,049)</u>	<u>(176,285)</u>	<u>(83,359)</u>	<u>(89,157)</u>
Total Other Financing Sources (Uses) ...	<u>729,875</u>	<u>82,476</u>	<u>(25,923)</u>	<u>32,976</u>	<u>(42,801)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	643,614	16,934	106,788	(59,381)	(160,979)
Fund Balance - Beginning of Year .....	<u>(237,496)</u>	<u>406,118</u>	<u>423,052</u>	<u>529,840</u>	<u>470,459</u>
Fund Balance - End of Year .....	<u>\$ 406,118</u>	<u>\$ 423,052</u>	<u>\$ 529,840</u>	<u>\$ 470,459</u>	<u>\$ 309,480</u>

**NOTES:**

(1) Includes Investment Income and Miscellaneous Revenues.

(2) Source: Major (Bond, Note Redemption and Interest) and Nonmajor (Special Taxing Areas) Debt Service Funds for years ended December 31, 2009-2013.

**Table 9**  
**CITY OF CHICAGO, ILLINOIS**  
**CAPITAL PROJECT FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	<u>2009 (2)</u>	<u>2010 (2)</u>	<u>2011 (2)</u>	<u>2012 (2)</u>	<u>2013 (2)</u>
Revenues:					
Other Revenues (1) .....	\$ 18,240	\$ 43,135	\$ 16,243	\$ 11,343	\$ 5,128
Total Revenues .....	<u>18,240</u>	<u>43,135</u>	<u>16,243</u>	<u>11,343</u>	<u>5,128</u>
Expenditures:					
Capital Outlay .....	615,916	624,007	467,249	430,341	333,294
Total Expenditures .....	<u>615,916</u>	<u>624,007</u>	<u>467,249</u>	<u>430,341</u>	<u>333,294</u>
Revenues Under Expenditures .....	<u>(597,676)</u>	<u>(580,872)</u>	<u>(451,006)</u>	<u>(418,998)</u>	<u>(328,166)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original Discount/Including Premium .....	529,553	769,348	464,386	295,606	110,300
Issuance Line of Credit .....	-	-	-	-	144,673
Transfers In .....	16,334	6,296	2,759	22,843	1,930
Transfers Out .....	(3,734)	(99)	(25)	(11,804)	(951)
Total Other Financing Sources (Uses) .	<u>542,153</u>	<u>775,545</u>	<u>467,120</u>	<u>306,645</u>	<u>255,952</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	(55,523)	194,673	16,114	(112,353)	(72,214)
Fund Balance - Beginning of Year .....	<u>444,147</u>	<u>388,624</u>	<u>583,297</u>	<u>599,411</u>	<u>487,058</u>
Fund Balance - End of Year .....	<u>\$ 388,624</u>	<u>\$ 583,297</u>	<u>\$ 599,411</u>	<u>\$ 487,058</u>	<u>\$ 414,844</u>

**NOTES:**

- (1) Includes Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Source: Major (Community Development and Improvement Projects) and Nonmajor (Capital Projects Funds) for years ended December 31, 2009-2013.

**Table 10**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY TAX LEVIES BY FUND (1)**  
**Five Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	<u>2009</u>	<u>2010</u>	<u>Percent Change</u>
Note Redemption and Interest (2) .....	\$ 73,363	\$ 73,377	0.02 %
Bond Redemption and Interest .....	409,512	409,979	0.11
Policemen's Annuity and Benefit (3) .....	141,741	140,165	(1.11)
Municipal Employees' Annuity and Benefit (3) .....	130,026	132,531	1.93
Firemen's Annuity and Benefit (3) .....	66,140	64,323	(2.75)
Laborers' and Retirement Board Employees' Annuity and Benefit (3) .....	<u>13,327</u>	<u>13,714</u>	<u>2.90</u>
Total .....	<u>\$ 834,109</u>	<u>\$ 834,089</u>	-

**NOTES:**

- (1) See Table 11 - PROPERTY LEVIES, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES 2004 - 2013. Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.
- (2) Includes Corporate, Chicago Public Library Maintenance and Operations, Chicago Public Library Building and Sites and City Relief Funds.
- (3) For information regarding the City's unfunded (assets in excess of) pension benefit obligations under its Pensions Plans, see the individual Pension Plans Financial Statements.
- (4) Estimated; actual was not available from the Cook County Clerk's Office at time of publication.
- (5) Source: Cook County Clerk's Office.



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<u>2011</u>	<u>Percent Change</u>	<u>2012</u>	<u>Percent Change</u>	<u>2013</u>	<u>Percent Change</u>
\$ 73,377	- %	\$ 73,481	0.14 %	\$ 74,231	1.02 %
411,905	0.47	411,489	(0.10)	411,457	(0.01)
143,785	2.58	143,865	0.06	138,146	(3.98)
126,997	(4.18)	129,138	1.69	122,066	(5.48)
66,125	2.80	65,461	(1.00)	81,518	24.53
<u>11,759</u>	<u>(14.26)</u>	<u>11,202</u>	<u>(4.74)</u>	<u>10,486</u>	<u>(6.39)</u>
<u>\$ 833,948</u>	<u>(0.02)</u>	<u>\$ 834,636</u>	<u>0.08</u>	<u>\$ 837,904 (4)</u>	<u>0.39</u>

**Table 11**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY LEVIES, COLLECTIONS AND**  
**ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES**  
**Last Ten Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

Tax Year (1)	Total Tax Levy for Fiscal Year (2), (3)	Collected Within Fiscal Year		Collections in Subsequent Years	Total Collections to Date		Estimated Allowance for Uncollectible Taxes	Net Outstanding Taxes Receivable
		Amount	Percen- tage of Levy		Amount	Percen- tage of Levy		
2004 .....	\$ 719,780	\$ 694,214	96.45 %	\$ 7,152	\$ 701,366	97.44 %	\$ 18,414	\$ -
2005 .....	718,071	694,593	96.73	6,192	700,785	97.59	17,286	-
2006 .....	719,230	630,666	87.69	60,536	691,202	96.10	28,028	-
2007 .....	749,351	712,008	95.02	13,867	725,875	96.87	23,476	-
2008 .....	834,152	776,522	93.09	34,148	810,670	97.18	23,482	-
2009 .....	834,109	700,579	83.99	108,645	809,224	97.02	24,885	-
2010 .....	834,089	790,141	94.73	26,547	816,688	97.91	17,088	313
2011 .....	833,948	800,582	96.00	17,178	817,760	98.06	15,864	324
2012 .....	834,636	804,245	96.36	-	804,245	96.36	25,038	5,353
2013 .....	837,904 (4)	-	N/A	-	-	N/A	33,516	804,388
Total Net Outstanding Taxes Receivable .....								<u>\$ 810,378</u>

**NOTES:**

- (1) Taxes for each year become due and payable in the following year. For example, taxes for the 2013 tax levy become due and payable in 2014.
- (2) Does not include levy for Special Service Areas and Tax Increment Projects.
- (3) Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.
- (4) Estimate; actual was not available from Cook County Clerk's Office at time of publication.

**Table 12**  
**CITY OF CHICAGO, ILLINOIS**  
**TOP TEN ESTIMATED EQUALIZED ASSESSED VALUATION (EAV)**  
**Current Year and Nine Years Ago (2)**  
**(Amounts are in Thousands of Dollars)**

Property	2012 EAV	Rank	Percent- tage of Total EAV	2003 EAV	Rank	Percent- tage of Total EAV
Willis Tower (4) .....	\$ 386,267	1	0.59 %	\$ 467,362	1	0.88 %
AON Building (3) .....	255,346	2	0.39	307,715	2	0.58
Prudential Plaza .....	234,963	3	0.36	266,448	4	0.50
Health Care service Corporation Blue Cross ...	205,275	4	0.31			
Water Tower Place .....	201,246	5	0.31			
Chase Tower .....	200,707	6	0.31			
AT&T Corporate Center 1 .....	192,983	7	0.30	241,765	5	0.45
Three First National Plaza .....	187,451	8	0.29	171,375	8	0.32
Citadel Center .....	184,597	9	0.28			
300 N. LaSalle .....	179,805	10	0.28			
Chicago Mercantile Exchange .....				307,093	3	0.58
Bank One Plaza .....				233,214	6	0.44
Leo Burnett Building .....				169,465	9	0.32
Citicorp Plaza .....				185,229	7	0.35
Northwestern Atrium .....				164,935	10	0.31
<b>Totals .....</b>	<b>\$ 2,228,640</b>		<b>3.42 %</b>	<b>\$ 2,514,601</b>		<b>4.73 %</b>

**NOTES:**

- (1) Source: Cook County Treasurer's Office, Cook County Assessor's Office.
- (2) 2013 information not available at time of publication.
- (3) AON Building formerly known as AMOCO Building.
- (4) Willis Tower formerly known as Sears Tower.

