City of Chicago
Chicago Midway International Airport
An Enterprise Fund of the City of Chicago

Comprehensive Annual Financial Report
For the Year Ended December 31, 2013 and 2012

Rahm Emanuel, Mayor
Lois Scott, Chief Financial Officer
Daniel Widawsky, City Comptroller
Rosemarie S. Andolino, Commissioner

2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CHICAGO MIDWAY INTERNATIONAL AIRPORT

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PART I

INTRODUCTORY SECTION

CHICAGO DEPARTMENT OF AVIATION

CITY OF CHICAGO

June 30, 2014

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

I am pleased to submit the Comprehensive Annual Financial Report ("CAFR") of Chicago Midway International Airport ("Airport") for the 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 the City of Chicago ("City") Chicago Department of Aviation and Comptroller's Office. The purpose of the CAFR is to provide complete and accurate information that complies with reporting requirements. The Chicago Midway International Airport's Management's Discussion and Analysis ("MD&A") can be found immediately following the independent auditors' report.

ECONOMIC CONDITION AND OUTLOOK

The Airport provides regional travelers with access to service by a number of airlines that generally specialize in low-fare, point-to-point, origin and destination ("O&D") passenger service. The Airport's major attributes that allow it to enjoy a unique market niche include the Airport's location proximate to a large O&D passenger base, its accessibility, and its low per-passenger cost structure. In 2013, Midway's passenger enplanements grew by 5.0 percent — making Midway one of the fastest growing large hub airports in the country. In fact, 2013 was the busiest year in Midway's 86-year history – a major milestone for an airport when the aviation industry is still recovering the global economic crisis. .

Given these factors, along with the projections for air travel demand in the region, there is a strong economic outlook for the Airport.

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REPORTING ENTITY

The Airport is located approximately eight miles southwest of the City's central business district and is within one of the largest O&D passenger bases in the United States. In addition, the Airport is near the center of the Chicago region's population. This geographic advantage is further enhanced by the existence of an extensive highway and passenger rail network providing convenient access to the Airport. The Airport occupies approximately 840 acres in slightly more than a one-mile square area.

MAJOR INITIATIVES

The City has made significant investment in Midway to address demand, security, safety and community relations. With the completion of the terminal development program and the opening of a new parking garage in the economy lot, we have addressed the continually increasing demand at the Airport.

In 2013, Midway completed the Consolidated Rental Car Facility and additional airfield rehabilitation projects. Since 1996, the Department of Aviation at Midway has invested $325 million in noise mitigation projects including the sound insulation of 41 schools and more than 8,000 residents in the community near Midway.

In 2012, Midway completed a rehabilitation of the airside service road and the installation of new runway centerline and threshold lighting systems for both ends of Runway 4R-22L.

The future ongoing capital program also includes the noise mitigation projects, cyclical rehabilitations of the major runways and taxiways in order to maintain and enhance operational capability, operational efficiency and greater airfield safety.

The City is financing the capital program through bond proceeds, federal grants, passenger facility charge revenues and other available Airport funds.

FINANCIAL INFORMATION

The Departments of Finance and Aviation are responsible for implementing and maintaining an internal control structure to ensure the integrity of the Airport's operations and to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that the assets, resources and operations of the Airport are handled in a manner that protects against waste, theft or neglect and other irregularities that may hinder the operations of the

Airport. This objective is being met by adequate supervision of employees, segregation of duties and multiple approvals of expenditures.

The Airport's budget is developed in connection with the City's annual budget and is based on an analysis of the Airport's historical operating expenses. The Commissioner of Aviation recommends the final proposed budget to the Budget Director. After approval by the Budget Director, the proposed budget is recommended to the Mayor for submission to the City Council for its approval following public hearings.

The budget process is designed to ensure that the Airport will have adequate funding to meet its operational objectives. The Airport cannot, by law, exceed the level of funding as established by the City Council-approved budget. The Budget Director uses an allotment system to manage each department's expenditures against its respective annual appropriations. The Budget Director, through the allotment system, has the authority to institute economic measures for the Airport to ensure that its expenditures do not exceed its revenue collection. The Airport uses encumbrances to control expenditures by preventing appropriated dollars from being used for any purpose other than that for which they have been legally appropriated.

RELEVANT FINANCIAL POLICIES

The Airport is owned by the City and operated by the Chicago Department of Aviation ("CDA") and is accounted for as a self-supporting enterprise fund of the City. The City maintains the books, records and accounts of the Airport in accordance with generally accepted accounting principles and as required by the provisions of the Airport Use Agreements, the Bond Ordinance, and Bond Indentures as supplemented and amended.

The Airport Use Agreements specify a residual rate-making methodology for the calculation of airline rates and charges. Under this methodology, total operating and maintenance expenses and debt service (including coverage) are calculated for each cost-revenue center and offset by nonairline revenues. The Airport Use Agreements provide that the aggregate of Airport Fees and Charges paid by the Airline Parties must be sufficient to pay for the net cost of operating, maintaining and developing the Airport, including the satisfaction of Debt Service coverage, deposit and payment requirements of the Bond Ordinance and the Indentures.

INDEPENDENT AUDIT

The Midway bond indentures require the Airport financial statements to be audited by independent certified public accountants. The audit was conducted by Deloitte & Touche LLP and a consortium of Chicago-based minority and women-owned certified public accounting firms. An unqualified audit opinion, rendered by Deloitte & Touche LLP , is included in the financial section of this report.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airport for its CAFR for the fiscal year ended December 31, 2013. This was the sixteenth consecutive year that the Airport has received this prestigious award, which is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This CAFR could not have been prepared without the dedication and effective help of the entire staff of the CDA and the Comptroller's Office. I wish to express my appreciation to them, particularly those that contributed directly to the preparation of the report.

Respectfully submitted,

Rosemarie S. Andolino
Commissioner
Chicago Department of Aviation

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

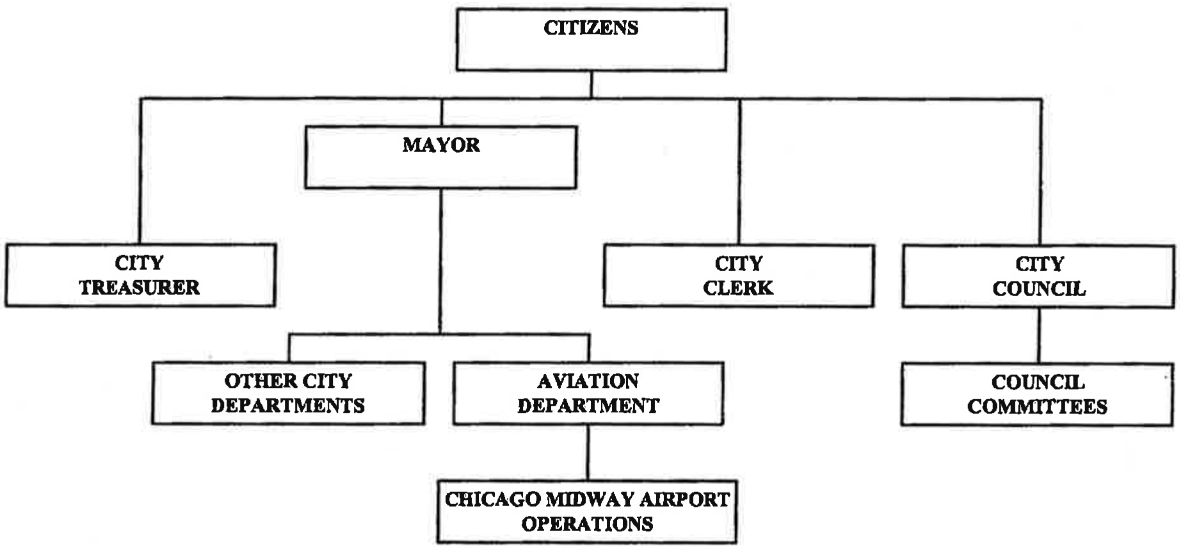
Chicago Midway International Airport, Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

CITY OF CHICAGO
CHICAGO MIDWAY INTERNATIONAL AIRPORT
ORGANIZATION CHART
AS OF 12/31/13



PART II

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Chicago Midway International Airport (Midway), an enterprise fund of the City of Chicago, Illinois (the City), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Midway'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Midway International Airport as of December 31, 2013 and 2012, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Member of
Deloitte Touche Tohmatsu Limited

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the basic financial statements referred to above present only Chicago Midway International Airport, an enterprise fund of the City, and do not purport to, and do not, present the financial position of the City as of December 31, 2013 and 2012, changes in its financial position, or where applicable, its cash flows, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 and 11 to the basic financial statements, prior year amounts were restated due to Midway's adoption of Statement 65 of Government Accounting Standards Board, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Midway's basic financial statements. The additional information, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional information as listed in the table of contents is the responsibility of management and was derived from and relates 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. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and 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.

Deloitte + Touche LLP

June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
($ IN THOUSANDS)

This following discussion and analysis of the Chicago Midway International Airport's (Airport) performance provides an introduction and overview of the Airport's financial activities for the years ended December 31, 2013 and 2012. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements following this section. Due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), in fiscal year 2013, as described in Note 11 to the basic financial statements, 2012 and 2011 numbers within the management's discussion and analysis have been restated retroactively.

FINANCIAL HIGHLIGHTS

2013

- Operating revenues for 2013 increased by $17,356 compared to 2012 operating revenues.
- Operating expenses before depreciation and amortization increased by $6,819 compared to 2012, primarily due to an increase in other operating expenses and professional and engineering services.
- The Airport's total net position at December 31, 2013 was $14,983. This is a decrease of $14,817 compared to total net position at December 31, 2012. Due to the residual Airport Use Agreement, this decrease is mainly due to timing differences between depreciation on property and facilities and cash requirements required for debt service.
- Capital asset additions for 2013 were $45,573, principally due to land acquisition, terminal improvements, parking and roadway enhancements, and runway improvements.

2012

- Operating revenues for 2012 increased by $462 compared to 2011 operating revenues.
- Operating expenses before depreciation and amortization increased by $4,208 compared to 2011, primarily due to an increase in other operating expenses offset by a decrease in repairs and maintenance.
- The Airport's total net position at December 31, 2012 was $29,800. This is a decrease of $28,724 compared to total net position at December 31, 2011.
- Capital asset additions for 2012 were $64,841, principally due to land acquisition, terminal improvements, parking and roadway enhancements, and runway improvements.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Airport's basic financial statements. The Airport is included in the City of Chicago's (City) reporting entity as an enterprise fund. The Airport's basic financial statements are composed of the basic financial statements and the notes to basic financial statements. In addition to the basic financial statements, this report also presents additional and statistical information after the notes to basic financial statements.

The Statements of Net Position present all of the Airport's assets and liabilities using the accrual basis of accounting. The difference between assets, deferred outflows and liabilities is reported as net position. The increase or decrease in net position may serve as an indicator, over time, whether the Airport's financial position is improving or deteriorating. However, the consideration of other non-financial factors, such as changes within the airline industry, may be necessary in the assessment of the overall financial position and health of the Airport.

The Statements of Revenues, Expenses and Changes in Net Position present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in net position.

The Statements of Cash Flows report how cash and cash equivalents are provided and used by the Airport's operating, capital financing, noncapital financing and investing activities. These statements present the cash received and disbursed, the net increase or decrease in cash and cash equivalents for the year and the cash and cash equivalents balance at year-end.

The Notes to Basic Financial Statements are an integral part of the basic financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the basic financial statements.

In addition to the basic financial statements, this report includes Additional Supplementary and Statistical Information. The Additional Supplementary Information section presents debt service coverage calculations and the Statistical Information section includes certain unaudited information related to the Airport's historical financial and non-financial operating results and capital activities.

FINANCIAL ANALYSIS

Landing fees and terminal area use charges and fueling system charges are assessed to the various airlines throughout each year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain operating expenses and required debt service and fund deposits as determined under provisions of the Airport Use Agreement and Facilities Lease (Use Agreement). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned. The expiration date of the previous Airport Use Agreement and Facilities Lease was December 31, 2012. City Council approved a new Airport Use Agreement and Facilities Lease on October 3, 2012. The effective date of the new Airport Use Agreement and Facilities Lease is January 1, 2013, expiring on December 31, 2027. The provisions of the Airport Use Agreement are substantially consistent with the provisions of the historical Use Agreement.