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

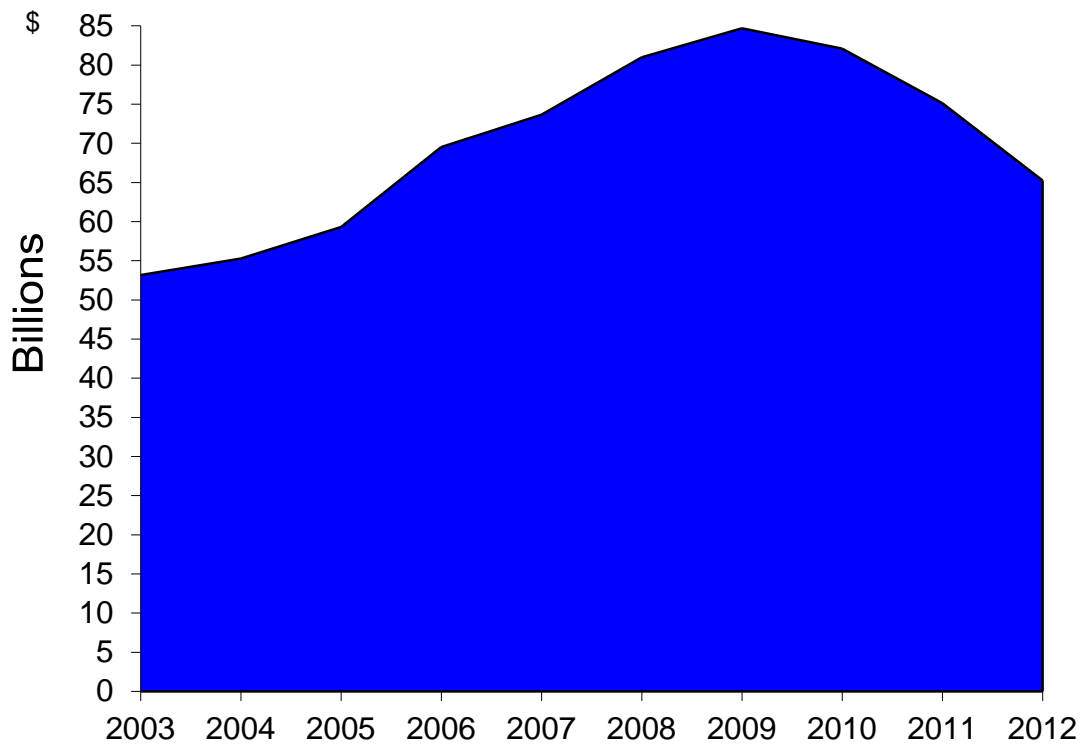
Tax Year	Assessed Values (1)				
	Class 2 (2)	Class 3 (3)	Class 5 (4)	Other (5)	Total
2003	\$ 12,677,199	\$ 2,233,572	\$ 10,303,732	\$ 487,680	\$ 25,702,183
2004	12,988,216	1,883,048	10,401,429	465,462	25,738,155
2005	13,420,538	1,842,613	10,502,698	462,099	26,227,948
2006	18,521,873	2,006,898	12,157,149	688,868	33,374,788
2007	18,937,256	1,768,927	12,239,086	678,196	33,623,465
2008	19,339,574	1,602,768	12,359,537	693,239	33,995,118
2009	18,311,981	1,812,850	10,720,244	592,364	31,437,438
2010	18,074,177	1,416,863	10,467,682	606,941	30,565,663
2011	17,932,671	1,116,175	10,456,103	588,672	30,093,621
2012 (9)	15,529,678	1,208,620	10,233,051	498,310	27,469,659

**NOTES:**

- (1) Source: Cook County Assessor's Office. Excludes portion of City in DuPage County.
- (2) Residential, 6 units and under.
- (3) Residential, 7 units and over and mixed use.
- (4) Industrial/Commercial.
- (5) Vacant, not-for-profit and industrial/commercial incentive classes. Includes railroad and farm property.
- (6) Source: Illinois Department of Revenue.
- (7) Source: Cook County Clerk's Office. Excludes portion of City in DuPage County and net of exemptions. Calculations also include assessment of pollution control facilities.
- (8) Source: The Civic Federation. Excludes railroad property and portion of City in DuPage County.
- (9) 2013 information not available at time of publication.
- (10) 2012 information not available at time of publication.

State Equalization Factor (6)	Total Equalized Assessed Value (7)	Total Direct Tax Rate	Total Estimated Fair Market Value (8)	Ratio of Total Equalized Assessed to Total Estimated Fair Market Value (9)
2.4598	\$ 53,168,632	\$ 1.380	\$ 223,572,427	23.78 %
2.5757	55,277,096	1.302	262,080,627	21.09
2.7320	59,304,530	1.243	286,354,518	20.71
2.7080	69,517,264	1.062	329,770,733	21.08
2.8439	73,645,316	1.044	320,503,503	22.98
2.9786	80,977,543	1.030	310,888,609	26.05
3.3701	84,685,258	0.986	280,288,730	30.21
3.3000	82,087,170	1.020	231,986,397	35.38
2.9706	75,122,914	1.110	222,856,064	33.71
2.8056	65,250,387	1.279	N/A (10)	N/A (10)

### EQUALIZED ASSESSED VALUE



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

Tax Year	City	Chicago School Building and Improvement Fund	Chicago School Finance Authority	Board of Education	Community College District No. 508
2003	\$ 1.380	\$ -	\$ 0.151	\$ 3.142	\$ 0.246
2004	1.302	-	0.177	3.104	0.242
2005	1.243	-	0.127	3.026	0.234
2006	1.062	-	0.118	2.697	0.205
2007	1.044	-	0.091	2.583	0.159
2008	1.030	0.117	-	2.472	0.156
2009	0.986	0.112	-	2.366	0.150
2010	1.016	1.116	-	2.581	0.151
2011	1.110	0.119	-	2.875	0.165
2012 (1)	1.279	0.146	-	3.422	0.190

**NOTE:**

(1) 2013 information not available from the Cook County Clerk's Office at time of publication.

**Table 15**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY TAX RATES - CITY OF CHICAGO**  
**Per \$100 OF EQUALIZED ASSESSED VALUATION**  
**Last Ten Years**  
**(Amounts for Tax Extension are in Thousands of Dollars)**

Tax Year	Total City Tax Extension	Bond, Note Redemption and Interest	Chicago Public Library Bond, Note Redemption and Interest	Policemen's Annuity and Benefit
2003	\$ 719,695	\$ 0.713397	\$ 0.117772	\$ 0.230466
2004	719,780	0.647396	0.113280	0.216752
2005	718,071	0.606566	0.090041	0.231467
2006	719,230	0.519706	0.049968	0.194953
2007	749,351	0.550055	0.039514	0.191548
2008	834,152	0.508488	0.094354	0.172426
2009	834,109	0.478955	0.091851	0.167552
2010	834,089	0.494109	0.094665	0.170734
2011	833,948	0.542475	0.103443	0.191381
2012 (1)	834,636 (2)	0.623916	0.119254	0.220459

**NOTES:**

(1) 2013 information not available from the Cook County Clerk's Office at time of publication.

(2) Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.

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Chicago Park District	Metropolitan Water Reclamation District	Forest Preserve District of Cook County	Cook County	Total
\$ 0.464	\$ 0.361	\$ 0.059	\$ 0.630	\$ 6.433
0.455	0.347	0.060	0.593	6.280
0.443	0.315	0.060	0.533	5.981
0.379	0.284	0.057	0.500	5.302
0.355	0.263	0.053	0.446	4.994
0.323	0.252	0.051	0.415	4.816
0.309	0.261	0.049	0.394	4.627
0.319	0.274	0.051	0.423	5.931
0.346	0.320	0.058	0.462	5.455
0.395	0.370	0.063	0.531	6.396

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Municipal Employees' Annuity and Benefit	Firemen's Annuity and Benefit	Laborers' and Retirement Board Employees' Annuity and Benefit	Total
\$ 0.218316	\$ 0.100049	\$ -	\$ 1.380
0.229048	0.095524	-	1.302
0.231683	0.083243	-	1.243
0.197399	0.099974	-	1.062
0.174302	0.088581	-	1.044
0.162182	0.080787	0.011763	1.030
0.153704	0.078184	0.015754	0.986
0.161435	0.078352	0.016705	1.016
0.169036	0.088014	0.015651	1.110
0.197892	0.100313	0.017166	1.279

**Table 16**  
**CITY OF CHICAGO, ILLINOIS**  
**RATIO OF GENERAL NET BONDED DEBT TO EQUALIZED ASSESSED VALUE**  
**AND NET BONDED DEBT PER CAPITA**  
**Last Ten Years**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Tax Year	Population (1)	Equalized Assessed Value (2)	G. O. Bonds	G. O. Notes & Commercial Paper	General Obligation Certificates and Other
2004	2,896,016	\$ 55,277,096	\$ 4,983,428	\$ 226,427	\$ 362,592
2005	2,896,016	59,304,530	5,077,434	112,495	344,426
2006	2,896,016	69,517,264	5,394,802	72,530	322,145
2007	2,896,016	73,651,158	5,759,573	77,998	458,654
2008	2,896,016	80,977,543	5,687,447	259,097	362,140
2009	2,896,016	84,685,258	6,051,947	230,263	439,670
2010	2,896,016	82,087,170	6,536,596	268,526	574,755
2011	2,695,598	75,122,914	6,997,975	198,132	554,015
2012	2,695,598	65,250,387	7,244,917	166,460	528,305
2013	2,695,598	N/A (4)	7,159,396	270,188	501,490

**NOTES:**

- (1) Source: U.S. Census Bureau.
- (2) Source: Cook County Clerk's Office.
- (3) Gross Bonded Debt includes bonds, notes and capitalized lease obligations that are noncurrent.
- (4) N/A means not available at time of publication.
- (5) Amounts are in dollars.

**Table 17**  
**CITY OF CHICAGO, ILLINOIS**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT**  
**TO TOTAL GOVERNMENTAL EXPENDITURES**  
**Last Ten Years (Amounts are in Thousands of Dollars)**

Year Ended December 31,	Principal (2)	Interest	General Obligation Debt Service Expenditures	Governmental Expenditures	Ratio of Debt Service Expenditures to Governmental Expenditures (1)
2004 .....	\$ 240,327	\$ 247,197	\$ 487,524	\$ 5,349,877	9.1 %
2005 .....	223,778	242,286	466,064	5,749,894	8.1
2006 .....	201,865	273,190	475,055	6,274,363	7.6
2007 .....	143,575	267,698	411,273	6,098,521	6.7
2008 .....	429,066	302,105	731,171	6,839,389	10.7
2009 .....	380,946	298,057	679,003	6,269,395	10.8
2010 .....	336,378	319,423	655,801	6,334,422	10.4
2011 .....	129,303	369,880	499,183	6,621,207	7.5
2012 .....	305,879	475,906	781,785	6,563,846	11.9
2013 .....	218,918	399,794	618,712	6,333,175	9.8

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



Total Gross Bonded Debt (3)	Less Reserve for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Assessed Value	Net Bonded Debt Per Capita (5)
\$ 5,572,447	\$ 135,795	\$ 5,436,652	9.84 %	\$ 1,877.29
5,534,355	133,011	5,401,344	9.11	1,865.09
5,789,477	102,951	5,686,526	8.18	1,963.57
6,296,225	70,543	6,225,682	8.45	2,149.74
6,308,684	10,080	6,298,604	7.78	2,174.92
6,721,880	50,431	6,671,449	7.88	2,303.66
7,379,877	58,822	7,321,055	8.92	2,527.97
7,750,122	249,355	7,500,767	9.98	2,782.60
7,939,682	105,582	7,834,100	12.01	2,906.26
7,931,074	16,298	7,914,776	N/A (4)	2,936.19

**Table 18**  
**CITY OF CHICAGO, ILLINOIS**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

	City of Chicago Direct Debt	Net Direct Long-term Debt (1)	Percentage of Overlapping Bonded Debt (2)	Net Debt Applicable
City of Chicago G. O. Bonds (3) .....	<u>\$ 7,670,298</u>	<u>\$ 7,670,298</u>	100.00 %	<u>\$ 7,670,298</u>
Board of Education .....		6,207,790	100.00	6,207,790
Chicago Park District .....		865,665	100.00	865,665
City Colleges of Chicago .....		250,000	100.00	250,000
Cook County .....		3,578,905	47.92	1,715,011
Cook County Forest Preserve District .....		179,655	47.92	86,091
Metropolitan Water Reclamation District of Greater Chicago .....		<u>2,481,972</u>	48.91	<u>1,213,933</u>
Total Overlapping Debt .....		<u>13,563,987</u>		<u>10,338,490</u>
Net Direct and Overlapping Long-term Debt .....		<u><u>\$ 21,234,285</u></u>		<u><u>\$ 18,008,788</u></u>

**NOTES:**

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Direct Debt	\$ 5,113,565	\$ 5,123,729	\$ 5,422,232	\$ 5,805,921
Overlapping Debt	<u>7,429,853</u>	<u>7,574,950</u>	<u>7,750,883</u>	<u>7,904,184</u>
Total Debt	<u>\$ 12,543,418</u>	<u>\$ 12,698,679</u>	<u>\$ 13,173,115</u>	<u>\$ 13,710,105</u>
Equalized				
Assessed Valuation (1)	\$ 55,277,096	\$ 59,304,530	\$ 69,517,264	\$ 73,645,316
Direct Debt Burden (2)	9.62%	9.27%	9.14%	8.35%
Total Debt Burden (2)	23.59%	22.97%	22.21%	19.72%
Estimated Fair Market				
Value (FMV) (5)	\$ 262,080,627	\$ 286,354,518	\$ 329,770,733	\$ 320,503,503
% of Direct Debt to FMV	1.95%	1.79%	1.64%	1.81%
% of Total Direct Debt to FMV	4.79%	4.43%	3.99%	4.28%
Population (3)	2,896,016	2,896,016	2,896,016	2,896,016
Direct Debt Per Capita (4)	\$ 1,765.72	\$ 1,769.23	\$ 1,872.31	\$ 2,004.80
Total Debt Per Capita (4)	4,331.27	4,384.88	4,548.70	4,734.13

**NOTES:**

- (1) Source: Cook County Clerk's Office. Excludes portion of City in DuPage County and exemptions.
- (2) Due to the one-year lag in the Equalized Assessed Valuation, debt burden measures are computed utilizing the prior year's Assessed Valuation. The Assessed Valuation for 2003 is \$53,168,632.
- (3) Source: U.S. Census Bureau.
- (4) Amounts are in dollars.
- (5) Source: The Civic Federation.
- (6) N/A means not available at time of publication.

2008	2009	2010	2011	2012	2013
\$ 6,126,295	\$ 6,866,270	\$ 7,328,452	\$ 7,628,222	\$ 7,939,682	\$ 7,670,298
<u>7,529,359</u>	<u>8,539,070</u>	<u>9,158,243</u>	<u>9,877,084</u>	<u>10,384,421</u>	<u>10,338,490</u>
<u>\$ 13,655,654</u>	<u>\$ 15,405,340</u>	<u>\$ 16,486,695</u>	<u>\$ 17,505,306</u>	<u>\$ 18,324,103</u>	<u>\$ 18,008,788</u>
\$ 80,977,543	\$ 84,685,258	\$ 82,087,170	\$ 75,122,914	\$ 65,250,387	N/A (6)
8.32%	8.48%	8.65%	9.29%	10.57%	11.76%
18.54%	19.02%	19.47%	21.33%	24.39%	27.60%
\$ 310,888,609	\$ 280,288,730	\$ 231,986,397	222,856,064	N/A (6)	N/A (6)
1.97%	2.45%	3.16%	3.42%	N/A (6)	N/A (6)
4.39%	5.50%	7.11%	7.85%	N/A (6)	N/A (6)
2,896,016	2,896,016	2,695,598	2,695,598	2,695,598	2,695,598
\$ 2,115.42	\$ 2,370.94	\$ 2,718.67	\$ 2,829.88	\$ 2,945.43	\$ 2,845.49
4,715.32	5,319.49	6,116.15	6,494.03	6,797.79	6,680.81

**Table 20**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**Last Ten Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Proprietary Funds							
Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2004	\$ 1,235,290	\$ 721,879	\$ 513,411	\$ 102,559	\$ 318,733	\$ 421,292	122 %
2005	1,344,175	776,318	567,857	543,460	315,585	859,045	66
2006	1,422,873	779,168	643,705	210,891 (3)	397,341	608,232	106
2007	1,550,299	856,550	693,749	168,712	416,810	585,522	118
2008	1,602,668	913,499	689,169	219,482	438,553	658,035	105
2009	1,516,939	887,676	629,263	216,841	369,379	586,220	107
2010	1,768,225	911,935	856,290	220,124	379,185	599,309	143
2011	1,767,722	937,233	830,489	166,825	306,916	473,741	175
2012	1,935,020	967,517	967,503	209,298	479,277	688,575	141
2013	2,020,371	969,551	1,050,820	277,225	494,226	771,451	136

**Table 20 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**Last Seven Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Tax Increment Financing Funds							
Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2006 (4)	\$ 400,404	\$ 124,905	\$ 275,499	\$ 75,248	\$ 31,553	\$ 106,801	258%
2007	509,238	238,757	270,481	91,378	48,514	139,892	193%
2008	557,596	296,469	261,127	176,221	58,292	234,513	111%
2009	495,588	185,947	309,641	37,000	28,740	65,740	471%
2010	474,390	229,266	245,124	36,535	28,431	64,966	377%
2011	544,415	266,916	277,499	44,290	31,796	76,086	365%
2012	487,495	361,783	125,712	43,025	29,136	72,161	174%
2013	427,287	334,414	92,873	51,194	27,721	78,915	118%

Sales Tax and Motor Fuel Tax Funds						
Year	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage	
		Principal	Interest	Total		
2006 (4)	\$ 643,343	\$ 6,215	\$ 25,930	\$ 32,145	2001%	
2007	652,883	13,030	25,595	38,625	1690%	
2008	625,200	10,345	26,361	36,706	1703%	
2009	578,119	5,425	24,245	29,670	1948%	
2010	611,707	5,715	16,632	22,347	2737%	
2011	618,871	16,295	25,970	42,265	1464%	
2012	678,018	17,150	39,349	56,499	1200%	
2013	706,315	18,040	36,968	55,008	1284%	