At December 31, 2013, the Airport's financial position included total assets and deferred outflows of $1,616,564, total liabilities of $1,601,581, and net position of $14,983. A comparative condensed summary of the Airport's net position at December 31, 2013, 2012, and 2011 is as follows:

	Net Position		
	2013	**2012**	**2011**
Current unrestricted assets	$ 81,742	$ 75,964	$ 78,661
Restricted and other assets	340,583	325,781	403,468
Capital assets — net	1,169,969	1,167,354	1,152,524
Derivatives Instrument			41,291
Deferred outflows	24,270	42,792	6,647
Total assets and deferred outflows	$ 1,616,564	$ 1,611,891	$ 1,682,591
Current liabilities	$ 35,128	$ 39,392	$ 41,436
Liabilities payable from restricted assets and noncurrent liabilities	1,566,453	1,542,699	1,582,631
Total liabilities	$ 1,601,581	$ 1,582,091	$ 1,624,067
Net position:			
Net investment in capital assets	$ (131,057)	$ (87,279)	$ (76,109)
Restricted	99,427	80,507	97,409
Unrestricted	46,613	36,572	37,224
Total net position	$ 14,983	$ 29,800	$ 58,524

2013

Current unrestricted assets increased by $5,778 (7.6%) primarily due to an increase in investments offset by a decrease in due from other City funds. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2013 and 2012 was 2.33:1 and 1.93:1, respectively. Restricted and other assets increased by $14,802 (4.5%) mainly due to an increase in debt reserve of $26,350, an increase in debt services accounts of $17,450, and a decrease in construction funds of $28,694 due to construction expenditures.Net capital assets increased by $2,615 (0.2%) due principally to increased construction in progress.

The decrease in current liabilities of $4,264 (10.8%) is mainly related to the decrease in billings over amounts earned of $3,599. The decrease in billings over amounts earned represents primarily the current year distributions of billings over amounts earned related to prior years to the airlines. Liabilities payable from restricted assets and noncurrent liabilities increased by $23,574 (1.5%) in 2013 mainly due to an increase in revenue bonds payable and notes payable of $33,580, and $23,074, respectively, offset by a decrease in due to other City funds, and liability associated with a derivative instrument.

Net position may serve, over a period of time, as a useful indicator of the Airport's financial position. At December 31, 2013, total net position was $14,983, a decrease of $14,817 (49.7%). Due to the residual Airport Use Agreement, this decrease is mainly due to timing differences between depreciation on property and facilities and cash requirements required for debt service.

2012

Current unrestricted assets decreased by $2,697 (3.4%) primarily due to a decrease in cash and cash equivalents. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2012 and 2011 was 1.93:1 and 1.90:1, respectively. Restricted and other assets decreased by $77,687 (19.2%) mainly due to an increase in payment of construction costs and use of capitalized interest for payments on debt service. Net capital assets increased by $14,830 (1.3%) due principally to increased construction in progress.

The decrease in current liabilities of $2,044 (4.9%) is mainly related to the decrease in billings over amounts earned and advances for terminal and hangar rent of $9,107 and $1,760, respectively, offset by an increase in accounts payable and accrued liabilities of $9,295. The decrease in billings over amounts earned represents primarily the net adjustment for current year activity and current year distributions of billings over amounts earned related to prior years to the airlines. Liabilities payable from restricted assets and noncurrent liabilities decreased by $39,932 (2.5%) in 2012 mainly due to a decrease in revenue bonds payable from restricted funds of $54,066, a decrease in interest rate swap premium of $13,854 offset by an increase in due to other City funds and notes payable of $12,790 and $34,639, respectively.

At December 31, 2012, total net position was $29,800, a decrease of $28,724 (49.1%). Due to the residual Airport Use Agreement, this decrease is mainly due to timing differences between depreciation on property and facilities and cash requirements required for debt service.

The primary sources of Airport operating revenues are landing fees, terminal area use charges, rents and concession revenues as defined within the Use Agreement and Facilities Lease. These revenues fund Airport operating expenses, fund deposits requirements and net debt service requirements. A comparative condensed summary of the Airport's changes in net position for the years ended December 31, 2013, 2012, and 2011 is as follows:

	Changes in Net Position		
	2013	2012	2011
Operating revenues:			
Landing fees and terminal area use charges	$ 90,002	$ 70,912	$ 79,445
Rents, concessions and other	85,187	86,921	77,926
Total operating revenues	175,189	157,833	157,371
Operating expenses:			
Salaries and wages	43,998	44,463	43,554
Repairs and maintenance	39,606	37,990	40,732
Professional and engineering	19,144	15,011	15,650
Other operating expenses	18,368	16,833	10,153
Depreciation and amortization	41,538	45,233	42,358
Total operating expenses	162,654	159,530	152,447
Operating income (loss)	12,535	(1,697)	4,924
Nonoperating revenues	47,099	48,334	61,262
Nonoperating expenses	(79,426)	(80,042)	(75,226)
Capital grants	4,975	4,681	3,061
Change in net position	$ (14,817)	$ (28,724)	$ (5,979)

2013

Landing fees and terminal area use charges for the years 2013 and 2012 were $90,002 and $70,912, respectively. Rents, concessions and other revenues were $85,187 and $86,921 for 2013 and 2012, respectively. The increase in 2013 operating revenues of $17,356 (11.0%) from 2012 was mainly due to increased landing fees, and terminal area use charges of $19,090. The increase was due to the residual Airport Use Agreement and Facilities Lease that requires airline revenue to be recognized to the extent necessary to pay the Airport's operating and maintenance expenses, net debt service and fund deposit requirements, reduced by non-airline revenues. Rent, concession and other revenues increased primarily due increases of 5.8% in parking revenues and a 13.7% in auto rental revenues. Concession revenue increased $4,464 due primarily to an increase in auto parking of $1,891, auto rental of $1,234 restaurants of $493 and other concessions of $713.

Salaries and wages decreased by $465 (1.1%) in 2013 compared to 2012. Repairs and maintenance expenses increased by $1,616 (4.3%) in 2013 compared to 2012. Professional and engineering expenses increased $4,133 (27.5%) compared to 2012 primarily due to professional services related to the airport privatization pilot program evaluation. Other operating expenses increased $1,535 (9.1%) in 2013 compared to 2012 primarily due to an increase in provision for a claim settlement.

The 2013 nonoperating revenues of $47,099 are comprised of Passenger Facility Charges (PFC) revenue of $39,470, customer facility charges (CFC) revenue of $6,546 and other nonoperating revenues of $1,083.

Nonoperating expenses of $79,426 and $80,012 for the years 2013 and 2012, respectively, were primarily comprised of bond interest expense and noise mitigation costs.

Capital grants increased $294 in 2013, mainly as a result of when associated capital expenditures became eligible for grant reimbursement from the federal government.

2012

Landing fees and terminal area use charges for the years 2012 and 2011 were $70,912 and $79,445, respectively. Rents, concessions and other revenues were $86,921 and $77,926 for 2012 and 2011, respectively. The increase in 2012 operating revenues of $462 (0.3%) from 2011 was mainly due to increased other rentals and fueling fees of $7,224 offset by decreased landings fees and terminal area use charges of $6,440 and $2,093, respectively. Such changes were due to the residual Airport Use Agreement and Facilities Leases that require airline revenue to be recognized to the extent necessary to pay the Airport's operating and maintenance expenses, net debt service and fund deposit requirements, reduced by non-airline revenues. Concession revenue increased $1,771 due primarily to an increases in auto parking of $1,718, restaurants of $811, and auto rental of $245 offset by a decrease in other concessions of $938.

Salaries and wages increased by $909 (2.1%) in 2012 compared to 2011. Also, repairs and maintenance expenses decreased by $2,742 (6.7%) in 2012 compared to 2011 primarily from adjustments to a capital lease. Professional and engineering expenses decreased $639 (4.1%) compared to 2011. Other operating expenses increased $6,680 (65.8%) in 2012 compared to 2011 due to an increase in provision for doubtful accounts.

The 2012 nonoperating revenues of $48,334 are comprised of Passenger Facility Charges (PFC) revenue of $37,531, customer facility charges (CFC) revenue of $6,385 interest income of $2,292 and other nonoperating revenues of $2,126.

Nonoperating expenses of $80,042 and $75,226 for the years 2012 and 2011, respectively, were comprised primarily of bond interest expense and noise mitigation costs

Capital grants increased $1,620 in 2012, mainly as a result of when associated capital expenditures became eligible for grant reimbursement from the federal government.

A comparative summary of the Airport's cash flows for the years ended December 31, 2013, 2012, and 2011 is as follows:

	Cash Flows		
	2013	2012	2011
Cash provided by (used in) activities:			
Operating	$ 53,057	$ 37,315	$ 25,607
Capital and related financing	(5,718)	(103,683)	(43,300)
Noncapital financing	(11,859)	(23,591)	(18,210)
Investing	1,146	82,621	(72,239)
Net change in cash and cash equivalents	36,626	(7,338)	(108,142)
Cash and cash equivalents:			
Beginning of year	134,308	141,646	249,788
End of year	$ 170,934	$ 134,308	$ 141,646

2013

As of December 31, 2013, the Airport's available cash and cash equivalents of $170,934 increased by $36,626 compared to $134,308 at December 31, 2012 due to operating activities of $53,057 and investing activities of $1,146 offset by capital and related financing activities of $5,718 and noncapital financing activities of $11,859. Total cash and cash equivalents at December 31, 2013 were comprised of unrestricted and restricted cash and cash equivalents of $13,879 and $157,055, respectively.

2012

As of December 31, 2012, the Airport's available cash and cash equivalents of $134,308 decreased by $7,338 compared to $141,646 at December 31, 2011 due to operating activities of $37,315 and investing activities of $82,621 offset by capital and related financing activities of $103,683 and noncapital financing activities of 23,591. Total cash and cash equivalents at December 31, 2012 were comprised of unrestricted and restricted cash and cash equivalents of $11,785 and $122,523, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2013 and 2012, the Airport had $1,169,969 and $1,167,354 respectively, invested in net capital assets. During 2013, the Airport had additions of $45,573 related to capital activities. This included $907 for land acquisition and the balance of $44,666 for construction projects relating to terminal improvements, parking and roadway enhancements and runway improvements.

During 2013, completed projects totaling $85,560 were transferred from construction in progress to applicable buildings and other facilities capital account. These major completed projects were related to terminal, parking garage facility improvements, along with runway improvements.

The Airport's capital assets at December 31, 2013, 2012, and 2011 are summarized as follows:

	Capital Assets at Year-end		
	2013	2012	2011
Capital assets not depreciated:			
Land	$ 113,747	$ 112,840	$ 109,446
Construction in progress	28,953	69,847	52,173
Total capital assets not depreciated	142,700	182,687	161,619
Capital assets depreciated:			
Buildings and other facilities	1,500,776	1,415,216	1,371,443
Less accumulated depreciation for:			
Buildings and other facilities	(473,507)	(430,549)	(380,538)
Total capital assets depreciated — net	1,027,269	984,667	990,905
Total property and facilities — net	$ 1,169,969	$ 1,167,354	$ 1,152,524

The Airport's capital activities are funded through Airport revenue bonds, federal and state grants, Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) revenue. Additional information on the Airport's capital assets is presented in Note 5 of the notes to the basic financial statements.

The Airport issued $57,713 of Commercial Paper Notes during 2013 having an interest rate of .17% with a maturity date of February 5, 2014. Note proceeds may be used for payment, or the reimbursement of the City for the payment, of the cost of all or any portion of capital projects at or related to Midway, cash flow needs at Midway, the refunding of general airport revenue bonds and special facility revenue bonds and the payment of the costs of issuance of commercial paper notes.

The Airport's outstanding debt at December 31, 2013, 2012, and 2011 is summarized as follows ($ in thousands):

	Outstanding Debt at Year-end		
	2013	2012	2011
Revenue bonds and notes payable	$ 1,495,008	$ 1,441,329	$ 1,461,490
Unamortized:			
Bond (discount) premium	4,325	160	(281)
	1,499,333	1,441,489	1,461,209
Current bonds payable	(24,665)	(23,475)	(22,305)
Total long-term revenue bonds and notes payable – net	$ 1,474,668	$ 1,418,014	$ 1,438,904

Additional information on the Airport's long-term debt is presented in Note 4 of the notes to basic financial statements and in the Statistical Information section of this report.

The Airport's revenue bonds at December 31, 2013 had credit ratings with each of the three major rating agencies as follows:

	Moody's Investor Services	Standard & Poor's	Fitch Ratings
First Lien Chicago Midway Revenue Bonds	A2	A	A
Second Lien Chicago Midway Revenue Bonds	A3	A-	A-

At December 31, 2013 and 2012 the Airport believes it was in compliance with the debt covenants as stated within the Master Trust Indentures.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

The airlines using Chicago Midway International Airport generally provide low fare, point-to-point origination and destination passenger service. During 2013 and 2012, Southwest Airlines accounted for 86.5% and 87.1%, respectively, of total enplanements at the Airport.