**NOTES:**

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

**Table 21**  
**CITY OF CHICAGO, ILLINOIS**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Years Ended December 31, 2013**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Year	Governmental Funds							Chicago O'Hare International Airport Customer Facility Charge Revenue Bonds
	Net General Obligation Debt	Tax Increment Allocation Bonds and Notes	Motor Fuel and Sales Tax Revenue	Installment Purchase Agreement	Capital Leases	Water Revenue Bonds	Skyway	
2004	\$ 5,572,447	\$ 470,688	\$ 533,530	\$ 12,400	\$ 32,263	\$ 1,022,433	\$ 423,600	\$ -
2005	5,534,355	407,709	518,800	10,900	309,813	1,031,089	-	-
2006	5,789,477	351,776	512,585	9,200	278,861	1,169,224	-	-
2007	6,296,225	285,363	499,555	7,500	245,685	1,195,803	-	-
2008	6,308,684	204,811	552,345	5,500	207,065	1,464,838	-	-
2009	6,721,880	179,871	559,417	3,500	169,282	1,424,319	-	-
2010	7,379,877	156,881	553,702	1,200	177,011	1,711,615	-	-
2011	7,750,122	125,201	770,312	-	166,787	1,677,851	-	-
2012	7,939,682	106,241	753,162	-	163,012	1,988,655	-	-
2013	7,931,074	80,127	735,122	-	171,673	1,954,020	-	248,750

**NOTES:**

- (1) See Table 13 for Estimated Fair Market Value
- (2) Amounts in Dollars
- (3) 2012 information not available at time of publication.
- (4) 2013 information not available at time of publication.

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Proprietary Fund Revenue Bonds

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Chicago O'Hare International Airport Revenue Bonds	Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds	Chicago Midway Airport Revenue Bonds	Wastewater Transmission Revenue Bonds	Total Primary Government	Ratio of Bonded Debt to Estimated Fair Market Value (1)	Per Capita (2)
\$ 3,195,155	\$ 854,533	\$ 1,279,455	\$ 747,463	\$ 14,143,967	5.40	4,883.94
4,387,805	1,215,416	1,272,115	731,963	15,419,965	5.45	5,324.54
4,353,685	796,715	1,268,764	770,528	15,300,815	4.64	5,283.40
4,562,956	766,255	1,254,664	754,908	15,868,914	4.95	5,479.57
4,912,635	725,675	1,239,404	902,904	16,523,861	5.32	5,705.72
5,092,010	709,200	1,246,190	878,875	16,984,544	6.06	5,864.80
5,647,115	816,110	1,465,495	1,100,800	19,009,806	8.19	6,564.12
6,481,960	797,769	1,439,185	1,084,224	20,293,411	9.11	7,528.35
6,270,770	750,706	1,383,215	1,334,918	20,690,361	N/A (3)	7,675.61
6,563,780	683,780	1,470,343	1,333,984	21,172,653	N/A (4)	7,854.53

**Table 22**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL LONG-TERM DEBT (1)**  
**December 31, 2013**

Year Ended Dec. 31,	General Obligation Debt		Sales Tax and Motor Fuel Tax Revenue Bonds		Tax Increment and Special Service Area Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014 ..	\$ 214,374,425	\$ 408,993,386	\$ 18,980,000	\$ 35,199,715	\$ 14,601,762	\$ 11,818,797	\$ 247,956,187	\$ 456,011,899
2015 ..	236,206,371	402,999,004	18,400,000	34,228,549	8,965,000	3,950,522	263,571,371	441,178,075
2016 ..	251,616,761	392,331,441	18,135,000	33,288,259	11,160,000	3,400,094	280,911,761	429,019,794
2017 ..	274,801,947	380,856,831	18,525,000	32,355,449	11,685,000	2,666,019	305,011,947	415,878,299
2018 ..	287,336,972	368,156,168	19,450,000	31,433,920	14,940,000	1,970,857	321,726,972	401,560,945
2019 ..	297,883,700	354,490,009	20,425,000	30,466,309	5,025,000	1,105,663	323,333,700	386,061,981
2020 ..	313,053,918	342,396,229	21,405,000	29,485,165	3,165,000	821,307	337,623,918	372,702,701
2021 ..	316,127,240	327,643,980	22,390,000	28,502,801	3,440,000	598,388	341,957,240	356,745,169
2022 ..	320,008,400	318,406,861	23,405,000	27,429,525	7,145,000	241,144	350,558,400	346,077,530
2023 ..	311,418,319	303,976,555	24,535,000	26,307,210	-	-	335,953,319	330,283,765
2024 ..	305,502,012	289,681,598	25,720,000	25,130,181	-	-	331,222,012	314,811,779
2025 ..	286,723,971	274,110,588	26,965,000	23,895,799	-	-	313,688,971	298,006,387
2026 ..	288,271,163	261,594,175	28,270,000	22,601,359	-	-	316,541,163	284,195,534
2027 ..	283,584,720	242,416,371	27,412,551	23,564,519	-	-	310,997,271	265,980,890
2028 ..	283,799,806	236,207,113	31,000,000	19,951,255	-	-	314,799,806	256,158,368
2029 ..	290,499,515	220,798,460	20,990,799	29,973,720	-	-	311,490,314	250,772,180
2030 ..	327,232,520	210,526,136	23,080,429	27,894,498	-	-	350,312,949	238,420,634
2031 ..	317,928,596	193,450,232	22,076,638	28,912,336	-	-	340,005,234	222,362,568
2032 ..	349,048,762	162,305,401	22,692,868	28,300,155	-	-	371,741,630	190,605,556
2033 ..	322,976,194	144,166,596	23,144,107	27,627,546	-	-	346,120,301	171,794,143
2034 ..	251,437,377	127,168,523	38,945,000	14,174,055	-	-	290,382,377	141,342,578
2035 ..	222,017,607	113,270,499	40,925,000	12,195,050	-	-	262,942,607	125,465,549
2036 ..	204,386,559	101,770,465	43,045,000	10,074,025	-	-	247,431,559	111,844,490
2037 ..	186,007,925	90,971,908	45,275,000	7,843,075	-	-	231,282,925	98,814,983
2038 ..	192,161,380	80,977,910	34,870,000	5,496,500	-	-	227,031,380	86,474,410
2039 ..	230,525,000	40,501,833	36,615,000	3,753,000	-	-	267,140,000	44,254,833
2040 ..	241,285,000	27,525,320	38,445,000	1,922,250	-	-	279,730,000	29,447,570
2041 ..	254,670,000	14,137,846	-	-	-	-	254,670,000	14,137,846
	<u>\$ 7,660,886,160</u>	<u>\$ 6,431,831,435</u>	<u>\$ 735,122,392</u>	<u>\$ 622,006,227</u>	<u>\$ 80,126,762</u>	<u>\$ 26,572,791</u>	<u>\$ 8,476,135,314</u>	<u>\$ 7,080,410,453</u>

**NOTE:**

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2014, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2013. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.



**Table 23**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION DEBT (1)**  
**December 31, 2013**

Year Ended Dec. 31,	General Obligation Bonds		Other General Obligation Debt		Totals		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
	2014 . . .	\$ 186,174,425	\$ 384,721,197	\$ 28,200,000	\$ 24,272,189	\$ 214,374,425	
2015 . . .	197,441,371	373,978,119	38,765,000	29,020,885	236,206,371	402,999,004	639,205,375
2016 . . .	209,531,761	365,611,532	42,085,000	26,719,909	251,616,761	392,331,441	643,948,202
2017 . . .	227,001,947	356,579,740	47,800,000	24,277,091	274,801,947	380,856,831	655,658,778
2018 . . .	237,021,972	346,554,976	50,315,000	21,601,192	287,336,972	368,156,168	655,493,140
2019 . . .	247,513,700	335,756,734	50,370,000	18,733,275	297,883,700	354,490,009	652,373,709
2020 . . .	256,543,918	326,564,396	56,510,000	15,831,833	313,053,918	342,396,229	655,450,147
2021 . . .	268,162,240	314,959,277	47,965,000	12,684,703	316,127,240	327,643,980	643,771,220
2022 . . .	274,633,400	308,490,944	45,375,000	9,915,917	320,008,400	318,406,861	638,415,261
2023 . . .	264,023,319	296,697,319	47,395,000	7,279,236	311,418,319	303,976,555	615,394,874
2024 . . .	275,642,012	285,157,076	29,860,000	4,524,522	305,502,012	289,681,598	595,183,610
2025 . . .	279,778,971	273,246,401	6,945,000	864,187	286,723,971	274,110,588	560,834,559
2026 . . .	280,606,163	261,082,263	7,665,000	511,912	288,271,163	261,594,175	549,865,338
2027 . . .	282,909,720	242,296,217	675,000	120,154	283,584,720	242,416,371	526,001,091
2028 . . .	283,084,806	236,123,166	715,000	83,947	283,799,806	236,207,113	520,006,919
2029 . . .	289,649,515	220,752,866	850,000	45,594	290,499,515	220,798,460	511,297,975
2030 . . .	327,232,520	210,526,136	-	-	327,232,520	210,526,136	537,758,656
2031 . . .	317,928,596	193,450,232	-	-	317,928,596	193,450,232	511,378,828
2032 . . .	349,048,762	162,305,401	-	-	349,048,762	162,305,401	511,354,163
2033 . . .	322,976,194	144,166,596	-	-	322,976,194	144,166,596	467,142,790
2034 . . .	251,437,377	127,168,523	-	-	251,437,377	127,168,523	378,605,900
2035 . . .	222,017,607	113,270,499	-	-	222,017,607	113,270,499	335,288,106
2036 . . .	204,386,559	101,770,465	-	-	204,386,559	101,770,465	306,157,024
2037 . . .	186,007,925	90,971,908	-	-	186,007,925	90,971,908	276,979,833
2038 . . .	192,161,380	80,977,910	-	-	192,161,380	80,977,910	273,139,290
2039 . . .	230,525,000	40,501,833	-	-	230,525,000	40,501,833	271,026,833
2040 . . .	241,285,000	27,525,320	-	-	241,285,000	27,525,320	268,810,320
2041 . . .	254,670,000	14,137,846	-	-	254,670,000	14,137,846	268,807,846
	<u>\$ 7,159,396,160</u>	<u>\$ 6,235,344,889</u>	<u>\$ 501,490,000</u>	<u>\$ 196,486,546</u>	<u>\$ 7,660,886,160</u>	<u>\$ 6,431,831,435</u>	<u>\$ 14,092,717,595</u>

**NOTE:**

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2014, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2013. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

**Table 24**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR PROPRIETARY FUNDS (1)**  
**December 31, 2013**

Year Ended December 31,	Water Revenue Bonds		Wastewater Transmission Revenue Bonds	
	Principal	Interest	Principal	Interest
2014 .....	\$ 43,846,119	\$ 105,591,910	\$ 39,214,608	\$ 63,591,558
2015 .....	45,107,201	104,343,818	41,071,699	61,734,427
2016 .....	54,307,835	102,876,411	42,954,091	59,829,172
2017 .....	56,242,844	100,959,375	44,836,786	58,028,711
2018 .....	58,273,227	98,979,685	46,814,791	56,154,628
2019 .....	65,951,475	91,330,428	41,949,737	61,292,062
2020 .....	68,787,193	88,641,312	41,274,281	61,939,530
2021 .....	76,855,941	80,416,616	42,645,093	60,633,307
2022 .....	80,261,167	77,105,109	44,160,525	59,218,971
2023 .....	83,612,188	73,590,894	45,717,016	57,741,909
2024 .....	87,841,106	69,833,323	57,629,980	46,254,547
2025 .....	89,015,252	65,939,425	41,047,094	62,351,790
2026 .....	79,133,322	61,946,981	42,429,286	61,029,645
2027 .....	82,408,383	57,998,041	43,866,521	59,610,930
2028 .....	95,248,570	53,890,105	50,286,121	38,285,688
2029 .....	99,238,885	49,495,888	52,735,272	35,792,691
2030 .....	100,164,330	44,844,419	55,104,724	33,174,010
2031 .....	70,834,906	40,211,011	57,456,962	30,388,785
2032 .....	63,453,654	36,512,346	59,589,507	27,453,147
2033 .....	66,000,000	32,991,720	60,855,701	24,376,914
2034 .....	69,060,000	29,475,961	63,095,000	21,169,866
2035 .....	72,255,000	25,796,746	65,955,000	17,818,478
2036 .....	75,600,000	21,946,689	59,905,000	14,187,027
2037 .....	69,540,000	17,917,847	62,755,000	10,783,724
2038 .....	72,705,000	14,102,338	53,980,000	7,268,147
2039 .....	59,635,000	9,905,626	44,005,000	4,229,285
2040 .....	62,385,000	6,263,396	15,950,000	1,532,500
2041 .....	23,950,000	2,454,750	16,700,000	785,000
2042 .....	25,145,000	1,257,250	-	-
2043 .....	-	-	-	-
	<u>\$ 1,996,858,592</u>	<u>\$ 1,566,619,420</u>	<u>\$ 1,333,984,795</u>	<u>\$ 1,096,656,449</u>

**NOTE:**

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2014, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2013. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Chicago-O'Hare International Airport and Chicago Midway International Airport Bonds		Totals			Year Ended
Principal	Interest	Principal	Interest	Total	December 31,
\$ 218,305,000	\$ 448,569,426	\$ 301,365,727	\$ 617,752,894	\$ 919,118,620	..... 2014
294,570,000	433,177,182	380,748,900	599,255,427	980,004,326	..... 2015
280,990,000	420,111,036	378,251,926	582,816,619	961,068,544	..... 2016
329,200,000	406,580,701	430,279,630	565,568,787	995,848,417	..... 2017
332,225,000	390,563,241	437,313,018	545,697,554	983,010,571	..... 2018
312,020,000	374,927,138	419,921,212	527,549,628	947,470,839	..... 2019
270,005,000	359,744,345	380,066,474	510,325,187	890,391,661	..... 2020
287,960,000	346,107,981	407,461,034	487,157,904	894,618,938	..... 2021
285,855,000	331,532,731	410,276,692	467,856,811	878,133,503	..... 2022
299,900,000	316,851,017	429,229,204	448,183,820	877,413,023	..... 2023
318,080,000	301,404,739	463,551,086	417,492,609	881,043,694	..... 2024
330,280,000	285,075,902	460,342,346	413,367,117	873,709,463	..... 2025
346,580,000	268,146,105	468,142,608	391,122,731	859,265,338	..... 2026
362,900,000	250,362,446	489,174,904	367,971,417	857,146,320	..... 2027
531,370,000	232,057,890	676,904,691	324,233,683	1,001,138,374	..... 2028
373,170,000	212,589,130	525,144,157	297,877,709	823,021,866	..... 2029
411,340,000	192,690,030	566,609,054	270,708,459	837,317,512	..... 2030
427,280,000	171,632,163	555,571,868	242,231,959	797,803,826	..... 2031
453,135,000	149,953,236	576,178,161	213,918,729	790,096,890	..... 2032
461,560,000	128,276,619	588,415,701	185,645,253	774,060,954	..... 2033
487,985,000	107,045,983	620,140,000	157,691,810	777,831,810	..... 2034
242,460,000	86,919,850	380,670,000	130,535,074	511,205,074	..... 2035
255,330,000	72,604,095	390,835,000	108,737,811	499,572,811	..... 2036
268,050,000	57,519,266	400,345,000	86,220,837	486,565,837	..... 2037
280,535,000	41,982,512	407,220,000	63,352,997	470,572,997	..... 2038
183,350,000	25,289,632	286,990,000	39,424,543	326,414,543	..... 2039
136,370,000	14,150,172	214,705,000	21,946,068	236,651,068	..... 2040
39,960,000	5,726,449	80,610,000	8,966,199	89,576,199	..... 2041
42,100,000	3,589,087	67,245,000	4,846,337	72,091,337	..... 2042
26,075,000	1,336,875	26,075,000	1,336,875	27,411,875	..... 2043
<u>\$ 8,888,940,000</u>	<u>\$ 6,436,516,976</u>	<u>\$ 12,219,783,387</u>	<u>\$ 9,099,792,845</u>	<u>\$ 21,319,576,232</u>	

**Table 25**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2013**

Long-term debt is comprised of the following issues at December 31, 2013 (dollars in thousands):