Based on the Airport's rates and charges for 2014, total budgeted operating and maintenance expenses are projected at $129,080 and total net debt service and fund deposit requirements are projected at $51,382. Additionally, 2014 non-airline and non-signatory revenues are budgeted for $75,411, resulting in a net airline requirement of $105,051 that will be funded through landing fees, terminal area use charges, and fueling system charges.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Airport'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.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2013 AND 2012
($ in thousands)

ASSETS AND DEFERRED OUTFLOWS	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 13,879	$ 11,785
Investments (Note 2)	55,621	36,079
Accounts receivable — net of allowance for doubtful accounts of approximately $825 in 2013 and $929 in 2012	10,416	8,551
Amounts to be billed		3,315
Due from other City funds	1,517	14,437
Prepaid expenses	263	1,732
Interest receivable	46	65
Total current assets	81,742	75,964
RESTRICTED ASSETS (Note 3):		
Cash and cash equivalents (Note 2)	157,055	122,523
Investments (Note 2)	176,564	197,960
Due from other governments	68	
Accounts receivable (Note 1)	3,180	2,543
Interest receivable	252	346
Total restricted assets	337,119	323,372
NONCURRENT ASSETS:		
Other assets	3,464	2,409
Property and facilities (Note 5):		
Land	113,747	112,840
Buildings and other facilities	1,500,776	1,415,216
Construction in progress	28,953	69,847
Total property and facilities	1,643,476	1,597,903
Less accumulated depreciation	(473,507)	(430,549)
Property and facilities — net	1,169,969	1,167,354
Total noncurrent assets	1,173,433	1,169,763
Total assets	1,592,294	1,569,099
DEFERRED OUTFLOWS (Note 1)	24,270	42,792
TOTAL	$1,616,564	$1,611,891

LIABILITIES AND DEFERRED INFLOWS	2013	2012
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 21,689	$ 21,738
Due to other City funds	6,511	7,044
Advances for terminal and hangar rent	691	774
Billings over amounts earned	6,237	9,836
Total current liabilities	35,128	39,392
LIABILITIES PAYABLE FROM RESTRICTED ASSETS (Note 3):		
Current portion of revenue bond payable (Note 4)	24,665	23,475
Accounts payable	22,804	24,160
Due to other City funds	506	13,098
Interest payable	25,664	27,158
Total liabilities payable from restricted assets	73,639	87,891
NONCURRENT LIABILITIES:		
Revenue bonds payable — net of current maturities (Note 4)	1,416,955	1,383,375
Notes payable — commercial paper (Note 4)	57,713	34,639
Derivative instrument (Note 4)	18,146	36,794
Total non current liabilities	1,492,814	1,454,808
Total liabilities	1,601,581	1,582,091
NET POSITION (Note 1):		
Net investment in capital assets (deficit)	(131,057)	(87,279)
Restricted net position:		
Debt service	29,349	11,624
Capital projects	7,148	807
Passenger facility charges	6,901	5,117
Airport use agreement	25,944	26,234
Customer facility charges	21,403	26,094
Other assets	8,682	10,631
Total restricted net position	99,427	80,507
Unrestricted net position	46,613	36,572
Total net position	14,983	29,800
TOTAL	$1,616,564	$1,611,891

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
($ in thousands)

	2013	2012
OPERATING REVENUES:		
Landing fees and terminal area use charges (Note 1)	$ 90,002	$ 70,912
Rents, concessions and other (Note 6)	85,187	86,921
Total operating revenues	175,189	157,833
OPERATING EXPENSES (Notes 7 and 8):		
Salaries and wages	43,998	44,463
Repairs and maintenance	39,606	37,990
Professional and engineering services	19,144	15,011
Other operating expenses	18,368	16,833
Total operating expenses before depreciation and amortization	121,116	114,297
Depreciation and amortization	41,538	45,233
Total operating expenses	162,654	159,530
OPERATING INCOME (LOSS)	12,535	(1,697)
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charges revenues	39,470	37,531
Customer facility charges revenues	6,546	6,385
Investment (loss) income	(1,000)	2,292
Interest expense (Note 4)	(64,142)	(56,451)
Noise mitigation costs (Note 1)	(11,859)	(23,591)
Costs of issuance (Note 1)	(2,425)	
Other nonoperating revenues	1,083	2,126
Total nonoperating revenues (expenses)	(32,327)	(31,708)
LOSS BEFORE CAPITAL GRANTS	(19,792)	(33,405)
CAPITAL GRANTS (Note 1)	4,975	4,681
CHANGE IN NET POSITION	(14,817)	(28,724)
TOTAL NET POSITION — Beginning of year, as restated (Note 11)	29,800	58,524
TOTAL NET POSITION — End of year	$ 14,983	$ 29,800

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
($ in thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 88,954	$ 67,142
Rents, concessions and other	84,112	80,541
Payments to vendors	(75,701)	(65,722)
Payments to employees	(35,563)	(36,136)
Transactions with other City funds — net	(8,745)	(8,510)
Cash flows provided by operating activities	53,057	37,315
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	344,759	34,639
Proceeds from issuance of commercial paper	23,074	
Principal paid on bonds	(23,475)	(22,305)
Cash paid to refund bonds	(279,880)	(31,583)
Bond issuance costs	(2,425)	
Interest paid	(74,698)	(65,227)
Acquisition and construction of capital assets	(44,443)	(65,684)
Grant receipts	4,907	7,413
Principal payments on capital lease obligation		(1,354)
Termination of swap		(8,250)
Passenger facility charges revenues	38,834	40,157
Customer facility charges revenues	6,546	6,385
Other	1,083	2,126
Cash flows used in capital and related financing activities	(5,718)	(127,274)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash paid for noise mitigation program	(11,859)	(23,591)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale (purchases) of investments — net	(1,458)	79,541
Investment interest	2,604	3,080
Cash flows provided by investing activities	1,146	82,621
NET CHANGE IN CASH AND CASH EQUIVALENTS	36,626	(30,929)
CASH AND CASH EQUIVALENTS — Beginning of year	134,308	141,646
CASH AND CASH EQUIVALENTS — End of year	$ 170,934	$ 134,308

See Notes to the Financial Statements (Continued)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
($ in thousands)

	2013	2012
RECONCILIATION OF CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET POSITION:		
Unrestricted	$ 13,879	$ 11,785
Restricted	157,055	122,523
TOTAL	$ 170,934	$ 134,308
RECONCILIATION OF OPERATING LOSS TO CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 12,535	$ (1,697)
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation and amortization	41,539	45,233
Provision for uncollectible accounts	109	371
Changes in assets and liabilities:		
Increase (decrease) in noise mitigation costs		
Decrease (increase) in accounts receivable	(1,974)	3,289
Decrease (increase) in due from other City funds	12,387	(12,790)
Decrease (increase) in prepaid expenses	1,469	443
(Decrease) in due to other City funds	(12,592)	12,790
Increase in amounts to be billed	3,315	(3,315)
(Decrease) in billings over amounts earned	(3,599)	(9,107)
(Decrease) increase in advances for terminal and hangar rent	(83)	(1,760)
Increase (Decrease) in accounts payable and accrued liabilities	(49)	3,858
CASH FLOWS FROM OPERATING ACTIVITIES	$ 53,057	$ 37,315

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:
Property additions in 2013 and 2012 of $20,709 and $33,248, respectively, are included in accounts payable.

The fair market value adjustments gain (loss) to investments for 2013 and 2012 were $(2,170) and $(1,141), respectively.

See notes to basic financial statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — Chicago Midway International Airport (Airport) is operated by the City of Chicago (City) Department of Aviation. The Airport is included in the City's reporting entity as an enterprise fund. The City is a member of the Chicago-Gary Regional Airport Authority, which was created in 1995 to address the air transportation needs of the Chicago-Northwest Indiana Region. In 2012, the Airport operated subject to the provisions of the Airport Use Agreement and Facilities Lease which is a residual use agreement that expired on December 31, 2012. City Council approved a new Airport Use Agreement and Facilities Lease on October 3, 2012. The effective date of the new Airport Use Agreement and Facilities Lease (Use Agreement) is January 1, 2013, expiring December 31, 2027.

Basis of Accounting and Measurement Focus — The accounting policies of the Airport are based upon accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Airport are reported using the flow of economic resources measurement focus.

The Airport uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Annual Appropriated Budget — The Airport has a legally adopted annual budget, which is not required to be reported.

Management's Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Cash, Cash Equivalents and Investments — Cash, cash equivalents and investments generally are held with the City Treasurer as required by the Municipal Code of Chicago (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 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, the State of Illinois (State), and the U.S. government; U.S. Treasury bills and other non-interest-bearing general obligations of the U.S. government purchased in the open market below face value; domestic money market mutual funds regulated by, 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 Airport values its investments at fair value or amortized cost as applicable. 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 fair value of U.S. agency securities, corporate bonds and municipal bonds are estimated using recently executed transactions, market price quotations (where observable), or bond spreads.

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 pledged to secure these agreements have a market value equal to the cost of the repurchase agreements plus accrued interest.

Investments generally may not have a maturity in excess of 10 years from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of applicable bond ordinances.

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

Accounts Receivable Allowance — Management has provided an allowance based on amounts recorded at year-end, which may be uncollectible.

Revenues and Expenses — Revenues from landing fees, terminal area use charges, fueling system charges, parking revenue and concessions are reported as operating revenues. Revenues that are related to financing, investing, PFCs, and CFCs are reported as nonoperating revenues. Salaries and wages, repair and maintenance, professional and engineering services and other expenses that relate to Airport operations are reported as operating expenses. Interest expense, financing costs, and noise mitigation costs are reported as nonoperating expenses.

Transactions with the City — The City's general fund provides services to the Airport. The amounts allocated to the Airport for these services are treated as operating expenses and consist mainly of employee benefits, self-insured risks and administrative expenses.

Property and Facilities — Property and facilities are recorded at cost or, for donated assets, at market value at the date of acquisition. Expenditures greater than $5,000 for the acquisition, construction or equipping of capital projects, together with related design, architectural and engineering fees, are capitalized. Expenditures for vehicles and other movable equipment are expensed as incurred.

Depreciation and amortization are provided using the straight-line method and begin in the year following the year of acquisition or completion. Estimated useful lives are as follows:

Facilities and structures	40 years
Runways, aprons, tunnels, taxiways, and paved roads	30 years
Other	10–30 years

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

Net Position — Net Position comprises the net earnings from operating and nonoperating revenues, expenses and capital grants. Net position is displayed in three components — net investment in capital assets; restricted for debt service, capital projects, PFC, airport use agreement requirements, CFC and other assets; and unrestricted. Net investment in capital assets consists of all capital assets, net of accumulated depreciation; reduced by outstanding debt net of debt service reserve; and unspent construction funds. Restricted net position consists of net position for which constraints are placed thereon by external parties (such as lenders and grantors) and laws, regulations and enabling legislation. Unrestricted net position consists of all other net position not categorized as either of the above.

Employee Benefits — Employee benefits are granted for vacation and sick leave, workers' compensation and health care. Unused vacation leave is accrued and may be carried over for up to 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 as liabilities. The Airport maintains insurance from a commercial carrier for workers' compensation claims. Settlements in each of the past three years have been less than insurance coverage maintained.

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. The plan is administered by third-party administrators who maintain the investment portfolio. 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.

Bond Issuance Costs, and Bond Premiums and Discounts — Bond issuance costs related to bond insurance and bond premiums and discounts are deferred and amortized over the term of the related debt.

Capitalized Interest — Interest expense and income earned on construction bond proceeds are capitalized during construction on those capital projects paid from the bond proceeds and are being amortized over the depreciable lives of the related assets on a straight-line basis.

Capital Grants — The Airport reports capital grants as capital contribution on the statements of revenues, expenses and changes in net position. Capital grants are on a reimbursement basis and revenues are recognized when associated capital expenditures become eligible for grant reimbursement.

Noise Mitigation Costs — Funds expended for the Noise Mitigation Program are recorded as non-operating expenses in the period they are incurred.

Revenue Recognition — Landing fees and terminal area use charges and fueling system charges are assessed to the various airlines throughout each year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the previously defined Use Agreement. Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.

Passenger Facility Charge (PFC) Revenue — Effective January 1, 2007, the Federal Aviation Administration (FAA) approved PFCs of $4.50 per eligible enplaned passenger, less allowable airline administrative costs of $.11 per eligible enplaned passenger. PFCs are available, subject to FAA regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating.

Customer Facility Charge (CFC) Revenue — The Airport imposed a CFC of $3.75 per contract day on each customer for motor vehicle rentals at the Airport for the years ended December 31, 2013 and 2012. CFCs are available to finance specific eligible capital projects. The City reports CFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Adopted Accounting Standards — In March 2012, the GASB issued 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 from long term liabilities to Deferred Outflows for unamortized loss on refundings. In addition, bond issuance costs (excluding costs related to bond insurance) and certain 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 outflow definition, as of January 1, 2012. GASB 65 is effective for the Airport's financial statements for the fiscal year ending December 31, 2013, resulting in a restatement of net position as of January 1, 2012, see Note 11.