	Original Principal	Outstanding at December 31, 2013
General Long-term Debt:		
General Obligation Debt:		
General Obligation Bonds:		
Refunding Series of 1993 B - 4.25% to 5.125% .....	\$ 153,280	\$ 61,815
Project and Refunding Series 1995 A-2 - 5.0% to 6.25% .....	220,390	67,165
Project and Refunding Series 1998 - 3.85% to 5.5% .....	426,600	37,235
* Emergency Telephone System Refunding Series 1999 - 4.5% to 5.5% .....	213,110	114,630
City Colleges of Chicago Capital Improvement Project Series 1999 - 6.0% .....	308,964	173,428
Project Series 2000 A - 4.85% to 6.75% .....	254,293	7,403
Project and Refunding Series 2001 A - 4.0% to 5.65% .....	580,338	79,418
Project and Refunding Series 2002 A - 4.0% to 5.65% .....	169,765	3,085
Neighborhoods Alive 21 Program Series 2002 B - 3.575% .....	206,700	206,700
Neighborhoods Alive 21 Program Series 2003 - 2.0% to 5.25% .....	103,140	9,650
Project and Refunding Series 2003 A - 4.625% to 5.25% .....	157,990	48,700
Project and Refunding Series 2003 B - 4.052% .....	202,500	192,765
Project Series 2003 C and D - 2.0% to 5.25% .....	198,265	33,780
* Emergency Telephone System Series 2004 - 3.0% to 6.9% .....	64,665	39,960
Project and Refunding Series 2004 - 1.92% to 5.5% .....	489,455	131,490
Refunding Series 2005 A - 2.5% to 5.0% .....	441,090	304,045
Project and Refunding Series 2005 B and C - 3.5% to 5.0% .....	339,275	295,635
Variable Rate Demand Bonds Series 2005 D - 4.104% .....	222,790	222,790
Direct Access Bonds, Series 2005 - 2.876% to 4.5% .....	114,695	73,077
Direct Access Bonds, Series 2006 - 3.5% to 4.4% .....	35,753	30,703
Project and Refunding Series 2006 A and B - 3.5% to 5.375% .....	649,995	569,245
Project and Refunding Series 2007 A and B - 3.75% to 5.462% .....	589,590	538,460
City Colleges of Chicago Capital Improvement Project Series 2007 - 4.0% to 5.0% .....	39,110	35,210
Project and Refunding Series 2007 C and D - 4.0% to 5.44% .....	330,890	296,970
Project and Refunding Series 2007 E through G - 3.998% .....	200,000	200,000
Project and Refunding Series 2008 A and B - 3.0% to 5.765% .....	473,705	464,350
Project and Refunding Series 2008 C through E - 1.0% to 6.05% .....	611,017	604,322
Project and Refunding Series 2009 A through D - 4.0% to 6.257% .....	793,275	793,275
Project Series 2010 B - 7.517% .....	213,555	213,555
Project Series 2010 C-1 - 7.781% .....	299,340	299,340
Project Series 2011 A and B - 4.625% to 6.034% .....	416,345	416,345
Project Series 2012 A and C - 4.0% to 5.432% .....	594,850	594,850
Total General Obligation Bonds .....	<u>10,114,730</u>	<u>7,159,396</u>

\* Secured by alternate revenues.

**Table 25 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2013**

	Original Principal	Outstanding at December 31, 2013
Commercial Paper Notes:		
Commercial Paper Notes - Variable Rate (.13% to .18% at December 31, 2013) .....	\$ 270,188	\$ 270,188
Total Commercial Paper Notes .....	<u>270,188</u>	<u>270,188</u>
 Total General Obligation Bonds and Notes .....	 <u>10,384,918</u>	 <u>7,429,584</u>
General Obligation Certificates and Other Obligations:		
** Building Acquisition Certificates (Limited Tax) Series 1997 - 4.4% to 5.4% .....	28,800	10,190
* Modern Schools Across Chicago Program - Series 2007 A through K - 3.6% to 5.0% .....	356,005	261,280
* Modern Schools Across Chicago Program - Series 2010 A and B - 3.0% to 5.364% .....	150,115	139,020
** MRL Financing LLC Promissory Note - 5.0% to 7.5% .....	91,000	91,000
Total General Obligation Certificates and Other Obligations .....	<u>625,920</u>	<u>501,490</u>
 Total General Obligation Debt .....	 <u>11,010,838</u>	 <u>7,931,074</u>
Tax Increment Allocation Bonds and Notes:		
Lincoln/Belmont/Ashland Tax Increment - Series 1998 - 4.0% to 11.0% .....	12,375	4,840
Near North Tax Increment - Series 1999 A and B - 5.084% to 6.89% .....	55,000	31,400
Goose Island Redevelopment Tax Increment - Series 2000 - 7.45% .....	16,800	11,085
Near South Tax Increment - Series 2001 A and B - 4.75% to 6.25% .....	46,242	6,207
Pilsen Redevelopment Project - Series 2004 - 4.35% to 6.75% .....	49,520	26,595
Total Tax Increment Allocation Bonds and Notes .....	<u>179,937</u>	<u>80,127</u>
Motor Fuel Tax and Sales Tax Revenue Bonds:		
Motor Fuel Tax Revenue Bonds - Series 2003 - 2.25% to 5.25% .....	115,645	114,390
Motor Fuel Tax Revenue Bonds - Series 2008 A and B - 4.0% to 5.0% .....	66,635	66,635
Sales Tax Revenue Bonds - Series 1998 - 4.5% to 5.5% .....	125,000	12,985
Sales Tax Revenue Bonds - Series 2002 - 4.23% .....	116,595	112,245
Sales Tax Revenue Refunding Bonds - Series 2005 - 3.25% to 5.0% .....	142,825	105,070
Sales Tax Revenue Refunding Bonds - Series 2009 - 4.25% to 6.0% .....	90,892	90,892
Sales Tax Revenue Refunding Bonds - Series 2011 - 4.375% to 5.504% .....	232,905	232,905
Total Motor Fuel Tax and Sales Tax Revenue Bonds .....	<u>890,497</u>	<u>735,122</u>
 Total General Long-term Debt .....	 <u>12,081,272</u>	 <u>8,746,323</u>

\* Secured by alternate revenues.

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

**Table 25 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2013**

	Original Principal	Outstanding at December 31, 2013
Proprietary Fund Revenue Bonds:		
Water Revenue Bonds:		
Refunding Series 1993 - 4.125% to 6.5% .....	\$ 49,880	\$ 10,790
Series 1997 - 3.9% to 5.25% .....	277,911	10,849
Series 2000 - 2nd Lien - 3.867% .....	100,000	100,000
Series 2000 - 4.375% to 5.875% .....	156,819	15,858
Series 2001 - 3.0% to 5.75% .....	353,905	80,850
Series 2004 - 2nd Lien - 3.867% .....	500,000	355,575
Series 2006A - 2nd Lien - 4.5% to 5.0% .....	215,400	184,425
Series 2008 - 2nd Lien - 4.0% to 5.25% .....	549,915	470,035
Series 2010 - 2nd Lien - 2.0% to 6.742% .....	313,580	300,355
Series 2012 - 2nd Lien - 4.0% to 5.0% .....	399,445	399,445
Illinois Environmental Protection Agency Loan - 2.905% .....	3,605	1,723
Illinois Environmental Protection Agency Loan - 2.57% .....	2,642	1,669
Illinois Environmental Protection Agency Loan - 1.25% .....	6,000	5,465
Illinois Environmental Protection Agency Loan - 0.00% .....	9,077	8,206
Illinois Environmental Protection Agency Loan - 1.25% .....	1,528	1,423
Illinois Environmental Protection Agency Loan - 1.25% .....	1,502	1,399
Illinois Environmental Protection Agency Loan - 1.25% .....	6,092	5,953
Total Water Revenue Bonds .....	<u>2,947,301</u>	<u>1,954,020</u>
Chicago-O'Hare International Airport Bonds:		
Chicago-O'Hare International Airport Revenue Bonds:		
Refunding Series of 2003 A through C - 3rd Lien - 4.5% to 6.0% .....	986,310	534,885
Series of 2003 D through F - 3rd Lien - 2.125% to 5.5% .....	149,330	75,915
Series of 2004 A through H - 3rd Lien - 3.49% to 5.35% .....	385,045	214,930
Series of 2005 A and B - 3rd Lien - 5.0% to 5.25% .....	1,200,000	1,153,345
Series of 2005 C and D - 3rd Lien - Variable Rate (.05% at December 31, 2013) .....	300,000	240,600
Series of 2006 A through D - 3rd Lien - 4.55% to 5.5% .....	156,150	57,530
Series of 2008 A through D - 3rd Lien - 4.0% to 5.0% .....	779,915	775,220
Series of 2010 A through F - 3rd Lien - 1.75% to 6.845% .....	1,039,985	965,300
Series of 2011 A through C - 3rd Lien - 3.0% to 6.5% .....	1,000,000	997,885
Refunding Series of 2012 A through C - Senior Lien - 1.0% to 5.0% .....	728,895	658,620
Refunding Series of 2013 A and B - Senior Lien - 2.0% to 5.25% .....	501,785	493,430
Series of 2013 C and D - Senior Lien - 3.0% to 5.5% .....	396,120	396,120
Total Chicago-O'Hare International Airport Revenue Bonds .....	<u>7,623,535</u>	<u>6,563,780</u>
Chicago-O'Hare International Airport Customer Facility Charge Revenue Bonds:		
Series of 2013 A Senior Lien - 4.125% to 5.75% .....	248,750	248,750
Total Chicago-O'Hare International Airport Customer Facility Charge Revenue Bonds .....	<u>248,750</u>	<u>248,750</u>