In March 2012, the GASB issued 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 Airport's Financial Statements as a result of the implementation of GASB 66.

Upcoming Accounting Standards — Other accounting standards that the Airport 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 Airport Fund 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.

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 Airport 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 nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. GASB 70 will be effective for the Airport 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. 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.

2. RESTRICTED AND UNRESTRICTED CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Equivalents and Investments — U.S. agencies include investments in government-sponsored enterprises such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp. As of December 31, 2013, the Airport had the following investments ($ in thousands):

	Investment Maturities (in Years)				
Investment Type	**Less than 1**	**1–5**	**6–10**	**More than 10**	**Fair Value**
U.S. agencies	$ 5,503	$ 170,999	$ 21,745	$ -	$ 198,247
Municipal bonds		25,790	8,138		33,928
Certificates of deposits and other short-term	186,980				186,980
Subtotal	$ 192,483	$ 196,789	$ 29,883	$ -	419,155
Share of City's pooled funds					12
Total					$ 419,167

As of December 31, 2012, the Airport had the following investments ($ in thousands):

	Investment Maturities (in Years)				
Investment Type	**Less than 1**	**1–5**	**6–10**	**More than 10**	**Fair Value**
U.S. agencies	$ 13,600	$ 159,517	$ 33,382	$ -	$ 206,499
Commercial paper	3,400				3,400
Corporate bonds	1,893				1,893
Municipal bonds	200	24,910	13,724		38,834
Certificates of deposits and other short-term	114,617				114,617
Subtotal	$ 133,710	$ 184,427	$ 47,106	$ -	365,243
Share of City's pooled funds					12
Total					$ 365,255

Interest Rate Risk — As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that investments generally may not have a maturity date in excess of 10 years from the date of purchase. Certain other investments are held in accordance with the specific provisions of applicable ordinances.

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% 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 Airport's exposure to credit risk at December 31, 2013 and 2012, was as follows ($ in thousands):

Quality Rating	2013	2012
Aaa/AAA	$ 1,268	$ 9,856
Aa/A	230,908	222,577
A/A		1,893
P1/A1		14,597
Not rated	186,979	116,320
Total funds	$419,155	$365,243

The Airport participates in the City's pooled cash and investments account, which includes amounts from other City funds and is maintained by the City Treasurer. Individual cash or investments are not specifically identifiable to any participant in the pool. The City Treasurer's pooled fund is included in the City's Comprehensive Annual Financial Statements.

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 deposits, depository institutions are to maintain collateral pledges on City deposits during the term of the deposit of at least 102% 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 Federal Deposit Insurance Corporation. 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.

The investments reported in the basic financial statements at December 31, 2013 and 2012, is summarized as follows ($ in thousands):

	2013	2012
Per Note 2:		
Investments — Airport	$419,155	$365,243
Investments — City Treasurer Pooled Fund	12	12
	$419,167	$365,255
Per basic financial statements:		
Restricted investments	$176,564	$197,960
Unrestricted investments	55,621	36,079
Investments classified as cash and cash equivalents on the statements of net position	186,982	131,216
	$419,167	$365,255

3. RESTRICTED ASSETS

There are various limitations and restrictions contained in the Master Indenture of Trust securing the Chicago Midway Airport Revenue Bonds (First Lien Master Indenture) and the Master Indenture of Trust securing the Chicago Midway Airport Second Lien Obligation (Second Lien Master Indenture) and together with the First Lien Master Indenture (Master Indentures), the Use Agreement and federal regulations contain various limitations and restrictions, which, among other things, require the creation and maintenance of separate accounts, certain of which must be held by a trustee and into which required deposits are made by the Airport on a periodic basis to fund construction, debt retirement, operation and maintenance and contingencies.

Restricted cash, cash equivalents and investment balances in accordance with the Master Indenture requirements at December 31, 2013 and 2012, were as follows ($ in thousands):

Account	2013	2012
Construction	$ 57,629	$ 86,323
Capitalized interest	153	313
Debt service	79,616	62,166
Debt service reserve	129,148	102,798
Operation and maintenance reserve	20,001	20,919
Repair and replacement	5,903	4,849
Emergency reserve	394	389
Customer facility charge (CFC)	26,081	26,998
Other	10,983	13,155
Subtotal — Master Indentures and Use Agreement accounts	329,908	317,910
Passenger facility charges (PFC)	3,711	2,573
Total	$ 333,619	$ 320,483

Construction and capitalized interest accounts, which are funded with bond proceeds, are restricted to pay authorized capital improvements and related interest costs during construction.

Required deposits are made by the Airport from revenues collected after funding deposits to an operation and maintenance account in the following priority on a monthly basis:

- The debt service account, which is restricted for the payment of debt service.
- The operation and maintenance reserve account, which is restricted to make loans to the operation and maintenance account, as needed, and are to be repaid as the funds become available.

The debt service reserve account requirement was funded upon issuance of the Series 1996 first lien bonds, the Series 1998 first lien bonds, the Series 1998 second lien bonds, the Series 2004 second lien bonds, the Series 2010 second lien bonds, and the Series 2013 second lien bonds with a cash deposit. The debt service reserve account is restricted to the payment of debt service in the event that the balance in the debt service account is insufficient.

The repair and replacement account must be used for paying the cost of maintenance expenditures, such as costs incurred for major repairs, renewals and replacements at the Airport whether caused by normal wear and tear or by unusual and extraordinary occurrences.

The emergency reserve account is restricted to make payments for certain purposes, including terminal area use charges, landing fees and certain other charges that are deemed uncollectible and also for any judgments or settlements against the Airport.

The CFC is for permitted costs and purposes related to the consolidated rental car facility. The PFC account is restricted to fund eligible and approved PFC projects.

Other funds include the federal and state grant funds, the security for payment fund and the Airport development fund.

At December 31, 2013 and 2012, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Master Indentures.

4. LONG-TERM DEBT

Long-term debt at December 31, 2013 and 2012, consisted of the following ($ in thousands):

	2013	2012
First lien bonds:		
$148,820 Series 1996 A Chicago Midway Airport Revenue Bonds, issued November 7, 1996, due through 2029, interest at 4.8%–6.0%	$ 58,420	$ 58,420
$105,220 Series 1996 B Chicago Midway Airport Revenue Bonds, issued November 7, 1996, due through 2029, interest at 4.9%–6.5%	57,355	79,375
$397,715 Series 1998 A, B, and C Chicago Midway Airport Revenue Bonds, issued September 10, 1998, due through 2035, interest at 4.3%–5.5%	337,555	373,400
$295,855 Series 2001 A and B Chicago Midway Airport Revenue Bonds, issued September 13, 2001, due through 2031, interest at 5.0%–5.5%	171,215	247,365
Subtotal — first lien bonds	624,545	758,560
Second lien bonds:		
$171,000 Series 1998 A and B Chicago Midway Airport Second Lien Revenue Bonds, issued September 16, 1998, due through 2029, variable floating interest rate (0.06% at December 31, 2013)	132,525	132,525
$77,565 Series 2004 A and B Chicago Midway Airport Second Lien Revenue Bonds, issued December 14, 2004, due through 2024, interest rate at 3.20%–5.00%	59,945	64,885
$152,150 Series 2004 C and D Chicago Midway Airport Second Lien Revenue Bonds, issued December 14, 2004, due through 2035, variable floating interest rate at 4.174%	144,675	148,500
$22,000 Series 2010 A-1 Chicago Midway Airport Second Lien Revenue Bonds, issued May 6, 2010, due through 2021, variable floating interest rate (0.20% at December 31, 2012)		22,000
$58,475 Series 2010 A-2 Chicago Midway Airport Second Lien Revenue Bonds, issued May 6, 2010, due through 2025, variable floating interest rate (0.21% at December 31, 2012)		54,575
$84,000 Series 20010 B Chicago Midway Airport Second Lien Revenue Bonds, issued October 26, 2010, due through 2034, interest rate at 5.00% to 5.34%		84,000
$63,470 Series 2010 C Chicago Midway Airport Second Lien Revenue Bonds, issued October 26, 2010, due through 2041, interest rate at 3.782%–7.168%	63,470	63,470
$82,610 Series 20010 D-1 Chicago Midway Airport Second Lien Revenue Bonds, issued October 26, 2010, due through 2041, interest rate at 3.532%–5.340%	78,175	78,175
$118,600 Series 2013 A Chicago Midway Airport Second Lien Revenue Bonds, issued December 5, 2013, due through 2033, interest rate at 5.375%–5.500%	118,600	
$150,365 Series 2013 B Chicago Midway Airport Second Lien Revenue Bonds, issued December 5, 2013, due through 2035, interest rate at 4.125%–5.250%	150,365	
$64,995 Series 2013 C Chicago Midway Airport Second Lien Revenue Bonds, issued December 5, 2013, due through 2020, interest rate at 0.740%–3.655%	64,995	
Subtotal — second lien bonds	812,750	648,130
Commercial paper notes — Series A, B, C, and D	57,713	34,639
Total revenue bonds and notes	1,495,008	1,441,329
Unamortized premium (discount)	4,325	160
Total revenue bonds payable, net of unamortized premium (discount)	1,499,333	1,441,489
Current portion	(24,665)	(23,475)
Total long-term revenue bonds payable	$ 1,474,668	$ 1,418,014

Long-term debt during the years ended December 31, 2013 and 2012, changed as follows ($ in thousands):

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Revenue bonds	$ 1,406,690	$333,960	$ (303,355)	$ 1,437,295	$ 24,665
Unamortized premium (discount)	160	10,799	(6,634)	4,325	
Total revenue bonds	1,406,850	344,759	(309,989)	1,441,620	24,665
Commercial paper	34,639	23,074		57,713	
Total long-term debt	$ 1,441,489	$367,833	$ (309,989)	$ 1,499,333	$ 24,665

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
Revenue bonds	$ 1,461,490	$ -	$ (54,800)	$ 1,406,690	$ 23,475
Unamortized premium (discount)	(281)	652	(211)	160	
Total revenue bonds	1,461,209	652	(55,011)	1,406,850	23,475
Commercial paper		34,639		34,639	
Total long-term debt	$ 1,461,209	$ 35,291	$ (55,011)	$ 1,441,489	$ 23,475

Interest expense capitalized for 2013 and 2012 totaled $2.67 million and $5.05 million, respectively. Interest income capitalized for 2013 and 2012 totaled $0.18 million and $0.46 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2013 and 2012 of $0.80 million and $1.24 million, and amortization of $0.002 million of discount, net and $0.44 million of premium, net, respectively.

Issuance of Debt — Chicago Midway International Airport Commercial Paper Notes, Series A, B, C, and D ($150 million maximum aggregated authorized) outstanding at December 31, 2013 and 2012, were $57.7 million and $34.6 million, respectively. The commercial paper program was expanded in 2013 to $150 million. The Airport has excluded commercial paper from current liabilities as it intends and has the ability to refinance the obligation on a long term basis. Note proceeds may be used to finance portions of the costs of authorized airport projects and to repay the expenses of issuing the notes. An irrevocable letter of credit (LOC) ($94.6 million) provides for the timely payment of principal and interest on the notes until July 12, 2014. Amounts paid by drawing on the LOC shall be reimbursed by the Airport on said day paid; any amounts not reimbursed shall constitute an advance and will bear interest at the greater of the most recent prime rate plus 1.50% or the federal funds rate, plus 2.0% and 7.5% (Base Rate). Advances outstanding greater than 90 days will bear interest at the Base Rate, plus 1.0% beginning on the 90-first day after such advance is made. At December 31, 2013, there were no outstanding LOC advances.

In December 2013, the Airport sold $118.6 million of Chicago Midway Airport Second Lien Revenue Refunding Bonds, Series 2013A (AMT) at a premium of $1.4 million. The Bonds have interest ranging from 5.375% to 5.500% and maturity and optional redemption maturity dates from January 1, 2027 to January 1, 2033. Certain proceeds of $112.9 million together with $2.3 million transferred from the debt service account were deposited in an escrow account to defease a portion of the Series 1996 B First Lien

Bonds ($19.1 million of principal and $0.6 million of interest), a portion of the Series 1998 A First Lien Bonds ($5.5 million of principal, $0.1 million of interest), a portion of the Series 2001A First Lien Bonds ($39.8 million of principal and $1.1 million of interest) and a portion of the Series 2010A-2 Second Lien Bonds ($48.5 million of principal) and $0 .5 million for other escrow requirement; certain proceeds of $6.1 million were used to fund debt service reserve requirement and certain proceeds of $1.0 million were used to pay the cost of issuance of the bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $0.4 million that will be charged to operation over 13 to 21 years using the straight-line method.

In December 2013, the Airport sold $150.4 million of Chicago Midway Airport Second Lien Revenue Refunding Bonds, Series 2013B (non-AMT) at a premium of $9.4 million. The Bonds have interest ranging from 4.125% to 5.250% and maturity and optional redemption maturity dates from January 1, 2020 to January 1, 2035. Certain proceeds of $161.2 million together with $1.4 million transferred from the debt service account were deposited in an escrow account to defease a portion of the Series 1998 B First Lien Bonds ($26.6 million of principal and $0.7 million of interest), a portion of the Series 2001 B First Lien Bonds ($28.2 million of principal, $0.8 million of interest), a portion of the Series 2010 A-2 Second Lien Bonds ($1.0 million of principal) and full portion of the Series 2010B Second Lien Bonds ($84.0 million of principal and $6.3 million of interest) and $4.3 million to pay a portion of the outstanding Commercial Paper Notes. Certain proceeds of $8.1 million were used to fund debt service reserve requirement and certain proceeds of $1.2 million were used to pay the cost of issuance of the bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $0.5 million that will be charged to operation over 17 to 23 years using the straight-line method.

In December 2013, the Airport sold $65.0 million of Chicago Midway Airport Second Lien Revenue Refunding Bonds, Series 2013C (Taxable)) at par. The Bonds have interest ranging from 0.74% to 3.655% and maturity and optional redemption maturity dates from January 1, 2015 to January 1, 2020. Certain proceeds of $65.0 million together with $0.3 million transferred from the debt service account were deposited in an escrow account to fully defease the Series 2010 A-1 Second Lien Bonds ($22.0 million of principal), a portion of the Series 2010 A-2 Second Lien Bonds ($5.0 million of principal), 0.4 million for other escrow requirement and $25.8 million to pay a portion of the outstanding Commercial Paper Notes. Certain proceeds of $11.7 million were used to fund debt service reserve requirement and certain proceeds of $0.4 million were used to pay the cost of issuance of the bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $0.1 million that will be charged to operation over 8 years using the straight-line method.

The advance refunding resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $10.4 million.

Defeased Bonds — Defeased bonds have been removed from the balance sheet because the related assets have been placed in irrevocable trusts, together with interest earned thereon, will provide amount sufficient for payment of all principal and interest. Defeased bonds at December 31, 2013, are as follow (dollars in thousands):

Years Ending December 31	Amount Defeased	Amount Outstanding
Chicago Midway Airport First Lien Bonds, Series 1996B	$ 19,110	$ 19,110
Chicago Midway Airport First Lien Bonds, Series 1998A	5,480	5,480
Chicago Midway Airport First Lien Bonds, Series 1998B	26,665	26,665
Chicago Midway Airport First Lien Bonds, Series 2001A	39,815	39,815
Chicago Midway Airport First Lien Bonds, Series 2001B	28,235	28,235
Chicago Midway Airport Second Lien Bonds, Series 2010A-1	22,000	22,000
Chicago Midway Airport Second Lien Bonds, Series 2010A-2	54,575	54,575
Chicago Midway Airport Second Lien Bonds, Series 2010B	84,000	84,000
Chicago Midway Airport Second Lien Bonds, Series 2010D-1	4,435	4,435
Chicago Midway Airport Second Lien Bonds, Series 2010D-2	16,460	16,460
Total	$ 300,775	$ 300,775

Debt Redemption — Following is a schedule of debt service requirements to maturity of the first lien bonds ($ in thousands):

Years Ending December 31	Principal	Interest	Total
2014	$ 15,505	$ 32,095	$ 47,600
2015	14,085	31,283	45,368
2016	2,800	30,818	33,618
2017	2,955	30,667	33,622
2018	3,115	30,500	33,615
2019–2023	81,135	145,365	226,500
2024–2028	193,845	106,167	300,012
2029–2033	213,325	52,162	265,487
2034–2035	97,780	5,033	102,813
Total	$ 624,545	$ 464,090	$ 1,088,635

Following is a schedule of debt service requirements to maturity of the second lien bonds. For issues with variable rates, interest is imputed at the percent rate effective at December 31, 2013 ($ in thousands):

Years Ending December 31	Principal	Interest	Total
2014	$ 9,160	$ 19,713	$ 28,873
2015	14,615	26,821	41,436
2016	22,125	26,402	48,527
2017	24,205	25,825	50,030
2018	27,900	25,105	53,005
2019–2023	147,740	109,385	257,125
2024–2028	138,770	81,518	220,288
2029–2033	301,710	49,939	351,649
2034–2038	97,310	17,273	114,583
2039–2042	29,215	2,798	32,013
Total	$ 812,750	$ 384,779	$ 1,197,529

The Airport's second lien 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 from time to time by the remarketing agent, in consultation with the City. At December 31, 2012, the Series 1998 A&B bonds, the Series 2010 A-1 and 2010 A-2 bonds were in a daily rate interest mode and the Series 2004 C&D bonds were in a weekly rate interest mode. Irrevocable LOCs ($189.3 million) provides for the timely payment of principal and interest on the Series 1998 A&B and the Series 2010A-2 bonds until November 25, 2014. Irrevocable LOC ($168.9 million) provides for the timely payment of principal and interest on the Series 2004 C&D and the Series 2010A-1 bonds until November 25, 2016.

In the event the bonds are put back to the bank and not successfully remarketed, or if the LOC expires without an extension or substitution, the bank bonds will convert to a term loan. There is no principal due on potential term loans within the next fiscal year.

Hedging Derivatives — In April 2011, the Airport novated its $60.9 million notional amount swap associated with the Midway Airport Series 2004C&D variable rate bonds with J.P. Morgan to Wells Fargo Bank, N.A. The fixed rate the Airport pays increased from 4.174% to 4.247%, and the Airport signed a one-way credit support agreement (CSA) that no longer requires the Airport to post collateral if the mark-to-market exceeds the threshold, previously defined in the J.P. Morgan agreement. A Goldman Sachs swap covers the 60% balance of the bonds, with a current notional amount of $86.8 million, which does not have a two-way CSA and remains unchanged.

Objective of the Swaps — In order to protect against the potential of rising interest rates, the Airport has entered into a separate pay-fixed, receive-variable interest rate swap at a cost less than what the Airport would have paid to issue fixed-rate debt ($ in thousands).

	Changes in Fair Value		Fair Value at December 31, 2013		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges — pay-fixed interest rate swaps	Deferred outflow of resources	$ 18,648	Deferred outflow of resources	$ (18,146)	$ 144,675

Pay-Fixed, Receive-Variable Interest Rate Swaps — The swap counterparties are Goldman Sachs and Wells Fargo, with notional amounts as of December 31, 2013 of $86.8 million and $57.9 million, respectively.

Terms, Fair Values and Credit Risk — The terms, including the fair value and credit ratings of the outstanding swaps as of December 31, 2013, is as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The Airport's swap agreements contained scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category ($ in thousands).

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value 2013	Swap Termination Date	Counterparty Credit Rating
Series 2004 C&D Bonds	$ 86,805	December 14, 2004	4.174 %	SIFMA +.05%	$(10,483)	January 1, 2035	A3/A-
Series 2004 C&D Bonds	57,870	April 21, 2011	4.247	SIFMA +.05%	(7,663)	January 1, 2035	Aa3/AA-
Total	$144,675				$(18,146)		

Fair Value — As per industry convention, the fair value of the Airport's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payment required by the swap, assuming that the forward rates implied 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 of the swap. Because interest rates declined subsequent to the date of execution, the Airport's swaps had negative values.

Credit Risk — The Airport 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 Airport 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

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 Securities Industry and Financial Markets Associations (SIFMA) ratios. Credit may create basis risk because the Airport's bonds may trade differently than the swap index as a result of a credit change in the Airport. SIFMA ratios (or spreads) may create basis risk if SIFMA swaps of the Airport's bonds trade higher than the SIFMA received on the swap. This can occur due to many factors including, without limitations, changes in marginal tax rates, tax-exempt status of bonds and supply and demand for variable rate bonds. The Airport is exposed to basis risk on the swaps if the rate paid on the bonds is higher than the rate received. The Airport is liable for the difference. The difference would need to be available on the debt service payment date and would add additional underlying cost to the transaction.

Tax Risk — The swap exposes the Airport 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 exception of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of this swap agreement.

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.

Swap Payments and Associated Debt — As of December 31, 2013, debt service requirements for the Airport's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows ($ in thousands):

Years Ending December 31	Variable-Rate Bonds with Swaps Principal	Variable-Rate Bonds with Swaps Interest	Interest Rate Swaps — Net	Total
2014	$ 4,000	$ 110	$ 5,699	$ 9,809
2015	4,200	106	5,529	9,835
2016	4,275	103	5,357	9,735
2017	4,575	100	5,173	9,848
2018	4,775	96	5,084	9,955
2019–2023	27,175	419	22,164	49,758
2024–2028	33,850	298	15,781	49,929
2029–2033	42,175	149	7,830	50,154
2034–2035	19,650	9	482	20,141
Total	$ 144,675	$ 1,390	$ 73,099	$ 219,164

Investment Derivatives

Swaptions — There were no swaptions entered into by the Airport in 2013. In April 2012, the City terminated the swaption transaction with J.P. Morgan in relation to Chicago Midway Airport Series Revenue Bonds 1998 A, 1998 B and 1998 C with an original notional amount of $397.7 million and a trade date of October 27, 1999. The City paid $8.2 million to terminate the swaption. The termination payment is reflected in interest (loss) income on the Statement of Revenues, Expenses, and Changes in Net Position. Note that $8.3 million of Chicago Midway Airport Commercial Paper Notes Series 2003 were issued to fund the swaption termination payment.

5. CHANGES IN CAPITAL ASSETS

During the years ended December 31, 2013 and 2012, capital assets changed as follows ($ in thousands):

	Balance January 1, 2013	Additions	Disposals and Transfers	Balance December 31, 2013
Capital assets not depreciated:				
Land	$ 112,840	$ 907	$ -	$ 113,747
Construction in progress (1)	69,847	44,666	(85,560)	28,953
Total capital assets not depreciated	182,687	45,573	(85,560)	142,700
Capital assets depreciated — buildings and other facilities	1,415,216	85,560		1,500,776
Less accumulated depreciation for — buildings and other facilities	(430,549)	(42,959)		(473,507)
Total capital assets depreciated — net	984,667	42,601	-	1,027,269
Total property and facilities — net	$ 1,167,354	$ 88,174	$ (85,560)	$ 1,169,969

(1) Includes net capitalized interest of $531

	Balance January 1, 2012	Additions	Disposals and Transfers	Balance December 31, 2012
Capital assets not depreciated:				
Land	$ 109,446	$ 3,394	$ -	$ 112,840
Construction in progress (1)	52,173	61,447	(43,773)	69,847
Total capital assets not depreciated	161,619	64,841	(43,773)	182,687
Capital assets depreciated — buildings and other facilities	1,371,443	43,773		1,415,216
Less accumulated depreciation for — buildings and other facilities	(380,538)	(45,011)	(5,000)	(430,549)
Total capital assets depreciated — net	990,905	(1,238)	(5,000)	984,667
Total property and facilities — net	$ 1,152,524	$ 63,603	$ (48,773)	$ 1,167,354

(1) Includes net capitalized interest of $6,510

6. LEASING ARRANGEMENTS

With Tenants — Most of the Airport's 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 ($ in thousands):

Years Ending December 31	Amount
2014	$ 38,527
2015	34,990
2016	34,282
2017	26,763
2018	26,609
2019–2023	133,045
2024–2028	133,045
Total	$ 427,261

Contingent rentals that may be received under certain leases, based on the tenants' revenues, are not included in minimum future rental income.

Rental income, consisting of all rental and concession revenues except aircraft parking fees and certain departure fees (turns) and automobile parking, amounted to $99.0 million and $101.0 million in 2013 and 2012, respectively. Contingent rentals included in the totals were approximately $46.0 million and $40.4 million for 2013 and 2012, respectively

7. PENSION PLANS

Eligible Airport employees participate in one of two of the City's single-employer defined benefit pension plans, which are separate units of government established under State law. These plans are the Municipal Employees' and the Laborers' and Retirement Board Employees' Annuity and Benefit Funds (Plans). These Plans are administered by individual retirement boards represented by elected and appointed officials. Each plan issues publicly available financial statements for each of the pension plans, which may be obtained at the respective fund's office.

The Plans provide retirement, death, and disability benefits as established by State law. Benefits generally vest after 20 years of credited service. Employees who retire at or after age 55 with at least 10 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 minimum of 2.4% 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. However, the State passed legislation in 2010 providing less generous benefits for employees who join one of the Plans after January 1, 2011.