**Table 25 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2013**

	Original Principal	Outstanding at December 31, 2013
Proprietary Fund Revenue Bonds - Concluded:		
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds:		
Refunding Series of 2008 A - 4.0% to 5.0% .....	\$ 111,425	\$ 47,790
Refunding Series of 2010 A through D - 2.0% to 6.322% .....	137,665	134,170
Refunding Series of 2011 A and B - 5.0% to 6.0% .....	46,005	46,005
Refunding Series of 2012 A and B - 2.5% to 5.0% .....	452,095	435,815
Commercial Paper Notes - Variable Rate (.10% to .12% at December 31, 2013) .....	20,000	20,000
Total Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds .....	<u>767,190</u>	<u>683,780</u>
Chicago Midway International Airport Revenue Bonds:		
Series 1996 A and B - 4.8% to 6.5% .....	254,040	112,715
Series 1998 A, B and C - 4.3% to 5.5% .....	397,715	333,650
Series 1998 - 2nd Lien A and B - Variable Rate (.15% at December 31, 2013) .....	171,000	132,525
Series 2001 A and B - 5.0% to 5.5% .....	295,855	162,675
Refunding Series 2004 A and B - 2nd Lien - 3.2% to 5.5% .....	77,565	54,785
Series 2004 C and D - 2nd Lien - 4.174% .....	152,150	140,675
Series 2010 B through D - 2nd Lien - 3.532% to 7.168% .....	246,540	141,645
Refunding Series 2013 A through C - 2nd Lien - .74% to 5.5% .....	333,960	333,960
Commercial Paper Notes - Variable Rate (.17% at December 31, 2013) .....	57,713	57,713
Total Chicago Midway International Airport Revenue Bonds .....	<u>1,986,538</u>	<u>1,470,343</u>
Wastewater Transmission Revenue Bonds:		
Refunding Series 1998 A - 4.55% to 5.0% .....	62,423	35,168
Series 2001 - 2nd Lien - 3.5% to 5.5% .....	187,685	62,095
Refunding Series 2004 B - 2nd Lien - 3.0% to 5.25% .....	61,925	29,400
Series 2006 A and B - 2nd Lien - 4.5% to 5.0% .....	155,030	130,945
Series 2008 A - 2nd Lien - 4.0% to 5.5% .....	167,635	153,820
Series 2008 C1 through C3 - 2nd Lien - 3.886% .....	332,230	332,230
Series 2010 - 2nd Lien - 2.0% to 6.9% .....	275,865	269,135
Series 2012 - 2nd Lien - 3.0% to 5.0% .....	276,470	271,660
Illinois Environmental Protection Agency Loan - 2.5% .....	1,546	1,172
Illinois Environmental Protection Agency Loan - 0.00% .....	15,000	13,388
Illinois Environmental Protection Agency Loan - 1.25% .....	17,564	17,564
Illinois Environmental Protection Agency Loan - 1.25% .....	17,812	17,407
Total Wastewater Transmission Revenue Bonds .....	<u>1,571,185</u>	<u>1,333,984</u>
Total Proprietary Fund Revenue Bonds .....	<u>15,144,499</u>	<u>12,254,657</u>

**NOTE:** The balance outstanding at December 31, 2013 listed above for each year excluded amounts payable January 1, 2014. In addition, the balance outstanding of water revenue bonds at December 31, 2013 excludes payments due on November 1, 2014.

**Table 26**  
**CITY OF CHICAGO, ILLINOIS**  
**POPULATION AND INCOME STATISTICS**  
**Last Ten Years**

<u>Year</u>	<u>Population(1)</u>	<u>Median Age (2)</u>	<u>Number of Households (2)</u>	<u>City Employment</u>	<u>Unemployment Rate (3)</u>	<u>Per Capita Income (4)</u>	<u>Total Income</u>
2004 ...	2,896,016	32.6	1,051,018	1,212,169	7.2 %	\$ 37,169	\$ 107,642,018,704
2005 ...	2,896,016	33.0	1,045,282	1,198,929	7.0	38,439	111,319,959,024
2006 ...	2,896,016	33.5	1,040,000	1,228,075	5.2	41,887	121,305,422,192
2007 ...	2,896,016	33.7	1,033,328	1,249,238	5.7	43,714	126,596,443,424
2008 ...	2,896,016	34.1	1,032,746	1,237,856	6.4	45,328	131,270,613,248
2009 ...	2,896,016	34.5	1,037,069	1,171,841	10.0	43,727	126,634,091,632
2010 ...	2,695,598	34.8	1,045,666	1,116,830	10.1	45,957	123,881,597,286
2011 ...	2,695,598	33.2	1,048,222	1,120,402	9.3	45,977	123,935,509,246
2012 ...	2,695,598	33.2	1,054,488	1,144,896	8.9	48,305	130,210,861,390
2013 ...	2,695,598	33.5	1,062,029	1,153,725 *	8.3	N/A (5)	N/A (5)

**NOTES:**

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

(2) Source: World Business Chicago Website and Environmental System Research Institute data estimates.

(3) Source: Bureau of Labor Statistics 2013, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.

(4) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area (in 2013 dollars).

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

\* November 2013 data.



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

Employer	2013 (1)			2004 (1)		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
J. P. Morgan Chase Bank, N. A. (2) .....	8,499	1	0.78 %	9,437	1	0.89 %
United Airlines .....	8,199	2	0.75	6,448	2	0.61
Accenture LLP .....	5,821	3	0.53	3,869	6	0.36
Northern Trust Corporation .....	5,353	4	0.49	4,659	4	0.44
Ford Motor Company .....	5,103	5	0.47	2,662	10	0.25
Jewel Food Stores, Inc. ....	4,441	6	0.41			
ABM Janitorial Services - North Central .....	3,399	7	0.31			
Bank of America NT & SA .....	3,392	8	0.31	3,139	7	0.30
Walgreen's Co. ....	2,869	9	0.26			
American Airlines .....	2,749	10	0.25	3,985	5	0.38
SBC Ameritech (3) .....				4,803	3	0.45
Target Corporation .....				2,940	8	0.28
ABN Amro .....				2,923	9	0.28

**NOTES:**

- (1) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.
- (2) J. P. Morgan Chase formerly known as Banc One.
- (3) Ameritech currently known as SBC/AT&T.

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

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

**NOTES:**

(1) Source: City of Chicago 2014 Budget Overview, 2013 figures.

Includes full time equivalent positions in grant related programs.

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

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006
Police								
Physical Arrests .....	143,618	145,390	152,740	167,355	181,254	196,621	221,915	227,576
Fire								
Emergency Responses (1) .....	675,570	472,752	343,749	343,214	363,519	377,808	402,403	300,971
Refuse Collection								
Refuse Collected (Tons per Day) .....	3,562	3,763	3,983	3,931	3,974	4,240	4,320	4,451
Cultural								
Volumes in Library (2) .....	11,451,732	5,691,321	5,790,289	5,769,587	5,743,002	5,721,334	5,891,306	5,700,000
Water								
Average Daily Consumption (Thousand of Gallons) .....	756,486	793,274	770,925	773,612	808,551	827,156	860,285	884,970

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

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

Function	2013	2012	2011	2010	2009	2008	2007	2006
Police Stations .....	25	25	26	25	25	25	25	25
Fire Stations .....	104	104	104	103	103	101	102	102
Other Public Works								
Streets ( Miles) .....	4,116	4,116	4,091	3,775	3,775	3,775	3,775	3,775
Streetlights .....	327,613	279,668	278,788	261,019	259,699	285,989	192,511	190,000
Traffic Signals .....	3,035	3,035	2,960	2,960	2,960	2,960	2,727	2,795
Water Mains (Miles) .....	4,321	4,349	4,360	4,300	4,300	4,375	4,236	4,230
Sewers Mains (Miles) .....	4,428	4,450	4,400	4,400	4,400	4,500	4,500	4,500

**NOTE:**

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

**Table 31**  
**CITY OF CHICAGO, ILLINOIS**  
**INTEREST RATE SWAP COUNTERPARTY ENTITIES**  
**December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

Associated Bond Issue	Current Notional Amounts	Counterparty Credit Rating Moody's/S&P	Counterparty Entity	City ATE Level (1)
	\$ 150,000	A2/A	Loop Financial Products I (Deutsche Bank)	Baa1/BBB+
	50,000	Baa2/A-	Morgan Stanley	Baa1/BBB+
GO VRDB (Series 2007EFG).....	200,000 **	Aa3/AA-	Wells Fargo	Baa1/BBB+
	155,953	Baa1/A-	Goldman Sachs	Baa1/BBB+
	66,837	Aa3/A+*	Loop Financial Products III (BMO)	Baa1/BBB+
	100,000 **	Aa2/AA-*	Rice Financial (Bank of New York Mellon) (2)	Baa1/BBB+
	61,395 **	A2/A*	Loop Financial Products I (Deutsche Bank)	Baa1/BBB+
	61,395 **	A2/A	Deutsche Bank (3)	Baa1/BBB+
GO VRDB (Series 2005D).....	207,880 **	A2/A	PNC Bank	Baa1/BBB+
GO VRDB (Neighborhoods Alive 21 Program, Series 2002B).....	155,025	Aa3/A+	JP Morgan	Baa2/BBB
	51,675	A2/A	Bank of America	Baa2/BBB
Sales Tax Revenue Refunding Bonds (VRDB Series 2002).....	112,755	Aa3/A+	JP Morgan	Baa2/BBB
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	35,600	A2/A	Bank of America	N/A
Chicago Midway International Airport Revenue Bonds (Series 2004C&D ).....	86,805	Baa1/A-	Goldman Sachs	Baa1/BBB+
	57,870	Aa3/AA-	Wells Fargo	Baa2/BBB
	232,560	A2/A*	Loop Financial Products I (Deutsche Bank)	Baa1/BBB+
Wastewater Transmission Variable Rate Revenue Bonds (Series 2008C).....	49,835	A2/A	Bank of America	Baa1/BBB+
	49,835	Aa3/A+	JP Morgan	Baa1/BBB+
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	179,690	A2/A	UBS	Baa1/BBB+
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	186,460	Aa3/AA-	RBC	Baa1/BBB+
Second Lien Water Revenue Refunding Bonds (Series 2000).....	100,000	A2/A	UBS	Baa1/BBB+
	146,980	Aa3/AA-	Wells Fargo	Baa1/BBB+
	48,995	Aa3/A+	JP Morgan	Baa1/BBB+
	48,995 **	Aa3/A+	JP Morgan	Baa1/BBB+
	146,980 **	Aa2/AA-*	Rice Financial (Bank of New York Mellon)	Baa1/BBB+
	144,570 **	Aa2/AA-	Bank of New York Mellon	Baa1/BBB+
	48,195 **	A2/A	PNC Bank	Baa1/BBB+
GO VRDB (Series 2003B).....	144,570 **	A2/A	PNC Bank	Baa1/BBB+
Total.....	<u>\$ 3,080,855</u>			

Source: Survey of Derivative Instruments - Notional amount as of 12/31/13.