Participating employees contribute 8.5% of their salary to the Plans as required by State law. By law, the City's contributions are based on the amounts contributed by the employees. Financing of the City's contribution is through a separate property tax levy and the personal property replacement tax. The Airport reimburses the City's General Fund for the estimated pension cost applicable to the covered payroll of Airport employees. These reimbursements, recorded as expenses of the Airport, were $3.5 million in 2013 and $3.0 million in 2012. The annual pension costs are determined using the entry age normal actuarial cost method and the level dollar amortization method.

Historically, State law requires City contributions at statutorily, not actuarially, determined rates. The rates are expressed as multiples of employee contributions. These contributions equal employee contributions made in the calendar year two years prior to the year for which the applicable tax is levied, multiplied by the statutory rates. The statutory rates in effect for the City's contributions made during the years ended December 31, 2013 and 2012, were 1.25 for the Municipal Employees' Annuity and Benefit Fund and 1.00 for the Laborers' and Retirement Board Employees' Annuity and Benefit Fund. The City has made the required contributions under State law.

The following table as of December 31, 2013, assists users in assessing each pension fund's progress in accumulating sufficient assets to pay benefits when due. The three-year historical information for each annuity and benefit fund, which includes all City employees within each respective annuity and benefit fund, is as follows (dollars in thousands):

	Annual Pension Cost	Annual Pension Cost Contributed	Annual Required Contribution	Required Contributions Contributed	Net Pension Obligation (Asset)
Municipal employees:					
2011	$ 609,491	24.12 %	$ 611,756	24.00 %	$ 1,469,886
2012	687,519	21.65	690,823	21.50	2,008,546
2013	812,463	18.24	820,023	18.10	2,672,812
Laborers:					
2011	$ 57,651	22.17 %	$ 57,259	22.30 %	$ (129,712)
2012	77,858	15.22	77,566	15.30	(63,707)
2013	106,439	10.88	106,199	10.90	31,148

The pension benefits information pertaining expressly to Airport employees is not available as the obligation is the responsibility of the general government. Accordingly, no amounts have been recorded in the accompanying basic financial statements for the net pension asset or obligation of these plans. Amounts for the City are recorded within the City's government-wide basic financial statements.

8. OTHER POSTEMPLOYMENT BENEFITS — CITY OBLIGATION

In addition to providing pension benefits, under State law, the City provides certain health benefits to employees who retire from the City based upon their participation in the City's pension plans. Substantially all employees who qualify as municipal employees' or laborers' pension plan participants older than age 55 with at least 20 years of service may become eligible for postemployment benefits if they eventually become annuitants. Health benefits include basic benefits for annuitants and supplemental benefits for Medicare-eligible annuitants. Currently, the City does not segregate benefit payments to annuitants by fund. The cost of health benefits is recognized as claims are reported and are funded on a pay-as-you-go basis. The total cost to the City for providing health benefits to approximately 24,408 annuitants and their dependents was approximately $97.5 million in 2013 and 2012.

The annuitants who retired prior to July 1, 2005, received a 55% subsidy from the City and the annuitants who retired on or after July 1, 2005, received a 50%, 45%, 40%, and 0% subsidy from the City based on the annuitant's length of actual employment with the City for the gross cost of retiree health care under a court-approved settlement agreement (the "Settlement Agreement"). During 2013 and 2012, the pension funds contributed $65 for each Medicare-eligible annuitant and $95 for each non-Medicare-eligible annuitant to their gross cost. The annuitants contributed a total of $66.6 million and $67.8 million in 2013 and 2012, respectively, to the gross cost of their retiree health care pursuant to premium amounts set forth in the Settlement Agreement discussed below.

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

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 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 actuarial valuation reports of the respective four Pension Funds.

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.

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 (ARC) of the employer. The ARC 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 years 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, the amount actually contributed to the Health Plan, and changes in the City's net OPEB obligation to the Health Plan. The net OPEB obligation is the amount entered upon the City's statements of net position as of year-end as the net liability for the OPEBs. The amount of the annual cost for the Health Plan that is to be recorded in the statements of changes in net position in the City CAFR, is the annual OPEB cost (expense) (in thousands).

	Annual OPEB Cost and Contributions Made	
	2013 Health Plan	2012 Health Plan
Contribution rates:		
City	Pay as you go	Pay as you go
Plan members	N/A	N/A
Annual required contribution	$ 134,083	$ 252,747
Interest on net OPEB obligation	8,614	3,816
Adjustment to annual required contribution	(25,531)	(179,586)
Annual OPEB cost	117,166	76,977
Contributions made	139,336	115,961
Decrease in net OPEB obligation	(22,170)	(38,984)
Net OPEB obligation — beginning of year	215,361	254,345
Net OPEB obligation — end of year	$ 193,191	$ 215,361

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plans, and the net OPEB obligation for fiscal years 2013, 2012, and 2011 are as follows (in thousands):

	Schedule of Contributions, OPEB Costs, and Net Obligations		
Fiscal Years Ended	**Annual OPEB Cost**	**Percentage of Annual OPEB Cost Contributed**	**Net OPEB Obligation**
December 31, 2013	$ 117,166	118.9 %	$ 193,191
December 31, 2012	76,977	150.6	215,361
December 31, 2011	48,954	202.4	254,345

Funded Status and Funding Progress — As of December 31, 2012, 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 Plans) was approximately $2,385.2 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 41.8%.

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 health care cost trend. Amounts determined regarding the funded status of the Plans 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.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll
December 31, 2012	$ -	$ 997,281	$ 997,281	- %	$ 2,385,198
December 31, 2011		470,952	470,952		2,518,735

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 AALs 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) in the actuarial valuation for the fiscal year ended December 31, 2013, the Entry Age Normal actuarial cost method was used. 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% 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 UAAL 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.

Summary of Assumptions and Methods

	Health Plan	
Item	**2013**	**2012**
Actuarial valuation date	December 31, 2012	December 31, 2011
Actuarial cost method	Entry Age Normal	Projected unit credit
Amortization method	Level dollar, open	Level dollar, closed
Remaining amortization period	10 years	1 to 5 years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	3.00%	1.50%
Projected salary increases	3.00%	3.00%
Healthcare inflation rate	9.5% initial to 5.0% ultimate	10.5% initial to 5% ultimate

The OPEB benefit information pertaining expressly to the Airport employees is not available as the obligation is the responsibility of the general government. Accordingly, no obligation has been recorded in the accompanying financial statements. Amounts for the City are recorded within the City's government-wide financial statements.

9. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the general fund of the City for services provided by other City departments, employee fringe benefits and self-insured risks. Such reimbursements were $16.7 million in 2013 and $16.4 in 2012.

10. COMMITMENTS AND CONTINGENCIES

The Airport has certain contingent liabilities resulting from litigation, claims and commitments incident to the ordinary course of business. Management expects that the final resolution of these contingencies will not have a material adverse effect on the financial position or results of operations of the Airport.

The Airport provides employee health benefits under a self-insurance program, administered by the City. Such claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities in the financial statements.

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. Changes in the claims liability amount for the years ended December 31, 2013 and 2012, are as follows ($ in thousands):

	2013	2012
Beginning balance — January 1	$ 458	$ 449
Total claims incurred	4,255	4,367
Claims paid	(4,279)	(4,358)
Claims liability — December 31	$ 434	$ 458

The City purchases annuity contracts from commercial insurers to satisfy certain liabilities. The City renewed its property insurance for the City's Airports, effective December 31, 2013, at a limit of $3.5 billion, which the City's insurance broker advised was the highest amount commercially available at the time. Claims have not exceeded the purchased insurance coverage in the past 10 years. Property and casualty risks for the Airport are transferred to commercial insurers.

At December 31, 2013 and 2012, the Airport had commitments in the amount of approximately $27.6 million and $41.9 million, respectively, in connection with contracts entered into for construction projects

11. RESTATEMENT DUE TO IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

As a result of implementing GASB 65, net position was restated at January 1, 2012. With the adoption of GASB 65, the Airport is reporting deferred loss on debt refunding as deferred outflows. Bond issuance costs (excluding the portion related to bond insurance) and noise mitigation costs are expensed and no longer amortized annually. The following is a reconciliation of the 2012 amounts that have been restated as a result of the implementation of GASB 65 (dollars in thousands):

	As Originally Reported	Adjustment	As Restated
Statement of financial position:			
Other assets	$ 132,038	$ (129,629)	$ 2,409
Deferred outflows	36,794	5,998	42,792
Revenue Bonds payable — net of current maturities	1,377,377	5,998	1,383,375
Net investment in capital assets	(82,226)	(5,053)	(87,279)
Net position — noise mitigation program	124,576	(124,576)	-
Statement of revenues, expenses, and changes in net position:			
Depreciation and amortization	$ 55,119	$ (9,886)	$ 45,233
Noise mitigation cost		23,591	23,591
Total net position — beginning of year	174,448	(115,924)	58,524
Statement of cash flows:			
Reconciliation of operating income to net cash provided by operating activities:			
Operating loss	$ (11,583)	$ 9,886	$ (1,697)
Depreciation and amortization	55,119	(9,886)	45,233

12. SUBSEQUENT EVENTS

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 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 B 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.

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2013 AND 2012
($ in thousands)

	2013	2012
REVENUES:		
Total revenues — as defined	$ 176,597	$ 159,305
Other available moneys (passenger facility charges and letter of intent)	39,470	37,531
Revenue Fund balance on first day of fiscal year (Note 2)	12,531	30,866
TOTAL REVENUES	$ 228,598	$ 227,702
COVERAGE REQUIREMENT — Required deposits from revenues:		
Debt Service Fund	$ 54,349	$ 62,267
Operation and maintenance reserve account	83	1,720
Second/Junior Lien Obligation Debt Service Fund	31,960	24,602
Second Lien Obligation Program Fee Fund	4,961	
Repair and Maintenance Fund	1,025	1,025
TOTAL FUND DEPOSIT REQUIREMENTS	$ 92,378	$ 89,614
AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR	$ 54,349	$ 62,267
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS		
Net aggregate debt service	54,349	62,267
	1.25	1.25
NET DEBT SERVICE REQUIRED COVERAGE	$ 67,936	$ 77,834
OPERATION AND MAINTENANCE EXPENSES	$ 121,116	$ 114,297
COVERAGE REQUIRED (Greater of total fund deposit requirements or 125% of aggregate debt service)	92,378	89,614
TOTAL COVERAGE REQUIRED	$ 213,494	$ 203,911
TOTAL REVENUES	$ 230,639	$ 227,702
COVERAGE RATIO	1.08	1.12

See notes to debt service coverage calculations.

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2013 AND 2012

1. RATE COVENANT

The Master Indenture of Trust (Master Indenture) securing the Chicago Midway Airport Revenue Bonds (Bonds) requires that revenues, together with other available moneys deposited with the trustee and any balance held in the revenue fund on the first day of the calendar 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 year, and (ii) to provide for the greater of (a) the amounts, if any, needed to make required deposits into the Debt Service Fund, the Operating and Maintenance Reserve Account, the Working Capital Account, the Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, and (b) an amount not less than 125% of the aggregate debt service for the Bond year commencing during such fiscal year.

2. REVENUE FUND BALANCE

The revenue fund balance includes all cash, cash equivalents and investments, which were available to the revenue fund to satisfy the coverage requirement under the terms of the Master Indenture.

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2013 AND 2012
($ in thousands)

	2013	2012
REVENUES:		
Total revenues — as defined	$176,597	$159,305
Other available moneys (passenger facility charges and letter of intent)	39,470	37,531
Revenue Fund balance on first day of fiscal year (Note 2)	14,571	30,866
TOTAL REVENUES FOR CALCULATION OF COVERAGE	$230,638	$227,702
COVERAGE REQUIREMENT — Required deposits from revenues:		
First Lien Debt Service Fund	$ 54,349	$ 62,267
Operation and maintenance reserve account		1,720
Second Lien Obligation Debt Service Fund	31,960	24,602
Second Lien Obligation Program Fee Fund	4,961	
Repair and Replacement Fund	1,025	1,025
TOTAL FUND DEPOSIT REQUIREMENTS	$ 92,295	$ 89,614
125% OF AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	$ 54,349	$ 62,267
Less amounts transferred from First Lien Capitalized Interest Accounts		
Net aggregate First Lien Debt Service	54,349	62,267
	1.25	1.25
125% OF AGGREGATE FIRST LIEN DEBT SERVICE	$ 67,936	$ 77,834
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF AGGREGATE FIRST LIEN DEBT SERVICE	$ 92,295	$ 89,614
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	$ 54,349	$ 62,267
Aggregate Second Lien Debt Service	33,283	31,005
Less amounts transferred from First Lien Capitalized Interest Accounts		
Less amounts transferred from Junior Lien Capitalized Interest Accounts	(190)	(4,144)
Net aggregate First and Second Lien Debt Service	87,442	89,128
	1.10	1.10
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	$ 96,186	$ 98,041
GREATER OF FUND DEPOSIT REQUIREMENTS OR 110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	$ 96,186	$ 98,041
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF FIRST LIEN DEBT OR 110% OF AGGREGATE DEBT SERVICE	$ 96,186	$ 98,041
COVERAGE CALCULATION:		
Operation and maintenance expenses	$121,116	$114,297
110% of aggregate First and Second Lien Debt Service	96,187	98,041
Fund Deposit Requirements		
TOTAL COVERAGE REQUIRED	$217,303	$212,338
TOTAL REVENUES	$230,638	$227,702
REVENUES IN EXCESS OF COVERAGE REQUIREMENT	$ 13,335	$ 15,364
COVERAGE RATIO	1.06	1.07

See notes to debt service coverage calculations.