\* Reflects the rating of the credit support provider. The name of the credit support provider is listed in parenthesis after the counterparty.

\*\* Reflects Swap overlay agreement.

(1) A counterparty may terminate its related interest rate swap if the City rating for the respective credit falls below the rating listed in the column City ATE Level by Moody's or Standard and Poor's.

(2) In April 2014 the interest rate swap for the GO Variable Rate Demand Bonds (2005D) with Rice Financial was transferred to Bank of New York Mellon.

(3) In May 2013 the interest rate swap for the GO Variable Rate Demand Bonds (2005D) with Jefferies was transferred to Deutsche Bank.

**Table 32**  
**CITY OF CHICAGO, ILLINOIS**  
**BANK FACILITIES**  
**As of December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

Issue	Series	Principal Outstanding	Expiration or Termination	Bond Maturity Date	Bank	Ratings Thresholds <sup>(1)</sup>		
						Fitch	Moody's	S&P
G.O. Tender Bonds	1996B	\$ 200	01/01/14	01/01/14	Bank of Montreal	BBB-	Baa3	BBB-
G.O. Project & Refunding	2003 B-1	\$ 97,985	03/17/14	01/01/34	JPMorgan	BBB-	Baa3	BBB-
G.O. Project & Refunding	2003 B-2	\$ 48,995	03/17/14	01/01/34	JPMorgan	BBB-	Baa3	BBB-
G.O. Project & Refunding	2003 B-3	\$ 48,995	03/17/14	01/01/34	JPMorgan	BBB-	Baa3	BBB-
G.O. Refunding	2007F	\$ 80,000	12/31/14	01/01/42	JPMorgan	BBB-	Baa3	BBB-
G.O. Refunding	2007E	\$ 100,000	12/31/14	01/01/42	Barclays	(2)	(2)	(2)
G.O. Refunding	2007G	\$ 20,000	12/31/14	01/01/42	Barclays	(2)	(2)	(2)
G.O. Project & Refunding	2005 D-1	\$ 111,395	01/12/15	01/01/40	Bank of Montreal	BBB-	Baa3	BBB-
G.O. Project & Refunding	2005 D-2	\$ 111,395	01/12/15	01/01/40	Northern Trust	BBB-	Baa3	BBB-
G.O.N.A. 21 Program	2002 B-3	\$ 103,350	10/02/15	01/01/37	RBC	BBB	Baa2	BBB
G.O.N.A. 21 Program	2002 B-4	\$ 51,675	10/02/15	01/01/37	Bank of New York	A- <sup>(3)</sup>	A3 <sup>(3)</sup>	A- <sup>(3)</sup>
G.O.N.A. 21 Program	2002 B-5	\$ 51,675	10/02/15	01/01/37	Bank of New York	A- <sup>(3)</sup>	A3 <sup>(3)</sup>	A- <sup>(3)</sup>
Midway 2nd Lien	1998 A	\$ 64,125	11/25/14	01/01/29	JPMorgan	BBB-	Baa3	BBB-
Midway 2nd Lien	1998 B	\$ 68,400	11/25/14	01/01/29	JPMorgan	BBB-	Baa3	BBB-
Midway 2nd Lien	2004 C-1	\$ 59,875	11/25/16	01/01/35	Bank of Montreal	BBB-	Baa3	BBB-
Midway 2nd Lien	2004 C-2	\$ 70,500	11/25/16	01/01/35	Wells Fargo	BBB-	Baa3	BBB-
Midway 2nd Lien	2004 D	\$ 14,300	11/25/16	01/01/35	Bank of Montreal	BBB-	Baa3	BBB-
Midway 2nd Lien	2010 A-1	\$ 22,000	11/25/16	01/01/21	Bank of Montreal	BBB-	Baa3	BBB-
Midway 2nd Lien	2010 A-2	\$ 54,575	11/25/14	01/01/25	JPMorgan	BBB-	Baa3	BBB-
O'Hare 3rd Lien	2005 C	\$ 140,600	08/15/14	01/01/35	Citibank	BBB	Baa2	BBB
O'Hare 3rd Lien	2005 D	\$ 100,000	08/15/14	01/01/35	Barclays	(4)	(4)	(4)
Sales Tax Revenue Refunding	2002	\$ 112,755	12/31/14	01/01/34	JPMorgan	BBB-	Baa3	BBB-
TIF Near North	1999 A	\$ 35,600	08/15/16	01/01/19	Bank of New York	N/A	N/A	N/A
Wastewater 2nd Lien	2008 C-1	\$ 116,115	12/15/14	1/1/2039	PNC Bank	BBB	Baa2	BBB
Wastewater 2nd Lien	2008 C-2	\$ 116,115	12/15/14	1/1/2039	US Bank	BBB	Baa2	BBB
Wastewater 2nd Lien	2008 C-3	\$ 100,000	12/15/14	1/1/2039	Wells Fargo	BBB	Baa2	BBB
Water 2nd Lien	2000	\$ 100,000	02/18/14	11/01/30	JPMorgan	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-1	\$ 162,250	11/15/14	11/01/31	CalPers	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-2	\$ 162,250	11/15/14	11/01/31	CalPers	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-3	\$ 41,650	11/15/14	11/01/31	State Street	BBB-	Baa3	BBB-

See next page.

**Table 32 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**BANK FACILITIES**  
**As of December 31, 2013**  
**(Amounts are in Thousands of Dollars)**

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

Ratings Thresholds <sup>(5)</sup>

Issue	Series	Borrowing Authority	Expiration or Termination	Bond Maturity Date	Bank	Fitch	Moody's	S&P
G. O. CP	2002A/B	\$ 200,000	5/8/2015	N/A	Wells Fargo	BBB-	Baa3	BBB-
G. O. CP	2002C/D	\$ 100,000	5/8/2015	N/A	BMO Harris	BBB-	Baa3	BBB-
G. O. Line of Credit (3)	2013	\$ 200,000	3/22/2016	N/A	Bank of America	BBB+	Baa1	BBB+
Midway CP	2003A-D	\$ 85,000	7/12/2014	N/A	JPMorgan	BBB-	Baa3	BBB-
Midway CP	2003E-G	\$ 65,000	2/14/2015	N/A	PNC	BBB-	Baa3	BBB-
O'Hare CP	2005-A	\$ 75,000	9/30/2016	N/A	JPMorgan	BBB-	Baa3	BBB-
O'Hare CP	2005-B	\$ 50,000	9/30/2016	N/A	Wells Fargo	BBB-	Baa3	BBB-
O'Hare CP	2005-C	\$ 50,000	9/30/2016	N/A	PNC	BBB-	Baa3	BBB-
O'Hare CP	2005-D	\$ 50,000	9/30/2016	N/A	BMO/Harris	BBB-	Baa3	BBB-
O'Hare CP	2005-E	\$ 50,000	9/30/2016	N/A	BAML	BBB-	Baa3	BBB-

**Notes:**

(1) An underlying rating for the related debt below what is shown in the chart in the "Ratings Threshold" column would constitute an event of default under the agreements with the related banks.

(2) The agreements with Barclays provide that (i) if the City's general obligation debt that is supported by property tax is rated by two or more rating agencies, if at any time two or more rating agencies rate that general obligation debt below BBB+ or below Baa1 for a period of 180 days, or (ii) if this debt is rated by only one rating agency and that rating agency rates this debt below BBB+ or below Baa1 for a period of 180 days, or (iii) any rating agency rates the unenhanced general obligation debt of the City supported by property tax below BBB or Baa2, this would constitute an event of default under these agreements. In 2014, the event of default was amended to refer only to a downgrade by any rating agency of any City general obligation debt that is supported by property tax. Below BBB or Baa2.

(3) In 2014, the rating threshold was amended to below BBB, Baa2 and BBB by Fitch, Moody's and S&P respectively.

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

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