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2013 AND 2012

1. RATE COVENANT

The Master Indenture of Trust (Master Indenture) securing the Chicago Midway Airport Second Lien Revenue Bonds (Bonds) requires that revenues, together with other available moneys deposited with the first lien trustee or the second lien trustee and any balance held in the first lien revenue fund or the second lien revenue fund on the first day of the year not then required to be deposited in any fund or account under the first lien indenture or the second lien indenture, will be at least sufficient (a) to provide for the payment of operation and maintenance expenses for the year and (b) to provide for: (i) the greater of the amounts needed to make the deposits required under the first lien indenture during such calendar year into the first lien debt service fund, the Operating and Maintenance (O&M) Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, or an amount not less than 125% of the Aggregate First Lien Debt Service for the Bond year commencing during such year, reduced by any amount held in any capitalized interest account for disbursement during such Bond year to pay interest on first lien bonds; or (ii) the greater of the amounts needed to make the deposits required under the first lien indenture during such year into the First Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, or an amount not less than 110% of the sum of Aggregate First Lien Debt Service and Aggregate Second Lien Debt Service for the Bond year commencing during such year, reduced by (a) any amount held in any capitalized interest account for disbursement during such Bond year to pay interest on any first lien bonds, and (b) any amount held in any capitalized interest account established pursuant to a supplemental indenture for disbursement during such Bond year to pay interest on second lien obligations.

2. REVENUE FUND BALANCE

The revenue fund balance includes all cash, cash equivalents, and investments which were available to the revenue fund to satisfy the coverage requirement under the terms of the Master Indenture.

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PART III

STATISTICAL SECTION
(UNAUDITED)

PART III
STATISTICAL SECTION
(UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the Airport's most significant revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Airport's current levels of outstanding debt and the Airport'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 Airport's financial activities takes place.

Operating Information

These schedules contains data to help the reader understand how the information in the Airport's financial report relates to the services the Airport provides and the activities it performs.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013 (UNAUDITED)
($ in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
OPERATING REVENUES:										
Landing fees	$15,585	$15,668	$ 20,834	$ 19,606	$ 28,901	$ 21,939	$ 35,299	$ 38,583	$ 32,143	$ 42,516
Rental revenues:										
Terminal area use charges	13,714	17,179	21,804	17,308	26,084	30,701	42,895	40,862	38,769	47,486
Other rentals and fueling system fees	11,055	12,942	14,520	17,784	15,683	20,367	21,488	24,978	32,202	26,004
Subtotal rental revenues	24,769	30,121	36,324	35,092	41,767	51,068	64,383	65,840	70,971	73,490
Concessions:										
Auto parking	25,939	25,675	27,433	29,740	31,561	27,902	27,849	29,112	30,830	32,721
Auto rentals	8,001	8,417	7,698	8,440	8,355	8,505	8,182	8,776	9,021	10,255
Restaurant	6,715	6,879	7,391	8,136	8,099	7,396	8,151	8,875	9,686	10,179
News and gifts	3,272	3,852	3,905	3,876	3,816	3,437	3,488	3,551	3,486	3,619
Other	1,328	1,616	1,985	2,363	2,486	2,054	1,704	2,634	1,696	2,409
Subtotal concessions	45,254	46,439	48,412	52,555	54,317	49,294	49,374	52,948	54,719	59,183
Reimbursements										
Total operating revenues (1)	85,608	92,228	105,570	107,253	124,985	122,301	149,056	157,371	157,833	175,189
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages (2)	32,316	32,259	35,316	39,998	36,931	39,521	42,105	43,554	44,463	43,998
Repairs and maintenance	28,065	31,690	32,762	36,863	37,399	37,967	31,942	40,732	37,990	39,606
Energy	4,869	6,040	5,076	7,495	7,228	8,245	6,724	6,415	7,258	7,205
Materials and supplies	663	1,170	437	1,751	2,377	1,252	1,522	1,418	1,318	1,927
Professional and engineering services	10,678	11,274	13,326	14,780	19,775	6,727	15,832	15,650	15,011	19,144
Other operating expenses	4,940	5,794	10,466	10,395	5,942	5,929	10,211	2,320	8,257	9,236
Total operating and maintenance expenses before depreciation and amortization (3)	81,531	88,227	97,383	111,282	109,652	99,641	108,336	110,089	114,297	121,116
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (4)	$ 4,077	$ 4,001	$ 8,187	$ (4,029)	$ 15,333	$ 22,660	$ 40,720	$ 47,282	$ 43,536	$ 54,073
DEBT SERVICE COVERAGE RATIO (5)	1.16	1.23	1.23	1.08	1.08	1.08	1.10	1.07	1.07	1.06

(1) Average annual compound growth rate for 2004–2013 for Total operating revenues is 8.3%.
(2) Salaries and wages includes charges for pension, health care and other employee benefits.
(3) Average annual compound growth rate for 2004–2013 for Total operating and maintenance expenses before depreciation and amortization is 4.5%.
(4) Amount for 2013 may be reconciled to operating income of $12,535 reported in the 2013 Statement of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of $41,538. Amount for prior years may be reconciled through similar calculations.
(5) Represents debt service coverage ratio on first and second lien bonds.

Source: Chicago Midway Airport Audited Financial Statements and City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE (UNAUDITED)
($ in thousands)

The following table sets forth aggregate annual debt service of principal and interest for outstanding Midway Airport Revenue Bonds:

Year Ending December 31	Debt Service Series 1996 First Lien Bonds	Debt Service Series 1998 First Lien Bonds	Debt Service Series 2001 First Lien Bonds	(First Lien) Total Debt Service	Debt Service Series 1998 Second Lien Bonds	Debt Service Series 2004 Second Lien Bonds	Debt Service Series 2010 Second Lien Bonds	Debt Service Series 2013 Second Lien Bonds	(Second Lien) Total Debt Service (1)	Total Debt Service
2014	$ 9,423	$ 21,095	$ 17,082	$ 47,600	$ 80	$ 12,112	$ 7,732	$ 8,949	$ 28,873	$ 76,473
2015	9,410	21,075	14,883	45,368	80	12,316	8,439	20,601	41,436	86,804
2016	6,098	19,583	7,937	33,618	80	12,383	10,920	25,144	48,527	82,145
2017	6,098	19,587	7,937	33,622	80	12,672	10,911	26,367	50,030	83,652
2018	6,098	19,580	7,937	33,615	80	12,863	10,912	29,150	53,005	86,620
2019	6,098	19,578	7,937	33,613	80	13,071	10,906	30,321	54,378	87,991
2020	6,098	19,574	7,937	33,609	80	13,279	10,900	33,611	57,870	91,479
2021	10,473	20,801	16,989	48,263	80	13,396	10,894	24,463	48,833	97,096
2022	10,466	21,496	20,125	52,087	80	13,711	10,881	24,812	49,484	101,571
2023	17,334	21,493	20,101	58,928	80	7,572	10,880	28,030	46,562	105,490
2024	17,313	21,482	20,088	58,883	80	7,842	10,871	27,561	46,354	105,237
2025	17,294	23,001	20,063	60,358	80	6,540	10,873	27,218	44,711	105,069
2026	17,274	22,987	20,046	60,307	80	6,835	10,852	26,111	43,878	104,185
2027	17,252	22,977	20,034	60,263	80	7,079	10,843	25,230	43,232	103,495
2028	17,230	22,964	20,008	60,202	80	7,424	10,837	23,775	42,116	102,318
2029	17,204	22,957	19,987	60,148	132,524	7,743	10,828	22,760	173,855	234,003
2030		38,085	15,319	53,404		8,111	10,818	24,479	43,408	96,812
2031		41,096	7,794	48,890		8,455	10,805	27,944	47,204	96,094
2032		51,550		51,550		8,823	10,791	24,260	43,874	95,424
2033		51,495		51,495		9,191	10,785	23,329	43,305	94,800
2034		51,439		51,439		9,608	10,774	22,384	42,766	94,205
2035		51,374		51,373		10,051	10,758	18,826	39,635	91,008
2036							10,740		10,740	10,740
2037							10,732		10,732	10,732
2038							10,708		10,708	10,708
2039							10,692		10,692	10,692
2040							10,670		10,670	10,670
2041							10,651		10,651	10,651
2042										
2043										
2044										
	$191,163	$625,269	$272,204	$1,088,635	$133,724	$221,077	$297,403	$545,325	$1,197,529	$2,286,164

(1) Assumes an interest rate effective at December 31, 2012, on $357,600,000 of Second Lien Bonds that are variable-rate demand obligations.

Note: The annual debt service tables in the Official Statements for the above debt were presented with a year ended January 1. The information above is presented with a year ended December 31. The change has been made to facilitate reconciliation to revenue bonds payable at December 31, 2012.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

MIDWAY AIRPORT REVENUE BONDS
SERIES 1996 ESTIMATED BOND-FUNDED COSTS
AS OF DECEMBER 31, 2013 (UNAUDITED)
($ in thousands)

	Estimated Bond-Funded Costs (1)
Airfield	$ 20,808
Terminal	36,173
Terminal ramp	2,374
Parking and roadways	90,551
Noise	28,984
Land acquisition	23,563
Fuel storage facilities	17,392
Total	$ 219,845

(1) Includes estimated costs to be funded from investment earnings.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PROGRAM 2014–2020
ESTIMATED SOURCES AND USES OF FUNDS
AS OF DECEMBER 31, 2013 (UNAUDITED)
($ in thousands)

ESTIMATED SOURCES:	
AIP — Entitlements	$ 3,479
Series 2010 Bonds	35,170
Series 2010 Bonds	154,558
Future Bonds	81,700
TOTAL ESTIMATED SOURCES	$ 274,907
ESTIMATED USES:	
Terminal area projects	$ 68,443
Land acquisition	8,397
Airfield projects	63,713
Parking/roadway projects	20,904
Noise projects	82,118
Safety and security	4,228
Implementation	27,104
TOTAL ESTIMATED USES	$ 274,907

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

TERMINAL DEVELOPMENT PROGRAM
ESTIMATED SOURCES AND USES OF FUNDS
AS OF DECEMBER 31, 2013 (UNAUDITED)
($ in thousands)

ESTIMATED SOURCES:	
AIP — Entitlements	$ 19,600
AIP — Discretionary	2,700
Airport development fund	6,200
Federal Highway Grant	6,500
Series 1996 Bonds	156,000
Series 1998 Bonds	359,000
Series 2001 Bonds	68,500
Series 2004 Bonds	40,800
TOTAL ESTIMATED SOURCES (1)	$ 659,300
ESTIMATED USES:	
Terminal projects	$ 340,100
Terminal ramp projects	24,900
Airfield projects	28,600
Parking/roadway projects	149,600
Development of FIS	22,500
Implementation costs	93,600
TOTAL ESTIMATED USES	$ 659,300

(1) The estimated sources and uses of the Terminal Development Program include approximately $631 million of funds expended through December 31, 2013.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL ENPLANED PASSENGERS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013 (UNAUDITED)

Years	Domestic Air Carrier	Domestic Commuter (1)	Total Domestic	International Enplanements	Total Enplanements	Percent Change
2004	8,815,951	656,468	9,472,419	153,481	9,625,900	7.0 %
2005	8,501,430	99,991	8,601,421	104,382	8,705,803	(9.6)
2006	9,049,740	57,734	9,107,474	91,058	9,198,532	5.7
2007	9,296,778	56,764	9,353,542	60,639	9,414,181	2.3
2008	8,310,041	31,771	8,341,812	16,475	8,358,287	(11.2)
2009	8,541,786	158	8,541,944	29,903	8,571,847	2.6
2010	8,792,557	14,156	8,806,713	49,312	8,856,025	3.3
2011	9,288,332	50,489	9,338,821	119,989	9,458,810	6.8
2012	9,573,226	36,968	9,610,194	169,415	9,779,609	3.4
2013	10,003,167		10,003,167	264,314	10,267,481	5.0

Average Annual Compound Growth Rates

2004–2013	1.4 %	(100.0)%	0.6 %	6.2 %	0.7 %

Source: City of Chicago Department of Aviation.

(1) “Domestic Air Carrier” includes General Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013 (UNAUDITED)

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total
Southwest Airlines	3,967,477	41.2 %	5,542,890	63.6 %	6,666,986	72.5 %	7,147,154	75.9 %	6,941,870	83.1 %	7,188,750	83.9 %	7,561,053	85.4 %	8,196,402	86.7 %	8,515,527	87.1%	8,885,118	86.5 %
American Trans Air (4)	3,668,159	38.1	1,714,873	19.6	783,224	8.5	686,065	7.3	54,650	0.7										
AirTran	229,040	2.4	338,057	3.9	681,936	7.4	645,363	7.0	512,429	6.1	487,087	5.7	465,237	5.3	413,717	4.4	387,114	4.0	462,680	4.5
Northwest Airlines	349,161	3.6	290,080	3.3	285,310	3.1	280,911	3.0	237,969	2.8	267,433	3.1	14,726	0.2						
Frontier	134,593	1.4	154,120	1.8	189,216	2.1	206,675	2.2	207,674	2.5	164,749	1.9	151,440	1.7	158,405	1.7	144,496	1.5	161,456	1.6
Shuttle America (Delta Express)							144,539	1.5	223,153	2.7	181,356	2.0	90,544	1.0	8,874	0.1	6,085		4,281	0.1
Atlantic Southeast					99,373	1.1	61,460	0.6	882		3,715	0.1	29,314	0.3				0.1		
Continental Airlines (1)	162,823	1.7	63,433	0.7	84,153	0.9	48,478	0.5	6,601	0.1										
Continental Express			53,458	0.6	53,363	0.6	37,500	0.4	4,372	0.1										
Comair	17,655	0.2	5,123	0.1	4,371	0.1	19,264	0.1	21,135	0.1			14,156	0.2			36,968	0.0		
American	143,211	1.5	113,818	1.3	60,793	0.7	164													
Delta (2)	184,166	1.9	86,621	1.0							144,037	1.7	176,231	2.0	239,357	2.5	231,644	2.5	239,361	2.3
United			106,951	1.3	74,520	0.8														
American Eagle/Simmons	22,267	0.2	7,599	0.1	27,863	0.3														
U.S. Airways (3)	14,116	0.1																		
Chicago Express	570,580	5.9	41,410	0.5																
Mexicana																				
All other airlines	162,652	1.7	187,370	2.2	187,424	2.0	136,608	1.5	147,552	1.8	134,720	1.6	353,324	3.9	442,055	4.6	457,775	4.8	514,585	5.0
Total	9,625,900	100.0 %	8,705,803	100.0 %	9,198,532	100.0 %	9,414,181	100.0 %	8,358,287	100.0 %	8,571,847	100.0 %	8,856,025	100.0 %	9,458,810	100.0 %	9,779,609	100.0 %	10,267,481	100.0 %

(1) Continental includes commuter affiliate Continental Express for the year 2004.
(2) Delta includes commuter affiliate Comair for the year 2004.
(3) U.S. Airways ceased operations at Midway on March 2005.
(4) American Trans Air ceased operations at Midway on April 3, 2008.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL ENPLANED PASSENGERS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013 (UNAUDITED)

	Chicago Midway International Airport		Chicago O'Hare International Airport		
Years	**Total Enplanements**	**Percent of Total Chicago**	**Total Enplanements**	**Percent of Total Chicago**	**Total Enplanements**
2004	9,625,900	20.4 %	37,464,632	79.6 %	47,090,532
2005	8,705,803	18.7	37,970,886	81.3	46,676,689
2006	9,198,532	19.6	37,784,336	80.4	46,982,868
2007	9,414,181	19.9	37,779,576	80.1	47,193,757
2008	8,358,287	19.4	34,744,030	80.6	43,102,317
2009	8,571,847	21.1	32,047,097	78.9	40,618,944
2010	8,856,025	21.0	33,232,412	79.0	42,088,437
2011	9,458,810	22.2	33,207,302	77.8	42,666,112
2012	9,779,609	22.7	33,244,515	77.3	43,024,124
2013	10,267,481	23.6	33,297,578	76.4	43,565,059

Average Annual Compound Growth Rates

2004–2013	0.7 %	(1.3)%	(0.9)%

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013 (UNAUDITED)

	Chicago Midway International Airport		Chicago O'Hare International Airport		
Years	**Total O&D Enplanements (1)**	**Percent of Total Chicago**	**Total O&D Enplanements**	**Percent of Total Chicago**	**Total O&D Enplanements**
2004	6,634,138	28.3 %	16,799,401	71.7 %	23,433,539
2005	6,431,517	26.8	17,548,038	73.2	23,979,555
2006	6,708,494	27.1	18,058,904	72.9	24,767,398
2007	6,532,362	26.4	18,223,460	73.6	24,755,822
2008	5,910,045	25.0	17,685,020	75.0	23,595,065
2009	5,647,591	26.4	15,708,291	73.6	21,355,882
2010	5,485,191	23.9	17,419,794	76.1	22,904,985
2011	5,693,938	26.3	15,972,745	73.7	21,666,683
2012	6,308,718	27.2	16,867,283	72.8	23,176,001
2013	6,505,206	27.6	17,044,643	72.4	23,549,849
Average Annual Compound Growth Rates					
2004–2013	(0.2)%		0.2 %		0.1 %

(1) Originating enplanements, resulting connecting enplanements and percentages have been recalculated based on updated information.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013 (UNAUDITED)

	Aircraft Operations						
Years	Domestic Air Carrier	International Air Carrier	Total Air Carrier	Domestic Commuter	General Aviation	Military	Total
2004	181,750	2,472	184,222	57,905	97,381	-	339,508
2005	184,863	1,669	186,532	7,444	95,603		289,579
2006	199,229	1,433	200,662	3,066	94,820		298,548
2007	206,865	1,060	207,925	3,085	93,647		304,657
2008	186,840	557	187,397	1,351	77,593		266,341
2009	180,391	3,354	183,745	7	61,057		244,809
2010	175,812	3,403	179,215	572	65,746		245,533
2011	178,640	4,332	182,972	2,622	69,633		255,227
2012	188,628	5,250	193,878	1,890	54,145		249,913
2013	182,643	7,046	189,689	8,401	54,036		252,126
	Average Annual Compound Growth Rates						
2004–2013	0.1 %	12.3 %	0.3 %	(19.3)%	(6.3)%		

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

NET POSITION BY COMPONENT
EACH OF THE EIGHT YEARS ENDED DECEMBER 31, 2006–2013 (UNAUDITED)
($ in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013
NET POSITION:								
Investment in capital assets	$ 48,388	$ 31,251	$ 40,352	$ (1,936)	$ (39,755)	$ (70,876)	$ (87,279)	$ (131,057)
Restricted	215,589	232,344	184,019	201,158	190,641	208,100	80,507	99,427
Unrestricted	31,561	18,795	19,614	5,792	20,040	37,224	36,572	46,613
TOTAL NET POSITION	$ 295,538	$ 282,390	$ 243,985	$ 205,014	$ 170,926	$ 174,448	$ 29,800	$ 14,983
	*	*	*	*	*	*		

Ten year information will be provided prospectively starting with year 2006.

*Amounts have not been restated for the implemetation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

CHANGE IN NET POSITION
EACH OF THE EIGHT YEARS ENDED DECEMBER 31, 2006–2013 (UNAUDITED)
($ in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013
OPERATING REVENUES	$ 105,570	$ 652,763	$ 124,985	$ 122,301	$ 149,056	$ 157,371	$ 157,833	$ 175,189
OPERATING EXPENSES	135,276	544,890	155,596	147,308	161,103	161,156	159,530	162,654
OPERATING (LOSS) GAIN	(29,706)	107,873	(30,611)	(25,007)	(12,047)	(3,785)	(1,697)	12,535
NONOPERATING (EXPENSES) REVENUES	(5,325)	18,363	(14,571)	(13,964)	(24,502)	4,246	(31,708)	(32,327)
(LOSS) GAIN BEFORE CAPITAL GRANTS	(35,031)	126,236	(45,182)	(38,971)	(36,549)	461	(33,405)	(19,792)
CAPITAL GRANTS	22,217	48,253	6,777		2,461	3,061	4,681	4,975
CHANGE IN NET POSITION	$ (12,814)	$ 174,489	$ (38,405)	$ (38,971)	$ (34,088)	$ 3,522	$ (28,724)	$ (14,817)
	*	*	*	*	*	*		

Ten year information will be provided prospectively starting with year 2006.

*Amounts have not been restated for the implemetation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

LONG TERM DEBT
EACH OF THE EIGHT YEARS ENDED DECEMBER 31, 2006–2013 (UNAUDITED)
($ in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013
First lien bonds	$ 849,400	$ 835,780	$ 821,275	$ 806,015	$ 783,595	$ 780,205	$ 758,560	$ 624,545
Second lien bonds	422,715	422,715	422,715	399,140	685,780	681,285	648,130	812,750
Commercial paper notes	10,269	10,674	10,674	61,360	4,005		34,639	57,713
Total revenue bonds and notes	$ 1,282,384	$ 1,269,169	$ 1,254,664	$ 1,266,515	$ 1,473,380	$ 1,461,490	$ 1,441,329	$ 1,495,008
Enplanements (1)	9,198,532	9,414,181	8,358,287	8,571,847	8,856,025	9,458,810	9,779,609	10,267,481
Total debt per Enplanements	139.41	134.81	150.11	147.75	166.37	154.51	147.38	145.61

Ten year information will be provided prospectively starting with year 2006.

(1) Enplaned Commercial Passengers by Airline Schedule as shown on page 48.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

FULL TIME EQUIVALENT CHICAGO MIDWAY AIRPORT EMPLOYEES BY FUNCTION
EACH OF THE EIGHT YEARS ENDED DECEMBER 31, 2006–2013 (UNAUDITED)

Function	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Business Communication	-	7	6	-	-	-	-	-
Capital Development	4							
Airfield Operations	59	60	59	75	75	75	70	70
Landside Operations	6							
Security Management	64	60	61	60	60	60	60	60
Facility Management	37	37	32	28	32	35	33	35
Midway Administration	13	12	12	11	10	10	10	10
Safety Management		3	2	2	2	2	2	2
Total	183	179	172	176	179	182	175	177

Ten year information will be provided prospectively starting with year 2006.

Source: City of Chicago's Program and Budget Summary.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA
PRINCIPAL EMPLOYERS (NONGOVERNMENT)
CURRENT YEAR AND NINE YEARS AGO (SEE NOTE AT THE END OF THIS PAGE)
(Unaudited)

	2013 (1)			2004 (1)		
Employer	**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				2,904	8	0.28
ABN Amro				2,923	9	0.28

(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.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Unaudited)

Year	Population (1)	Median Age (2)	Number of Households (2)	Unemployment Rate (3)	Per Capita Income (4)	Total Income
2004	2,896,016	32.6	1,051,018	7.2 %	$ 37,169	$ 107,642,018,704
2005	2,896,016	33.0	1,045,282	7.0	38,439	111,319,959,024
2006	2,896,016	33.5	1,040,000	5.2	41,887	121,305,422,192
2007	2,896,016	33.7	1,033,328	5.7	43,714	126,596,443,424
2008	2,896,016	34.1	1,032,746	6.4	45,329	131,270,613,248
2009	2,896,016	34.5	1,037,069	10.0	43,727	126,634,091,632
2010	2,695,598	34.8	1,045,666	10.1	45,957	123,881,597,286
2011	2,695,598	33.2	1,048,222	9.3	45,977	123,935,509,246
2012	2,695,598	33.0	1,030,746	8.9	48,305	130,210,861,390
2013	2,695,598	33.5	1,062,029	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.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA
LANDING FEES AND TERMINAL AREA USE CHARGES
(Unaudited)

Landing Fees and Terminal Area Use Charges	2013
Signatory Landing Fee (Rate/1000 lbs)	2.90
Non-Signatory Landing Fee (Rate/1000 lbs)	3.60
Signatory Joint Use Fee (Base Usage/1000 lbs)	1.49
Non-Signatory Joint Use Fee (Base Usage/1000 lbs)	1.86
Signatory Joint Use Fee (Per Capita/Annual)	376,582
Non-Signatory Joint Use Fee (Per Capita/Annual)	470,728
Signatory Terminal Rental Rate	127.11
Non-Signatory Terminal Rental Rate	158.88
Terminal Ramp Rate	3.86
Signatory FIS Fee per Deplaned Passenger	3.66
Non-Signatory F/S Fee per Deplaned Passenger	4.57
Cost per Departure Rate (1)	127.59

(1) The cost per departure is for Gates A1, A2, A3, A4A, A4B, A10, A12 and B25

Under the residual Use Agreement, these rates are the estimated rates assessed to airlines as of 12/31/13.